



**ORDINARY MEETING OF THE COUNCIL**  
**GEWONE VERGADERING VAN DIE RAAD**  
**INTLANGANISO YESIQHELO YEBHUNGA**

**A G E N D A**

**I-AJENDA**

**DATE / DATUM / UMHLA : 31 MAY / MEI / MEYI 2023**  
**VENUE / PLEK / INDAWO : BANQUETING HALL /**  
**BANKETSAAL**  
**CIVIC CENTRE / BURGERSENTRUM / IZIKO LOLUNTU**  
**HERMANUS**  
**TIME / TYD / IXESHA : 10:00**

# **MUNICIPALITY / MUNISIPALITEIT / UMASIPALA WE-OVERSTRAND**

Office of the Municipal  
Manager  
Municipal Offices  
HERMANUS

23 May / Mei / Meyi 2023

## **NOTICE TO ALL ALDERMEN & COUNCILLORS**

### **ORDINARY MEETING OF THE OVERSTRAND MUNICIPAL COUNCIL**

**NOTICE IS HEREBY GIVEN** that an **ORDINARY MEETING** of the **OVERSTRAND MUNICIPAL COUNCIL** will be held in the **Banqueting Hall, Civic Centre, Hermanus**, on **WEDNESDAY, 31 MAY 2023 at 10:00** to consider the business set forth in the subjoined agenda.

*The attention of Councillors is directed to the Code of Conduct for Councillors, Schedule 7 of the Local Government : Municipal Structures Act, 1998 (Act 117 of 1998).*

**D O'NEILL**  
**MUNICIPAL MANAGER**

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## **KENNISGEWING AAN ALLE RAADSHERE & RAADSLEDE**

### **GEWONE VERGADERING VAN DIE OVERSTRAND MUNISIPALE RAAD**

**KENNIS WORD HIERMEE GEGEE** dat 'n **GEWONE VERGADERING** van die **OVERSTRAND MUNISIPALE RAAD** gehou sal word in die **Banketsaal, Burgersentrum, Hermanus**, op **WOENSDAG, 31 MEI 2023 om 10:00** om die sake op meegaande sakelys te bespreek.

*Raadslede se aandag word gevestig op die Gedragskode vir Raadslede, Skedule 7 van die Wet op Plaaslike Regering : Munisipale Strukture, 1998 (Wet 117 van 1998).*

**D O'NEILL**  
**MUNISIPALE BESTUURDER**

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## **ISAZISO ESIYA KUBO BONKE OOCEBAKHULU NOOCEBA**

### **INTLANGANISO YESIQHELO YEBHUNGA LIKAMASIPALA WE-OVERSTRAND**

**OKU KUKWAZISA** ukuba intlanganiso **YESIQHELO yeBHUNGA LIKAMASIPALA WE-OVERSTRAND**, iza kuba se **I-Banqueting Hall, kwiZiko uLWESITHATHU, eHermanus, Umhla we 31 MEYI 2023, ngeye-10:00** ukuqwalasela imicimbi ekule ajenda iqhotyoshelwe apha.

*OCeba bayacelwa ukuba baqwalasele isikhokelo sokuziphatha sooCeba, iShedyuli 7 kaRhulumente wooMasipala: uMthetho weeNkqubo zikaMasipala, uMthetho -1998 (uMthetho we-117 ka-1998).*

**D O'NEILL**  
**UMPHATHI KAMASIPALA**

**AGENDA/...**

# COUNCIL

31 May 2023

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**1. OPENING****2. APPLICATIONS FOR LEAVE OF ABSENCE****3. CONFIRMATION OF MINUTES**

- 3.1 Minutes of an **Ordinary Meeting** of the **Overstrand Municipal Council** held on **Monday, 24 April 2023** at **11:00**

**4. STATEMENTS AND COMMUNICATIONS BROUGHT FORWARD BY THE SPEAKER / EXECUTIVE MAYOR**

- 4.1 Schulphoek Housing Project

- 4.2 Department of Health, Western Cape Government : Overberg District Office : Governance Structure: Facility Boards & Clinic Committees:

The Executive Mayor, Ald A Rabie, has nominated the following councillors to serve on the respective Clinic Committees, namely:

Kleinmond Clinic	:	Cllr S Williams
Hawston Clinic	:	Cllr F Africa
Hermanus CDC	:	Cllr H Lombard
Stanford Clinic	:	Ald D Coetzee
Gansbaai Clinic	:	Ald R de Coning

A resolution must be taken by Council in this regard.

**5. CONSIDERATION OF RECOMMENDATIONS MADE BY THE EXECUTIVE MAYOR TO COUNCIL, IN TERMS OF SECTION 160(2) OF THE CONSTITUTION, 1996, AND SECTION 59(1)(a) OF THE LOCAL GOVERNMENT: MUNICIPAL SYSTEMS ACT 2000 (ACT 32 OF 2000)**

**5.1  
MONTHLY REPORT TO COUNCIL ON SUPPLY CHAIN MANAGEMENT (SCM)  
POLICY: PARAGRAPH 36, 16(1)(b) AND 17(1)(c) FOR APRIL 2023**

**(ITEM 6 PAGE 6 : MAYORAL COMMITTEE MEETING : 17 MAY 2023)**

**RECOMMENDATION TO THE COUNCIL:**

1. that the deviations from the procurement processes, approved in terms of the delegated authority for April 2023, **be noted**;
2. that the awards made in terms of Paragraph 16(1)(b) and 17(1)(c), approved in terms of the delegated authority for April 2023, **be noted**; and
3. that the awards made through the Bid Committee system, and formal written price quotations in excess of R30 000 and all price quotations below R30 000 for April 2023, **be noted**.

**RESPONSIBLE OFFICIAL :**

**C LE ROUX**

**TARGET DATE FOR IMPLEMENTATION :**

**TO BE NOTED**

**6. CONSIDERATION OF REPORTS****6.1****LOCAL GOVERNMENT: MUNICIPAL SYSTEMS ACT, NO.32 OF 2000, DELEGATION OF POWERS CONFERRED ON THE EXECUTIVE MAYOR IN RESPECT OF SECTION 62 APPEALS****C Le Roux**  
**19 May 2023****Deputy Director: Finance & SCM****(028) 313 8107**

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**1. Executive Summary**

The purpose of this report is to appoint an appropriate appeals authority to deal with section 62 appeals arising from the implementation of Overstrand Municipality's Supply Chain Management Policy.

**2. Service Delivery and Budget Implementation Plan - IGNITE**

Directorate: Finance  
Department: Supply Chain Management

**3. Compliance with Strategic Priorities**

Provision of democratic, accountable and ethical governance  
Provision and maintenance of municipal services

**4. Delegated Authority**

None

**5. Legal Requirements**

Local Government: Municipal Finance Management Act 2003, (Act 56 of 2003)  
Local Government: Municipal Systems Act 2000, (Act 32 of 2000)  
Overstrand Municipality Supply Chain Management Policy dated 25 June 2008, as amended.

**6. Background/Discussion/Evaluation/Conclusion****Background**

Section 62 of the Local Government Municipal Systems Act 2000, (Act 32 of 2000) (MSA) states:

“62. **Appeals** – (1) A person whose rights are affected by a decision of a political structure, political office bearer, councillor or staff member in terms of a power or duty delegated or sub-delegated by a delegating authority to the political structure, political office bearer, councillor or staff member, may appeal against that decision by giving written notice of the appeal and reasons to the municipal manager within 21 days of the date of the notification of the decision.

(2) The municipal manager must promptly submit the appeal to the appropriate appeal authority mentioned in sub-section (4).

(3) the appeal authority must consider the appeal, and confirm, vary, or revoke the decision, but no such variation or revocation of a decision may detract from any rights that may have accrued as a result of the decision.

(4) When the appeal is against a decision taken by-

(a) a staff member other than the municipal manager, the municipal manager is the appeal authority;

(b) the municipal manager, executive committee or executive mayor is the appeal authority; or

(c) ...

(5) ...

(6) ...”

### **Discussion**

It is clear that the municipal manager is the appeal authority for all appeals received where the supply chain management awards have been made by officials duly delegated or the bid adjudication committee for tenders between R200 000 and R10 million.

Where the municipal manager has made the award for tenders in excess of R10 million, section 62 of the MSA states that the appeal authority is the executive mayor.

However, as section 117 of the Local Government: Municipal Finance Management Act 2003, (Act 56 of 2003) (MFMA) states:

### **117. Councillors barred from serving on municipal tender committees**

–

No councillor of any municipality may be a member of a municipal bid committee or any other committee evaluating or approving tenders,

quotations, contracts, or other bids, nor attend any such meeting as an observer.

The first consideration is whether this prevents the executive mayor from being the appeal authority in a tender dispute.

The second consideration is whether that power may be delegated to an official of the municipality if the executive mayor may not be the appeal authority.

Legal advice was obtained on the matter in 2017 as other municipalities are all dealing with it differently. The legal opinion advised that:

1. The executive mayor is disqualified through an analysis and context and purpose of section 117 of the MFMA from acting as the appeal authority in terms of section 62(4)(b) of the MSA in tender matters.
2. The power to act as an appeal authority in such matters may be delegated to an official of the Council, but not to a councillor.
3. The delegation should be made by the Executive Mayor with the approval of the Council.
4. Any such delegation should expressly stipulate that the Executive Mayor retains no power to make a decision with regards to such matters, or to override the decision made by the delegated authority.

### **Conclusion**

It is recommended that the executive mayor delegate her powers in terms of section 62 of the MSA to an appeal committee consisting of the following officials:

1. Senior Manager: Legal Services
2. Legal Advisor
3. Legal Advisor: Additional Court
4. Senior Manager: Property Administration

It is furthermore recommended that the Senior Manager: Legal Services be appointed as the chairperson, and the legal advisor be appointed as the deputy chairperson of the appeal committee. The quorum for this committee is two members and where a stalemate is reached, the chairperson has a casting vote.

### **7. Financial Implications**

None

**8. Staff Implications**

None

**9. Comments from other Departments, Divisions and Administrations**

None

**10. Annexures**

None

**RECOMMENDATION TO THE COUNCIL:**

1. that, in view of the limitation brought forward by section 117 of the Municipal Finance Management Act 2003 (Act 56 of 2003) on the function of the Executive Mayor in terms of section 62 of the Municipals Systems Act 2000, (Act 32 of 2000), the Executive Mayor **be authorised to delegate** the consideration of appeals for tenders in excess of R10 million, in the implementation of the municipality's Supply Chain Management Policy, to an appeal committee consisting of the following officials:
  - a) Senior Manager: Legal Services
  - b) Legal Advisor
  - c) Legal Advisor: Additional Court
  - d) Senior Manager: Property Administration
2. that the Executive Mayor retains no power to make a decision with regard to appeals against the implementation of the municipality's Supply Chain Management Policy, or to override the decision made by the delegated authority; and
3. that the Senior Manager: Legal Services be appointed as the Chairperson and the Legal Advisor be appointed as the Deputy Chairperson of the appeal committee.

**RESPONSIBLE OFFICIAL :****C LE ROUX****TARGET DATE FOR IMPLEMENTATION :****31 MAY 2023**

## 6.2

**FINAL INTEGRATED DEVELOPMENT PLAN (IDP) REVIEW FOR 2023/24**

R Louw

Senior Manager: Strategic Services

15 May 2023

(028) 313 8071

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**1. Executive Summary**

The purpose of this report is to present the final reviewed Integrated Development Plan (IDP) for the 2023/24 financial year. This will be the 1<sup>st</sup> reviewed document for the 2022/2027 IDP cycle.

**2. Service Delivery and Budget Implementation Plan - IGNITE**

*Management Services*  
*Strategic Services*

**3. Compliance with Strategic Priority**

Provision of democratic, accountable and ethical governance

**4. Delegated Authority**

None

**5. Legal Requirements**

Section 34 of the Local Government: Municipal Systems Act, 2000 (32 of 2000) [Systems Act]

**6. Background**

In terms of Section 34 of the Systems Act a Municipal Council **must review** its Integrated Development Plan (IDP) on an annual basis. The review and amendment process started in August 2022 with inputs from councillors, ward committees and officials.

In addition, Section 34 (b) of the Systems Act states that a Municipal Council **may amend** its IDP in accordance with a prescribed process which is set out in Regulation 3, of the Municipal Systems Act (MSA) Planning and Performance Management Regulations of 2001.

**Discussion**

The draft reviewed IDP for 20223/24 was tabled in Council on 29 March 2023 and thereafter advertised for public scrutiny and comment in the local

newspapers and municipal website. The public were afforded the opportunity to comment on the draft IDP review until 5 May 2023.

The 2023/24 IDP review document is structured into fourteen (14) Chapters. Content changes are indicated with the following note on pages 7 and 11 in the IDP review document (Note: *Revisions and or additions are indicated in green text throughout the document. Deleted text are indicated as strike through (deleted)*).

For the 2023/24 IDP review the strategic direction (Vision, Mission, Mayor's 3 C's and Strategic objectives) of the current 5-year amended Integrated Development Plan (IDP) remains unchanged.

#### **Public comments received**

Eleven (11) IDP related public comments were received during the public comment period, attached as Annexure A.

#### **7. Financial Implications**

Provision was made on the operating budget to cover the costs associated with compilation of the document. The document was compiled in-house by our own staff.

#### **8. Staff Implications**

Internal Staff

#### **9. Comments from other Departments, Divisions and Administrations**

Written IDP review inputs were obtained from the respective Directorates.

#### **10. Annexures**

Annexure A: IDP related public comments received on the draft IDP review.

The Final Integrated Development Plan (IDP) review for 2023/24 **will be distributed as part of the electronic agenda.**

#### **RECOMMENDATION TO THE COUNCIL:**

that the final IDP review for 2023/24 **be approved.**

**RESPONSIBLE OFFICIAL :**

**R LOUW**

**TARGET DATE FOR IMPLEMENTATION :**

**1 JULY 2023**

Annexure A  
1/50

**PUBLIC COMMENTS ON DRAFT 2023/2024**

**INTEGRATED DEVELOPMENT PLAN (IDP) REVIEW**

#	ORGANISATION/ INDIVIDUAL	LODGED BY:	DATE
1	Land Party	Councillor Ngqandana	4 May 2023
2	Zwelihle Renewal	Mr. T. Sizani	2 May 2023
3	Individual	John Bristow	3 May 2023
4	Kleinbaai Belastingbetalers Vereniging	Chris Meyer	8 May 2023
5	Individual	Andre du Toit	5 May 2023
6	Individual	John Bristow	5 May 2023
7	Ward Councillor	Arnie Africa	4 May 2023
8	Ward Councillor	Ronald Nutt	5 May 2023
9	Ward Councillor	Dudley Coetzee	4 May 2023
10	Individual	Bob Stanway	24 April 2023
11	Individual	Tommy Snibbe	3 May 2023



## LAND PARTY IDP INPUTS

Municipality responses indicated in blue text.

### MARIKANA :

- **Stands, electricity, water and sanitation** – Electricity will be provided in phases to the residents of Marikana. Planning for stage 1 has been completed and implementation will commence shortly. Communal water and sanitation facilities has been installed on invaded land with available funding. The formalization of the stands will form part of a future government subsidized housing programme.
- **Offices for social development, home affairs, and SASSA** – Erf 9515 will accommodate a library and recreation facilities. The top floor is earmarked for youth activities and other services when the need arises. SASSA and Home Affairs can only be accommodated as per the need.
- **Rezone Thabo Mbeki road for street vendors and small businesses** – No new trading places along Mbeki Road can be accommodated as it is a high traffic route. A few of the existing residents that live along Mbeki Road already conduct public trading from their residences. It is therefore considered these existing trading areas be included in the review of the Growth Management Strategy. Also note that this comment was not included into the comments received for the Public Trading Policy.
- **Give 1 million rand per ward** – The request will be included in the Budget Steering Committee Agenda for discussion.
- **GANSBAAI clinic must operate 24 hours** so that people from GANSBAAI cannot be transferred to Hermanus – Provincial Department of Health function. The provincial hospital is open 24 hours.

### SANDBAAI :

- **Stands for the people of Marikana** - The formalization of the stands will form part of a future government subsidized housing programme.
- **Electricity, water and sanitation for the people of Marikana** - Electricity will be provided in phases to the residents of Marikana. Planning for stage 1 has been completed and implementation will commence shortly. Communal water and sanitation facilities has been installed on invaded land with available funding.
- **Scrap all Municipality debts** – The municipal council approved on 29 March 2023, the writing off of all amounts on indigent municipal accounts.
- **Get rid all foreign nationals in Sandbaai building and use the building for Home Affairs, Social Security South African Social Security Agency, and Social Development offices.**
- **Zwelihle Sport Complex** – Refer to response on page 8.

- Allocate 1 million rand to each ward – The request will be included in the Budget Steering Committee Agenda for discussion.

#### PEACH HOUSE :

- Title deeds – Refer to summarised title deed response on page 5.
- Relocate 3 families that are affected by Abagold water system – This issue will be taken up with the Provincial Government.
- Stands for the people of Dubai – The implementing agent for the Dubai project has been appointed and the process of developing the area will commence shortly.
- Build Zwelihle SPORT Complex - Refer to response on page 6.
- Clear all Municipality debts – The municipal council approved on 29 March 2023, the writing off of all amounts on Indigent municipal accounts.
- Give 1 million rand to each ward – The request will be included in the Budget Steering Committee Agenda for discussion.

#### OLD LOCATION :

- Title deeds – Refer to summarised title deed response on page 5.
- Rebuild old location – It is unclear what is meant by this.
- Electricity for the people of Dubai - The implementing agent for the Dubai project has been appointed and the process of developing the area will commence shortly.
- Build Zwelihle SPORT Complex - Refer to response on page 6.
- Make Stands in Dubai so that people can build houses for themselves – The implementing agent for the Dubai project has been appointed and the process of developing the area will commence shortly.
- Clear all Municipality debts – The municipal council approved on 29 March 2023, the writing off of all amounts on Indigent municipal accounts.
- 1 million for each ward – The request will be included in the Budget Steering Committee Agenda for discussion.

#### TSEPHETSEPHE :

- Allocate stands so that they can build for themselves those who can afford and give subsidy to those who qualifies. This has been done for the people of Tsephe already.
- Build Zwelihle SPORT Complex - Refer to response on page 6.
- Put electricity for the people of Dubai or buy a separate transformer for them. The implementing agent for the Dubai project has been appointed and the process of developing the area will commence shortly.
- Clinic must open 24 hours - Provincial Department of Health function. The provincial hospital is open 24 hours.

#### WHITE CITY :

- Rebuild Their houses – The houses in White City were built by the Provincial Government therefore this matter can be taken up with them.

- Stands for Dubai - The implementing agent for the Dubai project has been appointed and the process of developing the area will commence shortly.
- Title deeds – Refer to summarised title deed response on page 5.
- Zwelihle Sport Complex – Refer to response on page 6.
- 24 hours clinic - Provincial Department of Health function. The provincial hospital is open 24 hours.
- Clear all Municipality debts - The municipal council approved on 29 March 2023, the writing off of all amounts on indigent municipal accounts.
- 1 million for each ward - The request will be included in the Budget Steering Committee Agenda for discussion.

**DUBAI :**

- Give stands and put electricity, water and sanitation so that people can build houses for themselves - The implementing agent for the Dubai project has been appointed and the process of developing the area will commence shortly.
- Build Zwelihle Sport Complex with offices and auditorium - Refer to response on page 6.
- Title deeds for everyone - Refer to summarised title deed response on page 5.

**NOMNWANA :**

- Title deeds for us – Refer to summarised title deed response on page 5.
- Stands for the people of Dubai - The implementing agent for the Dubai project has been appointed and the process of developing the area will commence shortly.
- Zwelihle Sport Complex – Refer to response on page 6.
- Clinic must operate 24 hours - Provincial Department of Health function. The provincial hospital is open 24 hours.

**SPHUNZANA :**

- Stands for us to build for ourselves and people of Dubai - The implementing agent for the Dubai project has been appointed and the process of developing the area will commence shortly.
- Zwelihle Sport Complex - Refer to response on page 5.
- Clinic must operate 24 hours - Provincial Department of Health function. The provincial hospital is open 24 hours.
- Title deeds for everyone - Refer to summarised title deed response on page 5.

**TAMBO :**

- ZWELIHLE SPORT Complex - Refer to response on page 5.
- Stands for the people of Dubai and Marikana - The implementing agent for the Dubai project has been appointed and the process of developing the area will commence shortly.

Marikana will form part of a future government subsidized housing programme.

- **Electricity, water and sanitation for the people of Dubai and Marikana**  
The implementing agent for the Dubai project has been appointed and the process of developing the area will commence shortly.

Communal water and sanitation facilities has been installed on invaded land in Marikana with available funding. Electricity will be provided in phases to the residents of Marikana. Planning for stage 1 has been completed and implementation will commence shortly.

- **Clinic must operate 24 hours** - Provincial Department of Health function. The provincial hospital is open 24 hours.
- **Clear all Municipality debts** - The municipal council approved on 29 March 2023, the writing off of all amounts on indigent municipal accounts.
- **Title deeds for everyone** - Refer to summarised title deed response on page 5.

#### **KWASA :**

- **Electricity for the people of Marikana and Dubai.** Electricity will be provided in phases to the residents of Marikana. Planning for stage 1 has been completed and implementation will commence shortly.
- **Stands for the people of Dubai** - The implementing agent for the Dubai project has been appointed and the process of developing the area will commence shortly.
- **Zwelihle Sport Complex** - Refer to response on page 6.
- **Clear all Municipality debts** - The municipal council approved on 29 March 2023, the writing off of all amounts on indigent municipal accounts.
- **Title deeds for everyone** - Refer to summarised title deed response on page 5.

#### **EZIZENI :**

- **Electricity for the people of Marikana and Dubai** - Electricity will be provided in phases to the residents of Marikana. Planning for stage 1 has been completed and implementation will commence shortly.
- **Stands for the people of Dubai and Marikana** – The implementing agent for the Dubai project has been appointed and the process of developing the area will commence shortly.  
Marikana will form part of a future government subsidized housing programme.
- **Zwelihle Sport Complex** - Refer to response on page 5.
- **Clear all Municipality debts** - The municipal council approved on 29 March 2023, the writing off of all amounts on indigent municipal accounts.
- **Title deeds for everyone** - Refer to summarised title deed response on page 5.

#### **ASAZANI :**

- **Stands, electricity, water and sanitation** – Asazani is part of the larger Zwelihle "upgrading of informal settlements program".

6/50

- Zwelihle Sport Complex - Refer to response on page 6.
- Title deeds for everyone - Refer to summarised title deed response on page 5.

**BHEKELA :**

- Stands – This will part of the future low-cost government housing subsidy program.
- Zwelihle Sport Complex - Refer to response on page 6.
- 1 million rand for each ward - The request will be included in the Budget Steering Committee Agenda for discussion.

**HOSTELS :**

- Scrap all Municipality debts - The municipal council approved on 29 March 2023, the writing off of all amounts on Indigent municipal accounts.
- Title deeds - Refer to summarised title deed response on page 5.
- Zwelihle Sport Complex - Refer to response on page 6.
- 1 million rand for each ward - The request will be included in the Budget Steering Committee Agenda for discussion.

**DATE: 3 May 2023****CLR Ngqandana****Summarised response to title deeds:**

The status of the transfer of related properties are as follows:

NO.	PROJECT PHASE AND DESCRIPTION	TOTAL NO. OF PROPERTIES	NO. OF REGISTRATIONS	SALES AGREEMENTS COMPLETED	IMPLEMENTATION PLAN		
					CASES IN PROGRES	COUNCIL FUNDING 2022/2023	GRANT FUNDING 2023/2024
1	Zwelihle Old Scheme	171	154	11	6	9	6
2	Consolidations 460	460	442	2	16	2	16
3	Zwelihle 1578	1543	1455	62	26	50	36
4	Zwelihle 283	221	170	33	18	17	34
5	Zwelihle 90 (Peach House)	90	0	51	39	0	90
<b>TOTALS</b>		<b>2485</b>	<b>2221</b>	<b>159</b>	<b>105</b>	<b>78</b>	<b>186</b>
<b>OVERSTRAND - SUMMARY OF SUBSIDY HOUSING SCHEMES 2015-2023</b>							<b>RETENTION FUNDING 2023/2024</b>
6	GARDEN SITE 58	58	0	58	0	58	
7	ADMIN SITE	39	0	39	0	39	
8	ZWELIHLE (C2)	132	0	132	0	132	
9	ZWELIHLE (C1)	150	0	145	5	150	

**Note:**

The Overstrand Municipality requested financial assistance in the form of grant funding to complete the

remainder of the 412 Overstrand transfers. Based on the current allocation of R2000 per transfer (conveyancing and administration), the requested financial assistance amounted to R766,000.00

In the Mayor's draft Budget Speech – OMAF 29 March 2023 it was announced that the Title Deeds Restoration Grant funding was approved by Western Cape: Department of Infrastructure "Human Settlements" and it is included in the draft budget 2023/2024.

It must be also noted the Municipality went out on tender three times to procure the services for the appointment of a panel of attorneys for the rendering of conveyancing and notary services for a period ending 30 June 2025. The latest mentioned tender was adjudicated on 13 December 2022, whereafter the Housing Administration used Council funding (Budget 2022/2023) to commence with 146 transfers (inclusive of 78 transfers of Zweihle).

#### **Response to the Zweihle Sport Complex need:**

Staff from the Directorates Community Services and Infrastructure and Planning are currently busy engaging different communities in order to develop Master Plans (15-year plan). We have adopted this approach in order to ensure that where we go and implement there is significant impact, the development that everybody see in Hawston Community is as the results of that approach. Today we have moved from referring to that facility as Hawston Sport Field to Hawston Sports Complex because of its size and the event it could host. Currently, the municipality is dealing with Kleinmond and Mt Pleasant Master Plans simultaneously, from there we move to other communities. It must be noted though that, Overstrand Municipality relies very heavily on external funding whether it's from Municipal Infrastructure Grant (MIG), Sport and Recreation South Africa (SRSA) and Lotto or provincial government funding. These funding streams have conditions that they put forward and one of them is the profile of the users e.g., are they affiliated with their relevant federations, how many teams, which level they participate on etc.

Therefore, funding should speak to development pillars of National Sport and Recreation Plan (NSRP), so currently the profile of users of Zweihle Sport field do not speak to any of the issues raised, they play social league meaning it is NOT development league and it does not contribute towards what ultimately the NSRP seek to achieve which is the "Winning Nation". In any sport activity that any person engages in whether in a Mass Participation or Semi- formal setting there has to be a next level of participation in order to create role models. In conclusion, as soon as the municipality finish the areas highlighted above, we are going to Zweihle in order to engage that community stakeholders to have inputs on how they would like their Complex to look like. But there would have to be a change of approach in their set-up in order to secure funding and change in structures of sport that must affiliate to their respective federations.



*ZWELIHLE RENEWAL is a civil movement that fights for the people of Zwelihle collectively and its associate is the Land Party.*

*We would like to comment to the IDP and want to inform the Municipality that Zwelihle RENEWAL was suspended to give a chance to the Land Party to deal with some of the community issues.*

*ZWELIHLE RENEWAL understands that some issues need political will and others need civil society and therefore it is for this reason Zwelihle RENEWAL exists.*

*We visited the following sections in Zwelihle and this is what we received from the community.*

Municipality responses indicated in blue text.

### ZWELIHLE RENEWAL IDP

#### INPUTS PEACH HOUSE :

- Give title deeds to the people of Peach House – Refer to summarised title deed response on page 4.
- Relocate and give houses to people that are affected by Abagold wall
- Put electricity for the people of Ndzongana Village (Dubai) or organize separate transformer - The implementing agent for the Dubai project has been appointed and the process of developing the area will commence shortly.
- Demolish Zwelihle Community Hall and build a Zwelihle SPORT Complex with the auditorium inside - Refer to response on page 6.
- Give stands in Dubai so that people can build for themselves - The implementing agent for the Dubai project has been appointed and the process of developing the area will commence shortly.
- We want the clinic to operate 24/7 - Provincial Department of Health function. The provincial hospital is open 24 hours.
- Clear all Municipality debts - The municipal council approved on 29 March 2023, the writing off of all amounts on indigent municipal accounts.

#### OLD LOCATION:

- Give title deeds to the people of old location - Refer to summarised title deed

response on page 5.

- Demolish carriage block houses and build houses for the people who are staying are staying in carriage structures- The Housing Administration cannot make that decision to demolish hostels and rebuild individual houses. The building of IRDP houses is not a competency of the Local Municipality. There should be consultation with the MM, Directorates such Community Services, Infrastructure and Planning to decide on the plan or pipeline, and eventually present it to the Committees of the Council and to Council.
- Put electricity for the people of Dubai or buy a separate transformer for them - The implementing agent for the Dubai project has been appointed and the process of developing the area will commence shortly.
- Build Zwelihle SPORT Complex – Refer to response on page 6.
- Give stands in Dubai so that people can build houses for themselves - The implementing agent for the Dubai project has been appointed and the process of developing the area will commence shortly.
- Clinic must operate 24 hours - Provincial Department of Health function. The provincial hospital is open 24 hours.
- Clear all Municipality debts - The municipal council approved on 29 March 2023, the writing off of all amounts on Indigent municipal accounts.

#### TSEPHE TSEPHE:

- Allocate stands so that they can build for themselves those who can afford and give subsidy to those who qualifies. This has been done for the people of Tsephe Tsephe already.
- Build Zwelihle SPORT Complex – Refer to response on page 6.
- Put electricity for the people of Dubai or buy a separate transformer for them. - The implementing agent for the Dubai project has been appointed and the process of developing the area will commence shortly.
- Clinic must open 24 hours - Provincial Department of Health function. The provincial hospital is open 24 hours.

#### WHITE CITY:

- Rebuild our houses - The houses in White City were built by the Provincial Government therefore this matter can be taken up with them.
- Give stands in Dubai so that people can build houses for themselves. The implementing agent for the Dubai project has been appointed and the process of developing the area will commence shortly.
- Put electricity for the people of Dubai or buy a separate transformer for them. Refer to response in bullet 2 above.
- Give title deeds to the people of Peach House and old location - Refer to summarised title deed response on page 5.
- Build Zwelihle SPORT Complex and Demolish Zwelihle Community Hall - Refer to response on page 6.
- 24 hours clinic - Provincial Department of Health function. The provincial hospital

is open 24 hours.

- Clear all Municipality debts - The municipal council approved on 29 March 2023, the writing off of all amounts on Indigent municipal accounts.

#### DUBAI:

- We want stands with water and electricity and title deeds so that we can build for ourselves. The implementing agent for the Dubai project has been appointed and the process of developing the area will commence shortly.
- We want ZWELIHLE SPORT Complex - Refer to response on page 6.
- Clinic must operate 24 /7 - Provincial Department of Health function. The provincial hospital is open 24 hours.

#### NOMNWANA:

- Title deeds for us - Refer to summarised title deed response on page 5.
- Stands for the people of Dubai - The implementing agent for the Dubai project has been appointed and the process of developing the area will commence shortly.
- ZWELIHLE SPORT Complex - Refer to response on page 6.
- Clinic must operate 24 hours - Provincial Department of Health function. The provincial hospital is open 24 hours.

#### SPHUNZANA:

- Stands for us to build for ourselves and people of Dubai - The implementing agent for the Dubai project has been appointed and the process of developing the area will commence shortly.
- ZWELIHLE SPORT Complex - Refer to response on page 6.
- Clinic must operate 24 hours - Provincial Department of Health function. The provincial hospital is open 24 hours.
- R500 000 that used to be given to ward councilors must be brought back - The request will be included in the Budget Steering Committee Agenda for discussion.

#### TAMBO:

- ZWELIHLE SPORT Complex - Refer to response on page 6.
- Stands for the people of Dubai and Marikana - The implementing agent for the Dubai project has been appointed and the process of developing the area will commence shortly.
- Marikana will form part of a future government subsidized housing programme.
- Electricity, water and sanitation for the people of Dubai and Marikana. The implementing agent for the Dubai project has been appointed and the process of developing the area will commence shortly.

Electricity will be provided in phases to the residents of Marikana. Planning for stage 1 has been completed and implementation will commence shortly. Communal water

- and sanitation facilities has been installed on invaded land with available funding.
- Clinic must operate 24 hours - Provincial Department of Health function. The provincial hospital is open 24 hours.
- Clear all Municipality debts - The municipal council approved on 29 March 2023, the writing off of all amounts on Indigent municipal accounts.
- R500 000 that used to be given to ward councilors must be brought back - The request will be included in the Budget Steering Committee Agenda for discussion.

**KWASA:**

- ELECTRICITY for the people of Marikana and Dubai. - Electricity will be provided in phases to the residents of Marikana. Planning for stage 1 has been completed and implementation will commence shortly.
- Stands for the people of Dubai. The implementing agent for the Dubai project has been appointed and the process of developing the area will commence shortly.
- ZWELIHLE SPORT Complex - Refer to response on page 6.
- Clear all Municipality debts - The municipal council approved on 29 March 2023, the writing off of all amounts on Indigent municipal accounts.
- R500 000 that used to be given to ward councilors must be brought back - The request will be included in the Budget Steering Committee Agenda for discussion.

**EZIZENI:**

- ELECTRICITY for the people of Marikana and Dubai. - Electricity will be provided in phases to the residents of Marikana. Planning for stage 1 has been completed and implementation will commence shortly.
- The implementing agent for the Dubai project has been appointed and the process of developing the area will commence shortly.
- Stands for the people of Dubai and Marikana. The implementing agent for the Dubai project has been appointed and the process of developing the area will commence shortly. Marikana will form part of a future government subsidized housing programme.
  - ZWELIHLE SPORT Complex - Refer to response on page 6.
  - Clear all Municipality debts - The municipal council approved on 29 March 2023, the writing off of all amounts on Indigent municipal accounts.
  - Title deeds - Refer to summarised title deed response on page 5.
  - R500 000 that used to be given to ward councilors must be brought back - The request will be included in the Budget Steering Committee Agenda for discussion.

**SANDBAAI:**

- ELECTRICITY for the people of Marikana and Dubai. Electricity will be provided in

phases to the residents of Marikana. Planning for stage 1 has been completed and implementation will commence shortly.

The implementing agent for the Dubai project has been appointed and the process of developing the area will commence shortly.

- **Stands for the people of Dubai and Marikana.** The implementing agent for the Dubai project has been appointed and the process of developing the area will commence shortly. Marikana will form part of a future government subsidized housing programme.
- **ZWELIHLE SPORT Complex** - Refer to response on page 6.
- **Clear all Municipality debts** - The municipal council approved on 29 March 2023, the writing off of all amounts on indigent municipal accounts.
- **Give people title deeds** - Refer to summarised title deed response on page 5.
- **R500 000 that used to be given to ward councilors must be brought back** - The request will be included in the Budget Steering Committee Agenda for discussion.

### **ENOUGH IS ENOUGH!**

#### **Summarised response to title deeds:**

The status of the transfer of related properties are as follows:

NO.	PROJECT PHASE AND DESCRIPTION	TOTAL NO. OF PROPERTIES	NO. OF REGISTRATIONS	SALES AGREEMENTS COMPLETED	IMPLEMENTATION PLAN		
					CASES IN PROGRES	COUNCIL FUNDING 2022/2023	GRANT FUNDING 2023/2024
1	Zwelihle Old Scheme	171	154	11	6	9	8
2	Consolidations 480	480	442	2	16	2	16
3	Zwelihle 1578	1543	1455	62	26	50	38
4	Zwelihle 283	221	170	33	18	17	34
5	Zwelihle 90 (Peach House)	90	0	51	33	0	90
<b>TOTALS</b>		<b>2485</b>	<b>2221</b>	<b>159</b>	<b>105</b>	<b>78</b>	<b>166</b>
<b>OVERSTRAND - SUMMARY OF SUBSIDY HOUSING SCHEMES 2016-2023</b>							
						<b>RETENTION FUNDING 2023/2024</b>	
6	GARDEN SITE 58	58	0	58	0	58	
7	ADMIN SITE	39	0	39	0	39	
8	ZWELIHLE (C2)	132	0	132	0	132	
9	ZWELIHLE (C1)	150	0	145	5	150	

#### **Note:**

The Overstrand Municipality requested financial assistance in the form of grant funding to complete the remainder of the 412 Overstrand transfers. Based on the current allocation of R2000 per transfer (conveyancing and administration), the requested financial assistance amounted to R766,000.00

In the Mayor's draft Budget Speech – OMAF 29 March 2023 it was announced that the Title Deeds Restoration Grant funding was approved by Western Cape: Department of Infrastructure Human

Settlements" and it is included in the draft budget 2023/2024.

It must be also noted the Municipality went out on tender three times to procure the services for the appointment of a panel of attorneys for the rendering of conveyancing and notary services for a period ending 30 June 2025. The latest mentioned tender was adjudicated on 13 December 2022, whereafter the Housing Administration used Council funding (Budget 2022/2023) to commence with 146 transfers (inclusive of 78 transfers of Zwelihle).

**Response to the Zwelihle Sport Complex need:**

Staff from the Directorates Community Services and Infrastructure and Planning are currently busy engaging different communities in order to develop Master Plans (15-year plan). We have adopted this approach in order to ensure that where we go and implement there is significant impact; the development that everybody see in Hawston Community is as the results of that approach. Today we have moved from referring to that facility as Hawston Sport Field to Hawston Sports Complex because of its size and the event it could host. Currently, the municipality is dealing with Kleinmond and Mt Pleasant Master Plans simultaneously, from there we move to other communities. It must be noted though that, Overstrand Municipality relies very heavily on external funding whether it's from Municipal Infrastructure Grant (MIG), Sport and Recreation South Africa (SRSA) and Lotto or provincial government funding. These funding streams have conditions that they put forward and one of them is the profile of the users e.g., are they affiliated with their relevant federations, how many teams, which level they participate on etc.

Therefore, funding should speak to development pillars of National Sport and Recreation Plan (NSRP), so currently the profile of users of Zwelihle Sport field do not speak to any of the issues raised, they play social league meaning it is NOT development league and it does not contribute towards what ultimately the NSRP seek to achieve which is the "Winning Nation". In any sport activity that any person engages in whether in a Mass Participation or Semi- formal setting there has to be a next level of participation in order to create role models. In conclusion, as soon as the municipality finish the areas highlighted above, we are going to Zwelihle in order to engage that community stakeholders to have inputs on how they would like their Complex to look like. But there would have to be a change of approach in their set-up in order to secure funding and change in structures of sport that must affiliate to their respective federations.

14/50

Your advertisement (Notice No: 63/2023) inviting comments on the Draft 202...



John Bristow <jwbdia@gmail.com>  
To: Rochelle Louw; Dean O'Neil; Annette Raaij  
Cc: Tosca Koner



Wed 18:29

**TO: THE MUNICIPAL MANAGER - Attention Ms. R Louw**

TO: Mr Dean O'Neil, Municipal Manager, Overstrand Municipality (OM)

**OM ADVERTISEMENT (Notice No: 63/2023) INVITING COMMENTS ON THE Draft 2023/24 Budget and IDP refers:**

**OM PERFORMANCE REPORT: BASIC SERVICE DELIVERY WITHIN THE DIRECTORATE COMMUNITY SERVICES FOR THE PERIOD 01 JULY 2022 UNTIL 31 DECEMBER 2022 - T Steenberg, Deputy Director: Operational Services 15 March 2023 refers:**

Comments below and attachments are of relevance to the Draft Budget and Related components of the Budgeting process, implementation, and management thereof:

[Municipality responses indicated in blue text.](#)

**Lack of Public Consultation** - First and foremost, as per comments and matters raised by Dr J W Bristow (Hermanus Resident) and Others, verbally at the Ward 3 Public Meeting on 4th April 2023 to discuss the Draft 2023/24 Budget and IDP, I hereby place on record again that it is unfortunate and unacceptable (and questionable in respect of compliance requirements) that **no public consultation meetings have been held in Ward-3 to present this Draft 2023/24 IDP to interested and affected parties, and to consult with the key parties.** The only interaction that has taken place is with Ward Committees to re-prioritise their ward-specific projects. Adding to the overall lack of compliance and ineffectiveness of this entire process is the lack of proper structure, pre-scheduled regular monthly Ward Committee meetings, and debilitating ineffectiveness of the entire system, and by implication the budgeting process.

**p.100 – Roads** - It is stated that "*The Integrated Transport Plan (ITP) reviewed in May 2013 is summarised in Chapter 8 of the IDP*" which looks to be incorrect. In Chapter 8, no ITP is summarised, plus what is in Chapter 8 refers to the 2019/20 ITP update.

Furthermore, the most important Overstrand road issue is omitted altogether, namely; that on 28<sup>th</sup> February, the Overstrand Council resolved that it was opposed to the Hermanus Bypass Road being pursued by Province and that previous letters of support from the Municipality be withdrawn (see attached letter from MM to Province dated 3 March 2023). [Reference to the Bypass was deleted in the 2023/24 IDP review due to the Council resolution.](#)

The second most significant Overstrand road issue is also ignored, namely; that in November 2018, Council resolved *"that the content of the Overstrand Provincial Sustainable Transport Programme be noted and be endorsed"*, which de-emphasises private vehicle, road-based transport solutions in favour of increased public transport and non-motorised transport. This is expanded upon on pp.103-104. The Mayor, Dr Rabie, also highlighted the matter of public transport in her Inaugural speech in November 2021. Trialing and introducing a modern and efficient public transport system across the Overstrand should be a key priority for the OM, along the lines of the **GoGeorge** or CoCT **MyCity Bus** services, to thereby provide safe and affordable public transport, particularly for the disadvantaged and poor Communities. Widening and building more roads and By-Passes is unaffordable in the current economic circumstances and does not address the underlying challenges of too many cars taking-up limited road and parking space.

[The Municipality is in favour of establishing an efficient public transport system across the Overstrand. This will however require a very large subsidy from Provincial and National Government as is the case with COCT MyCity Bus services and GoGeorge system. Subsidies of this nature are not available at this moment.](#)

**P132 - 133 KPA OS 4 (d) Environmental Management** - It should be explained why the Executive Mayor's commitment to separate Environmental Management from the Infrastructure & Planning Department, due to governance concerns, has not been done. This positive intervention was promised by the Mayor in her Inaugural Speech in November 2021 but has never been implemented?

There is a statement that Fernkloof Nature Reserve's Protected Area Management Plan (PAMP 2023-2028) has been amended and finalised and that it will be submitted to Cape Nature (In March?). [We are awaiting approval from the Mayor.](#)

This appears to be highly irregular as (1) the PAMP under consideration was never properly and legitimately approved by the erstwhile Fernkloof Advisory Board (FAB), [The PAMP was approved by the FAB before it was first submitted to](#)

CapeNature and DEADP. After comments from DEADP and CapeNature were added, the document was submitted to the Mayor.

and (2) any amendments made (without Council approval?) surely need to be consulted with all relevant Interested & Affected parties. It is only necessary to resubmit the document to the relevant Interested & Affected parties if the changes to the document significantly affect the entirety of the document. The documents will be advertised for another 30 days by Province for comment.

Furthermore, the statement that "The Fernkloof Nature Reserve has an Advisory Board with an approved bylaw" which is incorrect, as the Fernkloof Advisory Board has not met for years and is effectively defunct. The FAB still has active members appointed by Council and a bylaw which is in place, but it is true that there have not been meetings since 3 December 2021.

**Ineffective Service Delivery and Associated Wasteful Expenditure**  
**(PERFORMANCE REPORT: BASIC SERVICE DELIVERY WITHIN THE DIRECTORATE**  
**COMMUNITY SERVICES FOR THE PERIOD 01 JULY 2022 UNTIL 31 DECEMBER 2022 T**

**Steenberg Deputy Director: Operational Services 15 March 2023** - the attached documents (recently published and released recently) by the Overstrand Municipality further relate directly to the IDP and Budgeting process. The attached documents show that Service Delivery for key activities in the day-to-day activities of the local Overstrand Municipality (including Beaches, Parks, Sewage, Solid Waste, Streets/Pavements, Stormwater, Tankers and Water) are all scored at a success rate or completion metric of 100% (the lowest being 96%).

The unrealistic metrics unfortunately have no bearing whatsoever on the reality of the situation on the ground, they hence lead directly to additional costs, and lack of accountability. There are ongoing considerable inefficiencies in the Score-card systems being used to score the Service Scores in the attached documents.

Notably many examples of inefficient and on-going poorly performed Service Delivery jobs have been amply documented and reported for Northcliff and surrounding areas over a number of years. The following are very real examples to highlight a few of the incomplete jobs:

1. Talana Street pavement repairs - This simple and routine activity took 17 months and at least 7 OM Worker and Contractor interventions (with supervision provided by the Residents of Talana Street) - as noted and reported on numerous occasions to OM Officials and Councillors the lack of supervision, and repeat activities were diabolical, expensive, and a considerable waste of manpower, resources, and time
2. The reporting of a Pothole in Mountain Drive as having been repaired, when it had been filled with gravel
3. The on-going disgusting state, including dumping, storage of dangerous materials, potential pollution of the Hermanus aquifers, environmental degradation on ERF-11440 which was first reported to the OM (with Images) in July 2021. (This situation is also in direct contravention of the OM's own Zoning Laws).
4. The well documented unacceptable dumping and spreading of coarse-gravel in Berg Crescent (Northcliff Play Park) which has been ongoing since December 2022
5. The incomplete repairs and refilling and asphaltting of the pavement in **Magnolia Street** outside the fence of Hermanus Junior School in Magnolia Street, a few hundred metres north of the main entrance to the OM Precinct (see images below). This situation has prevailed since before Covid in 2019, has been reported previously to the OM, was documented and photographed during a 'Northcliff Walk-About' by Cllrs Brice and Nutt in March 2022, and continues regardless.

No 5 – work was completed, 5.5.2023



There are many more examples of the above, and it is very obvious that the lack of Oversight, Supervision, QA/QC, Sign-off and Supervision of work activities, projects, OM Work Teams, and Contractors, has a considerable negative impact on OM Service Delivery.

The consequences of the many collective uninspected and unfinished Jobs, and numerous repeat actions, repairs, and re-doing of the same tasks (eg. Talana Street pavement repairs) result in wasteful expenditure, extra overtime etc. They impact directly and negatively on OM Budgets and IDP projects i.e. inflate costs.

The comments Ineffective Service Delivery and Associated Wasteful Expenditure of Dr Bristow are noted but have however been addressed individually over a period of time with various correspondence on the matters listed in your original request. We will incorporate the comments in the review of our structure of future service delivery reports.

The service delivery complaints will be forwarded to the operational manager in Hermanus for immediate action.

**Ineffective and Absent Oversight, Supervision, QA/QC, Sign-off of OM Jobs, Maintenance and Repair activities in the greater Hermanus area**

- As highlighted above the Overstrand Municipality has a considerable and serious problem in respect of lack of Management Oversight, Supervision, QA/QC, and wasted time and resources, including Overtime costs. This impact directly on the costs, and effectiveness of Service Delivery across the Overstrand.

The comments on the Ineffective and Absent Oversight are noted and are addressed in continuous improvements strategies rolled out by the Operations Department throughout the Overstrand Municipality.

The current Overstrand Municipality and IDP process cannot be effectively compiled, constructed and implemented reliably and with confidence, unless this matter is dealt with as a priority. A robust 'Project Management and Performance audit and review' of the entire OM Management structure should be implemented urgently to review and modernise the manner in which all repairs, maintenance, building, and contracting activities are conducted, and equally the manner in which the efficiency and performance of Contractors is measured.

**Increase in OM Contractor Costs without Concomitant decline in OM Management and Artisan Staff Costs**

- A review of the overall budget, and in particular the cost of OM salaries, wages and contractor costs/fees show concerning trends and should be reviewed robustly. It is obvious that the use of Contractors is increasing significantly in the Overstrand Budgets and Costs, and the trend has been rising for some years. Notably the expected decrease in OM salary and wage costs is not apparent on a concomitant basis.

As much as the Overstrand population growth is expanding, this situation requires proper review, and equally the directly related matter of the recurring lack of Oversight, Management, QA/QC, and Supervision is seriously overdue.

**In Conclusion**, by way of summary the following key points are reiterated  
(i) it is unacceptable (and questionable by way of compliance requirements)

26/50

that no public consultation meetings have been held in Ward-3 to present this Draft 2023/24 IDP to interested and affected parties, and consult with the key parties; equally the Ward Committee system is flawed and hence proper consultation, inputs and IDP process are ineffective, (ii) a number of key Budget and IDP items such **Road** and **Environmental Management** matters have been adequately addressed and glossed over, and (iii) there is **an underlying incapacity and wasteful expenditure issue in the OM Service Delivery** due to the ineffective Management Oversight, Supervision, Sign-Off, and Accountability of Service Delivery activities and functions

Many thanks, Kind regards,

**JOHN BRISTOW**

**Hermanus Resident**

**m: 082 571 3004**



*Magnolia Street, outside Hermanus Junior School.  
Unfinished OM job since before Covid pandemic.*

2/50



*Magnolia Street, outside Hermanus Junior School (Couple of hundred metres north of the main entrance to the OM)*



*Magnolia Street, outside Hermanus Junior School (Couple of hundred metres north of the main entrance to the OM)*



## KLEINBAAI BELASTINGBETALERS VEREENIGING

VERWYSING: KLEINBAAI 02

NAVRAE: CHRIS MEYER

25 MEI 2023

Gansbaai Munisipaliteit

WIE DIT MAG AANGAAN

### TERUGVOERE AANGAAN KONS<sub>S</sub>EP MUNISIPALE BEGROTING EN IDP.

Nadat die outeur die besprekings sessies van Dr Rabie bygewoon het, het die KBBV komitee besluit om hulle lede in te lig en versoek om insette op beide dokumente te lewer

Sekere lede het direk hulle insette aan die OM gestuur sonder n afskrif aan die KBBV komitee.

Die volgende insette is ontvang vanaf die inwoners van Kleinbaai en word dit aan u deur gegee.

[Munisipale kommentaar in blou teks.](#)

- **BESKIKBAARHEIDS FOOIE.**

Dr Rabie het dit duidelik gestel dat die OM verantwoordelik is vir die aankoop van voertuie en ander noodsaaklike items waarvoor daar nie voorsiening gemaak is in die begroting nie. Daar is n surplus van R 34 miljoen rand en die ouer inwoners van Kleinbaar wat ongeveer 85% van die inwoners is versoek dat van die fondse gebruik moet word om die Beskikbaarheids fooie ten opsigte van water, elektrisiteit en veral riool te verlaag. Die inwoners is ongelukkig omdat hulle beskikbaarheids fooie moet betaal vir riool aangesien hulle nie n riool stelsel het en hulle van Riool tenks gebruik maak en elke keer moet betaal as dit tenks leeg gemaak moet word. Hierdie ouer garde leef meestal op rente en klein pensioene en kan nie hierdie verhoogde taiewe bekostig nie.

- Die volgende is n baie netellige saak vir die KBBV Komitee.. Dr Rabie het die prioriteit die Wyke se IDP voorgelou. Dit is duidelik uitgelig dat die Munisipaliteit van Gansbaai deel uitmaak van Wyk 14. Die top 5 prioriteite is almal Munisipale behoeftes. Dit is onaantvaardbaar dat die Munisipaliteit in n Wyk ingedeel moet word. Die Munisipaliteit ontvang n begroting vanaf Provinsiaal en Nasionaal om hulle werks verpligtinge na te kom en is dus oonregverdig dat hulle Wyk 14 se projekte ook moet annekseer. Die ander woonbuurte wat onder Wyk 14 val sal dus nooit enige van hulle prioriteite gehanteer kry nie aangesien die Munisipaliteit se sake altyd eerste geprioritiseer sal word.

Dit word voorgestel dat die Gansbaai Munisipaliteit verwyder moet word van n Wyksraad, of dat daar elke jaar ten minste een prioriteit van elke woonbuurt wat onder Wyk 14 sorteer gehanteer moet word.

- Met die leerling getalle van Gansbaai Akademia wat so toeneem is die beweging van leerlinge by die hoof kruising by die R 43 en Build It besig om baie meer te raak. Dit word voor gestel dat daar op die IDP n punt geplaas moet word dat daar n Voetgangersbrug aangebring moet word om te sorg dat die kinders die pad veilig kan oorsteek. As die beoogde verkeerssirkel wat beplan word aangebring gaan word gaan dit baie moeiliker wees om die verkeer te stop sodat die leerlinge die pad veilig kan oorsteek.

Die voorsiening van n voetbrug by die Masakhane/Blompark/Kleinbaai interseksie oor die R43 moet as prioriteit spesifiek onder die wyksprioriteite geplaas word. Natuurlik sal hierdie prioriteit aan Provinsiale Padingenieur oorgedra word sodat hulle die projek kan beplan, finansier sowel as prioritiseer.

24/50

Daar word ook versoek dat die opknapping van Kleinbaai Hawe wat alreeds op die IDP verskyn dringend aandag moet kry, spesifiek die parkerings probleem in Geelbek Straat.

Vakansiegangers klae aanhoudend dat daar nie genoeg parkering is as hulle Kleinbaai Hawe besoek nie. Die parkerings probleem gaan ook vererger word as die Informele Handeldryf gaan plaasvind op van die huidige parkerings plekke. Dit gaan ongeveer 10 parkeerplekke tot niet maak. Die inwoners van Kleinbaai het oor Informele Handeldryf by die hawe gestem en eenparig dit nie aanbeveel nie. Dit was ook so aan die Raadslid, Waarnemende Munisipale Bestuurder en Operasionele Bestuurder se aandrag gebring, op skrif.

Die versoek vir addisionele parkering was intern ondersoek en was bevind dat daar voldoende parkering vir die bote en privaat voertuie beskikbaar is by die Kleinbaai hawe. Daar word egter van die sypaadjie gebruik gemaak vir parkering in Geelbek straat voor die Great White Shark restaurant in piek tye. Die privaat besigheid moet voorsiening maak vir addisionele parkeing vir hul besigheid. Daar is ook addisionele parkering beskikbaar op Erf 65 te Kusweg in Kleinbaai vir verbruikers van die hawe.

Die versoek van informele handelaars moet dus verwys word na die wykskomitee vir bespreking met alle rolspelers sowel as die LED afdeling. Geen aansoek vir hierdie aktiwiteite is ontvang deur die Operasionele Afdeling van Gansbaai nie.

Ons hoop van harte dat u hierdie aspekte in oorweging sal neem.

Vriendelike Groete

GETEKEN

.....

CHRIS MEYER

VOORSITTER KBBV

0834549366

## Integrated Development Plan Review 2023/2024 – Comments

Submitted by: Andre du Toit – Ratepayer

### “Integrated Development Plan Review 2023/2024” Document

This document contains my comments on the municipality “Integrated Development Plan Review 2023/2024”.

I am a citizen and a ratepayer and my comments are raised from that perspective.

My expectation is to receive considered responses from the municipality, to each of my comments.

Municipality responses indicated in blue text.

### Abbreviations – Page 7

Commentary

Define SCM.

Included in Final IDP review document.

### Chapter 1 - Page 17 – Risk Register

Commentary

From the mission statement (page 8) I understand that the main work which the municipality performs is delivery of [optimal] services. This service delivery is performed or managed by the people that the municipality employs. In my opinion risks associated with these people (human resources) should be included on the risk register. (competence, retention, succession, etc.)

Kindly be informed that risks of that nature are currently recorded as operational risks and not strategic risks. More of the said risks were identified during the recent risk assessment session and are included in the risk register.

The risks that are shown in the IDP are strategic risks and those that have a high residual value “high risks”

### Chapter 2 – Page 33

Commentary

Second last paragraph – consider changing “endless” to something more accurate such as “numerous”.

### Chapter 2 – Paragraph 2.3 – Page 48

Commentary

I reside in Musson Street, East Cliff. My rates will increase by about 60%. There are no curbs and

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gutters to drain the road surface of Musson Street. When it rains heavily the road runoff water dams up and sometimes floods my property. There is clearly a need for curbs and gutters to be installed along Musson Street to mitigate the current situation.

Considering the very large increase in rates that I, and people like me in Musson Street face, I request that the municipality place the work of installing curbs and gutters on this street on the list of work to be done in 2023/2024, and to give priority to this work.

Client requested to provide physical address; due to the length of the street (741 m) it would financially not be possible to erect curbs along the entire road. Client's physical address was received and forwarded to the Hermanus Operational Department for an assessment.

The construction of sidewalks and "speed calming" are unfortunately capital in nature, so if the municipality does not make funding available, the operational department cannot build anything.

#### Chapter 4 – Paragraph 4.1 – Page 84

##### Commentary

In the last years or so, several communities and organisations have displayed their dissatisfaction with aspects of the municipality's service delivery. In my opinion, considering the municipality's mission of service delivery, this issue should feature in the SWOT analysis – as a Threat.

I recommend to include the current situation around the supply of electricity be recognised as a Threat.

#### Chapter 4 – Paragraph 4.1 – Page 85

##### Commentary

I fully agree with "Gaps in pro-active and timely communication through the relevant mechanisms" as an identified weakness.

Regarding the weakness "inadequate resources to combat disasters", I am not in a position to comment. However, I do recommend that the issue "human resources" to be placed on the risk register (see my previous comment).

Kindly be informed that risks of that nature are currently recorded as operational risks and not strategic risks. More of the said risks were identified during the recent risk assessment session and are included in the risk register.

The risks that are shown in the IDP are strategic risks and those that have a high residual value "high risks".

#### Chapter 4 – Paragraph 4.1 – Page 85

##### Commentary

I fully agree with "Gaps in pro-active and timely communication through the relevant mechanisms"

as an identified weakness.

I agree that SRAs can be an opportunity for the municipality – and I can identify many reasons why this is so, including service delivery, efficiency, equity and the like. However, my experience with the current Hermanus SRA and their NPC is that this SRAs/NPC is not competently managed (i.e. by people without the necessary competencies).

Of necessity the municipal organisation contains people with the necessary competencies. On the other hand, inappropriately experienced SRA operatives (because they are unpaid?) results in inefficiencies, dissatisfaction and the like.

SRA ratepayers have effectively two organisations to deal with – the municipality and the SRA. In correspondence with the municipality about these issues on the ESRA, I am always directed back to the SRA NPC. In this event the Opportunity results in a Threat.

The activities of SRA's are regulated in terms of the SRA Policy and the SRA By-Law. The management of a SRA is managed by a board of directors, of a Non Profit Company (NPC), with it's Memorandum of Incorporation (MOI) containing the Objects of the NPC, and registered with the Non Profit Companies and Intellectual Property Commission ("MOI"), and has to comply with all relevant legislation, inclusive of execution of an annual audit, statutory meetings, annual financial statements etc. The Overstrand Municipality exercises financial oversight and legal compliance.

The SRA, managed as a Non-profit Company (NPC), is thus controlled by its members and the board they elected. The SRA are operated by a management team appointed by the board.

Property owners can elect to join the NPC as members to allow them to participate in the SRA's affairs. Members do have a say in an SRA, since every property owner within the SRA can apply in writing to the SRA Board for membership of the NPC, in order to participate in SRA affairs.

#### Chapter 4 – Page 104

##### Commentary

I am of the opinion that, considering the demographics and urban fabric of Overstrand, affordable (low-cost implies something else) public transport services in the municipal area will be very beneficial. In my experience, public transportation systems (affordable or otherwise) are generally not financially viable. Their viability derives from other areas: economic, efficiency, congestion reduction and the like. For instance, Affordable public transportation services will definitely reduce congestion and therefore the need for the controversial by-pass road. For these reasons I urge the municipality to consider making formal plans for affordable public transport services in the Overstrand. It also aligns with everything (e.g. see items 2 and 4) in the next paragraph (PSTP).

Municipality concur with the statement that public transport systems are generally not financially viable however the municipality with assistance from Western Cape Department of Transport and Overberg District Municipality developed a comprehensive integrated public transport network plan in 2011. A large capital investment and operational subsidy would be required to implement the plan. To date the Provincial Government indicated that no subsidy is available at this stage.

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**TO: THE MUNICIPAL MANAGER - Attention Ms. R Louw**

TO: Mr Dean O'Neil, Municipal Manager, Overstrand Municipality (OM)

**OM ADVERTISEMENT (Notice No: 63/2023) INVITING COMMENTS ON THE Draft 2023/24 Budget and IDP refers:**

**IDP MATTERS PERTAINING TO NORTHCLIFF IDP (see also attached EXCEL Spreadsheet) refers:**

Comments below and attachments are of relevance to the Draft Budget and Related components of the Budgeting process, implementation, and management thereof:

**Municipality responses are stated in the attached Excel sheet in blue text.**

**1: Lack of Public Consultation** - As highlighted previously and as per comments and matters raised by Dr J W Bristow (Hermanus Resident) and Others, verbally at the Ward 3 Public Meeting on 4th April 2023 to discuss the Draft 2023/24 Budget and IDP, I hereby place on record again that it is unfortunate and unacceptable (and questionable in respect of compliance requirements) that no public consultation meetings have been held in Ward-3 to present this Draft 2023/24 IDP to interested and affected parties, and to consult with the key parties. The only interaction that has taken place is with Ward Committees to re-prioritise their ward-specific projects. Adding to the overall lack of compliance and ineffectiveness of this entire process, is the lack of proper structure, pre-scheduled regular monthly Ward Committee meetings, and debilitating ineffectiveness of the entire system, and by implication the budgeting process.

**2. Urgent Matters Pertaining to Northcliff - Mountain Drive Pavement construction and upgrading; Speed Calming (Items 3a + 4 of Spreadsheet)**

We kindly draw your attention to the matters highlighted in the spreadsheet attached, and in particular #3a and #4. The attached compilation and Northcliff IDP spreadsheet was initially shared with Cllr Brice in May 2022 at a meeting at her home to discuss and address Northcliff priorities.

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Mnt Dve is the second busiest thoroughfare in Hermanus and the non-existence of decent safe pavements along most of Mnt Dve, and particularly along the eastern 1/4 is overdue. Likewise, there is an urgent need for robust speed calming at regular intervals along Mountain Drive, and regular Law Enforcement interventions.

Refer to the attached Excel sheet for responses on the construction of new side walks and speed calming measures.

Reckless and dangerous driving is endemic to Mountain Dve, Main Rd, Impale, Talana and Duiker Streets, as well as other Northcliff streets. All attempts to engage and develop an intervention strategy, improved speed calming, etc has failed up until now.

**3. March 2023 Northcliff Walk-About with Cllrs Nutt and Brice instructed by Mayor (Dr Annelie Rabie following Northcliff Residents Meeting February 2022)**

Mountain Drive pavement matters, reckless driving, and ignoring of traffic signs and related issues, were highlighted in a meeting with Dr Rabie in February, whereafter a Northcliff-Walkabout was instructed by Dr Rabie. Both Cllrs Nutt and Brice were involved in the Walk-About and saw the challenges and problems faced by Northcliff Residents first hand in March 2022.

Aside from a single speed-hump constructed outside #54 Mountain Drive, there have been no further positive interventions by the OM, and Law Enforcement to positively address the urgent items noted above, and in section #3a and #4 in the attached Northcliff spreadsheet.

Based on the highlighted points for the Traffic/Law Enforcement departments we will proceed with random visibility, patrols and road traffic enforcement interventions in the areas of concern.

On behalf of the Northcliff Residents, we hereby make a formal request for the necessary IDP and Budget adjustment to be made to address the Reckless and Dangerous Driving in Northcliff. Cllr Brice is also well aware and informed of these matters, as is the Law Enforcement Team.

Many thanks. Kind regards,

JOHN BRISTOW (m: 082 571 3004)

Northcliff Resident

30/50

OM WORTHLIFF RESIDENTS (DP PLAN) (REQUIREMENTS - 4 May 2023)								
	Activity	Street/Area	Current	Action Required	Responsibility	Comments	SIP Requirements	Third party response
Item 1	Security Cameras (CCV)	Eastin Square	None, security risk	Urgent	Residents	Phase 2 (Items 1, 2) showing	Residents + RFP	
Item 2	Street Lights	All streets	Check routinely	Upgrade to LED	OM	Priority	OM (regular checks required)	
Item 3	Pavement Repairs	Talena St	Completed	No prior GA/CA, sign off never done. (GDF's??)	OM	12 month sign off by OM please.	OM	We have reported the sidewalk as requested by the show
Item 3a	Footpaths/Repairs	Delphin Drive	None at Level	Upgrade, paving construction required over entire length of 50m	OM	Covered in detail on 'Walkabout' on 24/3/2023	OM (PRIORITY)	Capital funding needed
		All other pavements	Check All	Report/Flag/grade	OM		OM	We can repair existing sidewalks, but for new repairs capital funding needed
Item 4	Speed Calming Measures	Mermaid Drive	Minimal	Calming structures, Speed signs	OM	Speed signs (Priority)	OM (PRIORITY)	capital funding needed
		Delphin	None	Calming structures, Speed signs	OM	Speed signs (Priority)	OM (PRIORITY)	capital funding needed
		Delphin	None	Calming structures, Speed signs	OM	Speed signs (Priority)	OM (PRIORITY)	capital funding needed
		Delphin	None	Calming structures, Speed signs	OM	Speed signs (Priority)	OM (PRIORITY)	capital funding needed
		Delphin	None	Calming structures, Speed signs	OM	Speed signs (Priority)	OM (PRIORITY)	capital funding needed
		Delphin	None	Calming structures, Speed signs	OM	Speed signs (Priority)	OM (PRIORITY)	capital funding needed
		Delphin	None	Calming structures, Speed signs	OM	Speed signs (Priority)	OM (PRIORITY)	capital funding needed
		Delphin	None	Calming structures, Speed signs	OM	Speed signs (Priority)	OM (PRIORITY)	capital funding needed
Item 5	Perks	Play Park		Minor maintenance required	OM + Residents	PP in good shape - thanks to All	Residents/OM (Operation)	Ongoing process
	Bag Dump	Play Park	Accepted	Unacceptable gravel dumping. Positive meeting with M&J and Team. 8 May 2023	OM	Unacceptable gravel dumping - OM will remove, reconfigure in August 2023	OM (to com in August 2023)	Maintenance will be done in the new financial year
		Driveway		Improve signage, regular cutting + clearing	OM/Residents		OM	Ongoing process
Item 6	DP (DPD - OM Runway/Storage facility)	West end of North DP (West end)	Parade (Squidart), Security risk	Unacceptable at level	OM	Awaiting further clarification. OM has had many conversations with OM (DPD)	OM	Ongoing investigation
Item 7	Environment/Access	Gateway Reservoirs (West end)	Security, fire risk	Upgrade: regularly check Reservoirs from M&J (also add Security) (M&J CCV 2 Reservoir Regular inspection, by Viola)	OM, R&B	Revised - OM have R&B response also required to OM Proposal	OM	The Gateway Reservoirs are enclosed with a security fence, recently installed security cameras linked to alarm response will be installed before end June 2023. Capital no need for upgrades to reservoirs, except the demolition of the unused building on the reservoir site. The rest of the actions are part of day to day operations. Weekly visit the reservoirs daily and problems are identified and attended to.

	Activity	Street/Area	Current	Action Required	Responsibility	Comments	IDP Requirements	Municipality response
		Gateway Area (north side Main Rd) (WB4)	Security, fire risk	Upgrade; regularly clear B/H sites; requires regular inspection - Veolia	OM, FAB	CI/ Nat; FAB - response also required	OM	Currently no need for upgrades to Gateway Jct's. The rest of the actions are day to day operations: The fenced B/H sites are cleared by Veolia and is part of the Bulk Works Contract. Veolia visits these sites at least weekly and the Municipality at least monthly. Problems are identified and attended to. The areas outside the borehole sites are not part of the Bulk Works Contract.
		Mt Dwy/Fourie St Quarry + BH	Security, fire risk	Litter, vagrancy; Requires regular clean-up, inspection - Veolia	FAB/OM		OM	Mountain Drive/Fourie St - Quarry + BH BH The actions are day to day operations. The BH fenced area is cleared by the bulk Works Contractor. The municipality do site inspections at least once a month including monitoring of clearing and will enhance actions should the need arise. Quarry. This area is not part of the Bulk Works Contract with Veolia. The required actions are day to day operations of the municipal Operational Services Dept, including removal of litter in the surrounding area from Mountain Drive to the Quarry.
Item 8	Other	Water pressure	Resolved	Tania Pistorius	OM	Tia to OM		
		Barking Dogs	Will follow up with EB	Peter Hugo matters; becoming a bigger challenge in Northhoff	OM	Engage Neighbour only; excessive dog numbers	OM	
		Illegal dumping		Apply Bylaws, issue fines	OM and Residents			
		Black bags out early			Residents			Residents
		Main Rd, poor driving, noise			OM	Speed Mitres, education	OM	
		Mid side Graveyard - Gateway Reservoirs	Litter, vagrancy, invasives		FAB/OM	For discussion		

**Rochelle Louw**

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**From:** Rochelle Louw  
**Sent:** 04 May 2023 15:32  
**To:** Frederick Africa; Desiree Arrison; arniefak@gmail.com; Elnora Gillion  
**Subject:** RE: Ward 8 IDP Wishlist -

Ok, will do Cllr Africa.

Regards

**Rochelle Louw**

Senior Manager Strategic Services  
Overstrand Municipality  
T: +27 (0) 28 313 8071  
E: rlouw@overstrand.gov.za

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**From:** Frederick Africa <fafrika@overstrand.gov.za>  
**Sent:** 04 May 2023 14:46  
**To:** Desiree Arrison <darrison@overstrand.gov.za>; Rochelle Louw <rlouw@overstrand.gov.za>; arniefak@gmail.com; Elnora Gillion <egillion@overstrand.gov.za>  
**Subject:** Ward 8 IDP Wishlist -

Hi Rochelle,

**Please add to the Ward 8 IDP Projects:**

- 1) Infrastructure Erf407 and Erf 1 (next to taxi rank)
- 2) Borehole Hawston Sportsground
- 3) Hawston Cliff Parth Development
- 4) Sidewalk and Speedbumps

Regards

Arnie Africa

**Rochelle Louw**

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**To:** Rochelle Louw  
**Subject:** FW: COMMENTS ON THE PROPOSED IDP AND BUDGET

The requests for capital funding were referred to the CFO and Budget office for consideration by the Budget Steering Committee.

**From:** Ronald Nutt <ronaldnutt@overstrand.gov.za>  
**Sent:** 05 May 2023 13:58  
**To:** Rochelle Louw <rlouw@overstrand.gov.za>  
**Cc:** Tosca Korver <akorver@overstrand.gov.za>  
**Subject:** COMMENTS ON THE PROPOSED IDP AND BUDGET

Dear Rochelle,

From Ward 4 the following comments to be included...

1. That there is a need for Capital Funding be made available in the Budget for Community Services Directorate to address the requests for new Play Parks and Fencing and equipment in all Wards where there is a specific need for it.
2. Capital Funding be made available in the Budget/IDP for Ad hoc Stormwater Issues to be dealt with over all Wards in Overstrand
3. Capital Funding be made available in the Budget/IDP for Sidewalks & Speed Calming measures to be dealt with across all Wards in Overstrand.
4. Our IDP wishlist express on Ward 4 specific need for a total upgrade of the Play Park on the c/o Orgidee Street & Sweetpea Street, Mount Pleasant Ward 4 to be included and prioritised for funding.

Kind regards

Clr Ronald Nutt  
 Mayco Member : Community Services  
 Overstrand Municipality

T: +27 (0) 28 313 8023 | C: 0798837265  
 E: [ronaldnutt@overstrand.gov.za](mailto:ronaldnutt@overstrand.gov.za)



Tosca Korver

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From: Community Admin  
 Sent: Thursday, 04 May 2023 11:48  
 To: Tosca Korver  
 Subject: IDP - WARD 13

Dear Mayor

Only one of the top 5 items of Ward 1 on the IDP is to be financed by the Overstrand Municipality and that is "The Tourism & Community Hub" to be erected on Erf 594, Stanford. This is item no. 4.

We wish to add the "Formulizing of Parking in Long Street between Queen Victoria Street and Morton Street" and elevate no. 7 which is the "Revitalisation of the Stanford Village" into the top 5.

Regards  
 Dudley Coetzee

Ward 3.  
 ① Parking Management System  
 ② High Streets  
In Ward 13  
 Heritage Hub

RE: COMMENTS ON DRAFT INTEGRATED DEVELOPMENT PLAN (IDP) REVIEW FOR 2023/2024

From: Bob Stanway <stanway.bob@gmail.com>  
 Sent: 24 April 2023 16:07  
 To: Rochelle Louw <rlouw@overstrand.gov.za>  
 Cc: Dean O'Neill <mm@overstrand.gov.za>; Annelie Rabie <annellerabie@overstrand.gov.za>  
 Subject: COMMENTS ON DRAFT INTEGRATED DEVELOPMENT PLAN (IDP) REVIEW FOR 2023/2024

Municipality responses indicated in blue text.

**TO: Municipal Manager - Attention Ms. R Louw**

Dear Municipal Manager,

Your advertisement (Notice No: 63/2023) inviting comments on the Draft 2023/24 IDP refers.

As commented upon verbally at the Ward 3 Public Meeting on 4th April 2023 to discuss the Draft 2023/24 Budget, I need to place it on record again that it is unfortunate (and questionable in terms of compliance) that no public consultation meetings have been held to present this Draft 2023/24 IDP to interested and affected parties, and to consult with them. The only interaction that has taken place is with Ward Committees to re-prioritise their ward-specific projects.

Below please find my comments, namely;

**p16 - p32 Risk Management**

Although various generic risks like *Protest action / Civil unrest, Illegal land invasion and land grabbing and Inability to improve socio-economic conditions of disadvantaged communities* have been identified, the biggest specific risk that has been omitted is that of **a repeat of the 2018 unrest caused directly by the lack of Schulphoek consultation with the Zwelihle Ward 6 community and the outsourcing of the Schulphoek development to an "Agent"**.

It is well known that the "Schulphoek" problems began many years ago with the Municipality giving a development "Agent" (RABCAV) the right to sell and/or develop a number of Municipality-owned properties. One such property was Schulphoek with Leslie Viljoen of RABCAV as the developer.

This almost 20-year debacle culminated in a land invasion of informal dwellings onto the Schulphoek site, as well as unrest in 2018. In 2020, Province bought the Schulphoek land back and the Municipality has recently taken the project back from Province and is in the process of appointing another "Agent" to develop Schulphoek.

On p175 of this draft IDP, it confirms the above; on p180 there is a more detailed financial breakdown of R182m over a five-year period (2023-2028) for 2300 sites; and on p227 there is reference to an amount of R74m provided for in the Provincial 2023-26 MTEF budget for capital transfers from Province for Schulphoek.

Based on the lack of a conceptual approach and/or conceptual development proposal in this IDP, and especially the lack of genuine engagement with Schulphoek residents and the Ward 6 Committee in particular, this appears to be the single biggest risk to the Municipality and its citizens.

The implementing agent for the Schulphoek project has been appointed. Schulphoek is a government subsidised housing project. The implementing agent will now start with the prescribed government process which include public consultation, beneficiary engagement and all other aspects of planning for a housing project of this nature.

#### **P35 - Table 5, Projected Population per Ward 2023**

Adding up the estimated 2023 population figures for Ward 5 - Zwelihle South (9047); Ward 6 – Zwelihle North (9309) and Ward 12 – Zwelihle North-West (7607), the total Zwelihle population amounts to **25963**.

In the Overstrand Spatial Development Framework the Zwelihle population is estimated as **38471** with more than 5000 households living in informal housing units (Table 2.5 - Page 21 - 2019).

It is clear that within the Municipality itself there is a lack of consensus as well as a lack of accurate verified Zwelihle population information - as is evidenced by the huge population discrepancy above (48% more than in Table 5) that affects all of the numerous analyses that have been undertaken in the subsequent sections of the Draft IDP, as well as the Schulphoek development.

When the SDF was drafted, population figures were projected figures and not just relied on formal census and community surveys. The projected figure in the SDF is relevant for planning purposes and determining future demands.

**P 50 – 51 Current Ward Priorities (Ward 3)**

Considering that Fernkloof Nature Reserve is the environmental and tourist jewel of the Overstrand, ranking the "Proclamation of Fernkloof Nature Reserve as a World Heritage Site" as priority 6 is considered to be totally inappropriate.

In particular, the "Proclamation of Fernkloof Nature Reserve as a World Heritage Site" has been on the Ward 3 priority for several years and informal inquiries with Cape Nature have indicated that the optimum approach will be to extend the Cape Floral Kingdom World Heritage Site to include Fernkloof – as was done with the Kogelberg Biosphere Reserve.

This could be initiated as an activity of the Municipality's Environmental Section, working together with local civil society Environmentalists. There have also been informal hints that local civil society Environmentalists may possibly be willing to fund the operational costs of procuring a service provider to undertake the activity.

As such, it is recommended that this sub-activity of Preservation of Fernkloof Nature Reserve i.e. "Proclamation of Fernkloof Nature Reserve as a World Heritage Site" be moved from Priority 6 to Priority 1.

The ward committee should be consulted on the suggested re-prioritisation.

**p100 – Roads**

It is stated that "*The Integrated Transport Plan (ITP) reviewed in May 2013 is summarised in Chapter 8 of the IDP*". This is incorrect - in Chapter 8, no ITP is summarised, plus what is in Chapter 8 refers to the 2019/20 ITP update.

The most significant Overstrand road issue is omitted altogether, namely; that on 28<sup>th</sup> February, the Overstrand Council resolved that it was opposed to the Hermanus Bypass Road being pursued by Province and that previous letters of support from the Municipality be withdrawn (see attached letter from MM to Province dated 3 March 2023). [Reference to the Bypass was deleted in the 2023/24 IDP review due to the Council resolution.](#)

The second most significant Overstrand road issue is also omitted, namely; that in November 2018, Council resolved "*that the content of the Overstrand Provincial Sustainable Transport Programme be noted and be endorsed*", which de-emphasises private vehicle, road-based transport solutions in favour of increased public transport and non-motorised transport. This is expanded upon on pp103-104.

[As stated on page 104, the Overstrand Municipal Council endorsed the Overstrand Sustainable Transport Plan, and the plan is being implemented as funding becomes available.](#)

**P132 - 133 KPA OS 4 (d) Environmental Management**

It should be explained why the Executive Mayor's commitment to separate Environmental Management from the Infrastructure & Planning Department, due to governance concerns, has not been done.

There is a statement that Fernkloof Nature Reserve's Protected Area Management Plan (PAMP 2023-2028) has been amended and finalised and it will be submitted to Cape Nature (in March?). *We are awaiting approval from the Mayor.*

This appears to be highly irregular as (1) the PAMP under consideration was never legitimately approved by the erstwhile Fernkloof Advisory Board (FAB), *The PAMP was approved by the FAB before it was first submitted to CapeNature and DEADP. After comments from DEADP and CapeNature were added, the document was submitted to the Mayor.*

and (2) any amendments made (without Council approval?) surely need to be consulted with all relevant Interested & Affected parties. *It is only necessary to resubmit the document to the relevant Interested & Affected parties if the changes to the document significantly affect the entirety of the document. The documents will be advertised for another 30 days by Province for comment.*

There is a statement that *"The Fernkloof Nature Reserve has an Advisory Board with an approved bylaw"* that is incorrect, as the Fernkloof Advisory Board has not met for years and it is effectively defunct. *The FAB still has active members appointed by Council and a bylaw which is in place, but it is true that there have not been meetings since 3 December 2021.*

**P189 - KPA OS 5 (e) Enhance Sport, Recreation and Culture**

Table 61 indicates the number of sports facilities in the Overstrand Municipal area. Inexplicably, it excludes the Hermanus Sports Complex, but it does include the following relevant to Zwelihle; namely:

- *"Zwelihle, 7, Rugby, Soccer, Swimming Pool, and Dual use (Netball, Tennis, Basketball, 5 A soccer".*
- *"Some municipal sport facilities are generally in a fair condition except for Zwelihle Sport field which has severe water supply challenges. There are pockets of playing surfaces that has been infested by moles. The municipality has made a commitment to install mole barriers in order to deal with the issue of moles"*
- *"The Overstrand Municipality survey on sport infrastructure is revised annually so that information presented remains relevant."*

The above assessment is inaccurate in the extreme, as the terribly maintained and managed Zwelihle stadium is an insult to the Zwelihle community. Various proposals and requests for the upgrading of that stadium have been discussed with the

Municipality (Officials & Politicians) ever since 2010 and every obstacle and excuse has been provided to prevent it.

Other soccer stadiums (with much lesser needs) in Gansbaai, Kleinmond, Hawston and Mount Pleasant have been upgraded, with more upgrading in the MTEF budget for Mount Pleasant & Hawston. In total an amount of R16,2m has been budgeted in the MTEF for Sport & Recreation with zero for Zwelihle.

Soccer facilities in Zwelihle, and **the upgrading of the Zwelihle stadium is by far the largest sports need in the entire Overstrand** – to contribute to health, keep crime off the streets and to improve the psyche of the community. There are currently 43 adult mens' soccer teams playing every weekend at the stadium plus womens', juniors' and legends' teams as well.

It is a well-known fact that certain Overstrand Officials and Politicians have said that the Municipality will not provide any support or allocate budget to maintain or upgrade the Zwelihle stadium, because the Zwelihle soccer fraternity chooses not to associate with the Overberg Football Association. It is however completely illegal for these Officials and Politicians to try to force the Zwelihle soccer fraternity to associate with whom they do not wish to, and to punish them for not complying. Clause 18 of the Bill of Rights in the South African Constitution says that "Everyone has the right to freedom of association".

In response to Mr Bob Stanway of Northcliff, the Manager of Sport happens to reside in the Zwelihle community. During work hours and outside of work hours he engages with interest individuals and groups regarding the state of affairs at Zwelihle Sport Field and those that reside in that community do understand the underlying issues in relation to development of that sport field. Now, Overstrand Municipality has embarked on massive sport infrastructure development (Hawston Sport Complex). These development and upgrades were as the results of entablement of Master Plan (15-year plans for each community), Hawston being the first in queue due to its vast land opportunity and currently we are dealing with Kleinmond and Mt Pleasant simultaneously. Once we are done with the two areas, we move to other communities like Zwelihle, Stanford, Masakhane, Blompark and the people of those communities will speak for themselves on how they would like to see their plans to look like.

Secondly, once the Master Plans are completed funding must be sourced from external sources e.g., MIG, Lotto, National Sport and Recreation of South Africa (SRSA), maybe other sources can be recommended. These sources of funding have a set of criteria that must be met e.g., profile of the users, development structure etc. Zwelihle Soccer Fraternity needs to be restructured completely in order to allow youth of that community to take part in meaningful sport development programmes (which you can't get on social league because it does not have next level of participation). Everyone involved in sport has to put their efforts in one basket in order to contribute to goals of National Sport and Recreation Plan which requires to contribute towards

"winning Nation" in terms of international stage. How will that be achieved if our youth are kept in activities that will never see them wearing their provincial and national colours. A developmental mind set is required within leadership of clubs and federations. In the PSL there are 16 teams that are allowed in the whole South Africa, something will be really wrong if we can have more than that in our local structures.

So, anything above the above the numbers I have shared is a recipe for poor condition of fields because the more traffic in our field leads to grass being destroyed. Even if an Astro turf can be installed it will never reach its life span of 10 years if there is too much traffic on the field. In conclusion where Mr Stanway argues that funding goes to less needy, I would like to invite him to Hawston Sport Complex during the week to see for himself whether what he alleges is correct or not.

#### **P273 – Hermanus CBD Regeneration Plan**

It is stated that "Currently Overstrand is in an advanced phase of planning and development of the so-called Government Precinct which include the Taxi Rank and Government buildings." The plans for the Government Precinct were recently out for public comment, and the public is anxiously awaiting feedback from this public involvement exercise prior to finalisation.

The item to formally adopt the Government Precinct Plan after the public participation process, will serve at Council on the next meeting.

#### **P 297 - Special Rating Areas**

No mention has been made of the proposed SRA tariff to be imposed upon affected Ratepayers due to the increased property values in the new Rating exercise, and it should be.

Please note that the cent in the rand special rate is decreased with the same percentage as the residential rate in the rand. Before-mentioned due to the increased value of properties in the mapped Special Rating Area, as the outcome of the municipal property valuation roll. The municipality also monitor alignment to the 5 year budget submitted with the application for establishment of the special rating area.

Please can you acknowledge receipt of my comments.

Many thanks and kind regards,

**Bob Stanway**

**Telephone** : + 27 28 312 2575

**Mobile** : + 27 82 557 6552

**Post** : 6 Mossie Avenue, Northcliff, Hermanus, 7200

41/50

RE: COMMENTS ON DRAFT BUDGET 2023 / 24



Dean O'Neill  
 M: 076-911-6497  
 E: mm@overstrand.gov.za

Reply Reply All Forward ...  
 Wed 03 May 2023 11:02

Dear Mr Snibbe

Receipt of your below e-mail refers.

Kindly note that your input on the budget is forwarded to the CFO and those of the IDP to the responsible Manager and will be referred to the Budget Steering Committee for consideration of the final budget and IDP. Both are included for ease of reference.

Kind Regards

**Dean O'Neill**  
 Municipal Manager | Munisipale Bestuurder | Umphathi Kamasipala  
 Overstrand Municipality | Munisipaliteit | Umasipala

T: 028-313-8003 | M: 076-911-6497 | E: [mm@overstrand.gov.za](mailto:mm@overstrand.gov.za)

**From:** Tommy Snibbe <[tommy.wardcom@gmail.com](mailto:tommy.wardcom@gmail.com)>  
**Sent:** Wednesday, 03 May 2023 08:02  
**To:** Dean O'Neill <[mm@overstrand.gov.za](mailto:mm@overstrand.gov.za)>  
**Subject:** COMMENTS ON DRAFT BUDGET 2023 / 24

Good Morning Mr. O'Neill,

Further to my letter addressed to Mr O'Neill dated 24 April 2023 regarding the unreasonable increase in Property Tax Rates, please find some more comments to the draft budget for your attention.

PROPERTY RATES:

PENSIONERS REBATE:

Paragraph 2, page 5.

"- 100% to approved applicant who are older than 60, who's gross monthly household income may not exceed the amount of two times (2X) of state funded social pensions per month."

COMMENT

A total household income of 2X R2080 = **R4160**

42/50

"- 50% to approved applicant who are older than 60, who's gross monthly household income may not exceed the amount of two times (4X) of state funded social pensions per month."

COMMENT:

A total household income of 2X (4X) R2.080?

What you are in fact saying is:  $4 \times R2.080-00 = R8.320-00 \times 2 = R16.640-00$ . Does this make sense to you? I find it difficult to understand why you could not keep it plain and simple as in the 100% and 40% discount scenarios.

Kindly explain the difference between the less 50% and the less 40% scenarios.

"- 40% to approved applicant who are older than 60, who's gross monthly household income more than four times (4X) but less than eight times (8X) of state funded pension per month."

COMMENT

More than 4X R2.080 = R8.320 but less than 8X R2.080 = R16.640

FINANCIAL PLANNING:

1.3 EXECUTIVE SUMMARY Paragraph 1 Page 4.

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

COMMENT:

Could you kindly make the Municipality's Medium and Long term planning available to the public? Please DO NOT refer me to the budget for the outer years in this draft budget. This is not what I am looking for!

The OM's views on Green Electricity, Possible loss of income as a result of Load Shedding, Distribution of water, Expansion of Sewer Network (specifically in Kleinmond), the Housing problem, Employee Costs vs Contracted Services etc. are the things that should be addressed here.

PUBLIC PARTICIPATION / COMMUNICATION:

1.3 EXECUTIVE SUMMARY Paragraph 4 page 4.

**"The draft reviewed IDP for 2023/24 will be tabled in Council on 29 March 2023.**

**The strategic direction remains unchanged, therefore the vision, mission, strategic objectives and the Mayor's 3 C priorities of Communication, Crime Prevention & Law Enforcement and Cost and Ease of doing business with Overstrand will continue to support the implementation of the strategic objectives."**

COMMENT:

The Mayor's three C's – **COMMUNICATION** – ha,,ha.

How can a person communicate with our Honourable First Lady of the Overstrand?

VERBALLY? – No; at the very first 1<sup>st</sup> Thursday meeting held in the Kleinmond Town Hall, I tried to have a to the point discussion on a problem regarding Electricity with Dr. Rabie. (See my comments under the heading possible fraud / theft). Before I could come to the point, she interrupted me and told me in detail what problems are facing the OM with regards to the purchase of Electricity from ESKOM and how long it takes before the funds can be collected from the consumers. Definitely not my question!!

IN WRITING? – Also a NO! I have put my points of concern in writing and handed it to her before commencing our conversation referred to above. Needless to say – I am still waiting for her reply!

I am of the opinion that these 1<sup>st</sup> Thursday meetings are a total waste of time.

EMAIL? - Another NO! My emails to her are being returned undelivered. The reason – I have apparently been blocked by her.

Nothing serious – All future questions could be directed to her through the electronic (social) as well as printed media. I have no secrets but our Mayor may find herself in a difficult position sometimes. This may be the only way to open communication channels to the Municipality. Her choice after all!!

Why did she decide to ignore me? Is it because she did not know the answers to my questions?

No problem, why did she not delegate? She is only human. I never asked her to compete with my desktop computer!!

COMMUNICATIONS IN GENERAL:

The contract with the firm responsible for the OM's IT needs / problems at present should urgently be terminated.

44/50

The OM's Communications Department has been off line for the past 15 years! They failed to identify the problem so they did not attend to it. How can you fix a problem if you are not even aware of the existence thereof?

Just to name a few recent instances where the OM could have communicated or handled more effectively to the public:

- Public participation meetings regarding the meetings on which the Draft Budget has been discussed.
- Meetings to discuss the matter of increased property valuations.
- Extension of the closing date for public comment / complaints on the proposed increase in property valuations.

How can the Mayor expect from the public to view the 3 C's in a serious light if she is the only employee who refuses communication? She is definitely not putting her money where her mouth is!

In my opinion she is nothing else but rude!

#### TALK TO US PLEASE!!!

So many negative thoughts / comments by the public can be avoided if you keep us informed and treat us with respect!

Theewaterskloof Municipality has also increased the valuation of properties on their valuation roll. I have a copy of a letter from the Theewaterskloof Municipality explaining in short to the point comments the effect that the public could expect from this increase. This letter was published on their web page during August 2022. From the contents of the letter it is clear that they have had a meeting before the letter was drawn up and published. During March this year I phoned one of their valuers. I could not speak to him as he was doing a Road Show to inform the public of what they could expect and to answer any questions that the public could have with regards to the proposed increases.

Mr. O'Niell, compare this to the late Communications Department of the Overstrand!!!

DURBANVILLE has increased their valuations and extended the date for feedback from the public to 30 April.

Kindly learn to consider the public in your decision making. We are not children and will not sit back and allow you to intimidate us!

#### ELECTRICITY:

In her speech to OMAF on 29 March 2023, the Mayor mentioned that the OM is considering taking over the supply of electricity to areas now serviced by ESKOM and also by other entities.

45/50

In view of the OM's current financial situation, this may be just out of reach for the OM bearing in mind:

Purchase price of Infrastructure

Effect on Capital as well as Operational Budgets

Effect on Labour related issues. (Expanding the skilled labour force).

Effect the possible increase in Indigent households may have on the OM's income from this source.

**ELECTRICITY – PRICING:**

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

ELECTRICITY TARIFFS (DOMESTIC APPLICABLE) (METER) (NERSA APPROVED)								
Tariff Code	Description	Unit	2021/2022		2022/2023		1100	1100
			Exclude VAT	Include VAT 15%	Exclude VAT	Include VAT 15%		
B	FIXED CHARGE							
B1	Basic Monthly Charge per meter per month (R140.00) (1st April 2021)	R	140.00	161.00	161.00	185.25		13.00%
B11	Basic Monthly Charge - Domestic							
EVA	Two-Forty (40) Amps meter up to 60 Amp (13.4 kW) (RMS) (Including Return)							
E11	Basic Monthly Charge per meter	R	161.00	185.25	185.25	212.40		15.00%
E111	Basic Monthly Charge per meter							
E12	MF BLOCK 1 - 0 - 300 VA	C	180.50	207.58	207.58	238.82		15.00%
E121	MF BLOCK 1 01 - 300 VA	C	251.25	288.94	288.94	332.28		15.00%
E13	MF BLOCK 2 - 0 - 600 VA	C	240.25	276.29	276.29	317.73		15.00%
E131	MF BLOCK 2 01 - 600 VA	C	321.25	369.34	369.34	424.74		15.00%
E14	MF BLOCK 3 - 0 - 900 VA	C	250.75	288.37	288.37	332.83		15.00%
E141	MF BLOCK 3 01 - 900 VA	C	331.75	380.41	380.41	438.47		15.00%

Tariff increase approved by NERSA = 15%

Basic monthly charge per meter increase as per Table 8 Page 19 is 15%

The increase in the basic rate should have been between 6.5% and 7.5% Maximum!

Is this another case of possible unlawful business practice?

**SURPLUS INCOME:**

Table 5 – Page 15:

Surplus income 2021 / 22 = R33,7%

2022 / 23 = R34,7%

2023 / 24 = R 34,2% (Draft budget).

Is this realistic in view of load shedding and the fact that more people are switching to clean energy?

46/50

## CAPITAL BUDGET:

The OM plans to sell off Land to pay for Vehicles (second hand from Cape Town Municipality?)

## TOP 10 CAPITAL PROJECTS:

1. Low cost housing construction contracts across the Overstrand @ R41.890m. (Grant(s) by Government?)

Will the Municipality be able to provide services to the houses completed?

How many indigent families will occupy these houses?

Has this influx been taken into account in the draft budget?

If this amount has been intended for service delivery, please say so.

2. Kleinmond WWTW refurbish / upgrade @ R28,5m

When will the OM upgrade the sewer network in Kleinmond?

Give us some insight in the medium and long term planning please as requested in the last two paragraphs on page two of this letter.

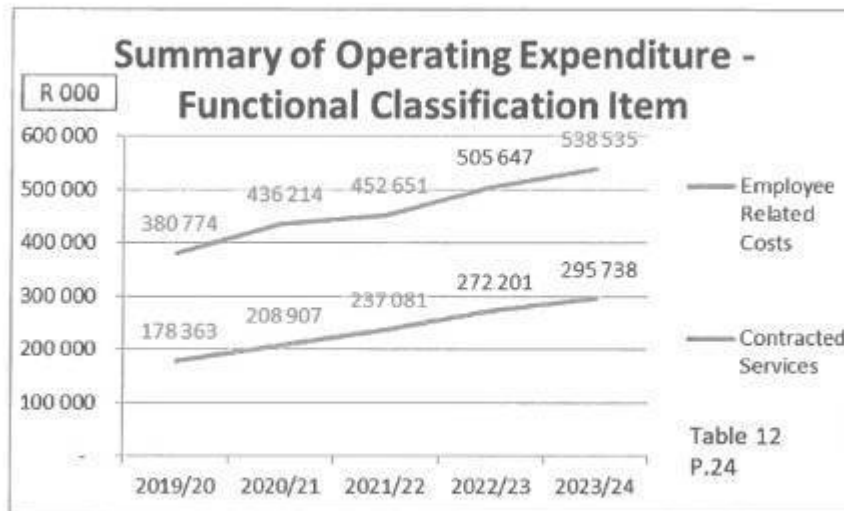
## OPERATIONAL BUDGET:

Operational deficit = R57m. Is this perhaps the reason for the unrealistic increase in property tax?

More effective management of expenditure is vitally important. (Vehicles serviced in neighbouring towns, Firm from Cape Town to do repairs and maintenance on electrical installations etc. is a No No).

In your comments to the budget you mentioned that the price of fuel has increased by 13.1% since January 2022. The poor Taxpayer had to face exactly the same reality and we were forced to cut our expenses to accommodate these increases. Why do you consider recovering this expense from the public, why not try to manage your travel budget more effectively?

This is not where it ends. We are also faced with unrealistic increases in food prices, Municipal Service levies, Medical Inflation etc.



Why this steady increase in both, Employee related Costs as well as Contracted Services?

An increase in Contracted Services should lead to a subsequent reduction in Employee related Costs! Are we paying wages / salaries for people to be as unproductive as possible?

Employee Related Costs increased by 48.3% over the period 2018/19 to 2023/24. Contracted Services increased by 34.9% for the same period. Due to the increase in Contracted Services, it would have been expected to see a decline in Employee Related Costs. I wonder what the reason for these increases could be.

An increase in the Contracted Services should lead to a decrease in the Employee Related Costs and visa versa. Should both figures reflect an increase as in this case, the figures are being distorted and should be investigated? This is not considered to be sound Financial Management!

If we compare the total revenue to the total expenditure, it is evident that the total expenditure has been in excess of the total revenue since 2020/2021. This situation is not sustainable and effective cost control measures should be introduced without delay!

A further matter of concern is the sustainability of rendering services to the number of households in the area. I noted that in the case of Sewer/Sanitation as well as refuse removal, costs have risen above the income from these services over the recent years. This is not sustainable. Please do not even think of increasing the tariffs for these services in an effort to get it cost reflective. Rather request Grants from the Provincial / Central Government to finance these shortfalls.

48/50

Is this the reason for the unrealistic increase in Property Rates?

How sustainable will this policy of the OM be over the Medium / Long term?

If you aim to survive financially – forget that you are working for a Municipality. Rather manage it as a big business where things like profit and Loss, effective control of Revenue and Expenditure and productivity really matters and is of the essence. I realise that this is easier said than done but as I see it, it is the only way out!

Kindly comment on this when you do your Medium and Long term planning as per the last two paragraphs on page two of this letter.

#### EMPLOYEE AND COUNCILLOR REMUNERATION:

Salary increase = 5.4%

Notch increase = 2,0%

Total increase = 7,3%

Growth in the economy is expected to be less than 1%. Could some of these funds not be utilised for job creation projects?

Total salary bill is 31.5% of OM's income.

Does this figure include the salary components of outsourced services?

Average increase in monthly household bills = 5,9% and 6,0%.

(Table 11 MBRR Table SA14 – Household bills. Page 23).

You are milking a cow that has already dried up. I have said it in the past and I am saying it now again – THE OM IS CREATING POVERTY BY THE EVER INCREASING SERVICE LEVIES, TAXES ETC. INVESTIGATE OTHER SOURCES OF INCOME PLEASE!! THE CURRENT POLICY IS NOT SUSTAINABLE!!

To increase Service Levies, Rates and Taxes is the easy way to bolster your income. You should start looking at the sustainability / affordability of these tariff increases.

Some wise guy in the Provincial Government has mentioned to me recently that they are not concerned about affordability. This is clearly reflected in the OM's compilation of the budgets over the years. You take whatever you can, and more, from the poor Taxpayer. How he is going to put bread on the table is his problem. As long as you get your money, everything is fine!

49/50

Will you still be able to survive in five to ten years from now? Please comment on this point in your medium and long term planning.

I sincerely hope that this is just a perception and not the truth. Only you will really know. I am of the opinion that you estimate your expenses and then you increase your tariffs accordingly.

In practice you should look at an estimated income and then adjust your expenses budget according to your income.

The more you get – the more you spend!! Thus the reason for unrealistic increases reflected in this draft budget!

#### POSSIBLE THEFT / FRAUD:

In the budget for 2016/2017 financial year an increase of 17.5% was approved in respect of the basic fee per meter for Electricity.

In the budget for 2018/2019 financial year an increase of 9% had been budgeted for in respect of the Basic fee per meter for Electricity.

In both Financial years the rate recommended by the National Treasury was 6%. In both instances I regard the increase above 6% to be unlawful as is the case with the increase of 15% budgeted for in the current draft budget! The question that came to my mind is: Is this possible Fraud or possible Theft?

I dare the Municipality to prove me wrong!

Read emails (11 January 2023) as well as a number of emails before this date stretching for longer than or almost two years if I am not mistaken.

When I discussed this unlawful increase with a senior employee some time ago, I was lied to – I was told that this figure is determined by NERSA! An investigation revealed that NERSA did not have a clue of what I was talking about!

Is this the correct way to handle enquiries? How can you expect us to believe anything you say in future?

Did I perhaps ask questions that could not be answered? If not – why not?

This problem of the 17.5% and 9% increase will most probably be ignored by the Municipality. Although I have requested some form of feedback, I will not count on it! What about the 15% budgeted for in this draft budget?

Sc/So

The OM is treating the Public with total disrespect and this is not good at all!! Just think what damage this attitude of your senior management is doing to your (Personal and Professional) image!

To conclude, just the following: Why are the meetings of the Budget Steering Committee not open to allow members of the Public to sit in as observers and allow us to comment on decisions made in writing?

It is our money that they are spending so surely it's only fair that we, the Public, should be allowed the opportunity to observe the process of how our money is going to be distributed. We have the right to know what they plan to do with it! Some useful / interesting ideas / suggestions may be brought to their attention.

I trust that you will view these comments in a positive light.

**6.3****ADOPTION OF OVERSTRAND SPATIAL DEVELOPMENT FRAMEWORK:  
OVERSTRAND MUNICIPALITY****R Kuchar  
15 May 2023****Senior Manager: Town & Spatial Planning****(028) 313 8087**

---

**1. Executive Summary**

The purpose of this report is for Council to confirm its previous adoption of the Overstrand Municipal Spatial Development Framework (OMSDF) for adoption by Council for the 2023/2024 financial year as part of the IDP.

**2. Service Delivery and Budget Implementation Plan - IGNITE**

*Infrastructure & Planning  
Town Planning / Spatial Development*

**4. Compliance with Strategic Priorities**

Provision of democratic, accountable and ethical governance  
Promotion of Tourism, Economic and Social Development

**4. Delegated Authority**

None

**5. Legal Requirements**

Local Government: Municipal Systems Act, 2000 (32 of 2000)  
Spatial Planning and Land Use Management Act, 2013 (Act 16 of 2013)  
Western Cape Land Use Planning Act, 2014 (Act 3 of 2014)  
Amended Overstrand Municipality By-Law on Municipal Land Use Planning,  
2020

**6. Background**

Since the establishment of the Overstrand Municipality in 2000, a variety of spatial plans has been adopted, including:

- Spatial Development Framework (27 October 2006),
- Overstrand Growth Management Strategy (26 January 2011),
- Integrated Development Framework (25 June 2014),

Other smaller detailed Sectoral Development Plans. All these plans were adopted in terms of the Local Government Municipal Systems Act (Act 32 of 2000) and the Land Use Planning Ordinance.

However, following a total reform of spatial planning legislation in South Africa, the following new legislation is now applicable:

- Spatial Planning and Land Use Management Act, 2013 (Act 16 of 2013)
- Western Cape Land Use Planning Act, 2014 (Act 3 of 2014)
- Overstrand Municipal By-Law on Municipal Land Use Planning 2015

Therefore, the OMSDF was reviewed and aligned to comply with the new legislation.

For the review process an Intergovernmental Steering Committee was established consisting of various national, provincial and local authority departments.

In addition, a technical committee consisting of representatives of all Overstrand Municipal Directorates had oversight of the review.

A public participation process was followed to obtain input from the public and other stakeholders. This process included public advertisements and public open days where the public and other stakeholders were invited to submit comments and inputs. The then Council at its meeting held on 27 May 2020 adopted the reviewed SDF. The current Council at its meeting dated 31 May 2022 confirmed the adoption of the current SDF (Attached as Annexure A).

### **Discussion**

The SDF is a core component of the IDP in terms of Section 26 of the Municipal Systems Act.

The Western Cape Provincial Government annually assesses the draft IDP's and Budgets of municipalities and feedback is given at the Strategic Integrated Municipal Engagement (SIME) (formally known as the LGMTEC engagement). With the overview of the IDP and SDF for the 2023/24 year it was noted that the SDF's adoption would again be confirmed by Council for the 2023/24 financial year.

It is therefore recommended that the Council when adopting its IDP for the 2023/24 year also confirms the following:

“That the SDF as was adopted by Council at its meeting held on 31 May 2022 be confirmed without any amendments”.

The above SDF in terms of the Municipal Systems Act, 200 (32 of 200) needs to be reviewed every five years. Thus the SDF is to be reviewed in 2025.

**7. Financial Implications**

None

**8. Staff Implications**

None

**9. Comments from other Departments, Divisions and Administrations**

None

**10. Annexures**

Annexure A: Council resolution dated 31 May 2022

(The MSDF document will be distributed as part of the electronic agenda)

**RECOMMENDATION TO THE COUNCIL:**

that the SDF as was adopted by Council at its meeting held on 31 May 2022 be confirmed without any amendments.

**RESPONSIBLE OFFICIAL :**

**R KUCHAR**

**TARGET DATE FOR IMPLEMENTATION :**

**4 JULY 2023**

13

**MINUTES : ORDINARY MEETING OF THE COUNCIL****31 MAY 2022**

5.11

**ADOPTION OF OVERSTRAND SPATIAL DEVELOPMENT FRAMEWORK:  
OVERSTRAND MUNICIPALITY****(ITEM 7 PAGE 87 : MAYORAL COMMITTEE MEETING : 30 MAY  
2022)****RESOLVED (SUPPORTED BY 26 COUNCILLORS):**

that the reviewed Spatial Development Framework as was adopted by Council at its meeting held on 27 May 2020 **be confirmed** for the 2022/2023 financial year.

**RESPONSIBLE OFFICIAL/S :****R KUCHAR****TARGET DATE FOR IMPLEMENTATION :****1 JULY 2022**

**6.4****REVISION OF ALL BUDGET RELATED POLICIES OF THE OVERSTRAND MUNICIPALITY****5/B****S Reyneke-Naude****Director : Finance****8 May 2023****(028) 313 8040**

---

**1. Executive Summary**

The purpose of the report is to present council with the amended budget related policies for approval and implementation with effect from 1 July 2023.

**2. Service Delivery and Budget Implementation Plan - IGNITE**

Directorate: Finance  
Department: Finance

**3. Compliance with Strategic Priorities**

Provision of democratic, accountable and ethical governance  
Provision and maintenance of municipal services

**4. Delegated Authority**

None

**5. Legal Requirements**

Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003) (MFMA)  
Local Government: Municipal Systems Act, 2000 (Act 32 of 2000)

**6. Background/Discussion/Evaluation/Conclusion**

To conform to the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003), the budget related policies of the Municipality must accompany the annual budget.

The budget related policies were tabled with the draft budget for 2022/2023 and were available to members of the public as well as officials to comment on.

The draft policies are herewith presented, subsequent to the public participation process and inclusive of amendments, for approval and implementation on 1 July 2023,

#### GENERAL EXPLANATORY NOTE:

[ ] Words in bold type in square brackets indicate omissions from policy.  
 \_\_\_\_\_ Words underlined with a solid line indicate insertions in a policy.

#### Property Rates Policy

Increased rebate percentage to approved an applicant in terms of this Policy, who are older than 60 with a gross monthly household income less than four times (4x) the state funded social pensions per month -

#### 13.2.Categories of owners

##### a. Retired and Disabled Persons Rate Rebate

- i) .....
- ii) .....
- iii) .....
- iv) .....
- v) Rebate percentages
  - .....
  - A rebate of ~~[50]~~70% to approved applicant in terms of this Policy, who are older than 60 with a gross monthly household income less than four times (4x) the state funded social pensions per month;
  - .....

#### Tariff Policy

Tariffs applicable to indigent subsidy allocation, previously approved by Council and applied, are now also stated in the Tariff Policy as follows:

<u>Indigent Households</u>	<u>X</u>	<u>X</u>	<b><u>HOUSEHOLD</u></b>
			<u>0 - 10 kℓ</u>
			<u>11 - 18 kℓ</u>
			<u>19 - 45 kℓ</u>
			<u>46 - 60 kℓ</u>
			<u>&gt;60 kℓ</u>

### **Customer Care, Credit Control and Debt Collection Policy:**

Amendment of paragraph 6.3.6 of the policy to ensure alignment with the Water Supply & Sanitation Services By-Law, 2022 as revised -

#### **6.3 Metering**

6.3.1 .....

6.3.2 .....

6.3.3 .....

6.3.4 .....

6.3.5 .....

6.3.6 Customers are entitled to request testing of meters for accuracy within reason. If the test reveals the meter to register outside the norm as prescribed for the service in question (Electricity or Water), the meter will be replaced and the customer's account will be adjusted accordingly. The adjustment may not exceed a period of six (6) months, preceding the date on which the metering equipment was found to be inaccurate. If the outcome shows that the meter was not defective, the consumer is liable for payment for the cost of the **[test] testing as well as for the removal and re-installation thereof** at the prescribed tariff as well as for other amounts outstanding.

#### **7. Financial Implications**

N/A

#### **8. Staff Implications**

N/A

#### **9. Comments from other Departments, Divisions and Administrations**

All comments received related to the draft 2023/24 MTREF Budget and Budget Related policies are reported on in the final 2023/24 Budget Report to Council before the end of May 2023. The Investment Incentive Policy previously approved by Council (August 2022), is also included (Annexure U), and will form part of the revision and submission of this set of policies annually.

#### **10. Annexures**

Annexure A: Property Rates Policy

Annexure B: Tariff Policy

Annexure C: Customer Care, Credit Control and Debt Collection Policy

- Annexure D: Indigent Policy
- Annexure E: Special Rating Areas Policy
- Annexure F: Asset Management Policy
- Annexure G: Travel and Subsistence Policy
- Annexure H: Petty Cash Policy
- Annexure I: Payday Policy
- Annexure J: Supply Chain Management Policy
- Annexure K: Contract Management Policy
- Annexure L: Investment, Liquidity and Cash Management Policy
- Annexure M: Budget Policy
- Annexure N: Virement Policy
- Annexure O: Borrowing Policy
- Annexure P: Funding, Reserves and Provisions Policy
- Annexure Q: Long Term Financial Planning and Implementation Policy
- Annexure R: Unauthorized, Irregular, and Fruitless & Wasteful Expenditure Policy
- Annexure S: Cost Containment Policy
- Annexure T: Preferential Procurement Policy
- Annexure U: Investment Incentive Policy

**RECOMMENDATION TO THE COUNCIL:**

that the budget related policies attached to the item and amended as indicated in the report, **be approved** and implemented with effect from 1 July 2023.

**RESPONSIBLE OFFICIAL :****S REYNEKE-NAUDE****TARGET DATE FOR IMPLEMENTATION :****1 JULY 2023**

# OVERSTRAND MUNICIPALITY



# PROPERTY RATES POLICY

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**OVERSTRAND MUNICIPALITY – PROPERTY RATES POLICY**

**SECTION A: INTRODUCTION, DEFINITIONS AND PRINCIPLES**

**1. INTRODUCTION**

Section 3 of the Local Government: Municipal Property Rates Act, 2004 (Act No. 6 of 2004) and Section 82(f) (i) of the Local Government: Municipal Finance Management Act, 2003 (No. 56 of 2003), requires municipalities to develop and adopt rates policies on the levying of rates on rateable property in the Municipality.

The Municipality requires a reliable source of revenue to provide basic services and perform its functions. Property Rates are the most important source of general revenue for the Municipality. Revenue from property rates is used to fund services that benefit the community as a whole.

Municipal property rates are set, collected and used locally. Revenue from property rates is spent within a Municipality, where the citizens and voters have a voice in decisions on how the revenue is spent as part of the Integrated Development Plans (IDPs) and budget processes in respect of which the Municipality invites communities for their inputs before adopting the budget.

This policy document guides the annual setting of property rates. It does not make specific property rates proposals. In imposing a rate in the Rand the Municipality may grant exemptions, rebates and reductions to the categories of properties and categories of owners as allowed for in this policy document.

**2. DEFINITIONS**

<b>"Act"</b>	means the Local Government: Municipal Property Rates Act, 2004 (Act No. 6 of 2004);
<b>"Additional rate"</b>	means a rate as contemplated in sections 19(1)(d) and 22(1)(b) of the MPRR read together with section 10 of the Municipality's Property Rates Policy and section 12(2) of the Municipality's Special Ratings Area By-law, which Additional Rate shall be determined on an annual basis by the Municipality and shall be a debt due to the Municipality by the registered owner of a property within the SRA, and collected in the same manner as other property rates imposed by the Municipality;
<b>"Bona fide farming"</b>	means farming with the intention of making a living from the development, cultivation and utilisation of agricultural land and includes subsistence farming;
<b>Building Clause</b>	building clause refers to a provision incorporated into either a deed of sale, development agreement, or as a restrictive title deed condition, which prescribes that the Purchaser / Owner and / or the Successors in Title must within the period determined from date of first registration of transfer erect or cause to be erected, a building or structure on the Erf / Eرصن of which the building plans have been approved by the municipality, of which the value of the building / structure will be based on the determined cost of construction. In the event that Purchaser / Owner / Successors in Title not having commenced with the bona fide erection of a building or structure of which the building plans have been approved by the municipality, the building clause may require that the Erf / Eرصن be re-transferred to the Seller at the purchase consideration originally paid by the Purchaser / Owner;
<b>"Business"</b>	means the activity of buying, selling or trade in goods or services and includes any office or other accommodation on the same erf, the use of which is incidental to such business, with the exclusion of the business of mining, agriculture, farming, or other agricultural business consisting of cultivation of soils, the gathering of crops or the rearing of livestock;
<b>"consumer, customer, owner, occupier, account holder"</b>	means individuals and other legal entities against whom a tariff, fee, charge or other levy specific to identifiable services are levied.
<b>"Exemption"</b>	in relation to the determination of rates, an exemption granted in terms of section 15(1) (a) of the Act;

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<b>"Income"</b>	Income is the gross sum of all monthly income from all sources, including wages, salaries, profits, dividends, pensions, rentals, board & lodging, interest received, grants or investment income and other forms of earnings received by every person residing on the property.
<b>"Industrial"</b>	means a branch of trade or manufacturing, production, assembling or processing of finished or partially finished products from raw materials or fabricated parts, on so large a scale that capital and labour are significantly involved;
<b>"Lodge"</b>	means accommodation in a non-urban area provided for paying visiting guests with a focus on aspects of nature and/or places of interest, and may include a restaurant and conference facilities;
<b>"Mining"</b>	means any operation or activity for the purpose of extracting any mineral on, in or under the earth, water or any residue deposit, whether by underground or open working or otherwise and includes any operation or activity incidental thereto;
<b>"Multiple use properties"</b>	means properties that cannot be assigned to a single category due to different uses;
<b>"Municipal properties"</b>	means those properties of which the Municipality is the registered owner;
<b>"Newly rateable property"</b>	means any rateable property on which property rates were not levied by 30 June 2005, excluding a property that was incorrectly omitted from a valuation roll and for that reason was not rated before that date;
<b>"Protected area"</b>	means an area that is or has to be listed in the register referred to in section 10 of the National Environment Management: Protected Areas Act, 2003;
<b>"Public Benefit Organisation"</b>	means an organisation conducting specified public benefit activities as defined and registered in terms of the Income Tax Act for tax reducers because of those activities;
<b>"Public place"</b>	means any square, park, recreation ground, sports ground, sanitary lane or open space which has – (a) in connection with any subdivision or layout of land into erven, lots or plots, been provided, reserved or set apart for use by the public or the owners or occupiers of such erven, lots or plots, whether or not it is shown on a general plan, plan of subdivision or diagram; (b) at any time been dedicated to the public; (c) been used without interruption by the public for a period of at least thirty years expiring after the thirty-first day of December, 1959, or (d) at any time been declared or rendered such by the Council or other competent authority;
<b>"Public Service Infrastructure"</b>	means government or government agency controlled infrastructure of the following kinds- (a) national, provincial or other public roads on which goods, services or labour move across a municipal boundary; (b) water or sewer pipes, ducts or other conduits, dams and water supply reservoirs, water treatment plants or water pumps forming part of a water or sewer scheme serving the public; (c) power stations, power substations or power lines forming part of an electricity scheme serving the public; (d) gas or liquid fuel plants or pipelines or pipelines for gas or liquid fuels, forming part of a scheme for transporting such fuels; (e) communication towers, masts, exchanges or lines forming part of a communications system serving the public; (f) breakwater, sea walls, channels, basin, quay walls, jetties, roads, railway or infrastructure used for the provision of water, lights, power, sewerage or similar services of ports or navigational aids comprising light houses, radio navigational aids, buoys, beacons or any other device or system used to assist the safe and efficient navigation of vessels; (g) rights of way, easement or servitudes in connection with infrastructure mentioned;

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"Public street"	(h) any other government or government agency controlled infrastructure as may be described from time to time. means:- (a) any street which has at any time been dedicated to the public; i. used without interruption by the public for a period of at least thirty years; ii. declared or rendered such by a council or other competent authority, or iii. constructed by local authority, and iv. any land, with or without buildings or structures thereon, which is shown as a street on:- i. any plan of subdivision or diagram approved by a council or other competent authority and acted upon, or ii. any general plan as defined in section 49 of the Land Survey Act, 1927 (Act 9 of 1927), registered or filed in a deeds registry or the Surveyor-Generals' office, unless such land is on such plan or diagram described as a private street.
"Rateable property"	means property on which a rate or rates may be levied under section 7 of the Act.
"Rebate"	In relation to a rate payable on a property, a discount on the amount of the rate payable on the property.
"Reduction"	In relation to a rate payable on a property, the lowering of the amount for which the property was valued in terms of section 15(1)(b) of the Act and the rating of the property at that lower amount.
"Residential"	means improved property that is: (a) used predominantly (60% or more) for residential purposes, with not more than two dwelling units per property. (b) a unit registered in terms of the Sectional Title Act 95 of 1986, used predominantly (60% or more) for residential purposes, and includes any unit in the same Sectional Title Scheme registered in the name of the same owner which is used together with the residential unit as if it were one property, for example a garage or store room. (Any such grouping shall be regarded as one residential property for rate rebate or valuation purposes), or (c) owned by a share-block company and used predominantly (60% or more) for residential purposes, or (d) a residence used for residential purposes situated on property used for or related to educational purposes.
"State-owned properties"	means properties owned by the State, which are not included in the definition of public service infrastructure in the Act. These state-owned properties are classified as follows: (a) State properties that provide local services; (b) State properties that provide regional/municipal district-wide/metro-wide service; (c) State properties that provide provincial/national service; (d) Vacant land.
"Vacant even"	means all undeveloped land irrespective of its current or future intended zoning. Agricultural properties will not be considered as being vacant even.
All other terms are given the same meaning as that assigned to it in the Local Government: Municipal Property Rates Act, 2004 (Act No. 6 of 2004), unless the context indicates otherwise.	

**3. POLICY PRINCIPLES**

Rates are levied in accordance with the Act as an amount in the Rand based on the market value of rateable property contained in the Municipality's valuation roll and supplementary valuation rolls. As allowed for in the Act, the Municipality may choose to differentiate between various categories of property and categories of owners of property. Some categories of property and categories of owners are granted relief from rates. The Municipality does not, however, grant relief in respect of

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payments for rates to any category of owners or properties, or to owners of properties, on an individual basis, other than by way of an exemption, rebate or reduction provided for in this policy. There will be no phasing in of rates based on the new valuation roll, effective from 01 July 2016, except as prescribed by legislation.

The rates policy for the Municipality is based on the following principles:-

- a. **Equity**  
The Municipality will treat all similar ratepayers with similar properties the same.
- b. **Affordability**  
The ability of a person to pay rates will be taken into account by the Municipality. In dealing with the poor/indigent ratepayers the Municipality will provide relief measures through exemptions and/or reductions and/or rebates.
- c. **Sustainability**  
Rating of property will be implemented in a way that-
  - i. it supports sustainable local government by providing a stable an buoyant revenue source within the discretionary control of the Municipality; and
  - ii. supports local social and economic development.
- d. **Cost efficiency**  
Rates will be based on the value of all rateable property and the amount required by the Municipality to balance the operating budget after taking into account the amounts required to finance exemptions, rebates and reductions as approved by the Municipality from time to time. The implementation of the policy must be as cost-effective as possible.

**4. SCOPE OF POLICY**

The policy document guides the annual setting (or revision) of property rates. It does not make specific property rates proposals. Details pertaining to the various property rates are determined when the budget is considered and approved every year.

**5. APPLICATION OF THE POLICY**

In imposing the rate in the Rand for each annual operating budget component, the Municipality may grant exemptions, rebates and reductions allowed for in this policy document.

**6. CLASSIFICATION OF SERVICES AND EXPENDITURE**

The Chief Financial Officer shall, subject to the guidelines provided by the legislation and the Executive Mayor, provide for the classification of services as outlined in the Municipality's annual budget into trading and economic services.

**7. APPLICATIONS**

- a. All applications referred to in this policy must be received by the Municipality before the start of the financial year to which it refers. The Municipality may allow late receipts of such applications but not after 30 September of the financial year.
- b. It is the duty of all such applicants to bring to the attention of the Municipality any amendments to such applications within 7 days after such occurrence.

**SECTION B: CATEGORIES OF PROPERTY**

**8. CRITERIA FOR CATEGORIES OF PROPERTY FOR THE PURPOSE OF LEVYING DIFFERENT RATES**

The following are the determined categories of properties in terms of section 8(2) of the Act: -

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- a. Residential properties.
- b. Business and commercial properties.
- c. Industrial properties.
- d. Mining properties.
- e. Public service infrastructures.
- f. Public benefit organisations.
- g. Agricultural properties used for bona fide farming;
- h. State-owned properties that are used for public service purposes;
- i. Municipal properties.
- j. Protected areas.
- k. Properties used for multiple purposes.
- l. Vacant land.

Rates on properties, including properties used for multiple purposes, will be levied in accordance with the permitted or actual use of the property and not necessarily according to its zoning.

### SECTION C: DIFFERENTIAL RATING

#### 9. DIFFERENTIAL RATING

The following will be taken into consideration for the purposes of differential rating:

- a. the nature of the property including its sensitivity to rating e.g. agricultural properties used for bona fide farming;
- b. promotion of social and economic development by the Municipality;
- c. zoning and/or actual use of property;
- d. geographic rating areas i.e. when an improvement district has been established for that area or special rating areas; and
- e. whether the owner was obliged to erect a building within a set time period and the period has lapsed.

Differential rating among the various property categories will be done by way of setting different Cents in the Rand for each property category.

#### 10. ADDITIONAL RATES

The Municipality may in terms of the bylaw for the establishment of improvement districts and the Local Government: Municipal Property Rates Act, 2004 (Act No. 6 of 2004), as amended -

- a. determine an area within its boundaries as a special rating area;
- b. levy an additional rate on property in that area for the purpose of raising funds for improving or upgrading that area; and
- c. differentiate between categories of properties when levying an additional rate.

### SECTION D: RELIEF MEASURES RELATED TO CATEGORIES OF PROPERTIES AND CATEGORIES OF OWNERS OF PROPERTIES

#### 11. CRITERIA FOR EXEMPTIONS, REBATES AND REDUCTIONS

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

- a. indigent status of the owner of a property;
- b. income of the owner and/or household on a property;
- c. market value of residential property below a determined threshold;

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- d. owners of property situated within an area affected by –
  - i) a disaster within the meaning of the Disaster Management Act, 2002 (Act No. 57 of 2002); or
  - ii) any other serious adverse social or economic conditions;
- e. zoning and/or actual use of the property; and
- f. availability of services funded by rates for a property.

#### 12. GRANTING OF EXEMPTIONS

In terms of sections 9 and 15(1) (a) of the Act the owners of the following categories of properties are exempted from paying rates:-

##### a. Residential properties – including residential properties in the urban edge as determined by the Municipality

The Municipality will not levy a rate on the market value of properties as follows: -

- i) on the first R15 000 on the basis set out in section 17 (1) (h) of the Act; and
- ii) on a further amount in respect of developed residential properties; as an important part of the Municipality's indigent relief measures aimed primarily at alleviating poverty amongst those persons owning low-valued properties, in a cost-effective manner. To qualify for this reduction a property must be exclusively used for residential purposes. The Municipality may grant a further residential rebate on rates levied on the balance of the market value of developed residential properties, if any, as determined by Council during the budget process.
- iii)

##### b. Multiple use properties

Properties used for multiple purposes which do not fall within the definition of residential properties and, accordingly, do not qualify for the residential rates rebate, may be included in the category of multiple use properties, for which an appointment value for each distinct use of the property will be calculated and used for billing at the appropriate and applicable rate.

Examples of properties used for multiple purposes are the following:

- i) A block of flats with businesses on the ground floor.
- ii) A double storey building with a shop on the ground floor and the residential quarters on the top floor.
- iii) A farm that consists of the residential portion, a farm portion and unused land, etc.

If the market value of the property cannot be apportioned to its various use purposes, then the entire property will be categorised in terms of the dominant (main or primary) use.

##### c. Public Benefit Organisations

Public Benefit Organisations may apply for the exemption of property rates subject to producing a tax exemption certificate issued by the South African Revenue Services (SARS) as contemplated in Part 1 of the Ninth Schedule of the Income Tax Act, 1962 (No 58 of 1962).

##### i) Health care institutions

Government properties used exclusively as a hospital, clinic and mental hospital, including workshops used by the patients, laundry or cafeteria facilities, provided that any profits from the use of the property are used entirely for the benefit of the institution and/or for charitable purposes within the Municipality.

##### ii) Welfare institutions

Properties used exclusively as an orphanage, non-profit retirement villages; old age home or benevolent institution, including workshops used by the inhabitants, laundry or cafeteria facilities, provided that any profits from the use of the property are used entirely for the benefit of the institution and/or for charitable purposes within the Municipality.

##### iii) Child headed households

Any child headed household where such oldest child is younger than 18 years. The applicant must submit proof of his/her age and identity and, in the case of a physically

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or mentally handicapped person, also proof that he/she receives a social pension or, if he/she does not receive a social pension, proof of certification by a district medical officer. The rateable property in question must be categorised as residential, or as farm properties solely used for residential purposes.

- iv) **Charitable institutions**  
Property belonging to not-for-gain institutions or organisations that perform charitable work.
- v) **Sporting bodies**  
Property used by an organisation whose sole purpose is to use the property for amateur sport or any activity connected with such sport.
- vi) **Cultural institutions**  
Properties declared in terms of the Cultural Institutions Act, Act 29 of 1969 or the Cultural Institutions Act, Act 66 of 1989.
- vii) **Museums, libraries and art galleries**  
Registered in the name of private persons or organisations, open to the public and not operated for gain.
- viii) **Youth development organisations**  
Property owned and/or used by organisations for the provision of youth leadership or development programmes.
- ix) **Educational institutions**  
Property owned by not-for-gain institutions (declared or registered by law) and used for educational purposes including a residence registered in the name of the educational institution and used by full-time employees of the educational institution.
- x) **Animal welfare**  
Property owned or used by institutions/organisations whose exclusive aim is to protect birds, reptiles and animals on a not-for-gain basis.

d. In terms of section 17(1)(f) of the act, the municipality may not levy a rate on property registered in the name of and used primarily as a place of 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.

e. Municipal properties that are not leased or rented out by the Municipality.

### f. Public places and streets

All defined roads and/or streets and public places.

g. Exemptions are subject to the following conditions:

- i) all applications must be addressed in writing to the Municipality;
- ii) a SARS tax exemption certificate must be attached to all applications where applicable;
- iii) the municipal manager or his/her nominee must have considered and approved all applications;
- iv) the Municipality retains the right to refuse exemptions if the details supplied in the application form were incomplete, incorrect or false.
- v) false declarations will lead to the forfeiture of any exemption and may lead to criminal prosecution.
- vi) a person who provides false information will be held liable for the immediate re-payment of any rebates already granted and legal, civil and criminal action may be instituted against the guilty party/ies.

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### 13. GRANTING OF REBATES

#### 13.1 Categories of properties:

- a. **State owned property**  
State owned property no longer qualifies for any rates rebate by virtue of ownership. However, the exemptions, rebates and reductions relating to the usage of the properties as specified in this Rates Policy would apply.
- b. **Public Service Infrastructure**  
Public service infrastructure (as defined in the Act) may not be rated on the first 30 percent of its market value in terms of section 17 (1) (a) of the Act.
- c. **Agricultural**  
in terms of section 8 of the Act.
- d. **Conservation Land**  
Section 17 (1) (e) of the Act precludes Council from levying rates 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 57 of 2003), or of a national botanical garden within the meaning of the National Environmental Management: Biodiversity Act, 2004 (Act 10 of 2004) which are not developed or used for commercial, farming or residential purposes. The apportioned value of any portion of such properties utilized for any purpose other than that used for such conservation purposes will be rated accordingly.
- e. **Properties in rural areas**  
The Municipality may grant a rates rebate to properties in rural areas as a result of, and taking into account, the limited rate-funded services supplied to such properties.
- f. **Properties with a market value below a prescribed valuation level**  
Instead of a rate determined on the market value, properties with a valuation below an amount as determined by the Municipality may be rated at a fixed amount per property.

#### 13.2 Categories of owners

- a. **Retired and Disabled Persons Rate Rebate**
  - i) Retired and Disabled Persons qualify for special rebates according to monthly household income. To qualify for the rebates a property owner must:
    - be a South African citizen;
    - occupy the property as his/her primary residence, provided that where the owner is unable to occupy the property due to circumstances beyond his/her control, the spouse or minor children may satisfy the occupancy requirement. Absence of up to three months per year from the property will be disregarded for the purposes of this requirement;
    - be at least 60 years of age or in receipt of a disability pension from the State;
    - be in receipt of a total monthly income not exceeding the amount as decided by the Municipality; and
    - not be the owner of more than one property.
  - ii) A usufructuary or habitation (right of habitation) or an executor or administrator of a deceased estate will be regarded as the property

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owner for purposes of an rebate application. The applicant must produce an Affidavit or a letter from the Master of the High Court to substantiate the appointment.

- iii) Property owners must apply on a prescribed application form for a rebate as determined by the Municipality.
- iv) Applications must be accompanied by -
  - a certified copy of the identity document or any other proof of the owners age which is acceptable to the Municipality;
  - sufficient proof of total monthly income, by submission of a minimum of the latest three months bank statements from all financial institutions, for all persons normally residing on that property or, if those persons do not have bank accounts, such proof as the Municipality may require to substantiate the level of total monthly income of the person(s).
  - an affidavit from the owner, (on the application form);
  - if the owner is a disabled person proof of a disability pension payable by the state must be supplied; and
  - if the owner has retired at an earlier stage for medical reasons proof thereof must be submitted.
  - The CFO or his/her nominee has the right to conduct a full credit check or financial analysis on any person applying for any benefit in terms of this policy, or to review and recover any previous benefit received, based on evidence available.

v) Rebate percentages

- A rebate of 100% to approved applicant in terms of this Policy, who's gross monthly household income may not exceed the amount of two times (2x) the state funded social pensions per month;
- A rebate of [50/72]% to approved applicant in terms of this Policy, who are older than 60 with a gross monthly household income less than four times (4x) the state funded social pensions per month;
- A rebate of 40% to approved applicant in terms of this Policy, who are older than 60 with a gross monthly household income more than four times (4x) but less than eight times (8x) the state funded social pensions per month.

vi) In the case of misrepresentation or false declaration, the Municipality reserves the right to refuse the approval of the rebate, or to recover any rebate, if already granted and may institute appropriate legal action, civil or otherwise against guilty party(ies).

13.3. Other cases

- a. Municipal property and usage:-
  - i) A pro rata rebate may be granted where the seller sells land after the financial year has started.
  - ii) Where the Municipality register a road reserve or servitude on a privately owned property, a pro rata rebate equal to the value of the reserve or servitude will be given to the owner of the property.

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**SECTION E: RATES ADJUSTMENTS**

**14. RATE INCREASES/DECREASES**

- 14.1 The Municipality will consider increasing/decreasing rates annually during the budget process.
- 14.2 Rate increases will be used to finance the increase in operating costs of rates funded services.
- 14.3 Rates adjustments may be made taking into account all or any of the following factors:
  - a. all salary and wage increases as agreed at the South African Local Government Bargaining Council;
  - b. inflation;
  - c. the cost of capital;
  - d. statutory increases affecting the Municipality; and
  - e. increases or decreases on operating subsidies received.

**15. RESOLUTIONS LEVYING RATES**

The process as set out in the Act will be followed in notifying the public of any decisions by the Municipality regarding rates resolutions.

**SECTION F: LIABILITY FOR RATES**

**16. LIABILITY FOR RATES BY PROPERTY OWNERS**

Ratepayers may choose between paying rates annually in one instalment on or before 30 September or monthly on or before the date on which it becomes payable. If the owner of property does not notify the Municipality before the start of the financial year that he/she prefers to pay rates in one payment on or before 30 September of the financial year, such owner must pay the amount due monthly. A notice from an owner regarding the manner of payment of rates will remain applicable for future financial years until withdrawn by the owner. Interest on arrear rates shall be payable.

If a property owner, who is responsible for the payment of property rates in terms of this policy, fails to pay such rates in the prescribed manner and on the date/s due, it will be recovered from him/her. Arrear rates shall be recovered from tenants, occupiers and agents of the owner, in terms of the Act.

Where the rates levied on a particular property have been incorrectly determined, whether because of an error or omission on the part of the Municipality or false information provided by the property owner concerned or a contravention of the permitted use to which the property concerned may be put, the rates payable shall be appropriately adjusted for the period extending from the date on which the error or omission is detected back to the date on which rates were first levied in terms of the valuation roll.

In addition, where the error occurred because of false information provided by the property owner or as a result of a contravention of the permitted use of the property concerned, interest on the unpaid portion of the adjusted rates payable shall be levied at the maximum rate permitted by prevailing legislation.

**17. CLEARANCE CERTIFICATE**

- 17.1 On the sale of any property in the municipal jurisdiction, Council will withhold the transfer until all rates, service and sundry charges and any estimated amounts for the duration of the certificate in connection with the property are paid, by withholding a clearance certificate. The municipality will issue such clearance certificate on receipt of an application on the prescribed form from the conveyancer.

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- 17.2 All payments will be allocated to the registered seller's municipal accounts and all refunds will be made to such seller.
- 17.3 No interest shall be paid in respect of these payments.
- 17.4 The Municipality will only issue a clearance certificate once a completed prescribed application form from the conveyancer has been received.
- 17.5 Where any residential or non-residential debtor has entered into an arrangement with the Municipality in respect of the arrears on a property, the prescribed certificate as referred to in Section 118 of the Systems Act, will not be issued until such time as the full outstanding amount has been paid.
- 17.6 The rates clearance certificate validation period is 60 days and the amount due for payment will include 3 (three) months advance collections plus all current outstanding debt on the property.
- 17.7 After receiving the rates clearance application form, the Municipality has 10 (ten) working days to forward the amount due for payment and another 10 (ten) working days to produce the rates clearance certificate, once proof of payment has been established.

**18. REGULAR REVIEW PROCESSES**

The rates policy will be reviewed on an annual basis.

**19. IDENTIFICATION AND QUANTIFICATION OF COSTS AND BENEFITS**

The cost to the Municipality and benefit to the local community of exemptions, rebates, reductions and exclusions referred to in sections 17 (1) (a), (e), (g) (h) and (i) of the Act are reflected in the Municipality's budget.

**20. ADJUSTMENT OF RATES PRIOR TO SUPPLEMENTARY VALUATION**

- 20.1 In circumstances where a valuation has been carried out by the municipal valuer, in pursuance of a Supplementary Valuation (SV) in terms of section 78(1)(d) or 78(1)(f) of the MPRA as a result for example, of a demolition having taken place on a property or a fire having destroyed buildings on a property, but the Municipality has not yet included such valuation of the relevant property in the SV, such valuation shall be submitted to the CFO for approval to levy rates on the property in accordance with such valuation, with effect from the date of the occurrence of the event caused a SV to be required.
- 20.2 If the owner of a property which has been subdivided or consolidated after the last general valuation wishes to sell the consolidated erf, or one or more of the erven which have been subdivided off the parent erf, as the case may be, applies to the Municipality for a clearance certificate in terms of section 118 of the Systems Act and if the Municipality has not yet included such valuation of the relevant property in the SV, then:
  - a. The municipal valuer shall conduct a valuation of the relevant property/s for purposes of a SV; and
  - b. The valuation shall be submitted to the CFO for approval of the levying of rates on such property/s in accordance with such valuation, with effect from the date on which the relevant subdivision or consolidation (as may be the case), was registered in the Deeds Office.
- 20.3 Any valuations performed in terms of paragraph 20 shall be included in the next SV prepared by the Municipality without any amendments to the valuation and any objections to such valuation may only be lodged once such SV is made public in terms of section 49 of the Act.

**21. IMPLEMENTATION PROCESS AND REVIEW PROCESS**

This policy will come into effect on 1 July 2023 and will be reviewed at least annually or when required by way of a Council resolution.

**OVERSTRAND MUNICIPALITY – PROPERTY RATES POLICY**

**22. SHORT TITLE**

This policy will be referred to as the Rates Policy of the Overstrand Municipality.

POLICY SECTION:	SENIOR MANAGER: REVENUE
CURRENT UPDATE:	31 MAY 2023
PREVIOUS REVIEW:	29 JUNE 2022
PREVIOUS REVIEW:	31 MAY 2022
PREVIOUS REVIEW:	26 MAY 2021
PREVIOUS REVIEW:	27 MAY 2020
PREVIOUS REVIEW:	29 MAY 2019
PREVIOUS REVIEW:	30 MAY 2018
PREVIOUS REVIEW:	31 MAY 2017
PREVIOUS REVIEW:	25 MAY 2016
PREVIOUS REVIEW:	28 MAY 2015
PREVIOUS REVIEW:	28 MAY 2014
PREVIOUS REVIEW:	29 MAY 2013
PREVIOUS REVIEW:	30 MAY 2012
PREVIOUS REVIEW:	04 MAY 2011
PREVIOUS REVIEW:	28 MAY 2010
PREVIOUS REVIEW:	27 MAY 2009
APPROVAL BY COUNCIL:	31 MAR 2008

# OVERSTRAND MUNICIPALITY



## TARIFF POLICY

# OVERSTRAND MUNICIPALITY TARIFF POLICY

## PREAMBLE

Whereas section 74 of the Local Government: Municipal Systems Act, 2000 (Act No 32 of 2000) requires a municipal council to adopt a tariff policy on the levying of fees for municipal services;

And whereas the tariff policy should at least include the principles contained in section 74(2) of the Act, thus giving effect to the By-Law required in terms of section 75 of the Act;

And whereas the tariff policy may differentiate between different categories of users, debtors, service providers, service standards and geographical areas as long as such differentiation does not amount to unfair discrimination;

Now therefore the Municipal Council of the Overstrand Municipality adopts the following Tariff Policy:

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**1. DEFINITIONS**

in this tariff policy, unless the context otherwise indicates –

"Availability Charge"	Availability charge means a charge levied on all properties with or without improvements, where a basic fee is not levied, to recover fixed costs which do not vary with consumption or volume produced.
"basic municipal services"	means the amount or level of any municipal service that is necessary to ensure an acceptable and 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, sewage and water services;
"break even"	means the financial situation where the income derived by the Municipality from the supply of a service is equal to the aggregate of the fixed and the variable costs associated with the provision of the service concerned;
"capital contributions"	means the tariffs payable in respect of the water, electricity, sewage, storm water, roads and refuse removal infrastructure of the Municipality and which amounts exclude amounts payable towards the operational and maintenance costs of such infrastructure;
"Commercial Unit/fer"	means a self-contained or lettable section within a building or a group of buildings on the same plot excluding short term residential accommodation establishments, for e.g. hotels, bed & breakfast, guest houses etc. An owner of a commercial property may annually choose between being levied either per erf or per commercial unit for water and sewage basic charges. This choice must be applied on or before 30 September of each financial year.
"community services"	means the services referred to in paragraph 5(1)(c) and in respect of which the tariffs are set at a level that the costs of the services are not recovered fully from public service charges and are of a regulatory nature;
"consumer, customer, owner, occupier, account holder"	means individuals and other legal entities against whom a tariff, fee, charge or other levy specific to identifiable services are levied.
"Council" or "municipal council"	means a municipal council referred to in section 18 of the Local Government: Municipal Structures Act, 1998 (Act No 117 of 1998) and for purposes of this policy, the municipal council of the Overstrand Municipality;
"economic services"	means services that the Council has classified as such and the tariffs have been compiled with the intention that the total costs of the services are recovered from customers;
"Electricity Service charge"	means the monthly charge payable per point of supply to recover administration-rebated and service-related costs such as meter reading, billing, and meter capital. It is based on the monthly utilized capacity of each point of supply linked to an account.
"Fixed costs"	means costs which do not vary with consumption or volume produced;
"lifetime"	Available to pre-paid consumers whose connection is ≤30amp with a maximum average consumption of 350 kWh measured over a period of 12 months. This tariff is only available to informal dwellings in informal settlements;
"low voltage metering point"	means a metering point at the set of nominal voltage levels that are used for the distribution of electricity and who's upper limit is generally accepted to be an a.c. voltage of 1000V or less
"medium voltage metering point"	means a metering point at the set of nominal voltage levels that lie above low voltage and below high voltage in the range of 1kV < U <sub>n</sub> <= 44kV
"multi-purpose"	In relation to a property, means the use of a property for more than one purpose;
"Municipality"	the institution that is responsible for the collection of funds and the provision of services to the customers of Overstrand;

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"Municipal Manager"	means the accounting officer appointed in terms of section 62 of the Local Government: Municipal Structures Act, 1998 (Act No 117 of 1998) and being the head of administration and accounting officer in terms of section 55 of the Local Government: Municipal Systems Act, 2000 (Act No 32 of 2000) and includes any person:- (a) sitting in such position; and (b) to whom the Municipal Manager has delegated a power, function or duty in respect of such a delegated power, function or duty;
"NMD"	Notified Maximum Demand – the maximum capacity in kVA, as measured over a 30-minute integration period, per point of supply that the customer will contract for Overstrand to make available during all time periods.
"resident"	means a person who normally resides in the municipal area;
"residential unit"	means a single residential erf, flat, townhouse or group development unit, retirement village unit, guest house, bed and breakfast and any household related consumer that do not fall in one of the above household consumer categories;
"RUE"	means Residential Unit Equivalent;
"time of use"	means a tariff with energy charges based on the volume of electricity demand during high, mid and low demand periods and may differ per tariff;
"the Act"	means the Local Government: Municipal Systems Act, 2000 (Act No 32 of 2000);
"total cost"	means the sum of all fixed and variable costs associated with a service;
"trading services"	means services that the Council has classified as such and the tariffs have been compiled with the intention that the Council makes a profit from the delivery of the services;
"utilized capacity"	means the higher of the notified maximum demand (NMD) or maximum demand, per point of supply measured in kVA, and registered each month;
"vacant land"	means all undeveloped land irrespective of its current or future intended zoning. Agricultural properties will not be considered as being vacant even;
"variable costs"	means costs that vary with consumption or volume produced;
"wet industry"	Defined as an industry using water as essential and fundamental input in the production process.

**2. PURPOSE OF POLICY**

- The Overstrand Municipality wishes to achieve the following objectives by adopting this tariff policy:-
- 2.1. To comply with the provisions of section 74 of the Local Government: Municipal Systems Act, 2000 (Act No 32 of 2000).
  - 2.2. To prescribe procedures for calculating tariffs where the Municipality wishes to appoint service providers in terms of section 76(b) of the Act.
  - 2.3. To give guidance to the Portfolio Committee for Finance regarding tariff proposals that must be submitted to Council annually during the budgetary process.

**3. TARIFF PRINCIPLES**

- The Overstrand Municipality wishes to record that the following tariff principles will apply:-
- 3.1. Service tariffs imposed by the Municipality shall be viewed as user charges and shall not be viewed as taxes, and therefore the financial ability of the relevant user of the services to which such tariffs relate, shall not be considered as a criterion.
  - 3.2. Tariffs for the basic municipal services rendered by the Municipality, namely:
    - (a) electricity;
    - (b) water;
    - (c) sewage (waste water); and

**OVERSTRAND MUNICIPALITY  
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- 3.3. (d) refuse removal (solid waste) shall be calculated at a level which will recover all expenses associated with the rendering of these services.  
To prevent existing consumers from subsidising the capital costs associated with new developments and subdivisions the Municipality will plan and manage the extension of services in such a manner that it will not impact negatively on the fixed costs and availability changes of existing tariffs.  
Capital contributions to finance new developments and subdivisions will be required from all developers.
- 3.4. All users of municipal services, within a category of users, will be treated equitably.
- 3.5. The amount payable by consumers and/or owners will generally be in proportion to usage of the service.
- 3.6. The Municipality shall develop, approve and at least annually review an indigent support policy for the municipal area. This policy shall set out clearly the Municipality's cost recovery policy in respect of the tariffs which it levies on registered indigents, and the implications of such policy for the tariffs which it imposes on other users and consumers in the municipal region.
- 3.7. Subject to annual budgetary provisions and the availability of funds from National Treasury through the equitable share contribution, the Municipality may consider supplying free basic services to categories of consumers.
- 3.8. In the case of directly measurable services, namely electricity and water, the consumption of such services shall be properly metered by the Municipality, and meters shall be read, wherever circumstances reasonably permit, on a monthly basis. If a service is metered but it cannot be read due to financial and/or human resource constraints or circumstances beyond the control of the Municipality or its authorised agent, and the customer is charged for an estimated consumption, the amount following the reading of the metered consumption must articulate the difference between the actual consumption and the average consumption, and the resulting credit or debit adjustments.  
Tariffs must be set at a level that facilitates the sustainability of services. Sustainability will be achieved by ensuring that:-
  - (a) Cash inflows cover cash outflows. This means that sufficient provision for working capital and bad debts will be made.
  - (b) Access to the capital market is maintained. This will be achieved by providing for the repayment of capital, maintaining sufficient liquidity levels and if possible, generating a surplus on trading services.
  - (c) Service providers retain a fair rate of return on their investments.
- 3.10. Provision may be made in appropriate circumstances for surcharges on tariffs.
- 3.11. Efficient and effective use of resources may be encouraged by providing for penalties to prohibit or restrict exorbitant use.
- 3.12. The extent of subsidisation of tariffs will be disclosed and such disclosure will include the extent of subsidisation of the indigent or incentives for local development.
- 3.13. Provisions may be made for the subsidisation of the indigent and the promotion of local economic development by creating expenditure votes in the service budgets and including the costs in tariff calculations.
- 3.14. VAT is included in all tariffs where applicable.
- 3.15. This policy shall be binding on all tariffs other than those governed by legislation which supersedes the Act.
- 3.16. A property used for multiple purposes must, for purposes related to the services and categories of users concerned, be calculated at the appropriate and applicable rate for each distinct use of the property.

## OVERSTRAND MUNICIPALITY TARIFF POLICY

3.17. In order to provide the Municipality with appropriate security for payment of amounts owing to it from time to time for services rendered, the Council shall impose a system of deposits payable by consumers. The deposits shall be set with due regard to the potential financial risk associated with the amounts owing from time to time as well as sufficient provision for working capital. The level of the deposits shall be revised annually and the Municipality may introduce transitional arrangements in respect of existing consumers.

### 4. CATEGORIES OF CONSUMERS

4.1. Separate tariff structures may be imposed for the following categories of consumers (which the council may change):

- (a) domestic consumers;
- (b) commercial consumers;
- (c) industrial consumers;
- (d) agricultural consumers;
- (e) organs of state;
- (f) municipalities;
- (g) consumers with whom special agreements were made;
- (h) consumers in certain geographical areas;
- (i) sport and recreation facilities;
- (j) private schools & educational institutions;
- (k) public benefit organisations and suchlike institutions; and
- (l) vacant land

4.2. Section 74(3) of the Municipal Systems Act allows for the differentiation between different categories of users, debtors, service providers, services, service standards, geographical areas and other matters for tariff purposes as long as the differentiation does not amount to unfair discrimination.

4.3. Where there are substantial differences between the infrastructures used to provide services to specific groups of users within a category and/or standard of services provided, the Council can, after considering a report by the Municipal Manager or the relevant Director, determine differentiated tariffs for the different consumers within the specific category.

4.4. Differentiated tariffs must be based on one or more of the following elements; infrastructure costs, volume usage, availability and service standards.

4.5. If, for purposes of determining the tariff applicable to a particular user or category of users, the user or category of users has not specifically by definition been included under a defined category of users in this policy, the Municipal Manager shall, by applying the closest match principle, determine the category under which the user or category of users fits in best, taking into account the nature of the service concerned and the user or category of users involved.

### 5. INCENTIVE POLICY

5.1. Tariffs will not reflect incentives for investment or to promote economic development.

### 6. INDIGENT RELIEF

6.1. Tariffs will not reflect relief granted to indigent households. Such relief will be developed as a separate policy and be subject to the discretion of Council as to its sustainability.

6.2. All such relief will be reflected, accounted for and disclosed separately in invoices, account statements, budgets, financial statements or reports.

6.3. During implementation of such policy, cognisance will be taken of the fact that the existing tariffs and procedures may require amendment to accommodate the above clauses and that such amendments will be phased in over time.

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6.4. Indigent households are expected to manage their consumption of services within the levels of relief granted.

6.5. Assistance and management of indigent households is contained in the Customer Care and Debt Collection Policy/By-Law. The Municipality, however, retains the right to limit consumption through prepaid meters or restriction if the accounts of assisted households fall into arrears.

### 7. SERVICE, EXPENDITURE CLASSIFICATION AND COST ELEMENTS

#### 7.1. Service classification

7.1.1. To isolate the costs associated with a service, the Municipal Manager shall, subject to the guidelines provided by the National Treasury, Generally Recognised Accounting Practice (GRAP) and Executive Mayoral Committee of the Council, provide for the classification of services into the following categories:-

- (i) trading services;
- (ii) economic services;
- (iii) community services; and
- (iv) subsidised services.

7.1.2. Trading and economic services must be financially ring-fenced and financed from service charges while community and subsidised services will be financed from rates and related income.

#### 7.2. Expenditure classification

Expenditure will be classified in accordance with GRAP.

#### 7.3. Cost elements

The following cost elements may be used to calculate the tariffs of the different services:-

- (a) "Fixed costs" which consist of the capital costs (interest and redemption) on external loans as well as internal advances and/or depreciation, whichever are applicable to the service, and any other costs of a permanent nature as determined by the Council from time to time.
- (b) "Variable costs" which include all other variable costs that have reference to the service.
- (c) "Total cost" which is equal to the fixed costs and variable costs.

### 8. TARIFF TYPES

In determining the type of tariff applicable to the type of service, the Municipality shall make use of any of the following six options or a combination thereof:-

#### 8.1. "Single tariff":-

This tariff shall consist of a cost per unit consumed. All costs will be recovered through unit charges at the level where income and expenditure breaks even. Subject to a recommendation by the Municipal Manager, the Council may decide to approve profits on trading services during the budget meeting. Such profits will be added to the fixed and variable cost of the service for the purpose of calculating the tariffs.

#### 8.2. "Cost related to a two to four part tariff":-

This tariff shall consist of two to four parts. Management, capital, maintenance and operating costs may be recovered by grouping certain components together, e.g. management, capital and maintenance costs may be grouped together and may be

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recovered by a fixed charge, independent of consumption for all classes of consumers, or the total costs may be recovered by a unit charge per unit consumed. Three and four part tariffs may be used to calculate the tariff for electricity and to provide for maximum demand and usage during limited demand.

- 8.3. "Inclining block tariff":-  
This tariff is based on consumption levels being categorised into blocks, the tariff being determined and increased as consumption levels increase.
- 8.4. "Declining block tariff":-  
This tariff is the opposite of the inclining block tariff and decreases as consumption levels increase.
- 8.5. "Regulating tariff":-  
This tariff is only of a regulatory nature and the Municipality may recover the full or a portion of the cost associated with rendering the service.
- 8.6. "Cost plus mark-up tariff":-  
This tariff is for other services rendered.

**9. CALCULATION OF TARIFFS FOR MAJOR SERVICES**

- 9.1. **General**  
In order to determine the tariffs which must be charged for the supply of the basic municipal services, (electricity, refuse, sewage and water), the Municipality shall use service and expenditure classifications and cost elements contained in clause 7 and identify all the costs associated with the service concerned, including the following:-
  - 9.1.1. Cost of bulk purchases in the case of electricity and water.
  - 9.1.2. Distribution costs, including distribution losses in the case of electricity and water.
  - 9.1.3. Depreciation and finance charges.
  - 9.1.4. Maintenance of infrastructure and other assets.
  - 9.1.5. Administration and service costs, including:-
    - (a) service charges levied by other support services, such as finance, human resources and legal services;
    - (b) reasonable general overheads, such as the costs associated with the office of the Municipal Manager;
    - (c) adequate contributions to the provisions for bad debts, working capital and obsolescence of stock;
    - (d) all ordinary operating expenses associated with the service concerned, including the cost of providing street lighting in the municipal area in the case of the electricity service.
- 9.1.6. The intended surplus to be generated for the financial year shall be applied generally in relief of rates and general services.
- 9.1.7. Where a consumer has an option to choose between different tariffs on a service such option must be exercised before 30 September to be implemented for the specific financial year.

- 9.2. **Electricity**
  - 9.2.1. The guidelines and policy issued by the National Energy Regulator from time to time will form the basis of calculating tariffs.
  - 9.2.2. The Municipality has standardized on the installation of Pre-Payment Meters for all Domestic Consumers. As such it is compulsory for all new domestic

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connections to be equipped with Pre Payment Meters. The Municipality has embarked on a program to effect the migration of all Credit Meters to Pre-Payment Meters. The change from Pre-Payment Meters to Credit Meter will therefore be disallowed unless special health circumstances exist, in which extreme case a credit meter will be installed by special concession from the Director of Infrastructure and Planning and by payment of the required charge of meter fees as well as the required deposit.

- 9.2.3. When an adjustment is made to the electricity consumption registered on a meter in terms of Section 55(2) or 55(3) of the Electricity Supply By-Law, published on 21 October 2016, such adjustment shall either be based on the percentage error of the meter as determined by the test referred to in Section 55(5) or upon a calculation by the Municipality from consumption data in its possession. Where applicable, due allowance shall be made, where possible for seasonal or other variations which may affect the consumption of electricity.
- 9.2.4. To make electricity affordable to certain categories of consumers, cross subsidisation between and within categories of consumers will be allowed, based on the load factors of the categories and consumers within the category. The first 50 kWh in the tariff block 0 – 350 of electricity per month shall be free of charge to domestic electricity consumers who applied and were approved in terms of the relevant clause as per the Overstrand Indigent Policy.
- 9.2.5. The fixed costs, or portions thereof, will be recovered through an energy or time-of-use charge.
- 9.2.6. A basic charge per electricity meter or unit in the municipal area, as determined by the Council from time to time, may be charged against all electricity consumers.
- 9.2.7. To apply the abovementioned principles, the consumer types and cost allocations reflected in the following table will be used:-

Categories of Consumers	Tariff Components				
	Fixed Charge (Rand/ consumer/month)	Active Energy Charge (cent/kWh/month)	Time-of-Use Energy Charge Peak / Standard / Off-peak (p/kWh/month)	Charge (Rand/KVA/month)	
Single Phase: (Domestic Credit meters)	X	X		*Note: IBT BLOCK 1) 0 - 350 kWh 2) 351 - 600 kWh 3) > 600kWh	
Single Phase: (Domestic Pre-paid meters)	X	X		*Note: IBT BLOCK 1) 0 - 350 kWh 2) 351 - 600 kWh 3) > 600kWh	
Life Line One - (pre-paid meters only)		X			0 - 350 kWh
One Part - (pre-paid meters only)		X			0 - 350 kWh
Local Economic Development Projects					Flat rate
Single Phase: (Commercial Credit meters)	X	X			Flat rate
Single Phase: (Commercial Pre-paid meters)	X	X			Flat rate
Three Phase: (Domestic Credit meter) ≤ 100A	X	X		*Note: IBT BLOCK 1) 0 - 350 kWh 2) 351 - 600 kWh 3) > 600kWh	
Three Phase: (Domestic Pre-paid meter) ≤ 100A	X	X		*Note: IBT BLOCK 1) 0 - 350 kWh	

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Three Phase: (Commercial Credit meter) ≤ 100A	X	X	2) 351 – 600 kWh 3) > 600kwh
Three Phase: (Commercial Pre-Paid meter) ≤100A	X	X	Flat Rate
Economic Pre-paid: ≤ 100A	X	X	Flat Rate
Time of Use Tariff (70kVA)	X	X	Flat Rate
Service Charge (per month) for MV and LV consumers	X	X	X
Medium Voltage Metering Points (1000V) >50kVA	X	X	X
Low Voltage Metering Points (400V) >70kVA ≤ 500kVA	X	X	X

A basic level of service will be provided free to qualifying households with a total gross income level which is below a determined amount, and according to further specified criteria, as determined by Council from time to time.

9.2.8. An infrastructure basic charge for electricity will be levied on a monthly basis on all properties or meters.

9.2.9. An availability charge will be levied on all erven or units not connected to the electricity network, but can reasonably be connected to the service.

9.2.10. The use of tariffs E5A10 "Exceed NOTIFIED MAXIMUM DEMAND (NMD) per kVA Per month".

Each Time-of-Use consumer must nominate the Maximum Demand that the consumer intends to draw from the Overstrand Municipal Electricity Network. This nominated figure is known as the Nominated Maximum Demand (NMD) and is measured in kVA.

Upon exceeding this NMD, the consumer will be warned that he/she has exceeded the NMD and upon exceeding such NMD again within the next 12 months, the consumer will be required to pay the charge per kVA as indicated under tariffs E5A10 as the case may be. Each subsequent exceeding of the NMD will be charged similarly. When the NMD has not been exceeded in any 12 consecutive months, the consumer will then only receive a warning upon the next time the NMD is exceeded, after which the required tariff will again be instituted as shown above.

The consumer may increase his/her NMD and would be required to pay the associated tariffs as indicated under E15, where appropriate. A consumer may increase his NMD as many times as is needed within one financial year, but may only decrease the NMD once within any Financial Year.

9.2.11. Overstrand Municipality allows for approved SSEG customers to feed electricity back into our electricity network. Customers however need to be net consumers who purchase more electricity than they feed back (over a consecutive 12 month period). This period will be in line with the Municipal financial year and all excess credit accumulated by the customer within this period will be forfeited by them.

9.3. Water

9.3.1. The categories of water consumers as set out in clause 9.3.4 shall be charged at the applicable tariffs as approved by the Council in each annual budget.

9.3.2. The first 6kℓ of water consumption per month shall only be supplied pro rata free of charge to domestic water consumers who qualify for the indigent grant.

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9.3.3. Because water is a scarce national resource, and this Municipality is committed to the prudent conservation of such resources, the tariff levied for consumption of water shall escalate according to the volume of water consumed.

9.3.4. The tariffs for consumption of purified water shall be based on the levels reflected in the following table:-

Category of Consumer	Basic Fixed Charge (Rand/meter/month)	Unit Charge per kℓ	Level of Consumption (Rand/kℓ/month)
<b>NORMAL TARIFF</b>			
Single Residential Flats			HOUSEHOLD 0 - 6 kℓ 7 - 18 kℓ 19 - 30 kℓ 19317 - 45 kℓ 46 - 60 kℓ >60 kℓ
Group Housing (including Townhouse Developments) Retirement Villages Guest Houses	X	X	
Indigent Households	X	X	HOUSEHOLD 0 - 10 kℓ 11 - 18 kℓ 19 - 45 kℓ 46 - 60 kℓ >60 kℓ
Churches Caravan Parks Boutique Hotels and Hotels Other Consumers	X	X	NON-HOUSEHOLD 0 - 18 kℓ 19 - 30 kℓ 19317 - 45 kℓ 46 - 60 kℓ >60 kℓ
<b>RESTRICTION TARIFF 1 (LEVELS 2 &amp; 3 WATER RESTRICTIONS) PLUS 30% on Normal Tariff</b>			
Single Residential Flats			HOUSEHOLD 7 - 18 kℓ 19 - 30 kℓ 19317 - 45 kℓ 46 - 60 kℓ >60 kℓ
Group Housing (including Townhouse Developments) Retirement Villages Guest Houses	X	X	
Indigent Households	X	X	HOUSEHOLD 0 - 10 kℓ 11 - 18 kℓ 19 - 45 kℓ 46 - 60 kℓ >60 kℓ
Churches Caravan Parks Boutique Hotels and Hotels Other Consumers	X	X	NON-HOUSEHOLD 0 - 18 kℓ 19 - 30 kℓ 19317 - 45 kℓ 46 - 60 kℓ >60 kℓ
<b>RESTRICTION TARIFF 2 (LEVELS 4 &amp; 5 WATER RESTRICTIONS) PLUS 60% on Normal Tariff</b>			
Single Residential Flats			HOUSEHOLD 7 - 18 kℓ 19 - 30 kℓ 19317 - 45 kℓ 46 - 60 kℓ >60 kℓ
Group Housing (including Townhouse Developments) Retirement Villages Guest Houses	X	X	

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Indigent Households	X	X	HOUSEHOLD 0 - 10 k€ 11 - 18 k€ 19 - 45 k€ 46 - 60 k€ >60 k€
Churches Caravan Parks Boutique Hotels and Hotels Other Consumers	X	X	NON-HOUSEHOLD 0 - 18 k€ 19 - 30 k€ 31/31 - 45 k€ 46 - 60 k€ >60 k€
<b>RESTRICTION TARIFF 3 (LEVEL 6 WATER RESTRICTION) PLUS 100% of Normal Tariff</b>			
Single Residential Flats Group Housing (including Townhouse Developments) Retirement Villages Guest Houses	X	X	HOUSEHOLD 7 - 18 k€ 19 - 30 k€ 31/31 - 45 k€ 46 - 60 k€ >60 k€
Indigent Households	X	X	HOUSEHOLD 0 - 10 k€ 11 - 18 k€ 19 - 45 k€ 46 - 60 k€ >60 k€
Churches Caravan Parks Boutique Hotels and Hotels Other Consumers	X	X	NON-HOUSEHOLD 0 - 18 k€ 19 - 30 k€ 31/31 - 45 k€ 46 - 60 k€ >60 k€

- 9.3.5. A basic charge per water meter or unit in the municipal area, as determined by the Council from time to time, may be charged against all water consumers.
- 9.3.6. An infrastructure basic charge for water will be levied on a monthly basis on all erven or units.
- 9.3.7. An availability charge will be levied on all erven or units not connected to the water network but can reasonably be connected to the service.
- 9.3.8. Allocation of RUE's to categories of Household consumers:

Clinics - Out patients	0	1 RUE
Flats	0	1 RUE per residential unit
Guest houses and B & B's	0	1 RUE
Household related consumers that do not fall in one of the above household consumer categories	0	Upon application the Engineering & Financial Departments will assess the validity within the tariff's structural framework.
Old Age Homes, Hostels & Boarding School	0	1 RUE per 7 Beds
Retirement Villages, Hospital & Hospice	0	1 RUE per 1 residential unit 1 RUE per 7 Frail care beds
Single Residential erven	0	1 RUE
Townhouse and group developments	0	1 RUE per unit Townhouse/Group Developments must apply should they require more than 1 rue during development phase RUE's are only applicable from date of application and approval

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- 9.3.9. The number of water basic and infrastructure charges for non-household consumers shall be coupled to the number of commercial sewage basic and infrastructure charges. The owner has the option to select to be charged either one commercial unit, or for the respective individual number of lettable sections.
- 9.3.10. The tariffs for consumption of irrigation and raw water shall be based on the levels reflected in the following table:-

Category of Consumer	Basic Charge (Rand/meter/month)	Level of Consumption (Rand/kiloliter/month)
Use and pump water	X	80 - 90 minutes
Small Holdings	X	(i) 0 - 70 k€ (ii) > 70 k€

**9.3.11. Wet Industries - Commercial and Sport (Customers must apply for this tariff)**

Detail	Basic Charge (Rand/meter/month)	Unit Charge / k€	Level of Consumption (Rand/kiloliter/month)
Normal Tariff	X	X	(i) 0 - 500 k€ (ii) 501 - 1 000 k€ (iii) > 1 000 k€
Restriction Tariff 1 (levels 2 & 3 water restrictions) PLUS 30% of Normal Tariff	X	X	(i) 0 - 300 k€ (ii) 301 - 700 k€ (iii) > 700 k€
Restriction Tariff 2 (levels 4 & 5 water restrictions) PLUS 60% of Normal Tariff	X	X	(i) 0 - 250 k€ (ii) 251 - 500 k€ (iii) > 500 k€
Restriction Tariff 3 (level 6 water restrictions) PLUS 100% of Normal Tariff	X	X	(i) 0 - 100 k€ (ii) > 100 k€

**9.3.11.2. Industry - Marine (Customers must apply for this tariff)**

Detail	Basic Charge (Rand/meter/month)	Unit Charge / k€	Level of Consumption (Rand/kiloliter/month)
Normal Tariff	X	X	(i) 0 - 5 800 k€ (ii) > 5 800 k€
Restriction Tariff 1 (levels 2 & 3 water restrictions) PLUS 30% of Normal Tariff	X	X	(i) 0 - 5 800 k€ (ii) > 5 800 k€
Restriction Tariff 2 (levels 4 & 5 water restrictions) PLUS 60% of Normal Tariff	X	X	(i) 0 - 5 800 k€ (ii) > 5 800 k€
Restriction Tariff 3 (level 6 water restrictions) PLUS 100% of Normal Tariff	X	X	(i) 0 - 5 800 k€ (ii) > 5 800 k€

- 9.3.12. The tariffs for consumption of Treated Effluent water shall be based on the levels reflected in the following table:-

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Detail	Basic Charge (Rand/mestermom- ntb)	Unit Charge / klt	Level of Consumption (Rand/kiliter/month)
Hermanus Golf Club	X	X	As per agreement
Schools, municipal sport grounds & project sport grounds as per agreement		X	As per Agreement
Caravan Holdings		X	250klt free per day
Other		X	

- 9.3.13. Restriction Tariff
- 9.3.13.1. When level 1 water restrictions are implemented by the Directorate Infrastructure & Planning, no restriction tariffs will be implemented;
- 9.3.13.2. When level 2 water restrictions are implemented by the Directorate Infrastructure & Planning, level 1 restriction tariffs will be implemented;
- 9.3.13.3. When level 3 water restrictions are implemented by the Directorate Infrastructure & Planning, level 1 restriction tariffs will remain applicable;
- 9.3.13.4. When level 4 water restrictions are implemented by the Directorate Infrastructure & Planning, level 2 restriction tariffs will be implemented;
- 9.3.13.5. When level 5 water restrictions are implemented by the Directorate Infrastructure & Planning, level 2 restriction tariffs will remain applicable;
- 9.3.13.6. When level 6 water restrictions are implemented by the Directorate Infrastructure & Planning, level 3 restriction tariffs will be implemented;
- 9.4. Refuse Removal
- 9.4.1. A separate fixed monthly refuse removal charge shall apply to each category of users based on the costs of the service concerned and the applicable level of service, which can vary from once a week up to 7 times a week.
- 9.4.2. The fixed basic charge will be based on the number of removals per week.
- 9.4.3. An availability charge will be levied on all erven/units where no building plan has been approved. .
- 9.4.4. The tariff for refuse removal for residential units will be one removal per household per week.
- 9.4.5. Household refuse collection is the responsibility of the Municipality in the urban areas and only where a service cannot be rendered, a private contractor can do the collection per agreement with the municipality
- 9.5. Sewage
- 9.5.1. The categories of users as set out below, shall be charged monthly at the applicable tariff as approved by Council in each annual budget:-
- (i) Domestic (including Semi Permanent Caravan Sites);
  - (ii) Hotels, Hostels, Hospitals, Old Age Homes and Group Housing;
  - (iii) Guest Houses and Bed & Breakfast Establishments;
  - (iv) Shops and Offices;
  - (v) Low Cost Housing Schemes;

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- (vi) Schools;
  - (vii) Caravan Parks with communal ablution facilities;
  - (viii) Departmental Municipality;
  - (ix) Consumers with a conservancy tank.
- 9.5.2. A monthly basic charge shall be levied on all properties or units within urban areas, irrespective of the type of service available.
- 9.5.3. A sewage usage charge will be levied on all properties or units that produce sewage or have a water meter. This charge will be levied as follows:
- (i) SEWAGE – SINGLE AND INTERMEDIATE RESIDENTIAL (Dwelling houses and Duplex apartments)  
The sewage volume will be deemed to be 70% of water consumption, up to a maximum of 35klt of sewage per month (70% of 50klt water per month).
  - (ii) SEWAGE – GENERAL RESIDENTIAL (Blocks of apartments and Residential Buildings)  
Sewage volume will be deemed to be 90% of water consumption per individual unit up to a maximum of 45klt of sewage per month (90% of 50klt water per month).
  - (iii) SEWAGE – GUEST HOUSES AND BED & BREAKFAST ESTABLISHMENTS  
Sewage volume will be deemed to be 70% of water consumption per individual unit.
  - (iv) ALL OTHER USERS (including Commercial, Industrial, School, Sport, etc.)  
The sewage volume will be deemed to be 90% of water consumption. The 90% may be adjusted by the Municipal Manager as appropriate to the consumer. The Municipal Manager may also institute a cap on the volume of sewage if appropriate to the consumer.
  - (v) SEWAGE-CONSUMERS WITH NO WATER METER OR NO MUNICIPAL WATER USE  
Sewage volume will be charged as one additional basic fee per RUE to compensate for the use of the sewer system in the absence of a water meter reading to calculate the sewerage volume.
- 9.5.4. An effluent fee shall further be payable by factories and other industrial users where the wastewater emanating from such users requires special purification measures by the Municipality. Such fees shall be based on the toxic content of the wastewater concerned and the costs of purification.
- 9.5.5. A monthly infrastructure charge will be levied on all properties or units.
- 9.5.6. (i) Consumers with conservancy or septic tanks that cannot connect to the network, may only apply to have their tariff changed at the beginning of a financial year before 30 September, or with a change in occupancy status (ownership/registration or new occupancy), which took place after 30 September.
- (ii) In case of conservancy tanks or septic tanks, the municipality reserves the right to change the tariff option should it become apparent that the sewer consumption is more than the water consumption for more than two consecutive months.
- 9.5.7. The sewage basic and infrastructure charge shall be levied on the owner's account, whilst the consumption portion of the charge shall be levied on the same account as where the water consumption is charged.
- 9.5.8. The number of sewage basic and infrastructure charges for non-household consumers shall be coupled to the number of commercial water basic and

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infrastructure charges. The owner has the option to select to be charged either one commercial unit or the total number of lettable sections.

- 9.5.9. A sewage availability charge shall apply to serviced vacant or -developed land.
- 9.5.10. [Consumers who are connected to the municipal sewerage system, but who are not using the municipal water supply system, will be charged twice the sewage availability charge to compensate for the use of the sewer system in the absence of a water meter reading to calculate the sewerage volume.]

**9.6. Minor tariffs**

- 9.6.1. All minor tariffs shall be standardised within the municipal region.
- 9.6.2. All minor tariffs shall be approved by the Council, 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 be determined accurately, or when the tariff is designed purely to regulate rather than finance the use of the particular service or amenity.

9.6.3. Minor tariffs may include fees for the following:-

<b>A</b>	<ul style="list-style-type: none"> <li>• Access to information</li> <li>• Administration Costs</li> <li>• Advertisements / Advertising</li> <li>• Bank cost on foreign accounts</li> <li>• Deposit</li> <li>• Duplicate Accounts</li> <li>• Duplicate Pay Day Slip</li> <li>• Facsimiles</li> <li>• Interest on Accounts in Arrear</li> <li>• Laminated documents</li> </ul>	<ul style="list-style-type: none"> <li>• Photocopies</li> <li>• Plecard / Postal Costs</li> <li>• Section 62 Appeals</li> <li>• Tender Objections</li> <li>• Top Management Consultation</li> <li>• Top Management Deposit</li> <li>• Trace of Direct Deposits</li> </ul>
<b>B</b>	<ul style="list-style-type: none"> <li>• Administration / Viewing Request, Film retrieval and Copying of Plans</li> <li>• Building Plans</li> <li>• Demolition application</li> <li>• Heritage investigations</li> </ul>	<ul style="list-style-type: none"> <li>• Plan Printing Fees</li> <li>• Plan Scrutiny Fees</li> <li>• Plan validity extension</li> <li>• Re-inspection fees</li> <li>• Signage</li> </ul>
<b>C</b>	<ul style="list-style-type: none"> <li>• Grave-digging</li> <li>• Indication of grave</li> </ul>	<ul style="list-style-type: none"> <li>• Plot Cost</li> <li>• Wall of Reimbursement</li> </ul>
<b>D</b>	<ul style="list-style-type: none"> <li>• Application for extended Liquor hours</li> <li>• Duplicates</li> <li>• Licenses- Formal</li> </ul>	<ul style="list-style-type: none"> <li>• Licenses - Informal</li> <li>• Liquor Licenses</li> <li>• Re-inspection Fee</li> </ul>
<b>E</b>	<ul style="list-style-type: none"> <li>• Animals</li> <li>• Application Fee</li> <li>• Area required for production and catering</li> <li>• Cancellation Fee</li> </ul>	<ul style="list-style-type: none"> <li>• Environmental Control Officer</li> <li>• Permits</li> <li>• Vehicles off Public Roads per Parking Bay</li> </ul>
<b>F</b>	<ul style="list-style-type: none"> <li>• Administration fee</li> <li>• Notices</li> <li>• Sheriff fee</li> </ul>	<ul style="list-style-type: none"> <li>• SMS</li> <li>• Tracing fee</li> </ul>
<b>G</b>	<ul style="list-style-type: none"> <li>• Water</li> <li>• Electricity</li> <li>• Sewerage</li> <li>• Roads</li> </ul>	<ul style="list-style-type: none"> <li>• Storm water</li> <li>• Solid Waste</li> <li>• Off Grid Developments</li> <li>• Evaluations/Investigations/Lewis</li> </ul>

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	<ul style="list-style-type: none"> <li>• Sanitation</li> </ul>	<ul style="list-style-type: none"> <li>• Builders connection</li> <li>• Call-out fee</li> <li>• Cancellation Fee</li> <li>• Capital Contributions</li> <li>• Casual Supplies</li> <li>• Change to SSEG or Time of Use</li> <li>• Change of Circuit Breaker</li> <li>• Commission of Bulk Meter</li> <li>• Connection and Disconnection of Service</li> <li>• Consumer Deposits</li> <li>• Contractor inspections</li> <li>• Conversion of meters</li> <li>• Credit Control and Debt Collection</li> <li>• Damaged cables</li> <li>• Damaged meter</li> <li>• Deposits cables etc.</li> <li>• Development Contribution</li> <li>• Erection &amp; Removal of Banners</li> <li>• Fee recalculation – no access</li> <li>• Hire of temporary distribution box/cable</li> <li>• Hire of Sleeve Space for fiber optic cable</li> </ul>	<ul style="list-style-type: none"> <li>• Illegal Connections/Tampering Fee</li> <li>• Illuminated Signs</li> <li>• Small Scale Embedded Generation (SSEG)</li> <li>• Meter Testing</li> <li>• Meter Verification</li> <li>• MV Switching</li> <li>• Public Lighting &amp; CCTV</li> <li>• Removal of meter</li> <li>• Replacement</li> <li>• Repositioning of Meter</li> <li>• Service Connections</li> <li>• Special Meter Readings</li> <li>• Sundry Services</li> <li>• Tariff change</li> <li>• Unauthorised connections per visit</li> <li>• Upgrading extension Fee</li> <li>• Wayleave</li> </ul>
<b>H</b>	<ul style="list-style-type: none"> <li>• Electricity</li> </ul>		
<b>I</b>	<ul style="list-style-type: none"> <li>• Fire Services &amp; Disaster Management</li> </ul>	<ul style="list-style-type: none"> <li>• Assistance of motor vehicle accidents and rescues</li> <li>• Burn Permits</li> <li>• Events</li> <li>• Extinguishing of Fires</li> <li>• Fire Prevention inspections</li> <li>• Fire Safety</li> </ul>	<ul style="list-style-type: none"> <li>• Plot Clearing</li> <li>• Re-inspection Fee under the By-law</li> <li>• Special Services</li> <li>• Standby at fire scene</li> </ul>
<b>J</b>	<ul style="list-style-type: none"> <li>• Housing</li> </ul>		<ul style="list-style-type: none"> <li>• Rental</li> </ul>
<b>K</b>	<ul style="list-style-type: none"> <li>• Law Enforcement</li> </ul>	<ul style="list-style-type: none"> <li>• Administration</li> <li>• Business &amp; Other Events</li> <li>• Bylaw on outdoor advertising</li> <li>• Impoundment of Informal Traders (Hawkers) goods</li> <li>• Impoundment of illegal Advertising/Agent boards</li> <li>• Inspection Fees</li> <li>• Impoundment of Abandoned/Constructing Items</li> <li>• Pound Fee Cattle</li> <li>• Pound fee Dogs and Cats</li> <li>• Pound fee Horses</li> </ul>	<ul style="list-style-type: none"> <li>• Pound fee other animals</li> <li>• Pound fee Pigs</li> <li>• Pound Fee Poultry</li> <li>• Pound fee Sheep and Goats</li> <li>• Pound fee Shopping Trolley</li> <li>• Re-inspection Fee</li> <li>• Removal of illegal structure</li> <li>• Storage Fee</li> </ul>
<b>L</b>	<ul style="list-style-type: none"> <li>• Libraries</li> </ul>	<ul style="list-style-type: none"> <li>• Damage or lost Library material</li> <li>• Deposits</li> <li>• Facsimiles</li> <li>• Laminated documents</li> <li>• Lost Cards</li> <li>• Penalty for Late Return</li> </ul>	<ul style="list-style-type: none"> <li>• Photocopies</li> <li>• Rental of Library Amenities</li> <li>• Scanning</li> <li>• Special Requests</li> <li>• Subscription</li> <li>• Visitors Fee (Handling)</li> </ul>
<b>M</b>	<ul style="list-style-type: none"> <li>• Municipal Buildings</li> </ul>	<ul style="list-style-type: none"> <li>• Deposits</li> <li>• Rental of Amenities</li> </ul>	<ul style="list-style-type: none"> <li>• Rental of Equipment</li> </ul>
<b>N</b>	<ul style="list-style-type: none"> <li>• Off-Grid Developments/Units</li> </ul>	<ul style="list-style-type: none"> <li>• Development Contribution</li> </ul>	
<b>O</b>	<ul style="list-style-type: none"> <li>• Operational Cost</li> </ul>	<ul style="list-style-type: none"> <li>• Street Signage</li> </ul>	

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		<ul style="list-style-type: none"> <li>Escorting and Other Services</li> <li>Hiring Traffic cones</li> <li>Impoundment of Boats</li> <li>Impoundment of Public Transport Vehicles</li> <li>Leaser's Licenses</li> <li>Permitting Meters</li> <li>Professional Driver's Permits</li> </ul>	<ul style="list-style-type: none"> <li>Taxi Rank Tolerans</li> <li>Traffic Cones</li> <li>Towing Charge</li> <li>Vehicle Registration</li> <li>Wheel clamping fee</li> </ul>
AA	Valuation (Property Information)	<ul style="list-style-type: none"> <li>Access to Information</li> <li>Clearance Certificates</li> <li>Derect Office Registrations</li> <li>Extract from Valuation Roll</li> </ul>	<ul style="list-style-type: none"> <li>Revaluation</li> <li>Valuation Certificates</li> <li>Valuation Roll</li> <li>Valuer's Roll</li> </ul>
BB	Water	<ul style="list-style-type: none"> <li>Administration Fee – recalculation no meter access</li> <li>Call-out Fee</li> <li>Capital Contributions</li> <li>Connection &amp; Disconnection</li> <li>Consumer Deposits</li> <li>Convert to water flow restrictor meter</li> <li>Credit Control and Debt Collection</li> <li>Damaged Water Meter; Water main &amp; Service Connection</li> <li>Development Contribution</li> <li>Final meter reading</li> <li>Irrigation Water</li> <li>Illegal Connection/Tampering Fee</li> </ul>	<ul style="list-style-type: none"> <li>Meter Testing</li> <li>Meter verification</li> <li>Rebates</li> <li>Reconnection</li> <li>Registration of borehole</li> <li>Removal of meter</li> <li>Repair of meter</li> <li>Replacement of Damage meter</li> <li>Repositioning of meter</li> <li>Service Connections</li> <li>Special Meter Readings</li> <li>Shut-off Inspections</li> <li>Sundry Services</li> <li>Temporary connections</li> </ul>
CC	Wayleaves and the use of Municipal Road Reserves for the Installation of services	<ul style="list-style-type: none"> <li>Administration and Supervision Fee</li> <li>Roadway Trench Fee</li> <li>Remedying, Repairing and Cleaning</li> </ul>	

9.6.4. The Municipal Manager shall maintain a list of all minor services indicating their unit of service for the purposes of determining tariffs, fees, charges and levies. Such list shall be reviewed annually together with the proposed tariffs, fees charges and levies.

10. NOTIFICATION OF TARIFFS, FEES AND SERVICE CHARGES

- 10.1. After a draft budget as required by the Local Government: Municipal Finance Management Act, 2003 (Act No 96 of 2003) has been tabled, the Municipal Manager must invite the local community to submit representations for consideration by the Council. Such invitation includes the draft resolutions on taxes and tariffs proposed.
- 10.2. After approval of the budget, the Council will give notice of all tariffs approved at the annual budget meeting at least 30 days prior to the date that the tariffs become effective.
- 10.3. A notice stating the purport of the council resolution, date on which the new tariffs shall become operational and invitation for objections will be advertised by the Municipality.
- 10.4. All tariffs approved must have been considered at the annual budget meeting.

11. IMPLEMENTING AND PHASING-IN OF THE POLICY

- 11.1. The principle contained in this Policy will be reflected in the various budget proposals submitted to the Council on an annual basis, service by-laws as promulgated and

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P	Parking Fees	<ul style="list-style-type: none"> <li>Metered Parking</li> </ul>	<ul style="list-style-type: none"> <li>Monthly Parking Permit</li> </ul>
Q	Property Administration	<ul style="list-style-type: none"> <li>Application/lessee/purchase/Encroachment Fee</li> <li>Leases</li> </ul>	<ul style="list-style-type: none"> <li>Memorial Benchmarks</li> <li>Radio Mast</li> </ul>
R	Public Works	<ul style="list-style-type: none"> <li>Felling and Pruning of Trees</li> <li>Private Work</li> <li>Sale of Miscellaneous Items</li> <li>Storm Water Drainage</li> </ul>	<ul style="list-style-type: none"> <li>Street Signage</li> <li>Tar and Patch Work</li> <li>Vehicle Entrances</li> </ul>
R	Recreational Amenities	<ul style="list-style-type: none"> <li>Affiliated Members</li> <li>Beaches</li> <li>Boat Launching</li> <li>Boat Licenses/Permits</li> <li>Caravan Parks</li> <li>Change Rooms</li> <li>Clubhouses</li> <li>Commercial Fishing Vessels</li> <li>Community Halls</li> <li>Day Camping Site</li> <li>Deposit</li> <li>Entrance Fee</li> <li>Formal Shop Rental</li> <li>Frank Robb Hut</li> <li>Hawker Stalls</li> <li>Informal Trader under cover rental</li> <li>Keip Collectors, Whale Watching and Shark Diving</li> </ul>	<ul style="list-style-type: none"> <li>Leases of sailboats/containers</li> <li>Non-Affiliated Members</li> <li>Office Rental</li> <li>Open Spaces</li> <li>Parking</li> <li>Passenger Boats</li> <li>Pleat House</li> <li>Public Open Space</li> <li>Recreational Fishing Vessels</li> <li>Rental Units Mainroad</li> <li>Rental Wet core Stands</li> <li>Schuss Houses</li> <li>Spaces for Sport</li> <li>Sport Events</li> <li>Sport Grounds</li> <li>Support Services</li> <li>Use of Tractor</li> </ul>
T	Roads	<ul style="list-style-type: none"> <li>Capital Contributions</li> </ul>	<ul style="list-style-type: none"> <li>Development Contribution</li> </ul>
U	Refuse Removal	<ul style="list-style-type: none"> <li>Asbestos Street</li> <li>Balcony Resistant Bins</li> <li>Deposits</li> <li>Rental of Bulk Containers</li> </ul>	<ul style="list-style-type: none"> <li>Self-Dumping</li> <li>Reinforcement of lock on baboon resistant wheelite bin</li> <li>Weigh Bridge</li> </ul>
V	Sewage	<ul style="list-style-type: none"> <li>Capital Contributions</li> <li>Connection of tanks</li> <li>Development Contribution</li> </ul>	<ul style="list-style-type: none"> <li>Disposal</li> <li>Tank Services</li> <li>Testing of tanks</li> </ul>
W	Storm water	<ul style="list-style-type: none"> <li>Development Contribution</li> </ul>	
X	Swimming Pool	<ul style="list-style-type: none"> <li>Entrance Fee</li> <li>Gates</li> </ul>	<ul style="list-style-type: none"> <li>Training session</li> </ul>
Y	Town Planning	<ul style="list-style-type: none"> <li>Advertising Cost</li> <li>Application Fee</li> <li>Closure of Public Place</li> <li>Contravention</li> <li>Penalty</li> <li>Demolition of Administrative</li> <li>Penalty</li> <li>Departure</li> <li>Deposit – Appeal</li> <li>Determination of Zoning</li> <li>Exemption to Section 26</li> <li>Extension of Time</li> </ul>	<ul style="list-style-type: none"> <li>Formal Structure</li> <li>Informal Structures</li> <li>Land use planning Fee</li> <li>Permission to Zoning Scheme</li> <li>Relaxation of Title Deed</li> <li>Registered Letter</li> <li>Removal of Title Deed Restrictions</li> <li>Search Fee</li> <li>Section 30(2)</li> <li>Certification/Clearance</li> <li>Spatial Development Framework</li> <li>Sub-division</li> <li>Zoning Certificate</li> </ul>
Z	Traffic	<ul style="list-style-type: none"> <li>Business and Other Events</li> <li>Disabled Parking Tolerans</li> <li>Driver's Licenses</li> </ul>	<ul style="list-style-type: none"> <li>Removal of Vehicles</li> <li>Reedworthy Certificates</li> <li>Storage Fees</li> </ul>

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adjusted by the Council from time to time and the Tariff By-laws referred to in section 75 of the Act.

11.2. The Council may determine conditions applicable to community service of a regulatory nature. These conditions will be reflected in the standing orders of the Council.

**12. PROCEDURES AND ACCOUNTABILITY**

12.1. The Municipal Manager shall ensure that procedures to manage all aspects of this Policy are prepared in the form of a manual, reviewed regularly and that these are formally adopted by him/her for implementation. These procedures will include aspects in this Policy and subscribe to sound principles of internal control.

12.2. The Directors and Managers shall ensure compliance with the procedures as approved from time to time by the Municipal Manager to give effect to the provisions of this Policy.

**13. IMPLEMENTATION AND REVIEW PROCESS**

This policy will come into effect on 1 July 2023 and will be reviewed at least annually or when required by way of a Council resolution.

**14. SHORT TITLE**

This policy shall be called the **Tariff Policy of the Overstrand Municipality**.

<b>POLICY SECTION:</b>	<b>MANAGER: INCOME</b>
<b>CURRENT UPDATE:</b>	31 MAY 2023
<b>PREVIOUS REVIEW:</b>	31 MAY 2022
<b>PREVIOUS REVIEW:</b>	26 MAY 2021
<b>PREVIOUS REVIEW:</b>	27 MAY 2020
<b>PREVIOUS REVIEW:</b>	29 MAY 2019
<b>PREVIOUS REVIEW:</b>	30 MAY 2018
<b>PREVIOUS REVIEW:</b>	31 MAY 2017
<b>PREVIOUS REVIEW:</b>	25 MAY 2016
<b>PREVIOUS REVIEW:</b>	28 MAY 2015
<b>PREVIOUS REVIEW:</b>	28 MAY 2014
<b>PREVIOUS REVIEW:</b>	29 MAY 2013
<b>PREVIOUS REVIEW:</b>	31 AUG 2011
<b>PREVIOUS REVIEW:</b>	04 MAY 2011
<b>PREVIOUS REVIEW:</b>	26 MAY 2010
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**OVERSTRAND MUNICIPALITY**  
**CUSTOMER CARE, CREDIT CONTROL AND DEBT COLLECTION POLICY**

**OVERSTRAND MUNICIPALITY**



**CUSTOMER CARE,  
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**P R E A M B L E**

Whereas section 96 of the Local Government: Municipal Systems Act, 2000 (Act No 32 of 2000) requires a municipality to adopt, maintain and implement a credit control, debt collection and customer care policy;

And whereas section 97 of the Systems Act prescribes what such policy must provide for;

Now therefore the Municipal Council of the Municipality of Overstrand adopts the Customer Care, Credit Control and Debt Collection Policy as set out in this document. -

Annexure C  
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**1. 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 :-

"Act"	The Local Government Act: Municipal Systems Act 2000 (Act No 32 of 2000) as amended from time to time.
"arrears"	means any amount which is due, owing and payable and which remains unpaid by the due date;
"authorised representative"	the person or instance legally appointed by the Council to act or to fulfil a duty on its behalf.
"basic service"	the amount or level of any municipal service that is necessary to ensure an acceptable and reasonable quality of life and which, if not provided, would endanger public health or safety of the environment and for the purposes of this Policy are restricted to the delivery of electricity, refuse, sewerage and water services.
"Chief Financial Officer"	an officer of the Municipality appointed as the Head of the Finance Department and includes any person:- (a) acting in such position; and (b) to whom the Chief Financial Officer has delegated a power, function or duty in respect of such a delegated power, function or duty.
"child-headed household"	a household where all the occupants of a residential property are younger than 18 years old, i.e. a child-headed household is a household consisting only of children.
"Council" or "municipal council"	a municipal council referred to in section 18 of the Local Government: Municipal Structures Act, 1998 (Act No 117 of 1998) and for purposes of this policy, the municipal council of the Municipality of Overstrand.
"Credit control" and debt collection"	the functions relating to the collection of any monies due and payable to the Municipality.
"Closely connected person"	any immediate relative of the person namely spouse, child, parent, parent-in-law, life partner.
"customer"	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 households).
"defaulter"	a person who owes money to the Municipality in respect of a municipal account after the due date for payment has expired.
"Director"	the person in charge of the civil and/or electrical component(s) of the Municipality and includes any person:- (a) acting in such position; and (b) to whom the Director has delegated a power, function or duty in respect of such a delegated power, function or duty.
"equipment"	a structure, pipe, pump, wiring, cable, meter, machine or any fittings.
"household"	all persons who are jointly living on a stand or site on a permanent basis and who receive electricity and/or water from one meter, regardless whether the person rents or owns the property.
"income"	Income is the gross sum of all monthly income from all sources, including wages, salaries, profits, dividends, pensions, rentals, board & lodging, interest received, grants or investment income and other forms of earnings received by every person residing on the property.
"indigent"	a household which is not financially capable of paying for the delivery of basic services and meeting criteria determined by Council from time to time. [ - This also includes poor households.]
"interest"	a levy with the same legal priority as service fees and calculated on the first day of the new month on all arrears amounts older than the most recent monthly service account in respect of assessment rates and service levies at a standard rate as approved by Council.

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<b>"Municipality"</b>	the institution that is responsible for the collection of funds and the provision of services to the customers of Overstrand.
<b>"Municipal account" or "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:- (a) show the levies for assessment rates and/or building charges; and (b) "monthly account" rendered monthly and shows the levies for assessment rates and/or building charges, availability charge, sewerage, refuse removal, electricity, water, sundries, housing rentals and indemnities, as well as the monthly instalment for annual services paid monthly.
<b>"Municipal Manager"</b>	the accounting officer appointed in terms of section 82 of the Local Government: Municipal Structures Act, 1998 (Act No 117 of 1998) and being the head of administration and accounting officer in terms of section 55 of the Local Government: Municipal Systems Act, 2000 (Act No 32 of 2000) and includes any person:- (a) acting in such position; and (b) to whom the Municipal Manager has delegated a power, function or duty in respect of such a delegated power, function or duty.
<b>"municipal services"</b>	those services provided by the Municipality such as, amongst others the supply of water and electricity, refuse removal, sewerage treatment, and for which payment is required by the Municipality or not.
<b>"occupier"</b>	any person who occupies any property or part thereof, without any regard to the title under which he/she so occupies the property - in process of phasing out from 01/07/2010.
<b>"owner"</b>	(a) the person in whom the legal title to the property is vested; (b) a person mentioned below may for the purposes of this Policy 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 the lessee; (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; (c) in the case where the Council is unable to determine the identity of such person, the person who is entitled to the benefit of such property or any building thereon; (d) in the case of a property for which a lease agreement of 30 years or more has been entered into, the lessee thereof; (e) regarding:- (i) a portion of land delineated on a sectional title plan registered in terms of the Sectional Titles Act, 1986 (Act No 95 of 1986), and without restituting the above mentioned stipulations, the developer or body corporate of the communal property; or (ii) a portion as defined in the Sectional Titles Act, the person in whose name that portion is registered under a sectional title deed, including the legally appointed representative of such person; (i) any legal entity, including but not limited to:- (i) a company registered in terms of the Companies Act, 2008 (Act No 71 of 2008), a trust <i>inter vivos</i> , trust <i>maris causa</i> , a closed corporation registered in

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	terms of the Closed Corporations Act, 1984 (Act No 69 of 1984), and any voluntary organisation; (ii) any local, provincial or national government; (iii) any council, board or entity established in terms of any legislation applicable to the Republic of South Africa; and (iv) any embassy or other foreign entity. (ii) in the case of property owned by the Council and which has been alienated, but which has not been transferred to the person to whom it has been alienated, such person from the date of the alienation concerned; and (iii) in the case of property owned by or under the control or management of the Council while held under a lease or any express or tacit extension thereof or under any other contract or under a servitude or right analogous thereto, the person so holding the right to the immovable property.
<b>"premises" or "property"</b>	any portion of land, the external surface boundaries of which are delineated on:- (a) a general plan or diagram registered in terms of the Land Survey Act, 1927 (Act No 9 of 1927) or in terms of the Deeds Registry Act, 1937 (Act No 47 of 1937); or (b) a sectional plan registered in terms of the Sectional Titles Act, 1986 (Act No 95 of 1986); which is situated within the area of jurisdiction of the Municipality.
<b>"Residential"</b>	means improved property that is: (a) used predominantly (60% or more) for residential purposes, with not more than two dwelling units per property; (b) a unit registered in terms of the Sectional Titles Act 95 of 1986, used predominantly (60% or more) for residential purposes, and includes any unit in the same Sectional Title Scheme registered in the name of the same owner which is used together with the residential unit as if it were one property, for example a garage or store room. (Any such grouping shall be regarded as one residential property for rate rebate or valuation purposes); or (c) owned by a share-block company and used predominantly (60% or more) for residential purposes; or (d) a residence used for residential purposes situated on property used for or related to educational purposes.

**2. GENERAL OBJECTIVES:**

- The objectives of this Policy are to:-
- 2.1 provide a framework within which the Municipality can exercise its executive and legislative authority with regard to credit control and debt collection;
  - 2.2 ensure that all monies due and payable to the Municipality are levied and collected in a financially sustainable manner;
  - 2.3 provide a framework for customer care and indigent support;
  - 2.4 describe credit control measures and sequence of events;
  - 2.5 outline debt collection and credit control procedures and mechanisms; and
  - 2.6 set realistic targets for credit control and debt collection.

**3. PRINCIPLES**

- 3.1 The administrative integrity of the Municipality must be maintained at all costs. The democratically elected councillors are responsible for the approval of the policy, while it is the responsibility of the Municipal Manager to ensure the execution of this policy.
- 3.2 All customers must complete an official application form, formally requesting the Municipality to connect them to service supply lines. Existing customers may be required to complete new application forms from time to time, as determined by the Municipal Manager.
- 3.3 Application forms, agreements and documents relating to this Policy must be available in Afrikaans and English. Officials designated to control and manage these documents must be able to explain the contents thereof in the three languages of the Western Cape.

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- 3.4 A copy of the application form, conditions of services and extracts of the Council's Customer Care, Credit Control and Debt Collection Policy and By-Laws must be handed to every customer on request at such fees as may be prescribed by Council.
- 3.5 Billing is to be accurate, timely and understandable as far as possible.
- 3.6 The customer is entitled to reasonable access to pay points and to a variety of reliable payment methods which will include cash, debit or credit card, electronic fund transfer, debit order and bank order payments.
- 3.7 The customer is entitled to an efficient, effective and reasonable response to appeals, and should suffer no disadvantage during the processing of a reasonable appeal.
- 3.8 Enforcement of payment must be prompt, consistent and effective.
- 3.9 Unauthorised consumption, connection and reconnection, the tampering with or theft of meters, service supply equipment and the recalculation network and any fraudulent activity in connection with the provision of municipal services will lead to disconnections, charges, penalties, loss of rights and/or criminal prosecutions. A certificate reflecting the nature and extent of the unauthorized activity must be issued by a duly qualified person to substantiate the claim.
- 3.10 Incentives and disincentives may be used in collection procedures.
- 3.11 The collection process must be cost-effective.
- 3.12 Results will be regularly and efficiently reported and monitored.
- 3.13 Application forms may be used to, amongst others, categorise customers according to credit risk and to determine relevant levels of services and deposits required.
- 3.14 Targets for performance in both customer service and debt collection will be set and pursued and remedies implemented for non-performance.
- 3.15 Where practicable possible the Customer Care and Debt Collection Policies will be handled independently of each other and the organisational structure will reflect the separate functions.
- 3.16 The principle of providing services instead of payment for arrears accounts is supported.
- 3.17 Customers that meet council's indigent criteria must be identified and supported.
- 3.18 USP customers who occupied the allocated area already, will be charged the required deposits retrospectively.

**4. PERFORMANCE EVALUATION**

This is addressed in the SDBIP and the Municipal Performance Management System.

**5. REPORTING**

- 5.1 The Chief Financial Officer (Director: Finance) shall report monthly to the Municipal Manager in a suitable format to enable the Municipal Manager to report to the Executive Mayor, as supervisory authority in terms of section 99 of the Act, read with section 100(c). This report shall contain particulars on-
  - (a) Cash collection statistics, showing high-level debt recovery information (number of customers; enquires; arrangements; default arrangements; growth or reduction of arrears debt). Where possible, the statistics should ideally be divided into wards, business (commerce and industry), domestic, state, institutional and other such divisions.
  - (b) Performance on all areas against targets agreed to in paragraph 5 of this policy document.
- 5.2 If in the opinion of the Chief Financial Officer, the Municipality will not achieve cash receipt income equivalent of the income projected in the annual budget as approved by Council, the Chief Financial Officer will report this with motivation to the Municipal Manager who will, if he/she agrees with the Chief Financial Officer, immediately move for a revision of the budget according to realistically realisable income levels.
- 5.3 The Executive Mayor, as supervisory authority, shall report at intervals of 3 months to Council as contemplated in section 98(c) of the Act.

**6. CUSTOMER CARE**

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- 6.1 **Objective**  
To focus on the customer's need in a responsible and pro-active way to enhance the payment for services and to create a positive and cooperative relationship between the persons responsible for the payment for services received and the Municipality and where applicable, the service provider.
- 6.2 **Communication and feedback**
  - 6.2.1 The Municipality will, within its financial and administrative capacity, conduct an annual process of compiling and communicating its budget, which will include targets for credit control and debt collection. This process will include the effort to ensure that the residents and customers understand the costs involved in the service provision, the reasons for payment of service tariffs and the manner in which monies raised from the customers are utilised.
  - 6.2.2 Council will endeavour to distribute a regular newsletter (also available on the website), which will give prominence to customer care and debt collection issues.
  - 6.2.3 Ward councillors will give feedback at ward meetings, at which customer care and debt collection issues will be given prominence.
  - 6.2.4 The press will be encouraged to give prominence to Council's customer care, credit control and debt collection issues, and may be invited to council or committee meetings where these are discussed.
  - 6.2.5 The residents and users of services will be encouraged to give feedback through the established mechanisms to the Municipality regarding the quality of services and the performance of service providers.
- 6.3 **Metering**
  - 6.3.1 The Municipality will endeavour, within practical and financial constraints, to provide meters to every paying customer for all measurable services.
  - 6.3.2 All meters will be read monthly, as far as possible. If the meter is not read monthly, the consumption may be estimated in terms of Council's operational procedures.
  - 6.3.3 If any meter is not accessible for meter reading, the customer must apply and pay to have the meter moved out to the borderline and convert the electricity meter to a pre-paid meter.
  - 6.3.4 Customers must-
    - (a) safeguard and maintain service meters in a readable condition;
    - (b) notify the Municipality when services are no longer required at a particular service delivery point;
    - (c) maintain credit and pre-payment meters; and
    - (d) supply the Municipality with accurate information with regard to the supply of services or applications for indigent cases.
  - 6.3.5 Customers are entitled to request verification of meter readings at the prescribed tariff.
  - 6.3.6 Customers are entitled to request testing of meters for accuracy within reason. If the test reveals the meter to register outside the norm as prescribed for the service in question (Electricity or Water), the meter will be replaced and the customer's account will be adjusted accordingly. The adjustment may not exceed a period of six (6) months, preceding the date on which the metering equipment was found to be inaccurate. If the outcome shows that the meter was not defective, the consumer is liable for payment for the cost of the [test] testing, as well as for the removal and re-installation thereof at the prescribed tariff as well as for other amounts outstanding.
  - 6.3.7 Customers must give notice of at least 48 hours to the Municipality should a final reading or discontinuation of service be required. When a customer vacates a property and a final reading of the meter is not possible due to no access, an estimated consumption will be used by the Municipality and the final account rendered accordingly.
  - 6.3.8 If a service is metered but it cannot be read due to financial and/or human resource constraints or circumstances beyond the control of the Municipality or its authorised agent, and the customer is charged for an estimated consumption, the

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account following the reading of the metered consumption must articulate the difference between the actual consumption and the average consumption, and the resulting credit or debit adjustments.  
The Municipality may apply debt collection as a percentage (at least 40/60%) on the pre-payment electricity system, to ensure collection of all arrears debt on the account of the customer.

6.3.9

**6.4 Accounts and billing**

6.4.1 The Municipality will as far as possible render to its customers on the billing system an understandable and accurate statement, which will consolidate all service costs and subsidies granted in terms of this Policy for that property.  
Accounts will be produced in accordance with the meter reading cycle and due dates will be linked to the statement date.  
6.4.3 The customer's municipal account shall be credited for energy generated by the embedded generator and exported to the network in the amount/s reflected in the annual tariff relating to the import and export of electrical energy for embedded generation. Small scale embedded generator customers (SSEG) will be billed as follows:

(a) The service charge and all energy and maximum demand charges, as applicable, will be billed on the monthly electricity account.  
(b) A credit will be passed for export of energy monthly against the normal monthly electricity account.  
(c) Customers will not be compensated if the monthly export reflects a credit balance. A credit balance for export will be carried forward to the following month.  
(d) In the instance where an export credit exists on 30 June, this credit will be forfeited.

(e) At the time that the customer ceases to be on the small scale embedded generation tariff, any remaining credit balance for export, will not be refunded to the customer.

(f) The municipality shall not be obliged to grant credit to the customer for export not received onto the electrical grid due to unavailability of the grid or for any other reason.

6.4.4 If no official complaint in writing is received by the 15<sup>th</sup> of the month it will be considered that the account delivered is correct.

6.4.5 Accounts will be rendered monthly in cycles of approximately 30 days at the address last recorded with the Municipality or its authorised agent.

6.4.6 It is the customer's responsibility to ensure that his/her postal address and all other required details are correct.

6.4.7 Should an owner have an e-mail address stated on the clearance application form, during and subsequent to the transfer of the property into his or her name, said e-mail address shall take preference over a postal address provided on the said application. The email address shall be regarded as the default address for all correspondence inclusive of the monthly account send to that owner until otherwise advised in writing.

(a) Accounts are delivered monthly. It is the customer's responsibility to enquire from the Municipality should an account not be received in order to ensure timely payment and to obtain a duplicate account when the account is not delivered during the normal billing cycle.

(b) Customers residing outside the borders of the Republic of South Africa will receive only electronic accounts, unless a local address is supplied. Settlement or due dates will be as indicated on the statement and are normally as follows:-

(a) Monthly accounts are payable before or on the due date in accordance with the specific account billing (invoicing) cycle as indicated on the account, or the first working day thereafter should it fall on a weekend or public holiday, of the month following the month of the statement of the account.

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(b) Large Power and Time of Use electricity customer accounts are payable on or before the 15<sup>th</sup> of each month, or the first working day thereafter should the 15<sup>th</sup> be on a week-end.

(c) Annual accounts are payable on or before the 30<sup>th</sup> of September of each year.

(d) Accounts of councillors and employees may be deducted from their salaries/allowances on a monthly basis, alternatively, they may sign a debit order for deduction of the monthly account off their bank account.  
(e) Staff arrears will be dealt with in accordance with Schedule 2(10) of Local Government: Municipal Systems Act 32 of 2000 and in terms of any procedures, method or actions referred to in this Policy. Notwithstanding any other procedure, method or action that may be taken in terms of this Policy, the Municipality shall deduct any outstanding amount from such staff members' salary after this 3 (three) month period. Outstanding arrears will be settled out of any annual bonus due to the staff member. All staff joining the Municipality must, within 30 days, sign an agreement to pay arrears.

(f) Where the Municipality provides temporary employment to members of the community who are in arrears with payments for municipal rates and services, they will be required to enter into a written agreement to pay up to a maximum of 30% of their gross remuneration towards the arrears debt.

(g) In accordance with Schedule 1(12A) of the Local Government: Municipal Systems Act 32 of 2000, a Councillor of the Local Government may not be in arrears to the Municipality for rates and service charges for a period longer than 3 months. Notwithstanding any other procedure, method or action that may be taken in terms of this Policy, the Municipality shall deduct any outstanding amount from such Councillors' remuneration after this 3 (three) month period.

6.4.10 Where an account is not settled in full, any lesser amount tendered and accepted shall not be deemed to be in full and final settlement of such an account.

6.4.11 Where any payment made to the Municipality, or its authorised representative, by negotiable instrument is subsequently dishonoured by a bank, the Municipality or its authorised agent:-

(a) may recover the average bank charges incurred relating to dishonoured negotiable instruments, together with an administration fee, against the account of the customer;

(b) shall regard such an event, as a default on payment and services may be discontinued should a valid payment by cash, a bank-guaranteed cheque or electronic fund transfer not be made by the date provided by the authorized official;

(c) may insist on cash, debit order or electronic fund transfer payments for all future accounts;

(d) may only consider application for re-instatement of debit order/cheque after twelve months, except in instances where the Senior Manager: Revenue, or delegated official, authorises otherwise.

6.4.12 The Municipality must issue a duplicate account or any acceptable alternative to a customer on request, at a cost determined by Council from time to time.

6.4.13 The registered owner of a property being leased is at his/her own cost entitled to obtain a copy of the account of a lessor and to be informed if a lessee is in arrears with his/her service charges within 60 days.

6.4.14 All contracts for service delivery with tenants will be phased out over a period of time and all new service contracts will only be with the owners of the property.

6.4.15 Opening of tenant accounts will only be allowed when:  
(a) the customer is an indigent household and the property is registered in the name of another person;

(b) the customer is a contractor for municipal projects  
When tenants are in default, the service contract with the tenant will be cancelled and services transferred to the owner.

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- 6.4.17 The amount which the Municipality may recover from the tenant or occupier of a property where there exists only an owners account, is limited to the amount of rent or other money due and payable, but not yet paid, by the tenant or occupier to the owner of the property.
- 6.4.18 The tenant or occupier of a property must, on request from the Municipality, furnish the Municipality with a written statement specifying all payments to be made by the tenant or occupier to the owner of the property for rent or other money payable on the property during a period determined by the Municipality.
- 6.5 **Payment facilities and methods**
  - 6.5.1 The Municipality will operate and maintain suitable payment facilities, which facilities will be accessible to all customers.
  - 6.5.2 The Municipality will, at its discretion, allocate a payment between service debts. A debtor does not have the right to indicate that the payment is for a specific portion of the account.
  - 6.5.3 The Municipality may, in terms of section 103 of the Act and with the consent of a customer, approach an employer of the customer to secure a debit or stop order arrangement.
  - 6.5.4 The Municipality will endeavour to appoint a variety of agents (super markets, SA Postal Services, etc.) for the receipt and transfer of payments to the Municipality. The customer will acknowledge in the customer agreement that the use of customer agents in the transmission of payments to the Municipality is at the risk of the customer – also the time lapse for transfer of the payment.
  - 6.5.5 The Municipality will, in the event of notices sent to customers, as well as in the instance of services having been disconnected or restricted, only accept cash or electronic fund transfer / direct deposit into the Municipality's bank account, or payment at any one of the nominated cash receiving points or agents of the Municipality. Documented proof must be sent via e-mail to the sender as stated on the Overstrand Municipality's notice document, during office hours, not later than 16:00.
- 6.6 **Incentives for prompt payment (Annexure "A")**
  - 6.6.1 The Council may, to encourage prompt payment and/or to reward regular payers, from time to time consider incentives for the prompt payment of accounts or payment by debit or stop order.
  - 6.6.2 If introduced, the cost associated with the incentive scheme will be reflected in the operational budget as additional expenditure.
- 6.7 **Feedback, enquiries, appeals and service complaints**
  - 6.7.1 Within its administration and financial ability the Municipality will establish: -
    - (a) Decentralised complaints/feedback offices;
    - (b) A centralised complaints database to enhance co-ordination of complaints, their speedy resolution and effective communication with customers;
    - (c) Appropriate training for officials dealing with the public to enhance communications and service delivery; and
    - (d) The introduction of a regular article in the newsletter to inform customers on the safe and economic use of services.
  - 6.7.2 If a customer is convinced that his/her account is inaccurate, he/she can lodge a query, together with supporting documentation and proof, with the Municipality before due date for investigation of this account, and where necessary the relevant alterations.
  - 6.7.3 In the interim the debtor must pay an average based on previous consumption where such history of the account is available. Where no such history is available, the debtor is to pay an estimate provided by the Municipality before payment due date until the matter is resolved.

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- 6.7.4 The relevant department will investigate and endeavour to inform the debtor within 14 days of the outcome of the investigation and the measures that have been or will be taken to correct the situation.
- 6.7.5 Failure to make such agreed interim payment or payments will result in the customer forming part of the normal credit control procedures.
- 6.7.6 A customer may appeal against the finding of the Municipality in terms of sub clause (6.7.4).
- 6.7.7 An appeal and request in terms of sub clause (6.7.6) must be made and lodged with the Municipality within 21 (twenty-one) days after the customer became aware of the finding referred to in sub clause (4) and must: -
  - (a) set out the reasons for the appeal;
  - (b) be accompanied by any security determined for the testing of a measuring device, if applicable;
  - (c) Appeal deposits in accordance with approved tariffs for the review of water rebate applications, will be levied to the customer's municipal account, in the instance of a dismissal of the appeal.
- 6.8 **Customer assistance programs**
  - 6.8.1 **Water leakages:**
    - (a) If the leakage is on the customer's side of the meter, the customer will be responsible for payment of the full account.
    - (b) Water leakage discount will not be considered in the instance of irrigation systems.
    - (c) A customer will qualify for a Water Leakage Discount upon application on the prescribed form within 90 days after the leak has been repaired, which application will only be regarded as a valid application if complete information and documentation as prescribed is received and: -
      - (i) the leak was repaired within 10 working days since its detection; or any further leakages was prevented effectively after detection, with reference to the subsequent consumption patterns;
      - (ii) the customer applied only once in a cycle of 30 months for a discount; and in the instance where a customer experience a second leak within the 30 months period as mentioned in above, the customer may apply on the prescribed form within 80 days after the leak has been repaired, which application will only be regarded as a valid application if the customer is prepared to convert to a flow restrictor meter at cost of the customer
      - (iii) proof of repair and costs as well as the date of repair, or a sworn affidavit from any person who has repaired the leak, has been submitted, or where the leak was repaired through the client's insurance, all of the following must be submitted:
        - (1) proof of claim submitted to the insurance;
        - (2) confirmation letter from the plumber who was appointed by the insurance to repair the leak.
      - (d) Discount for consumption over the period that the leak was present will be calculated by comparing the average consumption over a corresponding period. Any consumption above the average will be charged at the rebate tariff applicable, subject to a maximum period of 3 months.
      - (e) A discount will be applicable on the excess sewer consumption charge as calculated.
      - (f) It is the responsibility of the customer to control and monitor his/her consumption.
- 6.8.2 **Rate rebates:**

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- (a) The municipal council may grant rate rebates annually to certain categories of ratepayers in accordance to the Municipality's Property Rates Policy and By-Laws.
  - (b) Rate rebates will be subject to certain criteria as determined by Council from time to time.
- 6.8.3 Arrangements for payment of arrears (Annexure "B"):
- (a) Customers whose municipal accounts become in arrears may enter into a written arrangement for settlement of the arrears with the Municipality. Such customers may be requested to complete a new application and agreement for Municipal Services.
  - (b) If required, customers with arrears must agree to the conversion to a pre-payment electricity meter and a flow limiter water meter. If and when implemented, the cost of which, and the arrears total, will be paid off either by:-
    - (i) adding the debt to the arrears bill and repaying it over the agreed period; or
    - (ii) adding the debt as a surcharge to the pre-paid electricity cost, and repaying it with each purchase of electricity at a percentage rate (at least 40/60%), until the debt is liquidated.
  - (c) In the case of the customer who is not a natural person, an organ of state, a local authority, a public company or a public corporation, the major shareholder or member will be obligated to guarantee the debt of the customer.
  - (d) Council reserves the right to raise the deposit/security requirement of debtors who seek arrangements and/or other stipulations it may deem necessary.

**6.9 Subsidy for indigent households**  
 Please refer Overstrand Municipality, Indigent Policy

- 6.10 Additional subsidy categories**
- 6.10.1 Subject to an equitable share contribution received from National Treasury, Council may provide, free of charge to a customer, basic services as determined from time to time.
  - 6.10.2 Rebates on property rates may be granted to categories of properties or owners in accordance to Council's Property Rates Policy.

**6.11 Customer categories**

6.11.1 Customers will be categorised according to specific classifications based on amongst others the type of entity, applicable tariffs and risk levels of the provision of services. Processes for credit control, debt collection and customer care may differ from category to category, as deemed appropriate from time to time by the Municipal Manager.

- 6.12 Deceased Estates**
- 6.12.1 the death certificate of the deceased person must be presented;
  - 6.12.2 proof from the Registrar of Estates should be obtained that a deceased estate is not liable for any claims;
  - 6.12.3 if the estate will be liable for claims, a claim should be laid against the said estate;
  - 6.12.4 if no estate is registered but a death certificate was obtained, such debts should be written off with effect from the date of death;
  - 6.12.5 if a subsequent new tenant/owner/authorised person qualify for indigent subsidies, the total outstanding amount should be written off;
  - 6.12.6 in the instance that the new tenant/owner/authorised person will not qualify for a subsidy, the new tenant/owner/authorised person shall be responsible to pay the

outstanding amount on the account from the date of death of the deceased person, up to the current date, or to arrange for a settlement agreement;

6.12.7 child headed families, where the parents are both deceased and only unemployed minor children stays in the dwelling, a social worker report must be obtained in order for the debt to be written off. The child headed family may apply for indigent subsidy on the account of the deceased owner.

6.12.8 In the case of a deceased property owner, the authorised person(s) of the family members may give permission with the submission of an affidavit to identify the responsible occupier of the property, to be responsible for the payment of the municipal account on the property. This occupier may apply for indigent subsidy. The account will stay in the name of the registered owner but will be the responsibility of the authorised occupier, regardless of the outcome of any indigent application.

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**CREDIT CONTROL POLICY**

- 7.1 Objective**
- 7.1.1 To implement procedures which ensure the collection of debt, meeting of service targets and the prevention of escalation in arrears debt.
- 7.1.2 To facilitate financial assistance and basic services for the community's poor.
- 7.1.3 To provide incentives for prompt payment.
- 7.1.4 To limit risk levels by means of effective management tools.
- 7.2 Service applications and agreements**
- 7.2.1 All customers of services will be required to sign an agreement governing the supply and cost of municipal services. On default by a tenant, the owner will be the debtor of last resort except where the Municipality is the owner of the property.
- 7.2.2 Prior to signing these agreements, customers will be entitled to access the policy documents. Also available on the official website at: [www.overstrand.gov.za](http://www.overstrand.gov.za).
- 7.2.3 On the signing of the agreement when requested thereto, customers will receive a copy of the agreement for their records.
- 7.2.4 Customers will accept responsibility in the agreement for administration costs of collection, interest and penalties in the event of delayed and/or non-payment.
- 7.2.5 The Municipality may refuse to supply services to an applicant should such applicant owe monies to the Municipality regarding a previous period when he/she was rendered services by the Municipality, until such debt has been settled in full. Should the applicant prove to the Chief Financial Officer that he/she is unable to pay, the application will be dealt with in terms of Council's Indigent Subsidy Scheme.
- 7.2.6 The Municipality will read the meters within the period stipulated in the agreement after notification of change in ownership or application for the supply of services and render an account within the normal cycle applicable to the property.
- 7.2.7 Existing customers may be required to sign new agreements in the following instances:
- (a) Any change of service profile;
- (b) With any instruction given or actual disconnection or restriction of services or any legal action taken;
- (c) Any form of tampering with service networks or meters etc (as mentioned in Section 7.5.1 below);
- (d) As determined by the Municipal Manager from time to time.
- 7.2.8 Should a customer fail to enter into such agreement with Council or to provide the security described in clause 7.6, Council may:-
- (a) hold the customer liable for all outstanding debt on services for the property; and/or
- (b) restrict or discontinue the supply of Municipal services.
- 7.2.9 The Municipality shall open only one account per property for the rates, fixed levies and service charges.
- 7.2.10 All arrangements may be subject to periodic review.
- 7.2.12 Debtors who default on two occasions in respect of arrangements, will be denied the privilege of making further arrangements, and the full amount will be payable. Interest will be calculated on the first day of the new month on all arrears amounts older than the most recent monthly service account, taking any payments into consideration.
- 7.2.13 An amount of at least the monetary value of the most recent 3 months accounts must be settled before a recommendation by the Manager. Revenue can be made for further arrangements in excess of the two occasions mentioned above, to be considered by the Senior Manager: Revenue, based on current circumstances.
- 7.3 Right of access to premises**
- 7.3.1 The owner and/or occupier of a property is to allow an authorised representative of the Municipality access at all reasonable hours to the property in order to read,

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- 7.3.2 inspect, install or repair any meter or service connection for reticulation, or to disconnect, stop or restrict, or reconnect the provision of any service.
- 7.3.3 The owner is responsible to ensure that all meters installed on his/her property are easily accessible.
- 7.3.4 The owner is responsible for the cost of relocating a meter if satisfactory access is not possible.
- 7.3.4 if a person fails to comply to any requirements, the Municipality or its authorised representative may:-
- (a) by written notice require such person to restore access at his/her own expense within a specified period.
- (b) without prior notice restore access and recover the cost from such person if it is the opinion that the situation is a matter of urgency.
- 7.4 Enforcement mechanisms**
- 7.4.1 Interest may be raised as a charge on all accounts not paid by the due date in accordance with applicable legislation.
- 7.4.2 The Municipality shall restrict or discontinue the supply of services or implement any other debt collection actions necessary due to late or non-payment of accounts, relating to any customer, owner or property.
- 7.4.3 Council reserves the right to deny or restrict the sale of electricity or water to customers who are in arrears with their rates or other municipal charges.
- 7.4.4 Upon the liquidation of arrears, or the conclusion of acceptable arrangements for term payments, the service will be reconnected as soon as conveniently possible.
- 7.4.5 The administration cost of the restriction or disconnection, and the reconnection, will be determined by tariffs approved by Council, and will be payable by the customer.
- 7.4.6 If a person is indigent a pre-paid electricity meter must be installed and a flow limiter water meter may be installed free of charge.
- 7.4.7 The deposit(s) of any defaulter will be adjusted in terms of paragraph 7.2.2 and brought into line with relevant policies of Council.
- 7.4.8 Defaulters' deposits will be reviewed annually, based on the debtor's Municipal payment record, indicating no default, over the preceding 12 (twelve) months, excluding customers with current arrangements. The deposit will be adjusted to the minimum deposit required in terms of the approved Tariff Schedule.
- 7.4.9 Defaulters deposits will be reviewed immediately, where the account was settled in full and a debit order is signed to prevent late payments.
- 7.4.10 In accordance with Section 102 of the Municipal Systems Act, the Municipality may
- (a) Consolidate any separate accounts of persons liable for payments to the municipality;
- (b) Credit a payment of such a person against any account of that person; and
- (c) Implement any of the debt collection and credit control measures provided for in Chapter 9 of the Act in relation to any arrears on any of the accounts of such a person.
- 7.5 Theft and fraud**
- 7.5.1 Any person (natural or juristic) found to be illegally connected or reconnected to municipal services, tampering with meters, the reticulation network or any other supply equipment or committing any unauthorised act associated with the supply of municipal services, as well as theft of and damage to Council property, will be prosecuted and/or liable for costs at the prescribed tariffs as determined from time to time.
- 7.5.2 The Municipality has the right to obtain authorisation from the Magistrate for the imposition of fines for the offences as mentioned in paragraph 7.5.1 above.

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- 7.5.3 The Municipality may terminate and/or remove the electricity supply of services to a customer should such conduct as outlined above, be detected and certified.
  - 7.5.4 The Municipality may install a water flow restrictor meter to a customer should such conduct as outlined above, be detected and certified.
  - 7.5.5 The total bill owing, including administration cost, assessment of unauthorised consumption and discontinuation and reconnection fees, and increased deposits as determined by Council if applicable, will be due and payable before any reconnection can be sanctioned.
  - 7.5.6 Council will maintain monitoring systems and teams in order to identify and monitor customers who are undertaking such illegal actions.
  - 7.5.7 Council reserves the right to lay criminal charges and/or to take any other legal action against both vandals and thieves.
  - 7.5.8 Any person failing to provide information or providing false information on his application for or other document pertaining to the supply of services to the Municipality may face immediate disconnection of services.
- 7.6 Customer screening and securities**
- 7.6.1 Security deposits, may be required. The minimum deposit being the equivalent of amounts fixed from time to time by the Municipality.
  - 7.6.2 Security deposit in respect of electricity will be adjusted annually, which will be equal to twice the average consumption during the preceding 12 months.
  - 7.6.3 Applicants who are not natural persons, organs of state, local authorities, public companies or public corporations must supply details of their directors, members, partners or trustees and at least the main shareholder must in his/her personal capacity guarantee the payment of the applicant's municipal account and in the case of a trust, all the trustees in their personal capacity.
  - 7.6.4 On the termination of the agreement the amount of the deposit, less any outstanding amount due to the Municipality, will be refunded to the customer.

**7.7 Contractors who tender to the Municipality**

- 7.7.3 The Supply Chain and Procurement Management Policy and Tender Conditions of the Municipality will include the following:-
  - (a) When inviting tenders for the provision of services or delivery of goods, potential contractors may submit tenders subject to a condition that consideration and evaluation thereof will necessitate that the tenderer obtain from the Municipality a certificate stating that all relevant municipal accounts owing by the tenderer and/or its directors, owners or partners have been paid or that suitable arrangements (which include the right to set off in the event of non-compliance) have been made for payment of any arrears.
  - (b) No tender will be allocated to a person/contractor until a suitable arrangement for the repayment of arrears has been made. No further debt may accrue during contract period.
  - (c) Tender Conditions will include a condition allowing the Municipality to deduct any moneys owing to the Municipality from contract payments.
  - (d) A tenderer will be required to declare all the municipal account numbers for which it is responsible and/or partially responsible.

**7.8 Pre-payment metering system**

- 7.8.3 The Municipality will use its pre-payment metering system to:-
  - (a) link the provision of electricity by the Municipality to a "pre-payment" system comprising, pre-payment of electricity units; and
  - (b) a payment in respect of arrears comprising all accrued municipal taxes and other levies, tariffs and charges in respect of services such as water, refuse removal, sanitation and sewage.

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- (c) To load an auxiliary on the "pre-payment" system in order to allocate a portion of the rendered amount to the customers arrears account for other services.
- (d) To enforce satisfactory arrangements with customers in arrears by blocking access to pre-payment electricity purchases.
- (e) Amounts tendered for the purchase of pre-payment electricity will not be refunded after the pre-payment meter voucher has been issued or in case of purchasing against an incorrect meter number.

8. DEBT COLLECTION

- 8.1 Objective
  - 8.1.1 To provide procedures and mechanisms to collect all the monies due and payable to the Municipality arising out of the supply of services and annual levies, in order to ensure financial sustainability and delivery of municipal services in the interest of the community.
- 8.2 Personal contact
  - 8.2.1 Personal and Telephonic contact / Agents calling on customers:-
    - (a) Council, or its agent, may make personal contact with arrears debtors to encourage their payment via electronic, SMS, telephonic or any other officially recognised communication method.
    - (b) Such contact is not a right for debtors to enjoy and disconnection of services and other collection proceedings will continue in the absence of such contact for whatever reason.
    - (c) Services as contemplated in 8.2.1(a) will be rendered at a charge as determined during the annual budget process.
- 8.3 Interruption of service
  - 8.3.1 Customers who are in arrears with their municipal accounts and who have not made arrangements with the Municipality will have their supply of electricity, water and other municipal services, suspended, restricted or disconnected.
  - 8.3.2 Customers who have submitted mobile phone numbers can be notified via SMS at the applicable tariff, if their accounts are not settled on or before the due date.
  - 8.3.3 The disconnection or restriction of services, as mentioned in section 7.4.2, may be enforced should the account remain in arrears after the expiry of the 14 (fourteen) days' notice of restriction of services.
  - 8.3.4 Council reserves the right to deny or restrict the sale of electricity or water to customers who are in arrears with their rates or other municipal charges, or who do not honour their arrangements.
  - 8.3.5 Upon the liquidation of arrears, including the additional levies in terms of clauses 8.3.6 and 8.3.7, or the conclusion of acceptable arrangements for term payments, the services will be reconnected as soon as conveniently possible.
  - 8.3.6 The cost of notice of restriction or disconnection and the reconnection, will be determined by tariffs approved by Council, and will be payable by the customer.
  - 8.3.7 The deposit of any defaulter will be adjusted, and brought into line with relevant policies of Council (refer to Annexure "B").
- 8.4 Legal process (Annexure "A") - (Use of attorneys/Use of credit bureaus)
  - 8.4.1 The Municipality may, when a debtor is in arrears, commence legal process against that debtor, which process could involve final demands, summonses, court trials, judgements, garnishee orders and, as last resort, sales in execution of property.
  - 8.4.2 The Municipality will exercise strict control over this process to ensure accuracy and legality within it and will require regular reports on progress from staff responsible for the process or outside parties, be they attorneys or any other collection agents appointed by Council.
  - 8.4.3 The Municipality will establish procedures and codes of conduct with such outside parties.
  - 8.4.4 In the case of employed debtors, garnishee orders, are preferred to sales in execution, but both are part of the Municipality's system of debt collection procedures.
  - 8.4.5 All steps in the credit control procedure will be recorded for the Municipality's records and for the information of the debtor.
  - 8.4.6 All administration costs of this process will be for the account of the debtor.

- 8.4.7 Individual debtor accounts are protected and are not the subject of public information. However, the Municipality may release debtor information to credit bureaus and the property owner in respect of his/her lessee(s). This release will be in writing or by electronic means and will be covered in the agreement with customers.
- 8.4.8 The Municipality may consider the cost effectiveness of the legal process, and will receive reports on relevant matters and report to the Executive Mayor.
- 8.4.9 Upon recommendation from the Municipal Manager, Council may consider the use of agents and innovative debt collection methods and products. Cost effectiveness, the willingness of agents to work under appropriate codes of conduct and the success of such agents and products will be part of the agreement Council might conclude with such agents or service providers.
- 8.4.10 Customers will be informed of the powers and duties of such agents and their responsibilities, including their responsibility to observe agreed codes of conduct.
- 8.4.11 Any agreement concluded with an agent or product vendor shall include a clause whereby breaches of the code of conduct by the agent or vendor will constitute termination of the contract.
- 8.4.12 If, after the due date an amount due for rates is unpaid by the owner of the property, the Municipality may recover the amount, in whole or in part, from the tenant or occupier of the property, after it has served written notice on the tenant or occupier. The Municipality may recover the outstanding amount despite any contractual obligation to the contrary on the tenant or occupier.
- 8.4.13 If, after the due date an amount due for rates is unpaid by the owner of the property, the Municipality may recover the amount, in whole or in part, from the agent of the owner, if this is more convenient for the Municipality, after it has served written notice on the agent. The agent must on request from the Municipality, provide a statement reflecting all payments made to the agent for the owner during a period determined by the Municipality.
- 8.4.14 At any stage while the debt is outstanding, all reasonable steps shall be taken to ensure that the ultimate sanction of a sale-in execution is avoided or taken as a last resort. Overstrand Municipality, however, has total commitment to a sale-in execution should the debtor fail to make use of the alternatives provided for by the Municipality from time to time. This is also applicable to all debt and includes all debt which is a charge against a property as referred to in this policy. As part of the recovery process the Chief Financial Officer may determine a reserve price to be recovered in terms of arrears, equal to the municipal property value or outstanding debt, whichever is the lowest. In the instance that sales statistics / prices of properties sold in the past 12 months, in the immediate area of the particular property prove that there is no market demand for similar properties, that the reserve price, to be recovered in terms of arrears as mentioned, may be lowered with up to 50%. The remaining outstanding debt in excess of the net proceeds of the auction will be written off, in terms of the prescriptions of this policy.
- 8.4.15 Adjustments on the accounts will only be calculated for three years. (Prescription Act, 1969 (Act 68 of 1969)).
- 8.5 Cost of collection
  - 8.5.1 All costs of legal processes including interest, penalties, service discontinuation costs and legal costs associated with customer care or credit control, where ever applicable, are for the account of the debtor and should reflect at least the cost of the particular action.
  - 8.5.2 Collection costs on indigent clients, will be kept to a minimum by re-setting the pre-paid electricity debt collection percentage to 60/90%.
- 8.6 Clearance Certificate
  - 8.6.1 On the sale of any property in the municipal jurisdiction, Council will cause the delay of the registration of transfer until all rates, service and sundry charges and any estimated amounts for the duration of a certificate in connection with the

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property are paid, by withholding a clearance certificate. The municipality will issue such clearance certificate on receipt of an application on the prescribed form from the conveyancer.

8.6.2 All payments will be allocated to the registered seller's municipal accounts and all refunds will be made to such seller.

8.6.3 No interest shall be paid in respect of these payments.

8.6.4 The Municipality will only issue a clearance certificate once a completed prescribed application form from the conveyancer has been received.

8.6.5 Where any residential or non-residential debtor has entered into an arrangement with the Municipality in respect of the arrears on a property, the prescribed certificate as referred to in Section 118 of the Systems Act, will not be issued until such time as the full outstanding amount has been paid.

## 8.7 Irrecoverable debt

- 8.7.1 Debt will only be considered as irrecoverable if it complies with the following criteria:-
- all reasonable notifications and cost effective legal avenues have been exhausted to recover a specific outstanding amount; or
  - any amount equal to or less than R1 500.00, or as determined by Council from time to time, will be considered too small, after having followed basic checks, to warrant further endeavours to collect it; or
  - the cost to recover the debt does not warrant the further action; or
  - the amount outstanding is the residue after payment of a dividend in the rand from an insolvent estate; or
    - there is a danger of a contribution; or
    - no dividend will accrue to creditors; or
  - a deceased estate has no liquid assets to cover the outstanding amount following the final distribution of the estate; or
    - where the estate has not been reported to the Master and there are no assets of value to attach; or
  - it has been proven that the debt has prescribed; or
  - the debtor is untraceable or cannot be identified so as to proceed with further action; or
    - the debtor has emigrated leaving no assets of value to cost effectively recover Council's claim; or
    - it is not possible to prove the debt outstanding; or
    - a court has ruled that the claim is not recoverable; or
    - the outstanding amount is due to an irreconcilable administrative error by the Municipality.
  - After the transfer of a property, outstanding debt on the previous owner account older than 2 years;
- 8.7.2 All debtors who qualify and are registered as indigent, will have their arrears written off once during ownership of the property.

## 8.8 Abandonment of claims

- 8.8.1 The Municipal Manager must ensure that all avenues are utilised to collect the Municipality's debt.
- 8.8.2 There are some circumstances as contemplated in section 109(2) of the Act, that allow for the valid termination of debt collection procedures, such as:-
- The insolvency of the debtor, whose estate has insufficient funds.
  - A balance being too small to recover, for economic reasons considering the cost of recovery.
  - Where Council deems that a debtor or group of debtors are unable to pay for services rendered.
- 8.8.3 The Municipality will maintain audit trails in such an instance, and document the reasons for the abandonment of the action or claim in respect of the debt.

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## 9. SHORT TITLE

This Policy shall be called the Customer Care, Credit Control and Debt Collection Policy of the Overstrand Municipality.

CUSTOMER CARE AND DEBT COLLECTION – ANNEXURE "A"

10.1. INCENTIVE MEASURES

- 10.1.1. Incentive measures may be implemented as per Council resolution.
- 10.1.2. Where a customer is prepared to pay off the capital amount on an outstanding account, older than two (2) years, in one payment, the Municipal Manager will approve the write off of all interest charged with regard to aforementioned period;
- 10.1.3. An agreement to pay off the debt not older than (2) years, must be signed at the time of the implementation of the incentive referred to in 10.1.2;
- 10.1.4. In the instance where a customer is prepared to pay off the total amount of an outstanding account in one payment, then the Municipal Manager will approve the write off of all interest charged to date for the total period.

10.2. DEBT COLLECTION

- 10.2.1. Should annual accounts remain unsettled after 30 September of the applicable year, notice will be given to the owner/customer that the amount owed must be settled within fourteen (14) days, failure of which it will be handed over for collection, including legal proceedings.
- 10.2.2. Should monthly accounts remain unsettled after the due date, notice will be given to the owner/customer that the amount owed must be settled within fourteen (14) days, failure of which will lead to restriction/disconnection of services, including legal proceedings.
- 10.2.3. All debtors regarding houses in rental, selling and self-build schemes, without any capital debt, which are still registered in the name of the Municipality, should be notified in writing that if satisfactory arrangements for transfer of the property into his/her name are not made within one (1) month, the property concerned will be put up for sale by Council at a public auction.
- 10.2.4. Upon handing over of accounts for collection, details of employers and work addresses of the debtors should be made available to the attorneys as far as possible for the purposes of garnishee orders.
- 10.2.5. Attorneys should report to the Revenue Department on a monthly basis on the progress made and the cost aspect regarding each debtor.
- 10.2.6. Attorneys should pay monies collected over to the Municipality monthly.

11. ARRANGEMENTS FOR PAYMENT – ANNEXURE "B"

11.1. DEBT FOR WHICH ARRANGEMENTS CAN BE MADE

Arrangements for the payment of outstanding debt can be made according to the procedures described hereafter.

11.2. CONCLUSION OF AGREEMENT

11.2.1. Regardless of the stipulations of sections 11.3.1. and 11.3.2, if a customer cannot pay his/her account with the Municipality then the Municipality may enter into an extended term of payment, only the Chief Financial Officer may consider and approve any extension on these arrangements on receipt of a written recommendation by the Senior Manager: Revenue.

11.2.2. The customer must:-

- (a) sign an acknowledgement of debt;
- (b) sign a consent to judgement;
- (c) in the case of a company, trust or closed corporation, supply the guarantee as prescribed in clause 6.8.3(c) of the Policy.
- (d) submit proof of income on the prescribed form;
- (e) pay the current portion of the account in cash;
- (f) customer deposits may be adjusted to the higher of the sum of twice the average consumption during the preceding 12 months or the minimum deposit required in terms of the approved Tariff Schedule
- (g) acknowledge liability of all costs incurred; and

11.3. ARRANGEMENTS THAT CAN BE ENTERED INTO:

11.3.1. Residential Customers:

- (a) 1st default within a 12-month period:
  - (i) 10% of the outstanding amount plus cost of the credit control actions together with the current account is payable immediately.
  - (ii) The balance is payable over a maximum period of twelve months.
  - (iii) First offence in 2 years – no deposit increase will be applicable and if already charged, will be reversed on application.
  - (iv) Customer deposits may be adjusted to the higher of the sum of twice the average consumption during the preceding 12 months or the minimum deposit required in terms of the approved Tariff Schedule.
- (b) 2<sup>nd</sup> default within a 12-month period:
  - (i) An amount of at least the monetary value of the most recent 3 months accounts must be settled before a recommendation by the Manager: Revenue can be made for further arrangements to be considered by the Senior Manager: Revenue, based on current circumstances of the customer.
- (c) 3<sup>rd</sup> default within a 12-month period:
  - (i) Metered services will be discontinued or restricted and the account will be handed over for legal proceedings.
- (d) An amount of at least 20% of the arrears, plus the current account (the monetary value of the most recent 3 months accounts must) be settled before a recommendation by the Sr Manager: Revenue can be made for further consideration of arrangements in excess of the (three) two occasions mentioned above, to be considered by the Chief Financial Officer, based on current circumstances of the customer.

11.3.2. Non-residential Customers:

- (a) 1st default within a 12-month period:-

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- (i) 50% of the outstanding amount plus cost of the credit control actions.
- (ii) The balance is payable over a maximum period of three months.
- (iii) First offence in 2 years – no deposit increase will be applicable and if already charged, will be reversed on application.
- (iv) Customer deposits will be adjusted to the higher of the sum of three times average consumption during the preceding 12 months or the minimum deposit required in terms of the approved Tariff Schedule.

(a) 2<sup>nd</sup> default within a 12-month period:-

- (i) Full outstanding amount plus cost of credit control actions.
- (ii) No arrangements will be allowed.
- (iii) Customer deposits will be adjusted to the higher of the sum of four times average consumption during the preceding 12 months or the minimum deposit required in terms of the approved Tariff Schedule.

**11.3.3. Government Departments – Customer Accounts:**

- (a) 1<sup>st</sup> default within a 12-month period:-
  - (i) 3 weeks' notice – no arrangements
  - (ii) First offence in 2 years – no deposit increase will be applicable and if already charged, will be reversed on application.
  - (iii) Customer deposits will be adjusted to the sum of three times average consumption during the preceding 12 months.
- (b) 2<sup>nd</sup> default within a 12-month period:-
  - (i) 2 weeks' notice – no arrangements.
  - (ii) Customer deposits will be adjusted to the sum of four times average consumption during the preceding 12 months.

**11.3.4. Government Departments – Rates & Taxes:**

- (a) 1<sup>st</sup> default within a 12-month period:-
  - (i) Final demand and legal action in terms of "The Institution of Legal Action against Certain Organs of State Act, 2002 (Act No 40 of 2002)".

**11.3.5. Administration:**

- Where a person has been placed under administration the following procedures will be followed:-
- (a) The debt as at the date of the administration court order will be placed on hold, and collected in terms of the court order by the administrator's dividend.
- (b) The administrator is to open a new account on behalf of the debtor. No account is to be opened or operated in the debtor's name as the debtor is not entitled to accumulate debt.
- (c) Until such time as this new account is opened, the debtor is to be placed on limited services levels. The customer will be compelled to install a pre-paid electricity meter and flow limiter water meter, should one not already be in place. The Municipality will be entitled to recover the cost of the basic services by means of purchases made on the pre-paid meter.
- (d) Should there be any default on the current account, the supply of services is to be limited or terminated, and the administrator handed over for the collection of this debt.

**11.3.6. Indigent:**

All customers (including any other occupants), qualifying as indigent and who accumulated any arrear debt after any relief has been granted, will repay that debt as follows:-  
 By instalments over 24 months, in addition to monthly service charges, with immediate payment of the cost of the credit control action taken.

There are no limitations on debtors at any time to pay amounts in excess of arrangements towards outstanding debt, than prescribed above.

**12. IMPLEMENTATION AND REVIEW PROCESS**

This policy will come into effect on 1 July 2023 and will be reviewed at least annually or when required by way of a Council resolution.

POLICY SECTION:	SENIOR MANAGER: REVENUE
CURRENT UPDATE:	31 MAY 2023
PREVIOUS REVIEW:	29 JUNE 2022
PREVIOUS REVIEW:	31 MAY 2022
PREVIOUS REVIEW:	24 AUG 2021
PREVIOUS REVIEW:	26 MAY 2021
PREVIOUS REVIEW:	30 SEPT 2020
PREVIOUS REVIEW:	27 MAY 2020
PREVIOUS REVIEW:	29 MAY 2019
PREVIOUS REVIEW:	30 MAY 2018
PREVIOUS REVIEW:	31 MAY 2017
PREVIOUS REVIEW:	25 MAY 2016
PREVIOUS REVIEW:	28 MAY 2015
PREVIOUS REVIEW:	28 MAY 2014
PREVIOUS REVIEW:	25 SEPT 2013
PREVIOUS REVIEW:	29 MAY 2013
PREVIOUS REVIEW:	30 MAY 2012
PREVIOUS REVIEW:	04 MAY 2011
PREVIOUS REVIEW:	26 MAY 2010
PREVIOUS REVIEW:	27 MAY 2008
PREVIOUS REVIEW:	30 MAY 2007
APPROVAL BY COUNCIL:	30 JUN 2006

# OVERSTRAND MUNICIPALITY



# INDIGENT POLICY

## PREAMBLE

Whereas section 96 of the Local Government: Municipal Systems Act, 2000 (Act No 32 of 2000) requires a municipality to adopt, maintain and implement a credit control, debt collection and customer care policy;

And whereas section 97 of the Systems Act prescribes that such policy must provide for "provision for indigent debtors that is consistent with its rates and tariff policies and any national policy on indigents."

Now therefore the Municipal Council of the Municipality of Overstrand adopts the Indigent Policy as set out in this document:-

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1. 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:

"authorised representative"	The person or instance legally appointed by the Council to act or to fulfil a duty on its behalf.
"basic service"	the amount or level of any municipal service that is necessary to ensure an acceptable and reasonable quality of life and which, if not provided, would endanger public health or safety of the environment and for the purposes of this Policy are restricted to the delivery of electricity, refuse, sewerage and water services.
"Chief Financial Officer"	An officer of the Municipality appointed as the Head of the Finance Department and includes any person:- a. acting in such position; and b. to whom the Chief Financial Officer has delegated a power, function or duty in respect of such a delegated power, function or duty.
"Council" or "municipal council"	A municipal council referred to in section 18 of the Local Government Municipal Structures Act, 1998 (Act No. 117 of 1998) and for purposes of this policy, the municipal council of the Municipality of Overstrand.
"customer"	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).
"defaulter"	A person who owes money to in respect of a municipal account after the due date for payment has expired.
"Household"	Any customer who are jointly living on a stand or site on a permanent basis and who receive electricity and/or water from one meter, regardless whether the person rents or owns the property.
"Income"	Income is the gross sum of all monthly income from all sources, including wages, salaries, profits, dividends, pensions, rentals, board & lodging, interest received, grants or investment income and other forms of earnings received by every person residing on the property. Child Support Government grants will not be added as a financial contribution towards the household income.
"Indigent"	A household which qualifies in terms of clause 5 [SA, and a household which qualified in terms of 5B as at 30 June 2021.]
"Indigent-Poor"	[A household which qualified in terms of clause 5C as at 30 June 2021.]
"Interest"	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.
"municipal account" or "billing"	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:- (a) show the levies for assessment rates and/or building clause; and "monthly account" rendered monthly and shows the levies for assessment rates and/or building clause, availability charge, sewerage, refuse removal, electricity, water, sundries, housing rentals and instalments, alles well as the monthly instalment for annual services paid monthly
"Municipality"	The institution that is responsible for the collection of funds and the provision of services to the customers of Overstrand.

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**"the Act"**  
 The Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000) as amended from time to time.

**2. OBJECTIVES OF POLICY**

The objectives of this Policy are to:-

1. provide a framework within which the Municipality can exercise its executive and legislative authority with regard to the implementation of financial aid to indigent [and indigent-poor] households in respect of their municipal account;
2. determine the criteria for qualification of indigent [and indigent-poor] households;
3. ensure that the criteria is applied correctly and fairly to all applicants;
4. allow the Municipality to conduct in loco visits to the premises of applicants to verify the actual status of the household;
5. allow the Municipality to maintain and publish the register of names and addresses of account holders receiving subsidies.

**3. SUBSIDY FOR INDIGENT [AND INDIGENT-POOR] HOUSEHOLDS**

- a. A basic level of services will be provided to qualifying households with:
  - (i) a total gross income which is below a determined amount, and
  - (ii) according to further specified criteria, as determined by the Municipality from time to time;
- b. Indigence subsidies will be funded from the equitable share contribution made by National Treasury and as provided for in the municipal budget. The subsidy can only be credited to the qualifying customers' accounts until the amount received by the Municipality from National Treasury and provided for in the municipal budget for this purpose, has been exhausted, whereupon no further credits will be made until further national funds for this purpose are received or additional funds has been provided for in the municipal budget.
- c. Subsidised services are refuse removal, sewerage and consumption service charges. Customers who qualify for an indigent [or indigent-poor] subsidy must convert to pre-payment electricity meter, except for areas where electricity is not supplied by Overstrand Municipality, and a flow limiter water meter may be installed, free of charge for these customers.
- e. If a customer's consumption or use of the municipal service is less than the subsidised amount of the service, the subsidy will be limited to the lesser amount. The unused portion, if any, may not be accrued by the customer and will not accrue to the customer to cash or a rebate in respect of the unused portion.
- f. If a customer's consumption or use of a municipal service is in excess of the subsidised service, the customer will be obliged to pay for such excess consumption at the applicable rates.
- g. All customers who qualify for an indigent subsidy will be considered placed on restricted service levels in order to limit further escalation of debt.
- h. Where applicable, indigent customers may be exonerated from a portion of their annual debt.
- i. An indigent customer must immediately request de-registration by the Municipality or its authorised agent if his/her circumstances have changed to the extent that he/she no longer meet the criteria.
- j. An indigent customer may, at any time, request de-registration.
- k. A list of indigent customers will be maintained and may be made available to the general public, subject to the Promotion of Access to Information Act ("PAIA") and Protection of Personal Information Act ("POPI Act").
- l. The applicant may not be the registered owner of more than one property.
- m. Councilors and municipal officials do not qualify for any benefit in terms of this Policy.

**4. PRINCIPLES OF POLICY**

- a. The administrative integrity of the Municipality must be maintained at all costs. The democratically elected councillors are responsible for the approval of this policy, while it is the responsibility of the Municipal Manager to ensure the execution of this policy;
- b. Applicants must complete an official application form, which is to be submitted together with the supporting documents as specified in this policy;
- c. Application forms, agreements and documents relating to this Policy must be available in Afrikaans, English and isiXhosa.
- d. The customer is entitled to an efficient, effective and reasonable response to appeals, and should suffer no disadvantage during the processing of a reasonable appeal.
- e. Complaint applications received before the 15th of a particular month will be considered for subsidy for that account levied for the month.

**5. [CATEGORIES AND] CRITERIA OF SUBSIDY**

[A category of] The subsidy for needy households is recognised for purposes of receiving an indigent subsidy.

The criteria for Category A. This subsidy is applicable from 1 July 2021 for all implementations of payment of an Indigent Subsidy, only on receipt, evaluation and approval of application for indigent subsidy, that was submitted on the prescribed application form and accompanied by the required documentation in accordance with clause 6.:

- [A Indigent household with income less than four times the Government Old Age Pension and electricity units purchase less than 500 kWh]
- (i) The total household income may not be more than four times the Government State Old Age pension amount plus R1 per month;
    - (a) additional grant for older persons;
    - (b) disability grant;
    - (c) war veterans grant;
    - (d) care dependency grant;
    - (e) foster child grant;
    - (f) child support grant;
    - (g) grant-in-aid;
    - (h) social relief of distress
  - (ii) Average monthly units purchase of electricity over the previous 6 months may not exceed 500 kWh;
  - (iii) Average monthly consumption of water over the previous 6 months may not exceed 20 kℓ;
 

Or: A flow limiter meter will be installed immediately on application for a flow limiter meter and flow will be limited to a maximum of 20 ℓ per month;
  - (iv) Occupy the property as his/her primary residence;
  - (v) Must be a South African citizen; and
  - (vi) The recipient of an indigent benefit in terms of this policy must not be the registered owner of more than one property.
  - (vii) The property [may] must only be used for residential purposes.
  - (viii) [Categories B and C indigents as at 1 July 2022 in this policy, must re-apply formally by submitting an application for Category A on the prescribed application form and accompanied by the required documentation in accordance with clause 6, in order to phase out indigent Categories B and C, which will be discontinued as from 1 July 2022.]

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If any of the above criteria is not complied with, the household will immediately be given notice and will lose the status of 'indigent' and the subsidy will be forfeited.

**Subsidy**

- (i) 100% of the basic levy for electricity for one service point per month;
- (ii) 100% of the basic levy for water for one service point per month;
- (iii) 100% of the basic levy for sewage for one service point per month;
- (iv) 100% of 1 X vacuum tanker service after hours, per annum;
- (v) 100% of the basic levy for refuse removal for one service point per month;
- (vi) The first 50 kWh in the tariff block 0-350 of electricity per month shall be free of charge;
- (vii) 10 kl of water;
- (viii) 7 kl of water consumption for sewerage; and
- (ix) R11.84 in regard of Infrastructure Levy.

**1B.** Indigent household with a property value up to R220 000.00 and electricity units purchase less than 500kWh (no income restriction), with category B subsidy only applicable to existing category B recipients as at 30 June 2021, of a benefit in terms of this policy:-

- (i) All properties with a municipal valuation of R220 000.00 or less, used for residential purposes, are classified as indigent;
- (ii) Average monthly units purchase of electricity over the previous 6 months may not exceed 500kWh;
- (iii) Average monthly consumption of water over the previous 6 months may not exceed 20kl;
- (iv) The recipient of an indigent benefit in terms of this policy must not be the registered owner of more than one property;
- (v) A property may only be used for residential purposes.
- (vi) Must be a South African citizen
- (vii) Occupy the property as his/her primary residence

In order to facilitate phasing out of Category B and to encourage applicants to apply for Category A, subsidies will be allocated as follows from 01 July 2022:

Category B Subsidy benefit from 01 July 2022 to 31 October 2022:

- (i) R291.60 of the basic levy for electricity for one service point per month;
- (ii) R129.14 of the basic levy for water for one service point per month;
- (iii) R115.09 of the basic levy for sewage for one service point per month;
- (iv) 100% of 1 X vacuum tanker service after hours, per annum;
- (v) R165.49 of the basic levy for refuse removal for one service point per month;
- (vi) 10 kl of water;
- (vii) 7 kl of water consumption for sewerage; and
- (viii) R11.84 in regard of Infrastructure Levy.

Category B Subsidy benefit from 01 November 2022 to 28 February 2023:

- (i) R194.40 of the basic levy for electricity for one service point per month;
- (ii) R 88.09 of the basic levy for water for one service point per month;
- (iii) R 76.73 of the basic levy for sewage for one service point per month;
- (iv) 100% of 1 X vacuum tanker service after hours, per annum;
- (v) R123.66 of the basic levy for refuse removal for one service point per month;
- (vi) 6.67 kl of water;
- (vii) 4.67 kl of water consumption for sewerage; and
- (viii) R 7.89 in regard of Infrastructure Levy.

Category B Subsidy benefit 01 March 2023 to 30 June 2023:

- (i) R 97.20 of the basic levy for electricity for one service point per month;

- (ii) R 43.05 of the basic levy for water for one service point per month;
- (iii) R 38.36 of the basic levy for sewage for one service point per month;
- (iv) 100% of 1 X vacuum tanker service after hours, per annum;
- (v) R 61.83 of the basic levy for refuse removal for one service point per month;
- (vi) 3.33 kl of water;
- (vii) 2.33 kl of water consumption for sewerage; and
- (viii) R 3.95 in regard of Infrastructure Levy.

NOTE: Subsidy for Category B benefit will be discontinued from 01 July 2023.

**C.** Indigent households with a property value up to R220 000.00 and electricity units purchase less than 500 kWh (no income restriction). Only applicable for existing category C recipients as at 30 June 2021, of a benefit in terms of this policy:

- (i) The property value must be less than R220 000.00;
- (ii) The average monthly units purchase of electricity by the household over the previous 6 months may not exceed 500kWh;
- (iii) The average monthly consumption of water by the household over the previous 6 months may not exceed 20kl;
- (iv) Occupy the property as his/her primary residence;
- (v) Must be a South African citizen; and
- (vi) The recipient of an indigent benefit in terms of this policy must not be the registered owner of more than one property.
- (vii) The property may only be used for residential purposes.

In order to facilitate phasing out of Category C, and to encourage applicants to apply for Category A, subsidies will be allocated as follows from 01 July 2022:

Category C Subsidy benefit from 01 July 2022 to 31 October 2022:

- (i) R115.09 of the basic levy for sewage per month for one service point;
- (ii) R185.49 of the basic levy for refuse removal per month for one service point.

Category C Subsidy benefit from 01 November 2022 – 28 February 2023:

- (i) R 76.73 of the basic levy for sewage per month for one service point;
- (ii) R123.66 of the basic levy for refuse removal per month for one service point

Category C Subsidy benefit from 01 March 2023 – 30 June 2023

- (i) R 38.36 of the basic levy for sewage per month for one service point;
- (ii) R 61.83 of the basic levy for refuse removal per month for one service point

NOTE: Subsidy for Category C benefit will be discontinued from 01 July 2023.

**6. APPLICATION FOR A SUBSIDY**

- A. Applications for indigent subsidy must be submitted on the prescribed application form and must be accompanied by the following documentation:-
  - (i) the latest municipal account of the account holder;
  - (ii) proof of the applicant's identity and an affidavit confirming responsibility for the account in the instance where the applicant is not the account holder, but reside on the property; and a letter from account holder;

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- (iii) In the instance of a deceased estate, indigent applications will be considered in accordance with requirements for Deceased Estates as stipulated in the Overstrand Customer Care, Credit Control and Debt Collection Policy, inclusive of submission of the executors letter, or letter of authority from the Master/Court and a letter from the relatives of the deceased confirming responsibility for the account and in the instance of a child headed household, also a report from a social worker,
- (iv) proof of the total gross household income, e.g. a letter from his/her employer, salary slip/envelope, pension card, unemployment insurance fund (UIF) card.; and
- (v) proof of medical condition when requiring additional water and electricity.

**B. Incomplete forms or forms without the required documentation attached thereto will be rejected.**

**7. SWORN STATEMENT**

The applicant must complete the sworn statement that forms part of the application form. Failure to do so will render the application invalid.

**8. CONVERSION OF CONVENTIONAL ELECTRICITY METER(S)**

The applicant must agree to the conversion to pre-payment electricity meter and flow limiter water meter. Refer clause 3(d) of Policy.

**9. PUBLICATION OF NAMES**

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. Refer clause 3(k) of Policy.

**10. FALSE OR MISLEADING INFORMATION**

A person who provides false information will be disqualified and be refused further participation in the subsidy scheme. In addition he/she may be held liable for the immediate repayment of any subsidies already granted and legal action may be instituted against the guilty party/parties. A person who provides misleading information may only apply again for Indigent Subsidy after a period of (6)12 months.

**11. CALCULATION OF SUBSIDY**

- a. 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.
- b. The accounts of qualifying applicants are credited monthly by the subsidies calculated in section 5.

**12. VERIFICATION AND AMNESTY PERIOD**

- 12.1 The Municipality reserves the right to send officials and/or representatives of the Municipality to the household or site of the recipient(s) of a subsidy at any reasonable time with the aim of carrying out an ongoing audit on the accuracy of the information provided.
- 12.2 The municipality implemented an amnesty period, for a six (6)-month period from 1 July 2021 to 31 December 2021, to customers who received, or who are receiving an indigent subsidy, on reporting of transgressions of the stipulations of this policy, to

avoid the retrospective repayment of any indigent subsidy received during the period of the transgression with regard to the following:

**12.1 Requirement for a customer to occupy the property as his/her primary residence.**

This amnesty offered customers, who have not, or who are not occupying the property as his/her primary residence, to make use of the window period (1 July 2021 to 31 December 2021) to report any transgressions in this regard in writing to the municipality, to avoid the retrospective repayment of any indigent subsidy received during the period of the transgression;

**12.2 The recipient of an indigent benefit in terms of this policy must not be the registered owner of more than one property.**

This amnesty offered customers, who were, or who are, the registered owner of more than one property, to make use of the window period (1 July 2021 to 31 December 2021), to report any transgressions in this regard in writing to the municipality, to avoid the retrospective repayment of any indigent subsidy received during the period of the transgression.

**12.3 The municipality also implemented the retrospective exemption, which was available up to 31 December 2021, of the recovery of any indigent subsidy payment to a customer prior to 30 June 2021, who received an indigent subsidy in conflict of the following requirements in terms of this policy –**

- 12.3.1 occupation of the property by the recipient of an indigent benefit, as primary residence;
- 12.3.2 the recipient of an indigent benefit in terms of this policy must not be the registered owner of more than one property.]

**13. DURATION OF SUBSIDY**

- a. If an application is approved, the subsidy will be applicable up until the equitable share contribution made from the National Governments' fiscus and as provided for in the municipal budget is depleted.
- b. All beneficiaries must apply annually within a financial year, to receive the subsidy.
- c. If the Municipality obtains information that indicates that the circumstances of the applicant have changed to such an extent that he/she no longer qualifies for the subsidy, the Municipality reserves the right to cancel the subsidy immediately.
- d. If any of the criteria, as set out in 5(A, B, C), is not complied with any more, the onus is on the recipient of the subsidy to notify the Municipality within 7 days after such criteria is no longer complied with. If a recipient cannot write, a designated official must be informed in person.
- e. If any of the above criteria is not complied with, the household will immediately be given notice and will lose its indigent status and the subsidy will be forfeited
- f. In the case of misrepresentation or false declaration, including subsidy recipients of qualifying properties, the Municipality reserves the right to refuse the approval of the subsidy and to recover any subsidy amount if already granted a may institute appropriate legal action civil or otherwise, against guilty party/parties).
- g. (If a category B, C subsidy is cancelled due to excessive water consumption and/or electricity units purchase, in terms of the conditions of this policy, the consumer must apply in terms of category A to be considered for indigent status.)

**14. ACCOUNTS IN ARREAR**

Applicants, whose municipal accounts show arrear amounts at the time of the application for a subsidy, will have to make arrangements with the Municipality for paying off the amounts in arrears.

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**OVERSTRAND MUNICIPALITY – INDIGENT POLICY**

**15. REGISTER**

- a. The Municipality will compile a register of households that qualify as "indigent".
- b. The register will be updated continually and reconciled with the relevant subsidy account in the general ledger on a monthly basis.

**16. ENCOURAGEMENT**

Councillors should encourage tax payers/customers in their various wards to apply for participation in the indigent subsidy scheme.

**17. REVIEW AND IMPLEMENTATION PROCESS**

This policy will come into effect on 1 July 2023;  
 This policy will be reviewed at least annually or when required by way of a Council resolution.

POLICY SECTION:	SENIOR MANAGER: REVENUE
CURRENT UPDATE:	31 MAY 2023
PREVIOUS REVIEW:	31 MAY 2022
PREVIOUS REVIEW:	26 MAY 2021
PREVIOUS REVIEW:	26 NOV 2020
PREVIOUS REVIEW:	27 MAY 2020
PREVIOUS REVIEW:	29 MAY 2019
PREVIOUS REVIEW:	30 MAY 2018
PREVIOUS REVIEW:	26 JUN 2017
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PREVIOUS REVIEW:	30 MAY 2012
PREVIOUS REVIEW:	04 MAY 2011
PREVIOUS REVIEW:	26 MAY 2010
PREVIOUS REVIEW:	27 MAY 2009
PREVIOUS REVIEW:	31 MAY 2006
APPROVAL BY COUNCIL:	30 JUNE 2004

# OVERSTRAND MUNICIPALITY



# SPECIAL RATING AREA POLICY

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## OVERSTRAND MUNICIPALITY – SPECIAL RATING AREA POLICY

### 1. DEFINITIONS

- In this Policy words or expressions shall bear the meaning assigned to them and, unless the context otherwise indicates –
- "additional rate"** means a rate as contemplated in sections 19(1)(d) and 22(1)(b) of the MPRA read together with section 10 of the Municipality's Property Rates Policy and section 12(2) of the Municipality's Special Ratings Area By-law, which Additional Rate shall be determined on an annual basis by the Municipality and shall be a debt due to the Municipality by the registered owner of a property rates in the SRA, and collected in the same manner as other property rates imposed by the Municipality;
- "applicant"** means any owner who makes an application for the determination of a special rating area in accordance with Chapter 1 of the By-law, or if a management body is established in terms of section 10 thereof, any reference to **"the Applicant"** means the management body;
- "business plan"** means a motivation report, implementation plan and term budget as contemplated in section 10 of the By-law;
- "By-law"** means the Overstrand Municipality: Special Rating Area By-law;
- "CFO"** means the Chief Financial Officer;
- "Companies Act"** means the Companies Act, 2008 (Act No. 71 of 2008), as amended or replaced;
- "Council"** means the Council of the Overstrand Municipality
- "IDP"** means Integrated Development Plan
- "majority"** means the majority of property owners as contemplated in paragraphs 6.5 and 6.6 of the Policy;
- "management body"** means the management body of a special rating area to be established in accordance with the provisions of section 11 of the By-law; "owner" has the meaning assigned to it in section 1 of the Property Rates Act;
- "non-profit company"** defined as a non-profit company with members as defined in section 1 of the Companies Act No 71 of 2008
- "Policy"** means the Policy for the determination of special rating areas, or any other policy adopted by the Council in relation to special rating areas, as in force from time to time;
- "Property Rates Act"** means the Local Government: Municipal Property Rates Act, 2004 (Act No. 6 of 2004);
- "rateable property"** has the meaning assigned to it in section 1 of the Property Rates Act;
- "special rating area" or "SRA"** means a special rating area approved by the Council in accordance with the provisions of section 22 of the Property Rates Act;
- "steering committee"** means the steering committee of a special rating area to be established in accordance with the provisions of paragraph 9.1.1 of the Policy.

## OVERSTRAND MUNICIPALITY – SPECIAL RATING AREA POLICY

**"term budget"** means the budget of the management body contemplated in section 6 of the By-law.

### 2 INTRODUCTION

- 2.1 This Policy for the establishment of special rating areas must be read together with the Property Rates Act and the By-Law.
- 2.2 All words and phrases defined in the Property Rates Act and the By-law have the same meaning in this Policy.
- 2.3 In the event of any conflict between the provisions of the By-law and the provisions of this Policy, the By-law prevails.
- 2.4 The Policy should at all times be read together with the Rates Policy of Overstrand Municipality.

### 3 AIM OF THE POLICY

- This Policy aims to –
- 3.1 set out Council's position on special rating areas and the factors that will influence Council's decision whether or not to determine a particular special rating area;
- 3.2 provide guidance to members of the local community and to decision-makers within the Overstrand Municipality in relation to the establishment of special rating areas;
- 3.3 strike an appropriate balance between facilitating self-funded community initiatives that aim to improve and/or upgrade neighborhoods by making use of a non-profit company ("NPC") structure as contemplated in the Companies Act, which is referred to in the By-law as "the management body"; and ensure commitment to good, fair and transparent governance by the management body as defined in the By-law, by implementing a transparent process when appointing service providers to improve and/or upgrade the special rating area in the public areas and ensuring that these improved and/or upgraded services are not provided for private properties.

### 4 EXCLUSION

This Policy does not apply to privately-owned property developments.

### 5 POLICY STATEMENT

- 5.1 The special rating area model is based on international best practice. It is aimed at preventing the degeneration of towns and the consequential urban decay, and facilitating their upliftment, economic growth and sustainable development.
- 5.2 The purposes of a special rating area is to –
- 5.2.1 enhance and supplement the municipal services provided by the Overstrand Municipality;
- 5.2.2 facilitate investment in the special rating area;
- 5.2.3 facilitate a co-operative approach between the Municipality and the private sector in the provision of municipal services;

## OVERSTRAND MUNICIPALITY – SPECIAL RATING AREA POLICY

- 5.2.4 halt the degeneration and facilitate the upliftment of distressed business and mixed-use areas; and
- 5.2.5 promote economic growth and sustainable development and in this way assist the Council in the fulfilment of its objects and developmental duties as set out in its Integrated Development Plan ("IDP").
- 5.3 The Overstrand Municipality recognises special rating areas as a potential tool for assisting it to fulfill its constitutional and statutory obligations to allow property owners within a geographical area to improve and upgrade their area by means of a property rate in addition to the standard property rate.
- 5.4 The Overstrand Municipality does not see its role as advocating or initiating the establishment of special rating areas, but rather facilitating the process with guidance and advice and assisting and helping to capacitate management bodies
- 6 FACTORS CONSIDERED WHEN DETERMINING A SPECIAL RATING AREA**
- The Council will consider determining a special rating area where the requirements of section 22 of the Property Rates Act are complied with, including that:
- 6.1 the purpose of the special rating area is to allow an additional rate to be levied on property in the defined area to raise funds for improving or upgrading the area;
- 6.2 the special rating area will not be used to reinforce existing inequalities in the development of the Overstrand's area of jurisdiction;
- 6.3 the determination of the special rating area is consistent with the IDP;
- 6.4 residential special rating areas mean an area in which more than 40% (forty percent) of the rates base value consists of Residential Property as defined in the Municipalities Rates Policy;
- 6.5 any residential special rating area must comply fully with the provisions of the By-law, save that, with reference to the majority support, the applicant must provide written proof to the Council that owners of rateable property within the boundary of the special rating area who own not fewer than 50% (fifty percent) plus 1 in number of such properties, approve the formation of the special rating area;
- 6.6 any non-residential special rating area must comply fully with the provisions of the By-law, save that, with reference to the majority support, the applicant must provide written proof to the Council that owners of rateable property within the boundary of the special rating area who own not fewer than 50% (fifty percent) plus 1 in number of such properties, approve the formation of the special rating area;
- 6.7 the procedural requirements of section 22 of the Property Rates Act as well as the By-law and the Policy, are complied with, including the community consultation requirement, as determined by the CFO;
- 6.8 the proposed improvement or upgrade has been clearly and fully defined;
- 6.9 the proposed improvement or upgrade can be clearly and logically linked to a geographical area, the boundaries of which can be clearly determined;
- 6.10 there is evidence that it will be financially viable to use a special rating area to raise funds for the proposed improvement or upgrade;
- 6.11 Overstrand is satisfied with the institutional arrangements proposed in respect of the special rating area; and

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- 6.12 ultimately, the decision whether or not to determine a special rating area rests with the Council in its sole discretion.
- 7 APPLICABILITY OF THE OVERSTRAND MUNICIPALITIES RATES POLICY AND OTHER POLICIES**
- 7.1 The Overstrand Municipality's rates policy applies with the necessary changes to this Policy. In particular, and without limiting the generality of the foregoing, Section 17 of the Property Rates Act, the exemptions, rebates and reductions set out in the Rates Policy apply with the necessary changes in relation to the levying of an additional rate for special rating area purposes.
- 7.2 Notwithstanding the provisions of paragraph 7.1 above, when the Municipality grants a partial rebate as set out in the Rates Policy, the relevant property owner will be granted a full (100%) rebate in relation to the additional rate.
- 7.3 Other policies approved by the Council apply with the necessary changes to the collection of additional rates in terms of the Policy, the By-Law and section 22 of the Property Rates Act, including, but not limited to, the Overstrand Municipality Credit Control and Debt Collection Policy.
- 8 PROCESS**
- This Policy sets out –
- 8.1 the institutional arrangements for special rating areas (paragraph 9);
- 8.2 the establishment principles (paragraph 10);
- 8.3 the information to be included in the business plan which needs to be submitted to the Overstrand Municipality in order to motivate a request for determination of a special rating area (paragraph 11); and
- 8.4 the annual requirements for Special Rating Areas (paragraph 12);
- 8.5 the amendment and/or extension of term for special rating area (paragraph 13 and 14);
- 8.6 the dissolution requirements which must be followed (paragraph 15);
- 8.7 the financial arrangements (paragraph 16).
- 9 INSTITUTIONAL ARRANGEMENTS**
- Section 22 of the Property Rates Act is not prescriptive as to the structural arrangements which need to be put in place to administer a special rating area. The structural arrangements that will be supported by the Overstrand Municipality are the following:
- 9.1 Administration by a NPC**
- 9.1.1 The ratepayers within the special rating area must establish and participate in an appropriate structure to carry out planning, contracting, financial control and administrative functions within the special rating area, in order to manage and implement the services and upgrades.

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- 9.1.2 This structural arrangement does not entail ratepayers setting the additional rate, which under law can only be done by the Council.
- 9.1.3 Councilors who are actively involved in pursuing and promoting the establishment of a special rating area must recuse themselves when Council considers the application for establishment of a special rating area.
- 9.1.4 Amongst other reasons, because funds collected by government are placed in the hands of the private sector through this structural arrangement, the requirements set out in this Policy must be met.
- 9.1.5 The functions of the structure would include:
- (a) determining the funding required each year (paragraph 16.2);
  - (b) appointing contractors to effect the improvement/s or upgrade/s and
  - (c) receiving the additional rate collected by the Overstrand Municipality and expending the funds in accordance with the approved business plan.

### 9.2 Structural requirements:

- 9.2.1 Before Overstrand Municipality will consider allowing ratepayers in a special rating area to carry out administrative and other functions in relation to the area, the Steering Committee must establish a non-profit company ("NPC") in terms of the Companies Act for that purpose.
- 9.2.2 The inaugural memorandum of incorporation ("MOI") of the NPC must be aligned with the prescribed format determined by the CFO; and any amendments thereto must be approved by the CFO;
- 9.2.3 The NPC must be managed in terms of the Companies Act, and must also comply with any other legislation as a result of the financial connection to Council;
- 9.2.4 The NPC must have at least 3 (three) directors, each with specific portfolio(s) aligned with the business plan;
- 9.2.5 The Executive Mayor will appoint councilor(s) as director(s) and alternate director(s) as representative(s) of the Municipality, who shall attend and participate in, but not vote at meetings of the management body, to the board of the management body in accordance with sections 11(4) and 11(5) of the By-law. The director(s) appointed by the Executive Mayor will not have the powers and duties of directors as set out in the Companies Act and the management body's MOI;
- 9.2.6 The NPC must give a written notice to all the affected property owners within the special rating area of the intention to hold a members meeting within six months of the establishment of the NPC and thereafter an annual general meeting ("AGM") (paragraph 12.2) on the date stated in the notice by advertising in one English and one Afrikaans daily newspaper and must also give notice in a community (local) newspaper to accommodate other official languages where applicable; and
- 9.2.7 The purpose of the meetings referred to in paragraph 9.2.6 will be to, amongst other items on the agenda:
- (a) appoint directors, other than the director(s) appointed in terms of paragraph 9.2.5;
  - (b) amend the NPC's MOI if required and with prior written consent of the CFO; and

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- (c) approve the following year's budget and implementation plan (paragraph 16.2).

### 10 ESTABLISHMENT PRINCIPLES OF A SPECIAL RATING AREA

The process for establishing special rating areas as set out in Chapter 1 of the By-law, must be followed.

#### 10.1 Initiation Phase

- 10.1.1 The applicant must form a steering committee that is representative of property owners within the proposed special rating area.
- 10.1.2 The Steering Committee must keep a comprehensive portfolio of evidence of the establishment process.
- 10.1.3 The Steering Committee must meet with the CFO before commencing with the establishment process to ensure that the special rating area is the appropriate vehicle.
- 10.1.4 All documents relating to the establishment process must be approved by the CFO before circulating them to the public.
- 10.1.5 After the Steering Committee confirms in writing that it will engage in the pursuit of establishing a special rating area it must supply the Overstrand Municipality with a map depicting the boundaries of the special rating area.
- 10.1.6 The Overstrand Municipality will extract a property database which the Steering Committee, with the assistance of the Municipality, must verify as correct. Any anomalies must be reported to the Municipality for remedial action.
- 10.1.7 All properties except municipal properties predominantly used for municipal purposes or properties exempted from paying property rates or receiving partial rates relief (paragraph 7.1) will form part of the property database of the proposed special rating area.
- 10.1.8 After the Overstrand Municipality has prepared a total areas profile of the area and is satisfied with the outcome thereof the Steering Committee may proceed with the establishment process.
- 10.1.9 The Steering Committee will be required to conduct an urban management survey (only one survey per property owner) of not less than 20% of properties in the database (proportional split in terms of the usage code is required). In addition a random sample of people within the area, which is equal in number to not less than 5% of the properties in the database, is also required. Where a reduction in the number of survey forms is required it may be motivated for consideration by the CFO.
- 10.1.10 The Steering Committee must consult with the respective Overstrand Municipality Directorate(s) regarding the current service(s) provided and the levels thereof as well as the SRA anticipated service(s) and level thereof.
- 10.1.11 The Steering Committee must compile a business plan in accordance with the provisions of paragraph 11 of this Policy.

#### 10.2 First Public Meeting

- 10.2.1 The public meeting must be conducted in accordance with section 5 of the By-law.

#### 10.3 Obtaining Support

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- 10.3.1 Support may only be obtained after the public meeting and on the consent form provided by the Overstrand Municipality.
- 10.3.2 All support forms must be filed and cross-referenced to the property database in terms of paragraph 10.1.6 of the Policy to verify the accuracy thereof.
- 10.3.3 Any property owner that wants to object to the establishment of a special rating area or to the provisions of the business plan can do so by indicating it on the consent form. The objector will be required to submit an objection letter once an application for the establishment of a special rating area is submitted to Council.
- 10.4 **Application**
- 10.4.1 An application must be submitted in terms of paragraph 11 of this Policy.
- 10.4.2 The application must be advertised in terms of paragraph 9.2.6 and also set a date for a second public meeting to occur not more than twenty days or less than seven days before the objection period closes.
- 10.4.3 Prior to submitting an application the Steering Committee will be required to set up a website that displays the following:
- application letter;
  - business plan;
  - urban management perception report;
  - public meeting presentations and minutes;
  - By-law;
  - Policy;
  - SRA frequently asked questions;
  - notices; and
  - blank consent / objection form.
- 10.4.4 The special rating area application must be submitted by 30 September of the financial year preceding the establishment of the special rating area. The CFO may extend this date if a properly motivated request is received. This will depend on Council's ability to accommodate the late application within the budget process.

## 10.5 **Objections**

- 10.5.1 Consents and objections will be considered only if they are submitted to Council by the last day specified in the application notice.
- 10.5.2 Property owners objecting to the establishment of a special rating area in terms of paragraph 10.3.3 must do so in writing and include a motivation for their objection.
- 10.5.3 The Steering Committee must engage with all the objectors and provide them and Council with minutes of these meetings. The objector/s will be allowed to respond to the minutes.
- 10.5.4 Any property owner who wants to make oral representations for submission to Council in terms of section 7(4) of the By-law will be assisted by an official to document this for inclusion in the report to be considered by Council.

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### 10.6 **Inaugural Phase**

- 10.6.1 The process and appointment of all service providers must be communicated to the property owners on the NPC's website and in newsletters.
- 10.6.2 The application form to become a member of the NPC must also be available on the website.
- 10.6.3 Any special rating area that is approved more than nine months prior to the effective date may:
- 10.6.3.1 delay the implementation of the special rating area and commence with year two of the business plan. This will imply that the term is effectively reduced by one year; or
  - 10.6.3.2 implement the original business plan.

### 11 **BUSINESS PLAN CONTENT**

The business plan comprises of the following:

- a motivation report;
- an implementation plan; and
- a term budget.

#### 11.1 **Motivation report**

The motivation report must contain the following:

- 11.1.1 **Introduction:**
  - 11.1.1.1 an executive summary of the improvement or upgrade proposed for the special rating area as set out in the business plan;
  - 11.1.1.2 an explanation of how the proposed improvement or upgrade is linked to the geographical area of the proposed special rating area;
  - 11.1.1.3 an explanation of why the proposed special rating area will not reinforce existing inequities in the development of the Overstrand Municipality;
  - 11.1.1.4 an explanation of how the special rating area, if determined, will be consistent with the Overstrand Municipalities IDP as per the Service Departments' business plans;
  - 11.1.1.5 an explanation of the institutional arrangements proposed in relation to the special rating area;
- 11.1.2 **Vision;**
- 11.1.3 **Mission;**
- 11.1.4 **Goal;**
- 11.1.5 A diagram clearly indicating the boundaries of the proposed special rating area;
- 11.1.6 Proposed management structure;

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- composition of special rating area board including allocation of portfolios; and
  - operational arrangements;
- 11.1.7 Services:
- 11.1.7.1 Service providers to be appointed as contemplated in paragraphs 2.1.4 and 9.6.1.
- 11.1.8 Financial Impact:
- provide details regarding the calculation of the additional rate;
  - provide details of criteria to qualify for exemption from paying the additional rate as per paragraph 10.1.7;
- 11.1.9 A list of all rateable properties within the proposed special rating area, contact details of all property owners and the value of each property as set out in the Council's general valuation roll. Differentiation between categories of properties, as provided for in section 8 of the Property Rates Act, must be considered;
- 11.1.10 Proof of the consent of the majority of the members of the local community in the proposed special rating area who will be liable for paying the additional rate;
- 11.1.11 Proof of the notice of the public meeting or meetings contemplated in the By-law;
- 11.1.12 Minutes of the public meeting or meetings; and
- 11.1.13 Compilation date.

### 11.2 Implementation plan

The implementation plan is a schedule of goals to implement improvements or upgrades as per the motivation report and must at least address the following:

- 11.2.1 Milestones;
- 11.2.2 Tasks per milestone;
- 11.2.3 Start and finish date per task;
- 11.2.4 Assign responsibility per goal, milestone & task; and
- 11.2.5 Performance indicators per milestone.

### 11.3 Term budget

- 11.3.1 The budget for the proposed improvements or upgrades must at least address the following:
- 11.3.1.1 an annual budget per line item commencing on 1 July of the first year and ending on 30 June of the last year of the term; and
  - 11.3.1.2 a budget split for the provision of improvements or upgrades between the different categories of properties.
- 11.3.2 subject to the provisions of the Property Rates Act, the additional rate in any category of property must not exceed 25% of the municipal property rate. Any deviation must be fully motivated to Council for consideration.

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### 12. ANNUAL REQUIREMENTS

- 12.1 The NPC must confirm the property data base which the Steering Committee must verify as correct or report anomalies to the Overstrand Municipality for remedial action.
- 12.2 The NPC must hold its AGM before 31 December as per the MCI requirements.
- 12.3 Within two months of the end of each financial year the NPC must provide the CFO with its Audited Financial Statements for the immediately preceding year.
- 12.4 Within three months after the AGM the NPC must provide Council with its audited Financial Statements for the immediately preceding year and an Annual Report, on its progress in carrying out the provisions of the Business Plan in the preceding year to improve and upgrade the Special Rating Area.
- 12.5 The NPC must submit an annual budget and implementation plan for comment by the CFO before approval at the AGM (paragraph 16.2), and ensure that -
- 12.5.1 the quantum of financial reserves is not less than two months of revenue received from the Overstrand Municipality in terms of the approved budget per SRA except if these funds have been duly allocated to a project;
  - 12.5.2 the implementation plan is signed with the proposed budget.
- 12.6 The submission of the annual budget and implementation plan as referred to in paragraph 12.5 will be subject to approval by Council during the municipalities annual budget process.
- 12.7 The NPC must by 31 January each year provide the CFO with a mid-year performance scorecard based on the activities set out in the implementation plan.
- 12.8 The NPC will within one month after the AGM provide the CFO with draft minutes of the AGM to ensure compliance with the legal requirements.

### 13 AMENDMENT TO THE BUSINESS PLAN

- 13.1 In the event that a NPC seeks to amend the boundaries of the SRA and/or the business plan content then the procedures set out in section 14 of the By-law must be followed and submitted by 30 September.
- 13.2 The following factors, although not limited to, must be addressed in the motivation:
- explanation of impact on costs, budget and implementation plan expectations;
  - cross subsidisation by existing members;
  - fairness and equity;
  - affordability and sustainability of the existing SRA;
  - intention of the legislation prescribing that all property owners must be allowed to participate in the formation of a SRA;
  - priorities of the new area may differ from the existing SRA priorities; and
  - arears profile

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- 13.3 The boundary changes must not affect the vested rights of existing property owners as per the Business Plan.
- 13.4 Boundary changes are subject to the following criteria:
  - 13.4.1 Obtaining by special resolution the support from existing NPC members at a members meeting before expansion is pursued;
  - 13.4.2 Determining the profile of the new total SRA as it could change from non-residential to residential and vice versa;
  - 13.4.3 Obtaining the required majority support from the property owners in the new area only, based on the determination referred to in paragraph 13.4.2.
  - 13.4.4 Any geographical boundary changes must be continuous with the existing SRA geographical area.
- 13.5 Property owners in the new area must follow the establishment process as per Chapter 1 of the By-law.

**14 EXTENSION OF THE SRA TERM**

In the event that a NPC seeks to extend the term of the special rating area for a further period then the procedures set out in section 15 of the By-law must be followed.

**15 DISSOLUTION**

The special rating area may be dissolved by resolution of the Council in terms of section 16 of the By-law. Thereafter the management body may be wound up in terms of the provisions of section 16 of the By-law and the NPC's MOLA.

**16 FINANCIAL CONTROL**

- 16.1 As stated in the By-law, the amount of any additional rate levied in a special rating area is determined by Council. The additional rate is imposed by the Council, is a debt owing to the Overstrand Municipality and is payable and collected in the same manner as other property rates imposed by the Council.
- 16.2 The NPC must submit an annual budget as approved at an AGM or Special General Meeting ("SGM") to the Overstrand Municipality by 31 January, with appropriate motivation including an implementation plan for the next financial year, and the Council will consider the recommendation during its budgeting process.
- 16.3 Before the Overstrand Municipality will pay over any additional rate collected to the NPC, the NPC and the Overstrand Municipality must have concluded a written finance agreement regulating, amongst other things:
  - 16.3.1 the mechanisms and manner of payment;
  - 16.3.2 how the additional rate is to be held by the NPC;
  - 16.3.3 any parameters relating to expenditure; and
  - 16.3.4 any obligations on the NPC to take out and maintain appropriate insurance.
- 16.4 The CFO may request a forensic audit should he deem it necessary.
- 16.5 The CFO may request a special board meeting.

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- 16.6 The CFO may amend the percentage retained as a provision for bad debt for SRA's with high arrears, as contemplated in the Finance Agreement concluded between the Overstrand Municipality and each SRA, should he/she deems it necessary.
- 17 **COMMENCEMENT AND IMPLEMENTATION**
  - 17.1 This Policy will come into effect on 1 July 2023.
  - 17.2 Where the Overstrand Municipality is legally empowered to do so, requirements set out in this Policy may be imposed as conditions attached to the determination of a special rating area.
  - 17.3 This Policy and its implementation must be reviewed annually.

**18 COSTS**

Unless otherwise agreed by the Municipal Manager or his/her nominee, the Overstrand Municipality shall not be liable for any costs incurred by ratepayers within the relevant proposed special rating area in respect of the implementation of the steps set out in this Policy and in the By-law.

**19 SHORT TITLE**

This policy will be referred to as the Special Rating Area Policy of the Overstrand Municipality.

<b>POLICY SECTION:</b>	<b>SENIOR MANAGER: REVENUE</b>
<b>CURRENT UPDATE:</b>	31 MAY 2023
<b>PREVIOUS REVIEW:</b>	31 MAY 2022
<b>PREVIOUS REVIEW:</b>	26 MAY 2021
<b>PREVIOUS REVIEW:</b>	27 MAY 2020
<b>PREVIOUS REVIEW:</b>	29 MAY 2019
<b>PREVIOUS REVIEW:</b>	30 MAY 2018
<b>PREVIOUS REVIEW:</b>	31 MAY 2017
<b>APPROVAL BY COUNCIL:</b>	25 MAY 2016

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# OVERSTRAND MUNICIPALITY



# ASSET MANAGEMENT POLICY

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**1. OBJECTIVE**

- 1.1. To ensure the effective and efficient control of the municipality's assets through:
  - 1.1.1 proper recording of assets from authorisation to acquisition and to subsequent disposal;
  - 1.1.2 providing for safeguarding procedures;
  - 1.1.3 setting proper guidelines as to authorised utilisation; and
  - 1.1.4 prescribing for proper maintenance.
- 1.2. To assist officials in understanding their legal and managerial responsibilities with regard to assets.

**2. BACKGROUND**

- 2.1. The proper utilization and management of its assets is one of the prime mechanisms by which a municipality can fulfill the constitutional objects for:
  - 2.1.1 Delivery of sustainable services;
  - 2.1.2 Promotion of Social and economic development;
  - 2.1.3 Promoting a safe and healthy environment and,
  - 2.1.4 Providing for the basic needs to the community.
- 2.2. The municipality has a legal and moral obligation to ensure it implements policies to provide for the effective and efficient usage of its assets over the useful life thereof.
- 2.3. The asset management policy deals with the municipal rules required to ensure the enforcement of appropriate stewardship of assets.
- 2.4. Stewardship has three components being the:
  - 2.4.1. Management, utilization and control by municipal officials;
  - 2.4.2. Financial administration by the Director: Finance, and
  - 2.4.3. Physical administration by the Manager: Expenditure & Asset Management.
- 2.5. Statutory provisions exist to protect public property against arbitrary and inappropriate management or disposal by a municipality.
- 2.6. Accounting standards are set to ensure the appropriate financial treatment for property, plant or equipment. The requirements of these accounting standards include:
  - 2.6.1. The compilation of asset registers recording all assets controlled by the municipality;
  - 2.6.2. Accounting treatment for the acquisition, disposal, recording and depreciation of property, plant or equipment, and
  - 2.6.3. The standards to which these financial records must be maintained.

**3. DEFINITIONS**

"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.
"Amortization"	is the systematic allocation of the depreciable amount of an intangible asset over its useful life.
"Assets"	are resources controlled by the municipality as the result of past events and from which future economic benefits or future service potential are expected to flow to the municipality and for the purpose of this policy refers to property, plant and equipment but excludes Investment Properties.
"Assets below capitalization threshold"	are items of assets that are not significant enough for financial recognition but are valuable enough to warrant special safeguarding, previously referred to as Control Items.
"Asset categories"	are the asset categories as per the Overstrand Asset Register.
"Basic Municipal Services"	means the amount or level of any municipal service that is necessary to ensure an acceptable and reasonable quality of life and which, if not provided, would endanger public health or safety of the environment and for this Policy includes, but is not restricted to electricity, refuse collection, sanitation, local roads, storm water drainage, fire services and water services.
"Capitalization"	is the recognition of expenditure as an Asset in the Financial Asset Register.
"Carrying amount"	is the amount at which an asset is included in the Statement of Financial Position after deducting any accumulated depreciation and accumulated impairment thereon.
"Cost"	is the amount of cash or cash equivalents paid or the fair value of the other consideration given or received to acquire an asset at the time of its acquisition or construction.
"Cost of acquisition"	is all the costs incurred in bringing an asset item to the required condition and location for its intended use.
"Depreciation"	is the systematic allocation of the depreciable amount of an asset over its useful life.
"Depreciable amount"	is the cost of an asset, or other amount substituted for cost in the financial statements, less its residual value.
"Director"	is the "head of each Directorate" that has the functional accountability for and control of the physical management of a particular set of assets in order to achieve the municipality's strategic objectives relevant to that directorate. The execution of this responsibility will require the relevant asset manager to control the acquisition, utilization, management and disposal of this set of assets to optimize the achievement of these objectives.

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<b>"Disposal"</b>	<p>in relation to a capital asset, includes:</p> <p>(a) the demolition, dismantling or destruction of the capital asset; or</p> <p>(b) any other process applied to a capital asset which results in loss of ownership of the capital asset otherwise than by way of transfer of ownership.</p>
<b>"Fair value"</b>	is the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction.
<b>"Finance Lease"</b>	is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. Title may or may not eventually be transferred.
<b>"Financial asset register"</b>	is the control register recording the financial and other key details for all municipal assets recognized in accordance with this policy.
<b>"Fixed Asset"</b>	(also referred to as a "non-current asset") is an asset with an expected useful life greater than 12 months and includes moveable and immovable assets.
<b>"Grantor"</b>	is the entity that grants the right to use the service concession asset to the operator.
<b>"Heritage Assets"</b>	are assets defined as culturally, environmental, historical, natural, scientific, technological or artistic significant and are held indefinitely for the benefit of present and future generations. Examples are works of art, historical buildings and statues.
<b>"Immovable Assets"</b>	are fixed structures such as [buildings and] roads, tied to the land, as well as immovable property – land and buildings, meaning it cannot physically be moved somewhere else. A plant that is built-in to the fixed structures and is an essential part of the functional performance of the primary asset is considered an immovable asset (though it may be temporarily removed for repair).
<b>"Impairment loss" of a cash-generating asset</b>	is the amount by which the carrying amount of an asset exceeds its recoverable amount.
<b>"Impairment loss" of a non-cash-generating asset</b>	is the amount by which the carrying amount of an asset exceeds its recoverable service amount.
<b>"Infrastructure assets"</b>	are defined as any assets that are part of a network of similar assets. Examples are roads, water reticulation schemes, sewerage purification and trunk mains.
<b>"Intangible assets"</b>	are defined as identifiable non-monetary assets without physical substance.
<b>"Investment properties"</b>	are defined as properties that are acquired for economic and capital gains.
<b>"Mandated Function"</b>	involves the delivery of a public service by an operator on behalf of a grantor that falls within the grantor's mandate.

<b>"Minor Assets"</b>	are moveable assets with the exception of items specifically excluded in Annexures 1, 2 & 3 of this Policy
<b>"Moveable Assets"</b>	are the stock of equipment owned or leased by the municipality such as office equipment and furniture, motor vehicles and mobile plant.
<b>"Operator"</b>	is the entity that uses the service concession asset to provide a mandated function subject to the grantor's control of the asset.
<b>"Organ of State"</b>	in terms of this policy, means – (a) a national department or national public entity; (b) a provincial department or provincial public entity; (c) a municipality or municipal entity; or (d) any other organ of state within the meaning assigned to "organ of state" in section 239 of the Constitution.
<b>"Other assets"</b>	are defined as assets utilized in normal operations. Examples are plant and equipment, motor vehicles and furniture.
<b>"Prescribe"</b>	means as prescribed by the Minister of Finance by regulation.
<b>"Property, plant or equipment" (PPE)</b>	Means tangible assets that: (a) are held by a municipality for use in the production or supply of goods or services, for rental to others, or for administrative purposes; and (b) are expected to have a useful life extending for more than one financial year.
<b>"Recoverable amount"</b>	is the amount that the municipality expects to recover from the future use of an asset, including its residual value on disposal.
<b>"Residual value"</b>	is the net amount that the municipality expects to obtain for an asset at the end of its useful life after deducting the expected costs of disposal.
<b>"Service concession arrangement"</b>	is a contractual arrangement between a grantor and an operator in which: (a) the operator uses the service concession asset to provide a mandated function on behalf of the grantor for a specified period of time; and (b) the operator is compensated for its services over the period of the service concession arrangement.
<b>"Service concession asset"</b>	is an asset used to provide a mandated function in a service concession arrangement that: e) is provided by the operator which: i. the operator constructs, develops, or acquires from a third party; or ii. is an existing asset of the operator; or b) is provided by the grantor which: i. is an existing asset of the grantor; or ii. is an upgrade to an existing asset of the grantor.

<b>"Useful life"</b>	<p>is either:</p> <p>(a) the estimated period of time over which the future economic benefits or future service potential embodied in an asset are expected to be consumed by the municipality, or</p> <p>(b) the estimated total service potential expressed in terms of production or similar units that is expected to be obtained from the asset by the municipality.</p>
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**4. STATUTORY AND REGULATORY FRAMEWORK**

- 4.1. This policy must comply with all relevant legislative requirements including:
  - 4.1.1 The Constitution of the Republic of South Africa, 1996
  - 4.1.2 Municipal Structures Act No 117 of 1998
  - 4.1.3 Municipal Systems Act No 32 of 2000
  - 4.1.4 Division of Revenue Act (enacted annually)
  - 4.1.5 Municipal Finance Management Act No 56 of 2003
  - 4.1.6 Local Government: Municipal Asset Transfer Regulations, 2008
- 4.2. Also, this policy must comply with the standards specified by the Accounting Standards Board. The relevant currently recognized accounting standards include:
  - 4.2.1 GRAP 5 Borrowing Costs
  - 4.2.2 GRAP 11 Construction Contracts
  - 4.2.3 GRAP 12 Inventories
  - 4.2.4 GRAP 13 Leases
  - 4.2.5 GRAP 16 Investment property
  - 4.2.6 GRAP 17 Property, Plant and Equipment
  - 4.2.7 GRAP 21 Impairment of Non-Cash Generating Assets
  - 4.2.8 GRAP 26 Impairment of Cash Generating Assets
  - 4.2.9 GRAP 31 Intangible Assets (Previously GRAP 102)
  - 4.2.10 GRAP 32 Service Concession Arrangements: Grantor
  - 4.2.11 GRAP 100 Discontinued Operations
  - 4.2.12 GRAP 103 Heritage Assets
  - 4.2.13 GRAP 110 Living and Non-Living Resources
- 4.3. This policy does not overrule the requirement to comply with other policies such as Supply Chain Management policy, Budget policies or the Administration of Immovable Property policy.

**5. RESPONSIBILITIES AND ACCOUNTABILITIES**

- 5.1. The Municipal Manager is responsible for the management of the assets of the municipality, including the safeguarding and the maintenance of those assets.
- 5.2. The Municipal Manager must take all reasonable steps to ensure that:
  - 5.2.1 the municipality has and maintains a management, accounting and information system that accounts for the assets of the municipality;
  - 5.2.2 the municipality's assets are valued in accordance with standards of GRAP;
  - 5.2.3 the municipality has and maintains a system of internal control of assets, including an asset register, and
  - 5.2.4 the Directors comply with this policy.
- 5.3. The Director: Finance is responsible to the Municipal Manager to ensure that the financial investment in the municipality's assets is properly recorded.
  - 5.3.1. The Director: Finance must take all reasonable steps to ensure that:
    - a) appropriate systems of financial management and internal controls are established and carried out diligently;
    - b) the financial and other resources of the municipality are utilized effectively, efficiently, economically and transparently;
    - c) any unauthorized, irregular or fruitless or wasteful expenditure, and losses resulting from criminal or negligent conduct, are prevented;
    - d) the systems, processes and registers required to substantiate the financial values of the municipality's assets are maintained to standards sufficient to satisfy the requirements of all statutes;
    - e) financial processes are established and maintained to ensure the municipality's financial resources are optimally utilized through appropriate asset plans, budgeting, purchasing, maintenance and disposal decisions;
    - f) the Municipal Manager is appropriately advised on the exercise of powers and duties pertaining to the financial administration of assets, and
    - g) the Directors are appropriately advised on the exercise of their powers and duties pertaining to the financial administration of assets.
  - 5.3.2. The Director: Finance may delegate or otherwise assign responsibility for performing these functions but will remain accountable for ensuring these activities are performed.
- 5.4. The Directors must take all reasonable steps to ensure that:
  - 5.4.1 appropriate systems of physical management and controls are established and carried out for assets in their areas of responsibility;
  - 5.4.2 the municipal resources assigned to them are utilized effectively, efficiently, economically and transparently;
  - 5.4.3 the assets under their control are appropriately safeguarded and maintained to the extent necessary and that risk management systems are in place and applied;

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- 5.4.4 any unauthorized, irregular or fruitless or wasteful expenditure, and losses resulting from criminal or negligent conduct, are prevented;
- 5.4.5 their asset management systems and controls can provide an accurate, reliable and up to date account of assets under their control;
- 5.4.6 they are able to justify that their asset plans, budgets, purchasing, maintenance and disposal decisions optimally achieve the municipality's strategic objectives;
- 5.4.7 the purchase of assets complies with all municipal policies and procedures, including the procurement of items from the correct budget allocation;
- 5.4.8 all moveable property, plant and equipment is duly processed and identified when it is received into his/her stewardship;
- 5.4.9 all moveable assets received into his/her stewardship are appropriately safeguarded against inappropriate use or loss. This will include control over the physical access to these assets and regular asset counts to ensure any losses have not occurred. Any known losses should be immediately reported to the Director: Finance, and
- 5.4.10 assets are appropriately utilized for the purpose for which the municipality acquired them.
- 5.4.11 The Director may delegate or otherwise assign responsibility for performing these functions but will remain accountable for ensuring these activities are performed.

**5.5 Safeguarding of assets.**

Directors shall be directly responsible for the physical safeguarding of any fixed asset controlled or used by the department in question. In exercising this responsibility, Directors shall adhere to the stipulations of this policy as well as any other written directives issued by the municipal manager to the department in question, or generally to all departments, in regard to the control of or safeguarding of the municipality's fixed assets.

**6. FINANCIAL MANAGEMENT**

**6.1 Approval to acquire Property, Plant or Equipment**

- Money can only be spent on a capital project if:
  - 6.1.1 the money has been appropriated in the capital budget, and the future annual operations and maintenance needs have been calculated and have been budgeted for in the operations budget;
  - 6.1.2 the project, including the total cost and funding sources, has been approved by Council;
  - 6.1.3 the Director: Finance confirms that funding is available for that specific project, and
  - 6.1.4 the Supply Chain Management prescripts/procedures have been adhered to.

**6.2 Funding period of capital projects**

The acquisition of assets will not be funded over a period longer than the useful life of that asset.

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**6.3 Disposal of assets (excluding immovable property – land and buildings covered under the Administration of Immovable Property Policy)**

- 6.3.1 The municipality may not transfer ownership as a result of a sale or other transaction or otherwise permanently dispose of an asset needed to provide the minimum level of basic municipal services, unless such asset is obsolete or surplus to requirements or beyond a state of good repair or being replaced and provided that the delivery of the minimum level of basic municipal services must not be compromised as a result of the disposal of the asset.
  - 6.3.2 The decision that a specific asset is not needed to provide the minimum level of basic municipal services, may not be reversed by the municipality after that asset had been sold, transferred or otherwise disposed of.
  - 6.3.3 The disposal of an item of property, plant or equipment must be fair, equitable, transparent, competitive and cost effective and comply with a prescribed regulatory framework for municipal supply chain management and the Supply Chain Management Policy of the municipality.
  - 6.3.4 The transfer of assets to another municipality, municipal entity, national department or provincial department is excluded from these provisions, provided such transfer is being done in accordance with a prescribed regulatory framework.
  - 6.3.5 Directors shall report in writing to the Director: Finance on all fixed assets controlled or used by the department concerned, which such Director wishes to alienate by public auction or public tender. The Director: Finance shall thereafter consolidate the requests received from the various departments, and shall promptly report such consolidated information to the council or the municipal manager of the municipality, as the case may be, recommending the process of alienation to be adopted.
  - 6.3.6 Fixed assets identified to be disposed of by means of auction / tender must have been considered for impairment.
  - 6.3.7 Once the fixed assets are alienated, the Director: Finance shall de-recognize the asset from the accounting records and the fixed asset register.
  - 6.3.8 All gains and losses realized on the alienation of fixed assets shall be accounted for according to section 11.13 below (Accounting treatment on disposal).
  - 6.3.9 Disposal of immovable property – land and buildings is dealt with in terms of the Overstrand Administration of Immovable Property Policy.
- 6.4 Loss, Theft, Destruction or Impairment of assets**
- 6.4.1 Directors shall ensure that any incident of loss, theft, destruction, or material impairment of any asset controlled or used by the department in question is promptly reported in writing to the Director: Finance, to the internal auditor, and – in cases of suspected theft or malicious damage – also to the South African Police Service.
  - 6.4.2 Directors shall further ensure that all the required insurance claim documentation and information is promptly submitted to the Director: Finance in terms of the prescribed claims procedures.

**7. INTERNAL CONTROLS**

**7.1 Financial Asset registers**

**7.1.1 Establishment and Management of the Financial Asset Register:**

- a) The Director: Finance will establish and maintain the Asset Register containing key financial data on each item of Assets that satisfies the criterion for recognition.

**7.1.2 Contents of the Financial Asset Register:**

- a) The fixed asset register shall be maintained in the format determined by the Director: Finance, which format shall comply with the requirements of generally recognized accounting practice (GRAP) and any other accounting requirements which may be prescribed.
- b) Directors under whose control any fixed asset falls shall promptly provide the Director: Finance in writing with any information required to complete the fixed asset register, and shall promptly advise the Director: Finance in writing of any material change which may occur in respect of such information.

**7.1.3 Internal Controls over the Financial Asset Registers:**

- a) Controls around the asset registers should be sufficient to provide Directors with an accurate, reliable and up to date account of assets under their control to the standards specified by the Director: Finance and required by relevant legislation.
- b) These controls will include the physical management and recording of all acquisitions, assignments, transfers, losses and disposals of assigned assets as well as regular asset counts and systems audits to confirm the adequacy of controls.
- c) The Municipal Manager shall ensure that the municipality maintains a fixed asset identification system which shall be operated in conjunction with its computerized fixed asset register.

**7.2 Responsibilities: Physical Receipting and Management**

- 7.2.1 The Manager: Expenditure & Asset Management will undertake at least [a bi-annual] an annual count of assets as part of the annual reporting process.
- 7.2.2 The date of acquisition of assets is deemed to be the time when legal title or control passes to the municipality.
- 7.2.3 The date of acquisition of assets may vary for different categories of assets but will be the point of time when the asset is in the final condition and location as intended for use by the Director.
- 7.2.4 A Director must advise the Director: Finance, in writing, of capital work-in-progress at the end of the financial year.
- 7.2.5 A Director must advise the Director: Finance, promptly in writing whenever capital work-in-progress is completed, for inclusion in the Asset Register.

**7.3 Transfers between Directorates**

- 7.3.1 Permanent transfers to another Directorate:

- a) A Director retains managerial accountability and control for a particular asset unless:
  - i. another Director agrees in writing to accept responsibility for the assets, and
  - ii. the Director: Finance endorses the transfer.
- b) The Finance Directorate must appropriately amend the Financial Asset register by accounting for all approved transfers.
- c) The Director to whom the asset is transferred must assume accountability for the transferred asset.

**7.3.2 Relocation or Re-assignment of Assets:**

- a) A Director must ensure that assets are appropriately safeguarded for loss, damage or misuse wherever it is located. Safeguarding includes ensuring reasonable physical restrictions.
- b) A Director must advise the Director: Finance, in writing, whenever an asset is permanently relocated or reassigned from the location (or base) or cost centre recorded in the Financial Asset Register.
- c) A Director must advise the Director: Finance, in writing, whenever an asset is temporarily relocated or reassigned from the location (or base) or cost centre recorded in the Financial Asset Register. In this case, the Director must also advise the Director: Finance when the asset is returned. In the case of assets being utilized in the normal course of operations away from its base, such as vehicles, reporting is not necessary.

**7.4 Verification of moveable fixed assets**

- 7.4.1 Directors shall, at least [twice] once during each year, undertake a comprehensive verification of all moveable fixed assets controlled or used by the department concerned.
- 7.4.2 Directors shall promptly and fully report in writing to the Director: Finance, in the format determined by the Director: Finance, all relevant results of such moveable fixed asset verification. The resultant reports shall be submitted by the Directors, to the Director: Finance, by not later than 30 days after the last day of the period in question.

**7.5 Insurance of fixed assets**

- 7.5.1 The Municipal Manager shall ensure that 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.
- 7.5.2 If the municipality operates a self-insurance reserve, the Director: Finance shall annually determine the contribution to be made to the self-insurance reserve.

**7.6 Recovery of loss**

- 7.6.1 A Claims and Asset Loss Control Committee, appointed by the Accounting Officer, must be established to investigate all losses and to consider the settlement of third-party insurance claims falling within the relevant excess limits.

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7.6.2 The Claims and Asset Loss Control Committee must comprise of a representative from Legal Services, Human Resources (Labour Relations), Finance (Asset Management) and the senior manager within whose vote the transaction occurs or a senior official as representative for his/her department or division.

7.6.3 Where applicable, the matter must be referred to the relevant Department in order to institute disciplinary action in order to recover any possible loss in incidents where negligence or misconduct may be suspected.

## 8. MANAGEMENT OF ITEMS BELOW CAPITALIZATION THRESHOLD

8.1 The Director Finance has identified asset items which will not be capitalized. These assets are qualitative and quantitatively immaterial and the costs to maintain these assets were considered and found to exceed the economic benefit if considered over the life cycle of the assets. Three types of assets were defined as per the annexures hereto.

8.2 The requirements to manage assets below threshold include:

- Recepting and bar-coding of these items.
- Maintaining and updating a register.
- Regular asset counts by the assigned person to ensure these assets below threshold are being appropriately safeguarded.
- Recording and reporting of any disposal, transfer or loss of assets below threshold by the assigned official to the CFO and adjustment of the assets below threshold register.

8.3 Assets below threshold will not be:

- capitalized as an asset,
- depreciated,
- revalued,
- recorded in the financial asset register, or
- otherwise treated as an asset.

8.4 On an annual basis, the Director: Finance will review the listing of items not capitalized in order to ensure that the effect of the treatment is not material in any aspects.

## 9. MANAGEMENT AND OPERATION OF ASSETS

### 9.1 Accountability to manage assets

- Each Director is accountable to ensure that municipal resources assigned to him are utilized effectively, efficiently, economically and transparently.
- Directors need to manage assets under their control to provide the required level of service or economic benefit at the lowest possible long-term cost.

### 9.2 Reporting on Impeding Issues

- Each Director should report to the Municipal Manager on issues that will significantly impede the assets capability to provide the required level of service or economic benefit.

## 10. CLASSIFICATION & COMPONENTS

### 10.1 Classification of assets

10.1.1 Any asset recognized as an asset under this policy will be classified according to categories as per the Overstrand Asset Register.

10.1.2 All fixed assets should be classified under the following headings in the Asset Register:

#### a) Property, plant and equipment:

- land (not held as investment property)
- buildings (not held as investment property)
- community assets (resources contributing to the general well-being of the community)
- infrastructure assets (assets which are part of a network of similar assets)
- other assets (ordinary operational resources, consisting of Furniture, Equipment and Vehicles)

#### b) Heritage Assets

- heritage assets (culturally, environmental, historical, natural, scientific, technological or artistic significant assets)

#### c) Investment property

- investment assets (resources held for capital or operational gain)

#### d) Intangible Assets

- non-monetary assets without physical substance such as computer software, licenses etc.

#### e) Leased Assets

- asset financed through a lease arrangement such as cell phone contracts or finance leases

#### f) Service Concession asset

- is the asset used in a service concession agreement in order to provide services to the public within the juristic boundaries of the municipality
- Examples hereof include water treatment plants being operated by a third party or a toll road operated by a third party if the conditions of GRAP 32 are met

**g) Living and Non-Living Resources**

- Assets that undergo biological transformation (living resources) or assets that occur naturally and that are not extracted (non-living resources)

10.1.3 The Director: Finance may agree to subdivide these classifications further. This decision will be noted as an amendment to the Asset Register of the Overstrand Municipality.

**10.2 Treatment of Major Components**

- All parts of an asset that is significant to the cost of the item as a whole shall be treated as a separate major component and each major component shall be treated as described below.
- A Director may, with agreement of the Director: Finance, treat other non-significant parts as major components of an item of property plant or equipment as a separate asset for the purposes of this policy.
- These major components may be defined by its physical parameters (e.g. a reservoir roof) or its financial parameters (e.g. a road surface).
- In agreeing to these treatments the Director: Finance must be satisfied that these components:
  - have a significantly different useful life or usage pattern to the main asset,
  - align with the asset management plans,
  - justify the costs of separate identification,
  - have probable future economic benefits or potential service delivery associated with the asset which will flow to the municipality,
  - is such that the cost of the asset to the municipality can be measured reliably,
  - is such that the municipality has control over the asset,
  - the item is not listed as an expense or asset below threshold in the appendixes hereto, and
  - is such that the asset is expected to be used during more than one financial year.
- Once a major component is recognized as a separate asset, it may be acquired, depreciated and disposed of as if it was a separate asset.

**11. ACCOUNTING FOR ASSETS**

**11.1 Recognition of assets**

- An item of property, plant or equipment will be recognized as an asset when:
  - it is probable that future economic benefits or potential service delivery associated with the asset will flow to the municipality,
  - the cost of the asset to the municipality can be measured reliably,
  - the municipality has control over the asset,

- the item is not listed as an expense or asset below threshold in the appendixes hereto, and
- the asset is expected to be used during more than one financial year.

**11.2 Initial measurement**

- An item of property, plant or equipment that qualifies for recognition as an asset should be initially measured at its "cost of acquisition".
- This "cost of acquisition" usually includes the following:
  - Purchase costs (less any discounts given)
  - Delivery costs
  - Installation costs
  - Professional fees for architects, engineers and attorneys
  - Import duties
  - Non-refundable taxes
  - Site development costs
  - Contractor fees

**11.3 Donations or exchanges**

Where an item of property plant or equipment is acquired at no cost, or for a nominal cost, it will be initially measured at its fair value as at the date of acquisition and included in the asset register if the item is considered an asset other than asset below threshold or expense.

**11.4 Recognition threshold**

The municipality does not utilize a recognition threshold, but has rather identified items that are insignificant and thus would not be capitalized. The listing of items and methodology for identifying such items are listed in the appendixes hereto.

**11.5 Carrying amount of assets**

Subsequent to initial recognition as an asset, an item of property, plant or equipment should be carried at its cost of acquisition less any accumulated depreciation and accumulated impairments.

**11.6 Depreciation**

- All fixed assets, except land and heritage assets, shall be depreciated.
- The depreciable amount of an item of property, plant or equipment should be allocated on a systematic basis over its useful life.
- The depreciation method used should reflect the pattern in which economic benefits or potential service provisions are consumed by the municipality.
- The depreciation charge for each period will be recognized as an expense against the budget of the relevant Director unless it is included in the carrying amount of another asset.
- The depreciation method used shall reflect the pattern in which the assets future economic benefits or service potential are expected to be consumed by the municipality.

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- A variety of depreciation methods can be used to allocate the depreciable amount of an asset on a systematic basis over its useful life. These methods include the straight-line method, the diminishing balance method and the units of production method. Straight-line depreciation results in a constant charge over the useful life if the asset's residual value does not change. The diminishing balance method results in a decreasing charge over the useful life. The units of production method results in a charge based on the expected use or output. The entity selects the method that most closely reflects the expected pattern of consumption of the future economic benefits or service potential embodied in the asset. That method is applied consistently from period to period unless there is a change in the expected pattern of consumption of those future economic benefits or service potential.
- The depreciation method will be the straight-line method unless otherwise agreed to in writing by the Director: Finance.
- Depreciation shall be calculated from the day the fixed asset is available for use (GRAP 17).
- Directors, acting in consultation with the Director: Finance, 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 amortization of intangible assets shall be identical to those applying to the depreciation of other fixed assets.

#### 11.7 Initial determination of useful life

- Directors need to determine the useful life of a particular item or class of asset through the development of a strategic asset management plan. The determination of useful life should be developed as part of any pre-acquisition planning that would consider, inter alia, the following factors:
  - The program that will optimize the expected long-term costs of owning that asset,
  - Economic obsolescence because it is too expensive to maintain,
  - Functional obsolescence because it no longer meets the municipality's needs,
  - Technological obsolescence,
  - Social obsolescence due to changing demographics, and
  - Legal obsolescence due to statutory constraints.
- The Table of Useful Lives is provided in the MFMA Local Government Capital Asset Management Guideline. These should be used as a guide to the minimum useful lives only because actual asset lives experienced greatly exceed those recommended lives.

#### 11.8 Review of useful life

- Only the Director: Finance may amend the useful operating life assigned to any fixed asset, and when any material amendment occurs, the Director: Finance shall inform the council of the municipality of such amendment.

- The Director: Finance 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, or any other event has occurred which materially affects the pattern in which the asset's economic benefits or service potential will be consumed.
- The useful life of an item of property, plant or equipment should be reviewed only when there is an indicator that the current useful lives are not appropriate. Annually the Director: Finance will review a list of circumstances that could indicate the need to revise the useful lives of assets. If any indicators require useful lives to change and these revised expectations are significantly different from previous estimates, then the depreciation charge for the current and future periods should be adjusted, and the additional depreciation expenses shall be debited to the department or vote controlling or using the fixed asset in question. The indicators are those listed under impairment indicators.

#### 11.9 Review of depreciation method

- The depreciation method applicable to property, plant or equipment should be reviewed annually, and if there has been a significant change in the expected pattern of economic benefits or potential service delivery from those assets, the method should be changed to reflect the changed pattern.
- When such a change in depreciation method is necessary the change should be accounted for as a change in accounting and the depreciation charge for the current and future periods should be adjusted.

#### 11.10 Subsequent expenditure on property plant or equipment

- Subsequent expenditure relating to an item of property, plant or equipment that meets the definition of an asset should be added to the carrying amount of the asset when such expenditure will increase the useful life of the asset or increase the efficiency of the asset or reduce the cost of operating the asset, resulting in financial or service delivery benefits.
  - All other expenditure should be recognized as an expense in the period in which it occurred.
  - Before allowing the capitalization of subsequent expenditure, the Director: Finance must be satisfied that this expenditure will significantly:
    - increase the life of that asset beyond that stated in the asset register, or
    - increase the quality of service provided by that asset beyond the existing level of service, or
    - increase the quantity of services that asset can provide, or
    - reduce the future assessed costs of maintaining that asset.
- Expenditure that is proposed to be capitalized must also conform to recognition criteria for assets and should also be appropriately included in the approved capital budget.

#### 11.11 Impairment of assets

- The accounting treatment relating to impairment losses is outlined as follows in GRAP 21 & 26:

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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.

Recoverable amount is the amount that the municipality expects to recover from the future use 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 recognized as an expense immediately.

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 amount of the smallest grouping of assets for which it is possible to make an assessment of recoverable amount.

The following may be indicators that an item of PPE has become impaired:

- The asset has been damaged.
- The asset has become technologically obsolete.
- The asset remains idle for a considerable period either prior to it being put into use or during its useful life.
- Land is purchased at market value and is to be utilized for subsidized housing developments, where the subsidy is less than the purchase price.

#### Example:

An example of where the municipality has suffered an impairment loss is the purchase of land for an amount of R 5 000 000. The land will be utilized for new subsidized housing developments. If at year end the expectation is that the Municipality will receive only R 1 000 000 by way of subsidies an impairment loss of R 4 000 000 needs to be recognized. The recoverable amount (R 1 m) is calculated as being the larger of:

- **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.
- **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.

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

- Directorates will identify and inform Finance Department - Asset Control of assets that:
  - o Are in a state of damage at year end.
  - o Are technologically obsolete at year end. This can be facilitated if Directorates require Finance Department - Asset Control, to supply them with a Fixed Asset Register pertaining to major assets showing the remaining useful lives of assets. The Directorates can then assess and

indicate cases where the assessed remaining useful life is shorter than the remaining useful life on the printout.

- o Have remained idle for a considerable period either prior to them being put into use at year end or during their useful life.
- o Are subject to impairment losses because the subsidies to be received in exchange for assets are less than the carrying amounts. An example of this is Land that is purchased at market value and is to be utilized for subsidized housing developments.
- The recoverable amounts of these assets need to be calculated by calculating the Net selling Price per asset as defined above.
- The impairment loss per asset needs to be calculated as the difference between the Net selling price and the book value of the asset.
- The impairment loss needs to be accounted for by identifying the relevant funding source.
- The carrying amount of an asset should be reviewed annually to assess whether or not the recoverable amount has declined below the carrying amount.
- When such a decline has occurred, the carrying amount should be reduced to the recoverable amount.
- The amount of the reduction should be recognized as an impairment expense immediately, unless it reverses a previous revaluation in which case it should be charged to the Revaluation Reserve.
- For assets providing economic benefits, the recoverable amount is the net present value of future ownership.
- For assets providing future service delivery, the recoverable amount is the remaining proportional to its useful life, service capacity or quality of service that is not intended to be restored by normal maintenance programs.

#### 11.12 Subsequent increase in recoverable amount

- A subsequent increase in the recoverable amount of an asset, previously written down due to a decline in the carrying amount, should be written back when the circumstances and events that led to the write-down or write-off cease to exist and there is persuasive evidence that the new circumstances and events will persist for the foreseeable future.
- The amount written back should be reduced by the amount that would have been recognized as depreciation had the write-down or write-off not occurred.

#### 11.13 Accounting treatment on Disposal

- An item of property, plant or equipment should be eliminated from the Statement of Financial Position, on disposal or when the asset is permanently withdrawn from use and no future economic benefits or potential service delivery is expected from its disposal, in accordance with GRAP 100.
- Gains or losses arising from the retirement or disposal of an item of property, plant or equipment should be determined as the difference between the actual or estimated net disposal proceeds and the carrying amount of the asset, and should be recognized as revenue or expense in the Statement of Financial Performance.

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- All gains realized on the alienation of fixed assets shall be appropriated annually to the municipality's Capital Replacement Reserve (except in the cases outlined below), and all losses on the alienation of fixed assets shall remain as expenses on the Statement of Financial Performance of the department or vote concerned. If, however, both gains and losses arise in any one financial year in respect of the alienation of the fixed assets of any department or vote, only the net gain (if any) on the alienation of such fixed assets shall be appropriated.

**11.14 Reinstatement, maintenance and other expenses**

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

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

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

The following matrix will assist in distinguishing capital expenditure from maintenance expenditure: -

Capital Expenditure	Maintenance
<ul style="list-style-type: none"> <li>Acquiring a new asset</li> <li>Replacing an existing asset</li> <li>Enhancing an existing asset so that its use is expanded</li> <li>Further developing an existing asset so that its original useful life is extended</li> </ul>	<ul style="list-style-type: none"> <li>Restoring an asset so that it can continue to be used for its intended purpose</li> <li>Maintaining an asset so that it can be used for the period for which it was initially intended.</li> </ul>

**11.15 Assets held under leases**

Finance leases are leases, which in effect transfer all risks and rewards associated with the ownership of an asset from the lessor to the lessee. Assets held under finance leases are capitalized by the municipality and reflected as such in the FAR. It will be capitalized at its leased value at commencement of the lease, which will be the price stated in the lease agreement. The asset is then depreciated over its expected useful life.

Operating leases are those leases which do not fall within the scope of the above definition. Operating lease rentals are expensed as they become due. Assets held under operating leases are not accounted for in the asset registers of the municipality.

**11.16 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 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 fixed assets register in the same manner as other fixed assets, but a separate section of the fixed assets register shall be maintained for this purpose.

**Decide on which accounting model, cost or fair value, the municipality will apply to investment property.**

**Fair value**

Investment assets shall not be depreciated, but shall be annually valued to determine their fair (market) value. Investment assets shall be recorded in the Statement of Financial Performance 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.

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 re-classified as an investment asset.

**11.17 Fixed assets treated as inventory**

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

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

**11.18 Recognition of heritage assets in the fixed asset register**

Heritage assets shall be carried at their cost values. If no original costs or fair values are available in the case of one or more or all heritage assets, the Director: Finance may, if it is believed that the determination of a fair value for the assets in question will be a laborious or expensive undertaking, record such asset or assets in the fixed asset register without an indication of the costs or fair value concerned. For Statement of Financial Performance purposes, the existence of such heritage assets shall be disclosed by means of an appropriate note.

**11.19 Other write-offs of fixed assets**

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

In every instance where a not fully depreciated fixed asset is written off, the Director: Finance shall immediately debit to such department or vote, as additional depreciation expenses, the full carrying value of the asset concerned.

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**11.20 General maintenance of fixed assets**

Every Director shall be directly responsible for ensuring that all assets are properly maintained and in a manner which will ensure that such assets attain their useful operating lives.

**11.21 Service Concession arrangements**

A service concession arrangement is governed through a contractual arrangement between the municipality and an independent third party (operator). It involves the creation and/or use of an existing municipal asset in order to provide services to the general public. The asset can be provided by the municipality or the arrangement can specify that the operator must create a new asset for purposes of providing the services on behalf of the municipality (grantor).

If the municipality provides the asset (i.e. it is an existing asset that the operator uses), no liability needs to be created in relation to the assets used by the operator. However, in the case that the operator has to create a new asset in order to fulfill the obligations of the agreement, an asset and liability needs to be created in order to account for the asset.

Assets held under a concession agreement must be separately disclosed similarly to assets acquired through a lease agreement.

The assets held under the service concession agreement is under the control of the Director: Infrastructure and Planning and such director must report annually to the Director of finance of the status of the asset, such as any impairments, replacement parts, improvements etc. to the service concession assets. These assets would be disclosed in terms of the requirements of GRAP 32: *Service Concession Arrangements: Grantor*.

**12. FINANCIAL DISCLOSURE**

Assets must be disclosed, in respect of each class of property, plant and equipment, in accordance with Generally Recognized Accounting Practice.

**13. IMPLEMENTATION AND REVIEW PROCESS**

**13.1** This policy will come into effect as from **1 July 2023**;

**13.2** This policy will be reviewed at least annually or when required by way of a Council resolution.

**14. SHORT TITLE**

This policy will be known as the Asset Management Policy of the Overstrand Municipality.

POLICY SECTION:	SENIOR MANAGER: EXPENDITURE AND ASSET MANAGEMENT
CURRENT UPDATE:	31 MAY 2023
PREVIOUS REVIEW:	31 MAY 2022
PREVIOUS REVIEW:	26 MAY 2021
PREVIOUS REVIEW:	27 MAY 2020
PREVIOUS REVIEW:	29 MAY 2019

PREVIOUS REVIEW	30 MAY 2018
PREVIOUS REVIEW	31 MAY 2017
PREVIOUS REVIEW	25 MAY 2016
PREVIOUS REVIEW	28 MAY 2015
PREVIOUS REVIEW	28 MAY 2014
PREVIOUS REVIEW	29 MAY 2013
PREVIOUS REVIEW:	30 MAY 2012
PREVIOUS REVIEW:	04 MAY 2011
PREVIOUS REVIEW:	26 MAY 2010
APPROVAL BY COUNCIL:	24 JUNE 2009

APPENDIX 1: REVISION OF ASSET CAPITALISATION THRESHOLD

Introduction

The municipality reviewed the Asset Management Policy and has determined that the capitalization threshold needed to be revised in order to ensure compliance with the GRAP requirements and to align the budgeting process with the requirements of GRAP. Based on the revision of the capitalization threshold it has decided that the most suitable approach would be to identify assets for which their value or use does not justify the cost to maintain the assets in the register.

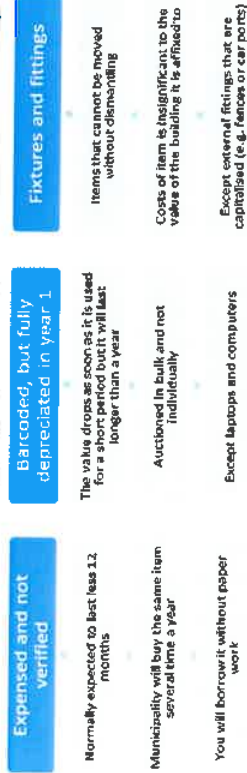
The GRAP discussion paper on materiality states the following: "Information in the financial statements is therefore relevant when it meets these information needs. The relevance of information is affected by its nature and materiality." This implies that certain information would not be relevant to the users of financial statements due to its value or nature. Furthermore, the discussion paper also states: "Materiality establishes a threshold, which may include a cut-off point, or criteria which are used in making certain decisions. Materiality in itself is not a characteristic that information must have to be useful to users. The municipality followed a qualitative materiality approach rather than a purely quantitative approach in order to identify items that are considered not material."

Management of assets within an asset register is a costly exercise and certain assets economic benefits have been noted to be exceeded by the annual cost to maintain these assets within the register. For this reason the municipality has taken an approach to identify assets that fall within this category where the management cost of the assets exceed their economic benefits.

Materiality

The full cost price of all assets that would not be included in the AFS as at 1 April 2016 was extracted and compared to materiality. The accumulative cost of all these assets listed in annexures 1-3 amounted to less 30% of materiality and thus accepted as reasonable. Materiality was based on the 2015 balance for Property, plant and equipment as utilized by the auditors during the audit of 2014/15. Annually the assets with that fall within this category will be extracted and compared to the prior year's materiality to ensure that the threshold application does not result in any material deviation from the standards of GRAP.

Decision Tree



All items not falling in the above categories would be considered assets and would be included in the asset register.

Three different types of assets were identified that require amendment in the approach due to the revised capitalization approach. These are:

- 1) Items with expected useful lives of less than 12 months expensed immediately
- 2) Items that are considered assets, but will not be included in the asset register due to the fact that the costs to maintain these assets in the final asset register would exceed the value/economic benefits of the assets (Assets below threshold)
- 3) Items that are capital in nature, but would not be included in the asset verification process as the items are affixed to buildings and thus would no longer be considered movable assets.

1) Items that are expected to be consumed within 12 months (Items not barcoded)

Characteristics of asset type

Many purchased goods are expected to be consumed within 1 year, but due to the usage of the asset, the lifespan might be prolonged. In example, a stapler is not really expected to last more than a year as wear and tear on the items are quite excessive. However, certain staff members have indicated that their staplers could last several years. The fact that a single item lasts longer than a year does not negate from the expectation that the item would be consumed within 1 year.

OR

Another consideration in this category is the replacement or purchase rate. If the item is expected to be purchased multiple times in a single year, the item is not considered to be an item that would last for longer than 1 year. In example, despite the fact that spanners could be durable, they are often purchased throughout the year with new spanners being purchased at a regular interval. Due to the regular repurchase rate, the item is not considered to last for longer than a year despite its durable nature.

OR

The final consideration for items that fall within this category is the control over the ability to transfer assets. Some assets are of such a minute significance to a department, that when assets are transferred between users, formal asset transfer documentation would not be maintained. Example, if employee 1 is willing to borrow his wrench to employee 2 without asking for written confirmation of the transfer of the wrench since the inherent value of the item does not justify any audit trail of the transfer.

OR

The item is a plastic or wood stackable table / chair used at a community hall.

For control purposes, these items are not barcoded and will be purchased through an expense account (operational budget) Cost Code / B-key.

For ease of reference, examples of items that fall within this category:

- All stationery items excluding heavy duty versions thereof (any item titled machine, would not fall small items
- Any boxes, and containers designed to retain stationary (such as budli-drawers, pen holders, paper racks)
- All bins and disposal containers
- Any camp site bedroom furniture such as beds and bedding
- Small appliances such as kettles, toasters, fans with a warranty of 1 year
- Any computer accessories such as keyboards, mouse, laptop bags, dongles (UPSS and external hard drives are excluded from this)
- Fire extinguishers as their service interval requires exchanging of these items several times a year
- Hand tools that are normally transported in bulk (i.e. small tools that would be transported with other tools in toolboxes)
- Cleaning items such as buckets, mops, brooms etc. (excluding machines used to clean items such as dish washers and vacuum cleaners)
- Safety equipment that is frequently replaced, similar to helmets, goggles, gloves etc.
- Crockery, cutlery and other kitchen utensils

The approved listing of items that serve as examples of this category is listed in Annexure 1.

(Please note the difference from the next section 2 below, where "the items below Capitalization Threshold Cost Code / B-key" is expected to last longer than 12 months and these items will be barcoded.)

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2) Items below capitalization threshold that will be barcoded but not included in the asset register (previously referred to as control items)

These items will be barcoded and counted during the verification, but due to the insignificant value of these items, will not be included in the final asset register for annual maintenance such as depreciation, impairments and other value-based adjustments. The items would be recorded as assets, but fully depreciated in the first year of purchase. The items are generally used both in the office and the home and thus control needs to be established to reduce the probability of items being taken home for personal use.

In the accounting records of the municipality, the assets would be purchased directly against operational expenditure based on the requirements of mSCOA. This is more practical as the full impact of the purchase must be accounted for against the expenditure rather than to retain the costs of the items within the capital maintenance system. This process is followed to ensure depreciation is not accelerated and to ensure that the asset register agrees to capital acquisitions on an annual basis.

**Characteristics of asset type**

These are items that are used on a daily basis. In fact, the items are used to frequently, that the frequent use is the determining factor in establishing the useful lives of the assets. These items might be designed to be durable, but the usage thereof results in rapid wear and tear. Items such as chairs, printers, microwaves, drills, angle grinders etc. are used so frequently, that their values are diminished after the first 6 months of use.

**AND**

The items are normally sold in bulk at auctions as bidders will not be interested in buying single items as the unit price too low to justify single sales. Often the items prices are based on the value of the components (e.g. copper or scrap metal price) rather than the resale value of the items.

**BUT**

Some items that fall within this category are exceptions to the rule as their value lies in an extended use, despite the diminished return on purchase price after the first use. The items specifically excluded from the listing are:

- Items purchased through means of a finance lease contract (example multi-function printers)
- Computer towers or laptops as their lifespans can easily be extended through refurbishing the assets at a fraction of their original cost
- Industrial or heavy duty tools or equipment that are designed to last for longer

These items are purchased from the Operational Budget allocation (B-key) for Assets less than threshold.

For ease of reference, examples of items that fall within this category:

- All chairs except stackable plastic chairs
- Tables that are being used by multiple users (public and internal) (e.g. training tables, library tables, visitors' tables, community halls etc.)
- Medium sized kitchen equipment such as microwaves, urns, hydro boil systems

**Explanatory comments on the characteristics:**

- Desks are used every day, but the usage of a desk does not automatically reduce the value of the desk. Thus a desk does not fall within this category.
- Various power tools would also fall within this category. Industrial sized power tools will be excluded.
- Despite judgement that needs to be applied, the general consensus by an informed member of public should also come to the same conclusion as to the treatment of the item. Classification of items as assets below threshold or fully capitalised assets should not be based on budgetary requirements, but rather on the nature of the item and the municipality's intended use or the manner in which the municipality aims to control the item.

The approved listing of items that serve as examples of this category is listed in Annexure 2.

3) Items of capital nature affixed to buildings

When these items are purchased, the purpose is to enable or increase the productivity of the users, rather than to increase the value of the buildings that the items would be affixed to. Despite its purpose, the items are often deemed to increase the value of the buildings that it is affixed to as it is considered an investment in the building.

When a sales agreement are entered into, the fixtures must be retained to the building, unless otherwise stated. Fixtures are however, often a hindrance to many potential buyers and considered a burden rather than an additional value added to the building. More often than not, items such as air-conditioners need to be completely replaced, and built-in cupboards, shelving are not in the correct location as per the intention of any potential owners. The municipality has opted to classify fixtures and fittings as repairs and maintenance to the buildings, as new fixtures could only allow the buildings value to be reinstated (example carpets being replaced) rather than increase the value of the buildings. Fixtures are capitalized as part of the initial cost of a new building, all cost thereafter is treated as maintenance.

When the fixtures added to the building is considered against the value of the building, the fixtures are often inconsequential (has no significant impact) to the value of the building as a whole and accordingly, the capitalization of fixtures are not considered of additional value.

External fixtures, such as fences, car ports, etc. are items that are not part of the building itself and thus improve the value of the land, these items are for practical reasons capitalized against the buildings (premises) as land is not depreciated and any external structures will incur wear and tear.

These items are purchased from the Operational Budget allocation (B-key) for [Assets less than threshold] Building Maintenance.

For ease of reference, examples of items that fall within this category:

- Whiteboards permanently affixed to walls
- Air-conditioners (affixed to the buildings / walls)
- Shelving and cupboards affixed to walls or ceiling
- Office partitioning (i.e. dividers used to split rooms) when these are bolted down.
- And stands or holders that are affixed to the property (e.g. projector fittings)

The approved listing of items that serve as examples of this category is listed in Annexure 3.

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OVERSTRAND MUNICIPALITY - ASSET MANAGEMENT POLICY

Annexure 1: Items expected to be consumed within 12 months

The following list of items is approved to only be purchased via the operational cost code / B-key for expenditure and these items will not be barcoded:

Description	Description
Bait pump	Jump starters
Banners	Kettles
Bar and foot stools	Label printing machine
Batteries	Lamps
Beds and mattresses	Laser Distance Meter
Beside furniture	Laser Presentation Remote
Bins (All)	Letter Opener
Boxes - money, tender, CV's etc	Lifting Bag
Buddy drawers	[Link stick]
Calculators	Measuring wheels, tapes
CD Racks	Microphones (All)
Chairs (Plastic stackable)	Modems
Chargers (including Industrial)	Nozzle
Clipboard	Paper trays
Cylinders (Fire / Gas / Oxygen / Etc)	Pool brooms, brushes
Docking Stations	Pots and pans
Drip torch	Protective Clothing
Extension leads	Routers
Fans	Soldering bit
[Fire extinguishers]	Speakers (office use)
First aid and medic kits	Spotlight
Flashlight, torch	Standpipe
Foam branch	Telephones
Gazebos and tents	Toolbox incl. tools
Hand Control Divider	Wi-Fi Access Point
[Hand drill]	Wind meter
Hand Drive (Extamal)	Woodchipper
Headphones	Wrench
Heaters	

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OVERSTRAND MUNICIPALITY - ASSET MANAGEMENT POLICY

Annexure 2: Items barcoded, but bought through assets below threshold (control items) budget cost code / B-key (operational expenditure)

The following list of items is approved to only be purchased via the assets below threshold vote. The items must be barcoded and verified annually:

Description	Description
Air conditioner (not fixed to the building / wall)	Hose Washer
Air gun	Hot plate/tray
Alcohol Tester	Jack trolley
Angle grinder	Jigsaw
Audio and video recorders	Ladders (All)
Benches (All)	Lighting System
Bloodies	Link Stick
Binoculars	[Litter tester]
Blood Pressure Monitor	Lockers
Cameras	Megaphone
Case, Mayors chains	Meter Wheel
Cash Drawer, register	Microscope
Cell Phone	Microwave
Chairs and Couches (All, except plastic stackable)	Mitre Saw
Circular Saw	Mobile Dash Light
Coffin Hoist	Monitors for PC's (excluding Televisions)
Colorimeter	Nail Gun
Cut-off Saw	Optical Camera
Decoder	Ottoman
Decontamination Pack	[Packaging Roller]
Drawing board	PH Meter
Drill set	Piano Chair
DVD, Tape Players	Polisher
Electric Spray Gun	Punch Heavy Duty
Electrical saw	Radio - for communication
Electrical Screw Driver	Refractometer
Examination table	Rotary saw
External hard drives	Safe - Loose Standing
Fire Body Siren	Sander Machine
Flip charts	Scale (Weight)
FM/AM Radio	Scanner
Gas Burners (1 or 2 plate)	[Siren]
[Saw]	Sound Bar
[Glue Gun]	Speakers (Auditorium, etc. Not office use)
[Grease Gun]	Spectro Photometer
Grease Pump	Spine board
Griller	Spotlight Scope
Guillotine	Spray trolley
Hand drill	Stands (All)
Heat gun	Stapler Heavy Duty

Description	Description
Sretcher	Turbid meter
Table (Foldable - steel)	Typewriter
Table (Leamer/Training)	Urn - Loose Standing
Table (Wooden / Plastic in community halls)	Vacuum cleaner
Fester battery car	Vice grip - steel (heavy duty)
Timing Light	Water cooler/dispenser
Tripods (All)	Winch and winch becket
Trolleys (All)	Wood Stage

**Annexure 3: Items considered furniture and fitting and treated as maintenance of existing buildings**

The following list of items is approved to only be purchased via the maintenance cost codes / B-keys as the items are mounted to a building:

Description	Description
Air conditioner (fised to the building / wall)	Key cabinet
Boards (All)	Pigeonhole With Credenza
Bookcase bolted to floor or wall	Projector Screen
Cloaking devices	Safe - Wall Mounted
Cupboard - built in	Screen (Other)
Divider Stand	Shelving, wood and steel
Extractor fan	Strobe Lights
Flagpole	Swing Cabinet (M - Wall Mounted)
Jet master	Urn - Wall Mounted
Key cabinet	Workstation divider

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OVERSTRAND MUNICIPALITY - ASSET MANAGEMENT POLICY

Annexure -A: Distinguishing capital expenditure from maintenance expenditure:-

Capital Expenditure	Operational Expenditure (Maintenance)
<ul style="list-style-type: none"> <li>▪ Acquiring a new asset</li> <li>▪ Replacing an existing asset</li> <li>▪ Enhancing an existing asset so that its use is expanded</li> <li>▪ Further developing an existing asset so that its original useful life is extended</li> </ul>	<ul style="list-style-type: none"> <li>▪ Restoring an asset so that it can continue to be used for its intended purpose</li> <li>▪ Maintaining an asset so that it can be used for the period for which it was initially intended.</li> </ul>

# OVERSTRAND MUNICIPALITY



## TRAVEL & SUBSISTENCE POLICY

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**1 PURPOSE**

The purpose of this policy is to set out general rules for the payment of subsistence and travelling allowances or costs for the attendance of approved events outside the municipal area of Overstrand.

**2 OBJECTIVES OF THE POLICY**

- The objectives of this policy are to:
- 2.1 Ensure that municipal employees and Councillors adhere to procedures when arranging for travel, lodging, meals and other expenses;
  - 2.2 Ensure that municipal employees and Councillors are reimbursed for reasonable expenses incurred for travel, conferences, meetings and meals as a result of conducting authorized municipal business;
  - 2.3 Ensure that payments made by the municipality are for the actual and necessary expenses incurred for municipal business in adherence with National Treasury's prescribed Cost Containment Measures; and
  - 2.4 Ensure that municipal employees and Councillors will receive reimbursements in a timely manner.

**3 LEGISLATIVE FRAMEWORK**

This policy is developed and guided by the following:

- 3.1 South African Revenue Services (SARS) Interpretation Notices & other Notices;
- 3.2 Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA);
- 3.3 South African Local Government Association (SALGA);
- 3.4 Remuneration of Public Office Bearers Act, 1998 (Act No. 20 of 1998);
- 3.5 Income Tax Act, 1962 (Act No. 58 of 1962);
- 3.6 Overstrand Municipality Cost Containment Policy;
- 3.7 RSA Department of National Treasury: National Travel Policy; and
- 3.8 RSA Department of National Treasury: Cost Containment Measures related to Travel and Subsistence.

This Policy must be read in conjunction with any of the Municipality's approved related policies, practices and standard operating procedures addressing specific issues essential for a full understanding of this Policy and which are not dealt with adequately herein.

**4 SCOPE OF APPLICATION**

This Policy is applicable to –

- 4.1 all Councillors of the Overstrand Municipality, and
- 4.2 all officials of the Overstrand Municipality, travelling on official business and as such are formal travellers of the Overstrand Municipality.

**IMPORTANT** - No payments will be made to applicants for employment interviews in terms of the scope of this policy.

3

**5 DEFINITIONS**

For the purpose of this policy, except where clearly indicated otherwise, the words and expressions set out below have the following meaning:-

"Accommodation"	The rental of lodging facilities while away from the traveller's place of residence while on authorized official duty.
"Accounting Officer / Municipal Manager"	The person appointed by the Council as Municipal Manager in terms of section 82 of the Municipal Structures Act, 1998 (Act 117 of 1998) and as defined in the Municipal Finance Management Act, 2003 (Act 56 of 2003), including any person acting in that position or to whom authority is delegated.
"Air Travel"	Travel by airline on official duty.
"Car Rental"	The rental of a vehicle for a short period of time by a traveller for official purposes.
"Chief Financial Officer"	The person appointed in terms of section 80(2)(a) of the MFMA and includes any person acting in that position or to whom authority is delegated.
"Council"	The Overstrand municipal council, as referred to in section 157 of the Constitution of the Republic of South Africa, 1996; and section 18 (3) of the Municipal Structures Act, 1998 (Act 117 of 1998).
"Councillor"	A member of the Overstrand Municipal Council.
"Day"	A completed period of twenty-four hours away from normal place of domicile and employment of official business of the Municipality.
"Director"	An official appointed by the Council in terms of section 56 of the Municipal Systems Act, 2000 (Act 32 of 2000) to head a Directorate of the municipality and shall include any person acting in that position.
"Domestic Travel"	Travel within the boundaries of the Republic of South Africa.
"Essential User Transportation Allowance"	Transportation allowance paid in accordance with the Essential User Transport Allowance Scheme to employees participating in the scheme.
"Executive Management Team"	Officials appointed in terms of Section 82 of the Local Government Structures Act, 1998 (Act 117 of 1998) (Structures Act) and section 56 of the Local Government Municipal Systems Act, 2000 (Act 32 of 2000).
"Executive Mayor"	The Executive Mayor of the Overstrand Municipality elected in terms of section 55 of Municipal Structures Act, 1998 (Act 117 of 1998) and shall include any person acting in that position.
"Fixed Transportation Allowance"	Transportation allowance linked directly to the managerial post level of the incumbent, also referred to as the "Old Perk Scheme".
"Host"	The person or institution who has extended an invitation to the Municipality to delegate a Councillor and / or an Official to attend an event which is regarded as official business.
"Incidentals"	Any minor expenses normally associated with business travel.
"International Travel"	Travel to a location beyond the territorial boundaries of the Republic of South Africa.
"Municipality"	Overstrand Municipality, established in terms of sections 12 and 14

"Official"	of the Structures Act.
"Official Business"	A person employed by the Municipality. For the purposes of this policy refers to the attendance by Councilors and / or Officials of congresses, conferences, seminars, training, meetings, workshops, roadshows, etc. related to the duties and functions of the Municipality, subject thereto that such attendance has been duly authorised in terms of the delegated authority.
"Place of Work"	The place where the principal duties of the Councilor or Official are performed.
"Sponsored Trip"	A trip where the total cost, or a portion thereof is sponsored by another organisation or third party other than the Municipality. (For the purposes of this policy such proportion of the total cost of the trip must be included in the application forms).
"Subsistence allowance"	An amount of money paid by the Municipality to a traveller for expenditure incurred in respect of personal subsistence and incidental costs (for example refreshments, snacks, drinks and newspapers) but excludes any personal recreation such as visits to a cinema, theatre, nightclubs or sight-seeing).
"Travel Allowance"	An amount paid to a traveller for the use of his or her own private motor vehicle in respect of travelling expenses for business purpose.
"Traveller"	Any Councilor or Official travelling away from his or her normal place of domicile and employment on official business of the Overstrand Municipality.

**6 AUTHORISATION**

6.1 For purposes of implementing this policy:

- 6.1.1 Only the **Municipal Manager** may authorize any travel to be undertaken by the Executive Mayor and Directors, provided the expenses to be incurred are on the approved budget of the municipality.
  - 6.1.2 Only the **Executive Mayor** may authorize any travel to be undertaken by public office bearers and the Municipal Manager, provided the expenses to be incurred are on the approved budget of the municipality.
  - 6.1.3 Only **Directors** may authorize any travel to be undertaken by employees in the respective Directorate, provided the expenses to be incurred are on the approved budget of the municipality.
- 6.2 Authorization as per paragraph 6.1 must be obtained **prior** to an occasion by any traveller who travels on the business of the municipality.
- 6.3 An invitation to attend a workshop, meeting or related event is not an automatic authorization to attend such workshop or event. The required authorization must still be obtained from the Municipal Manager or Executive Mayor or Director as the case may be.
- 6.4 No Councilor and / or Official of the Overstrand Municipality may go on any official business travel without the prior authorization as provided for in paragraph 6.1 above.

**7 GENERAL**

- 7.1 Municipal delegates or travellers to any conference, workshop or meeting must ensure that they arrive on time and attend until the conclusion of such event. If any traveller fails to do so, the Executive Mayor, the Municipal Manager or Director, as the case may be, may recover all allowances and disbursements paid to enable such delegate or traveller to attend such event, provided that such delegate or traveller is afforded the opportunity to submit reasons for not being able to be present from the commencement to conclusion of such event.
- 7.2 The contents of this policy will not be regarded as conditions of employment but as a reimbursement for travelling and subsistence expenditure incurred or deemed to be incurred for the attendance of events for official purposes.
- 7.3 Travellers should plan official travel in advance. They should obtain approval and make a booking / reservation at least seven (7) working days prior to departure for domestic travel and fourteen (14) working days prior to international travel.
- 7.4 Accommodation, flights and vehicle rental arrangements will be based on the most cost-effective option in relation to the proximity of the venue, traffic, availability and other cost factors.
- 7.5 All efforts should be made to minimize the costs for the municipality i.e. by travelling together in one vehicle, minimizing overnight stay where possible, etc:
  - 7.5.1 Delegations to the same event, conferences, consultation or meeting may only exceed three (3) [employees] travellers or persons appointed on grounds of policy considerations if approved in advance by the **Municipal Manager**.
  - 7.5.2 Where multiple travellers attend approved events, inclusive of meetings, they must make arrangements for up to four (4) people to travel together in one vehicle.
  - 7.5.3 Any deviation from paragraph 7.5.2 must be approved in writing by the Director / Municipal Manager / Executive Mayor as the case may be, **prior** to the date of departure, based on **valid reasons** as motivated in a submission.
  - 7.5.4 The most cost-effective mode of transport should be used at all times,

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- domestically and internationally.
- 7.6 In the event that the traveller must attend an early morning meeting, in a distant location within South Africa, consideration could be given to allow the travelling to take place a day before the event, subject to the approval of such travel by the Municipal Manager in terms of the delegated authority to do so.
- 7.7 In the event of direct payments made by [officials] travellers for travelling and accommodation, refunds will only be made on condition that the expense was pre-approved in accordance with the stipulations of this policy and that all aspects of this policy have been complied with.
- 7.8 A claim for subsistence and travelling cannot be made at the municipality as well as another institution for attending the same event. Such action shall lead to disciplinary action.
- 7.9 Any claim must be submitted on the official claim form with the necessary vouchers where specific expenses are claimed.
- 7.10 Sufficient documentation must be attached to the application for the trip e.g., official invitation, agenda or programme, itinerary, details of sponsor and amount, etc.
- 7.11 Any claim containing false information will lead to disciplinary steps being instituted and payments thus made may be recovered from any money payable by the municipality to the person who submitted the claim.
- 7.12 In the event of a traveller combining personal travelling either prior to or after a business trip, it must not lead to additional expenditure for the Municipality or impair the work performance of the traveller. NO costs incurred during the personal part of the trip will be for the account of the Municipality.
- 7.13 The Municipality distances itself from any private reservations made by the traveller. The arrangement is solely between the traveller and the relevant service provider. Thus, the processing of related payments through the Municipality's official payment system will not be allowed.
- 7.14 The traveller must safeguard Municipal information and assets while travelling and must avoid compromising that security.
- 7.15 The traveller should maintain personal travel documents such as a passport. The cost for obtaining such travel documents is for the traveller's own account.

## 8 EXCLUSIONS

- The following expenses shall explicitly not be covered by the Municipality:
- 8.1 Any expenses covered by a host extending an invitation;
- 8.2 Alcoholic beverages;
- 8.3 Expenses of a personal nature, such as private telephone calls and personal recreation such as visits to a cinema, theatre, nightclub or sight-seeing, etc.;
- 8.4 In instances where costs are incurred in entertaining external business associates, contacts, clients or potential investors;

- 8.4.1 Where the [Official] traveller receives an entertainment allowance, the costs must be claimed against such entertainment allowance; and
- 8.4.2 All expenses shall fall outside the scope of this policy, unless specific written pre-approval as to the nature and estimated cost of the expenditure to be incurred, together with a reason(s) why such costs needs to be incurred, was obtained from the Municipal Manager for any such expenditure, prior to submission of the claim.

## 9 AIR TRAVEL – Domestic and international

- 9.1 The Municipality must, as far as possible, make use of the improved upfront discounted flights which the National Treasury has negotiated on behalf of all three spheres of government, unless lower air travel rates can be negotiated.
- 9.2 For domestic trips both major and low-cost airlines may be utilized. All travellers should use discounted economy class (best fare on the day) where possible. In the event where discounted economy class tickets are not available, special authorization as provided for in paragraph 6.1 must be obtained to book full economy tickets.
- 9.3 Business class tickets may be considered for domestic and international trips under the following scenarios, including amongst others:
- 9.3.1 Travellers with special needs based on medical grounds (e.g. deep vein thrombosis, varicose veins, recent surgery and pregnancy). In these instances, a medical certificate noting the medical need and the applicable period of time must be provided. If it is a long-term condition, an updated doctor's certificate should be presented on an annual basis to confirm that the condition still exists;
- 9.3.2 Where economy class tickets are not available, travellers are not allowed to book business class tickets unless otherwise approved in terms of paragraph 6.1, where it has been confirmed that the permitted airline class was full and no other applicable flights are available;
- 9.3.3 Disabled persons can be accommodated in business class upon receipt of approval provided for in paragraph 6.1.
- 9.4 For domestic trips preference will be given to airlines which operate direct flights between Cape Town and the end destination.
- 9.5 For International trips all major airlines may be utilized where the most economical airline is chosen on quotation basis.
- 9.6 For international trips the comparison of more expensive direct flights from Cape Town versus cheaper indirect flights should always be performed. When choosing a flight, consideration should also be given to the traveller's ability to function optimally when arriving at their destination, especially when travelling across time zones.
- 9.7 For special trips requiring the use of helicopters or chartered aircrafts, special authorization by the Executive Mayor or Municipal Manager or their delegated nominees is required

## 9.8 Amendments to Air tickets:

- 9.8.1 Travellers should limit the number of amendments to air tickets as far as possible;
- 9.8.2 The costs associated with amendments is subject to the rules of the particular ticket and can include penalty fees;
- 9.8.3 The costs incurred as a result of amendments requested by the traveller for his / her convenience or lack of planning will be for the traveller's personal account;
- 9.8.4 The costs of amendments as a result of revised business requirements or any other circumstances outside the traveller's control will be incurred by the relevant line department.

## 9.9 Baggage Allowance:

- 9.9.1 The traveller must acquaint him- or herself with the baggage policy of the airline that he / she will be travelling on. The baggage policy provides information on the prescribed baggage allowance and the cost for baggage in instances where the airline charges separately for baggage;
- 9.9.2 Based on the class of travel, the airline will prescribe the specific number of pieces of luggage that will be allowed as well as the weight and size per piece;
- 9.9.3 The reimbursement for any excess baggage is subject to the traveller obtaining approval for exceeding the baggage allowance due to valid business reasons, prior to the trip.

## 10 ACCOMMODATION AND MEALS – Domestic and International

When travelling to a destination outside the boundaries of the Overstrand Municipality in circumstances requiring absence from the office for longer than 24 hours, the following may be utilised and claimed (the time of departure from residence or office up until the time of arrival back at residence or office shall be used for purposes of calculating the length of absence):

## 10.1 Accommodation

- 10.1.1 The National Treasury, on behalf of all three spheres of government, has negotiated improved upfront discounted accommodation rates. Therefore, municipalities have been requested to utilize these agreements to assist in their respective cost containment measures, unless other service providers that offer lower rates can be utilized.
- 10.1.2 Travellers who travel on the business of the municipality, where the business unavoidably entails one or more nights to be spent away from home, may stay in a hotel, motel, guesthouse or bed and breakfast establishment:
  - a) Where the distance to and from the venue in total, exceeds 500 kilometers;
  - b) Any deviation from paragraph (a) must be motivated in writing by the [employee] traveller, recommended by the relevant Director or Executive Mayor, as the case may be, and must be approved in writing by the Municipal Manager, prior to any reservations being made, and prior to the date of departure, based on valid reasons.
- 10.1.3 The actual cost of accommodation will be borne by the municipality, subject to a maximum of 4-star rating for the accommodation itself in respect of domestic travel. Where such accommodation is available, the rate for a single room will be payable.
- 10.1.4 If no such accommodation is available, higher rating accommodation can be used

subject to the prior written approval of the Municipal Manager or the Executive Mayor, as applicable.

- 10.1.5 If a traveller stays with a relative or friend, no accommodation expense may be claimed, but the traveller may claim a subsistence allowance per day as per par. 12.1.2(a) of this policy.

- 10.1.6 The location of the accommodation should not be more than 20 km from the venue of the event, unless prior written approval is obtained from the Municipal Manager or Executive Mayor.

- 10.1.7 Where advance payments have to be made to the establishment based on "pro-forma" invoices in order to secure the reservation, it is the responsibility of the [travelling official(s) / councillor(s)] traveller to obtain the valid Tax Invoice from the establishment on or before departure and to submit it to the Creditor Section within 7 working days of returning from the event.

## 10.2 Meal Expenses – Domestic Trips

- 10.2.1 Travellers will not be entitled to be reimbursed for (a) meals(s) and / or incidental expenses within the area of jurisdiction of the Overstrand Municipality.

- 10.2.2 Where the cost of meals has not been included in the cost of overnight accommodation, receipts for the meals for domestic trips paid for by the traveller must be kept and attached to the claim form. The maximum amount allowable per meal is:
  - a) Breakfast = R80-00;
  - b) Lunch = R120-00 (if not provided / included at the event);
  - c) Dinner = R150-00.

## 10.3 Meal Expenses – International Trips

- 10.3.1 These meals will be covered in terms of the SARS rates applicable to the country being visited.

## 10.4 No-Shows and Cancellations

- 10.4.1 It is the responsibility of the traveller to notify the accommodation establishment of any cancellations of reserved accommodation as soon as he / she becomes aware of the fact.

- 10.4.2 Each accommodation establishment has different conditions / rules in terms of cancellations. Last-minute cancellations may result in the payment of a cancellation fee. The traveller must familiarize him- / herself with the cancellation policy of the specific establishment.

- 10.4.3 The traveller should inform the accommodation establishment if he / she expects to be arriving later than the expected arrival time to ensure that the reservation is not cancelled or a cancellation fee is charged.

- 10.4.4 If the traveller does not check in at the accommodation establishment without any prior notification, any no-show cost charged is regarded as fruitless and wasteful expenditure.

- 10.4.5 The traveller could be responsible for any fruitless expenditure incurred due to a no-show or late cancellation where it was in his / her ability to cancel the booking on time.

## 11 USE OF VEHICLES

### 11.1 Hired Vehicles:

- 11.1.1 Shall be applied for, quantified and paid for by the Municipality.
- 11.1.2 May only be obtained when the [employee and / or Councillor] traveller is on official municipal business where air travel was involved and other modes of transport are not available, too costly or impractical.
- 11.1.3 Requires prior approval [from the Responsible Official for employees and the Executive Mayor / Speaker for Councillors] in accordance with paragraph 6.1.
- 11.1.4 May not be used for private purposes or for travel from the municipal offices.
- 11.1.5 Any fines, penalties and administration fees payable as a result of the contravention of any traffic rules and regulations while driving a hired vehicle will be for the traveller's personal account and must be settled within thirty (30) days of receipt of the fine or penalty.
- 11.1.6 Only travellers with a valid South African driver's license may hire vehicles; where the traveller who hires a vehicle, is not in possession of such license, he or she may be held personally liable for all damages and may be subject to disciplinary action by Council; the responsibility and related costs of obtaining an international driving permit, where required, rests with the traveller.
- 11.1.7 Only "A" or "B" category vehicles may be rented, unless it is more cost-effective to hire a more expensive vehicle, for example, when the number of representatives involved could justify the hire of a micro-bus, for groups of 5 (five) or more travellers. The latter to be approved in advance by the Executive Mayor or Municipal Manager, according to the provisions as provided for in paragraph 6.1.
- 11.1.8 For physically handicapped travellers who are only able to drive a particular type of vehicle and those in possession of a driver's license restricted to automatic vehicles, the most suitable vehicle may be obtained.
- 11.1.9 Chauffeur driven vehicles may not be used. [Employees and / or Councillors] Travellers who are unable to drive must utilize either a shuttle service or another mode of public transport.
- 11.1.10 The traveller should book a rental vehicle for the period that is actually required for official business only as the car rental companies charge a full daily rate for a 24-hour cycle or part thereof.
- 11.1.11 For car rental inspections the traveller should verify and complete the quality check card prior to leaving the car rental premises, both on collection and return of the rental vehicle. The traveller must ensure that all scratches, chips, dents, windscreen and cracks are marked on the card and signed off by the car rental attendant. Failure to complete the quality check card could result in the traveller being held personally responsible for any damages.
- 11.1.12 The traveller must take every reasonable precaution to safeguard a rental or fleet vehicle against damage, theft or irregular use while driving it and when it is parked.
- 11.1.13 The traveller must ensure that the rental vehicle is returned within the specified rental period as it can be regarded as stolen if the vehicle is not returned in time without any notification to the car rental company. The traveller will be held responsible for the additional charges for the late return of the vehicle, unless approved in terms of the provisions provided for in paragraph 6.1 upon submitting sound reason(s) by the traveller.
- 11.1.14 If the traveller needs to extend the rental period for official business purposes,

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the traveller must obtain the required approval in terms of the provisions provided for in paragraph 6.1 and inform the car rental company accordingly.

11.1.15 If the traveller extends his / her stay for personal reasons, the charges will be for the traveller's personal account. The car rental company must be informed of the arrangement and the car must be returned. The traveller must enter into a separate rental agreement for the period of private travel for personal usage.

### 11.2 Private Vehicles

11.2.1 The boundaries of the Overstrand Municipality shall be used to determine payment for travel outside such boundaries by means of private transport for officials who are in receipt of a fixed transportation allowance, or where such an allowance has been factored into the total cost of employment package of the official concerned. In such cases, only the applicable cost per kilometer will be paid as updated from time to time. Should the destination of the trip be outside the boundaries of the Municipality, the distance for the cost per kilometer will be measured from place of residence or place of work, whichever is the nearest to the place of the approved event.

11.2.2 Councilors using private transport outside the boundaries of the Overstrand Municipality will be reimbursed according to the guidelines issued by the relevant National Department as updated from time to time.

11.2.3 [Employees] Travellers in receipt of a fixed transportation allowance, or where such an allowance has been factored into the total cost of remuneration package of the traveller concerned, travelling on official municipal business within the boundaries of the Overstrand Municipality but outside a radius of 15 km from their normal place of work, will be reimbursed for such travelling at the prevailing AA-Running Cost km tariff, calculated from their normal place of work or residence, which-ever is the nearest to the place of the approved destination.

11.2.4 Those employees who are in receipt of an Essential User Transportation Allowance shall be reimbursed in accordance with the applicable Scheme. The travelling distance shall be calculated from their place of work or residence, which-ever is the nearest to the place of the approved destination.

11.2.5 Those [employees] travellers who are not in receipt of a travel allowance shall be reimbursed according to the latest prescribed SARS km tariff, [(currently R4.18/km) calculated from their place of work or residence, which-ever is the nearest to the place of the approved destination.

11.2.6 A traveller who uses private transport rather than air travel shall be paid the lower of the following two options:

- Cash equivalent of the avoided air ticket cost, which would have been paid in the event of air travel being the most economical and practical means of transport plus the cost of a hired vehicle to get to the traveller's destination; or
- Actual cost per kilometer as determined according to the rate applicable to the traveller, on condition that such person may not claim subsistence costs for a longer period than would have been applicable in the case of air travel.

11.2.7 A claim submitted by a [councillor or a municipal official] traveller, when travelling outside the municipal area of the Overstrand with private transport on official municipal affairs, will be considered for re-imbusement, subject to the following conditions:

- that the trip is for an approved official event;
- that no other municipal transport was available to officials not in receipt of a transportation allowance at the time of the travel, as confirmed with the

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Executive Mayor, relevant Director or Municipal Manager;

- c) that the use of private transport is pre-approved by the Mayor, relevant Director or Municipal Manager.

## 12 SUBSISTENCE ALLOWANCE – Domestic and International

### 12.1 Domestic Travel

12.1.1 A traveller may claim a daily subsistence allowance as provided for in this policy with the understanding that all authorized personal expenses are covered by the subsistence allowance. No further expenses, with the exception of certain business expenses (see paragraph 13 below), may be claimed.

12.1.2 A daily subsistence allowance will only be applicable where-

- a) official business unavoidably entails **one or more nights to be spent away from home**, a subsistence allowance as amended by SARS from time to time, **[(currently 522 per day)]** will apply in respect of domestic travel; or
- b) where the traveller will be on official business for a **period exceeding 8 hours, without being away from home for one or more nights**, an allowance as amended by SARS from time to time, **[(currently R161 per day)]** will apply in respect of domestic travel;
- c) No daily subsistence allowance will be payable to representatives that will be attending courses, training or meetings where lunch will be provided, but without being away from home for one or more nights.

12.1.3 A traveller of the municipality must obtain approval for his or her subsistence allowance, as provided for in this policy, before embarking on any official trip.

12.1.4 No subsistence allowance will be paid, and no traveller will be entitled to a subsistence allowance, if the trip or travel is not related to the official business of the municipality. All travel on business of the municipality must be approved as such before a traveller is entitled to a subsistence allowance.

### 12.2 International Travel

12.2.1 When traveling in countries other than in South Africa on specially authorised Municipal business, the expenses actually incurred for accommodation and official transport will be payable.

12.2.2 The daily subsistence allowance is to cover all meals, transport for private use and other incidental costs, this subsistence allowance for international travel will be in accordance with SARS Foreign Travel 1.1 List of Daily Maximum amount per Country, as amended by SARS from time to time, available on the SARS website under Legal Counsel / Secondary Legislation / Income Tax Notices as per the relevant year.

12.2.3 No additional claim in respect of such costs will therefore be paid, except for entertainment by full-time Councillors or the Executive Management Team, of official guests, clients, potential clients, investors or potential investors which is to be dealt with as "entertainment allowance" claims.

## 13 MISCELLANEOUS EXPENSES – Domestic and International

13.1 Items that may be considered for approval, subject to proof of payment being provided, where expenditure is incurred within the boundaries of the Republic of South Africa during a period of absence is as follows:-

13.1.1 Parking fees while travelling;

13.1.2 Toll fees;

13.1.3 Bus / Taxi fares.

13.2 Items that may be considered for approval, where expenditure is incurred outside the boundaries of the Republic of South Africa during a period of absence are as follows:-

13.2.1 Reasonable Laundry costs;

13.2.2 Parking / Bus fares;

13.2.3 Transport costs to and from official meetings;

13.2.4 Visas (for the shortest available period);

13.2.5 Inoculations;

13.2.6 Specialized tours / entries to events related to the travelling;

13.2.7 Copying and printing of relevant documentation.

## 14 SPONSORED TRIPS – Domestic and International

14.1 A trip shall be regarded as sponsored when the full / partial cost of the trip is borne by an institution other than the Overstrand Municipality. Such sponsored proportion of the total cost of the trip must be declared in the application for the trip.

14.2 Travelling and Subsistence payable by the Overstrand Municipality will be calculated as the difference between the amounts claimable per this policy less the monetary value of the sponsored amounts.

## 15 TRAVEL INSURANCE

15.1 Travellers, where the necessary travel and special leave forms have been duly authorised [by the delegated official] in accordance with paragraph 6.1, will be insured by the municipality in terms of its current approved policies, practices and standard operating procedures. The insurance shall cover, inter alia, the following:

15.1.1 medical expenses and assistance services;

15.1.2 personal accident, including death and disability, as well as repatriation and evacuation;

15.1.3 luggage;

15.1.4 travel documents; and

15.1.5 personal liability.

15.2 Insurance cover is only for the period that the traveller is away from home or place of work on a trip relating to municipal business.

15.3 Private vehicles and contents thereof will not be covered under this Policy.

15.4 Hired vehicles are automatically covered for both Super Waiver Damage and Theft by the vehicle rental company.

**16 GIFTS AND PROMOTIONAL GOODS**

- 16.1 Where appropriate, the traveller may offer gifts to their hosts.
- 16.2 The gifts in question shall be provided by the municipality, through the appropriate department, in conjunction with the Department of Communication.
- 16.3 Suitable promotional and marketing products shall be supplied, on request, by the appropriate department of the Municipality in conjunction with the Department of Communication.
- 16.4 Gifts received by officials are subject to the guidelines as set out on the Gift Policy for Officials.
- 16.5 Gifts received by Councillors should be declared to the Speaker.

**17 DEVIATION**

Any deviation from this policy for whatsoever reason must be authorized by the Municipal Manager.

**18 TRAVEL AND SUBSISTENCE ALLOWANCE CLAIM FORM**

18.1 The official Travel and Subsistence Allowance claim form, as prescribed by the Chief Financial Officer must be used with regard to Travel and Subsistence Allowance applications (NOTE: The relevant Director must authorize the trip in the provided space **PRIOR** to undertaking the trip and approve the payment of the expenses incurred in the provided space **AFTER** the trip).

18.2 All travel and subsistence claims will only be reimbursed after the trip has been undertaken, unless prior approval is obtained from the Municipal Manager to, in highly exceptional circumstances, make a provisional payment in advance.

18.3 Travel & Subsistence allowances will be paid with the next salary run, provided it was submitted to the Salary Office before the relevant deadline. Requests may be submitted to the Salary Office to pay these claims together with the weekly wage payment, but after the expenses was incurred as stipulated in Section 18.2 above.

**19 IMPLEMENTATION AND REVIEW PROCESS**

This policy will come into effect on 1 July 2023  
 This policy will be reviewed at least annually or when required by way of a Council resolution.

**20 SHORT TITLE**

This policy shall be called the Travel and Subsistence Policy of the Overstrand Municipality.

POLICY SECTION:	SENIOR MANAGER: EXPENDITURE AND ASSET MANAGEMENT
CURRENT UPDATE	31 MAY 2023
PREVIOUS REVIEW	31 MAY 2022
PREVIOUS REVIEW	26 MAY 2021
PREVIOUS REVIEW	27 MAY 2020
PREVIOUS REVIEW	29 MAY 2019
PREVIOUS REVIEW	30 MAY 2018
PREVIOUS REVIEW	31 MAY 2017
PREVIOUS REVIEW	25 MAY 2016
PREVIOUS REVIEW	28 MAY 2015

PREVIOUS REVIEW	28 MAY 2014
PREVIOUS REVIEW	29 MAY 2013
PREVIOUS REVIEW	30 MAY 2012
PREVIOUS REVIEW	04 MAY 2011
APPROVAL BY COUNCIL	26 MAY 2010
APPROVAL BY EXECUTIVE MAYOR:	10 DEC 2004

# OVERSTRAND MUNICIPALITY



# PETTY CASH POLICY

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**1. INTRODUCTION**

The accounting officer of a municipality is responsible for the management of the expenditure of the municipality in an effective and controlled manner. This includes Petty Cash, which is a small amount of funds that is minor in the form of cash, used for expenditure where it is impractical to obtain prior quotations due to the nature of the goods, monetary value and / or services required.

Therefore the Overstrand Municipality adopts the following Petty Cash Policy.

**2. OBJECTIVES OF THE POLICY**

Compliance with the regulatory framework in terms of the relevant legislation is required. The objectives of the policy are to ensure that:

- a) Goods and / or services are procured by the municipality in accordance with an authorised process only;
- b) The municipality has and maintains an effective Petty Cash system of expenditure control;
- c) Sufficient Petty Cash is available when required; and
- d) The items to be procured are approved Petty Cash items.

**3. LEGISLATIVE FRAMEWORK**

- a) Local Government: Municipal Finance Management Act, No 56 of 2003 (MFMA)
- b) Overstrand Municipality Supply Chain Management Policy

**4. DEFINITIONS**

- Accounting Officer:** The person appointed by council in terms of section 54A2 of the Local Government: Municipal Systems Act, No 32 of 2000, also known as the Municipal Manager, and defined in terms of section 60 of the MFMA.
- Chief Financial Officer:** The person designated in terms of section 80(2)(a) of the MFMA and includes any person acting in that position or to whom authority is delegated.
- Petty Cash:** A relatively small amount of cash kept at hand for making immediate payments for miscellaneous small expenses.
- Petty Cash Float:** The total sum of Petty Cash which has been granted to a Petty Cash Officer.
- Petty Cash Officer:** An employee, made responsible for the day-to-day operating of the Petty Cash Float.

**Reconciliation:**

is the process of comparing information, for example cash spent, compared with the relevant documentation and receipts.

**Sub-advances:**

A relatively small amount of cash made available by the Petty Cash Officer on request to buy miscellaneous small items.

**5. RESPONSIBILITY AND ACCOUNTABILITY**

The key responsibilities in terms of Section 65 of the MFMA are:

**Accounting Officer (Municipal Manager)-**

5.1 The Accounting Officer of a municipality is responsible for the management of the expenditure of the municipality.

5.2 The Accounting Officer must for the purpose of paragraph 5.1 take all reasonable steps to ensure:

- (a) that the municipality has and maintains an effective system of expenditure control, including procedures for the approval, authorisation, withdrawal and payment of funds;
- (b) that the municipality has and maintains a management, accounting and information system which:
  - (i) recognises expenditure when it is incurred;
  - (ii) accounts for creditors of the municipality; and
  - (iii) accounts for payments made by the municipality;
- (c) that the municipality has and maintains a system of internal control in respect of creditors and payments;

(d) that payments by the municipality are made:

- (i) directly to the person to whom it is due unless agreed otherwise for reasons as may be prescribed; and
- (ii) either electronically or by way of non-transferable cheques, provided that cash payments and payments by way of cash cheques may be made for exceptional reasons only, and only up to a prescribed limit;

The Municipal Manager may delegate authority to the Chief Financial Officer.

**6. PETTY CASH POLICY**

**6.1 General Policy**

- (a) The use of a petty cash float (a float may not exceed R5 000-00) is strictly confined to individual cash purchases of up to a maximum of R200-00. The Chief Financial Officer may approve petty cash purchases up to R2000;

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- (b) The petty cash float is only to be used for non-recurring expenditure of an ad-hoc nature with a maximum of 10 sub-advances per Department per month; except in instances with the explicit pre-approval of the Chief Financial Officer.
- (c) The expenditure with regard to petty cash purchases shall not be **deliberately split into more than one transaction to avoid the said limit.**
- (d) The petty cash float is not to be used for any of the following:
- (i) the cashing of cheques;
  - (ii) loans to any person whatsoever;
  - (iii) payment of personal remuneration to any person whatsoever, whether for fees, salaries, wages, travel allowance as part of remuneration, honorarium or other reason, unless authorized by the Chief Financial Officer;
  - (iv) for instalment invoices such as rental of equipment or open orders, even if the amount falls within the specified limit;
  - (v) fuel.
- (e) Other cash floats may also be established for the purpose of providing change for a cash register, or any other purpose approved by the Chief Financial Officer. Use of such floats is restricted to the purpose for which they were established and does not form part of the scope of this policy.
- (f) The Accounting Officer, or delegated official, may conduct internal audits to evaluate compliance with this policy, and
- (g) Any purchase violating the true meaning of petty cash transactions will be regarded as a deviation from the accepted accounting practices in the use of Petty Cash and shall constitute a serious offence under the Disciplinary Code, unless authorized by the Chief Financial Officer.

#### 6.2 Establishing and Operating a Petty Cash Float

- (a) To establish a new petty cash float or increase an existing advance, a written application must be made to the Chief Financial Officer by the relevant Manager of a department.
- (b) A request for the establishment of an advance will indicate the position of a senior administrative employee to be held responsible for the control over the petty cash float within the relevant department.
- (c) The senior administrative employee mentioned under paragraph 6.2(b) will be responsible for the security and set arrangements in place to ensure safe custody of funds in the office.
- (d) The minimal security arrangement that will be acceptable is that the float must be kept in a locked box which will be kept in a locked filing cabinet or safe.

- (e) When an advance is approved, the Accountant/Creditors will advise the relevant Department accordingly and request that the senior administrative employee mentioned under paragraph 6.2(b) collect the advance. This establishing/initial advance will be charged to a "Petty Cash Advances – Position/Dept" in the General Ledger and not against any expenditure votes. A register of advances is thus maintained per Ledger Account for the purpose of accounting for all petty cash floats.

#### 6.3 Security of Petty Cash Floats and Documentation

- (a) The cash on hand and used petty cash vouchers are to be kept in a locked box for which there must be two keys. One key is to be retained by the petty cash officer (on his / her person) normally responsible for the petty cash and the other to be kept by a senior administrative employee mentioned under paragraph 6.2(b) in a sealed envelope in the office safe or other secure place, to be used only in an emergency.
- (b) The locked petty cash box must be kept in a secure place when not in use and must be removed and returned by the responsible staff member only. At no stage must staff other than the responsible administrative / clerical staff member have access to the storage place of the petty cash box.
- (c) Under no circumstance are keys to be left in the lock to the petty cash box, cabinet or safe.
- (d) If the responsible Petty Cash Officer is either going on leave or is leaving the Municipality's employment, the Petty Cash Officer must perform a reconciliation and complete a Summary Claim Cover Page before possession of Petty Cash can be handed over.

The Summary Claim Cover Page must be signed by both the Petty Cash Officer and the recipient in order to verify that the amount in cash correspond with the balance on the Summary Claim Cover Page.

When the Petty Cash is returned to the Petty Cash official, the same processes must be undertaken.

#### 6.4 Completing a Cash Purchase Claim Form

- (a) Petty cash stationery is available from the Expenditure Section (Financial Services). The form consists of two parts:
- (i) Cash Purchase Claim page
  - (ii) Cash Purchase Record page
  - (iii) Receipt for cash advance (Only when appropriate, refer paragraph on Sub-Advances).
- (b) All details entered on the Cash Purchase Claim must appear on the Cash Purchase record page.

- (c) The Cash Purchase Claim must be completed as follows:
- (i) description and cost of the goods/services purchased
  - (ii) purchaser's name in print and signature
  - (iii) correct vote- or unique / short number with an adequate budget to be charged
  - (iv) signature of the Officer in Charge of Petty Cash.
- (d) Original receipts and other valid documentation as required must be attached as proof of payment with the signature of an appropriate financial delegate on this documentation. The receipt and invoice must be in a formal business format. When a vendor's printed invoice is used as a receipt, the invoice must clearly indicate that it has been paid.
- (e) A financial delegate cannot authorise a cash purchase claim where he or she is the purchaser.

#### 6.5 Sub-Advances to Staff Members

- (a) If it is necessary to make an initial sub-advance to a staff member, a receipt for cash advance must be completed. The receipt for cash advance form must be completed as follows:
- (i) description and estimated cost of the goods/services purchased;
  - (ii) purchaser's name in print and signature;
  - (iii) correct vote- or unique / short number with an adequate budget to be charged;
  - (iv) signature of the Petty Cash Officer.
- (b) In order to receive an initial sub-advance, the relevant staff member must submit an approval notice (authorized by a delegated official) to the Petty Cash Officer.
- (c) On completion of the purchase the recording-, documentation- and authorization requirements will be as stated in paragraph 6.4.
- (d) **All such sub-advances must be accounted for within 24 hours**, by submitting original receipts and other applicable documentation required attached as proof of payment (with the approval signature on the documentation). Where this cannot be achieved, the buyer will be liable to pay back the advance without any delay or if not possible, such advance to be deducted from the individual's salary and of which the individual agrees in writing to the deduction when completing the receipt for cash advance form.
- (e) No more than one advance will be made to any one individual at a time.

#### 6.6 Out-of-Pocket Payments

- (a) Where a staff member has made a purchase from own funds and seeks reimbursement from the petty cash, supporting documentation must be provided to substantiate the claim which must be submitted within 10 working days from date of incurring the expense.
- (b) The responsibility to ensure that the purchase will be in accordance with all the prescriptions of this policy will be the sole responsibility of the purchaser of such item(s).
- (c) The recording-, documentation- and authorization requirements will be as stated in paragraph 6.4 above.

#### 6.7 Reimbursement of Petty Cash Floats

- (a) A petty cash float is operated on the basis that expenditure from the float is periodically reimbursed. Such reimbursement requires-
- (i) returning the cash level of the petty cash float to its original level, and;
  - (ii) charging the expenditure which has been made to the correct expenditure vote.
- (b) Accordingly, at any point of time, the sum of the cash on hand, i.e. remaining unspent, plus the cash advances for un-finalised purchases, plus the completed cash purchase claim forms, updated on the Summary Cash Purchase Claim form, shall equal the level of the petty cash advanced to a Department.
- (c) Completed Cash Purchase Claim forms, with attached cash register slips, etc., must be submitted to the Expenditure Section for reimbursement after the Summary Claim Cover Page and attached documentation have been authorised by a financial delegate.
- (d) Reimbursement of claims where supporting documentation as prescribed in this policy is absent / missing, must be declined.
- (e) The prescribed Summary Cash Purchase Claim Form as well as other relevant forms attached to it must be completed in full.
- (f) The most recently completed Cash Purchase Claim Form must record the reconciliation of the petty cash float. The Accountant: Creditors will decline reimbursement of claims where this is not supplied.
- (g) A petty cash float must never be reimbursed with funds derived from any other source whatsoever.

**6.8 Shortages and losses**

- (a) The holder of the Petty Cash float will be held accountable for any shortages and / or losses unless there is physical evidence of breaking in and no act or omission on the part of the relevant official contributed to the loss.
- (b) Any shortages in respect of a petty cash float must be reimbursed immediately by the responsible petty cash officer.
- (c) Where a petty cash float is stolen the incident must be promptly reported to the Chief Financial Officer in the required format and a case be logged at the South African Police Services.

**6.9 Internal Controls**

- (a) Random surprise Petty Cash counts / audits must be conducted by the relevant Manager / Senior Manager throughout the financial year.
- (b) Petty Cash reconciliations to the General Ledger must be reconciled and replenished before 30 June of every year (financial year-end).

**6.10 Procedure where a Petty Cash Float is Repaid / Cancelled**

When an advance is no longer required, a departmental memorandum must be submitted, signed by the Manager of the relevant Department, to the Accountant/Creditors, with the balance of cash on hand and completed and authorized Cash Purchase Claim forms. The most recently completed Cash Purchase Claim form will record the reconciliation of the petty cash float.

The Cashier must issue a receipt to the person delivering the cash.

**7. IMPLEMENTATION AND REVIEW PROCESS**

This policy will come into effect on **1 July 2023**.  
This policy will be reviewed at least annually or when required by way of a Council resolution.

**8. SHORT TITLE**

This policy shall be called the Petty Cash Policy of the Overstrand Municipality.

POLICY SECTION:	SENIOR MANAGER: EXPENDITURE AND ASSET MANAGEMENT
CURRENT UPDATE:	31 May 2023
PREVIOUS REVIEW:	31 May 2022
PREVIOUS REVIEW:	26 May 2021
PREVIOUS REVIEW:	27 May 2020
PREVIOUS REVIEW:	29 May 2019
PREVIOUS REVIEW:	30 May 2018
PREVIOUS REVIEW:	31 May 2017
PREVIOUS REVIEW:	25 May 2016
PREVIOUS REVIEW:	28 May 2015
PREVIOUS REVIEW:	28 May 2014
PREVIOUS REVIEW:	29 May 2013
PREVIOUS REVIEW:	30 May 2012
PREVIOUS REVIEW:	04 May 2011
APPROVAL BY COUNCIL:	26 May 2010

# OVERSTRAND MUNICIPALITY



# PAYDAY POLICY

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**1. PURPOSE**

The purpose of the policy is to regulate the date on which Councillors and Employees of the Overstrand Municipality will receive their remuneration and / or allowances.

**2. OBJECTIVES OF THE POLICY**

The objectives of this Policy are to:-  
 a) Establish a consistent payment routine for the payment of remuneration and / or allowances; and  
 b) Provide information as to when remuneration and / or allowances will be paid.

**3. DEFINITIONS**

For the purpose of this policy, except where clearly indicated otherwise, the words and expressions set out below have the following meaning:

"Councillor"	A member of the Overstrand Municipal Council.
"Permanent Employee"	An official or worker appointed with paid leave and other entitlements / benefits in a position with unlimited duration.
"Contractual Employee"	A worker appointed on a fixed duration full-time or part-time basis for a period exceeding twelve (12) months to undertake and complete a specific task.
"Temporary Employee"	A worker appointed on a full-time or part-time basis for a maximum period not exceeding twelve (12) months to undertake and complete a specific task.
"Seasonal Employee"	A worker who is employed to work on a cyclical basis for a full season not exceeding a continuous period of six (6) months.

**4. LEGISLATIVE FRAMEWORK**

This Policy must be read in conjunction with the:-  
 a) Remuneration of Public Office Bearers Act (Act 20 of 1998, as amended);  
 b) Basic Conditions of Employment Act (Act 75 of 1997, as amended); and  
 c) Organisational Rights Collective Agreement (as amended)

**5. SCOPE OF THE POLICY**

This Policy applies to all:-  
 a) Councillors;  
 b) Permanent employees;  
 c) Contractual employees;  
 d) Temporary employees; and  
 e) Seasonal workers.

**6. POLICY PRINCIPLES**

**6.1 Councillors and Permanent employees**

a) For newly elected Councillors and newly appointed permanent employees, payday for the first month will be on the last working day of the month;

b) Thereafter, payday will be on the 25<sup>th</sup> day of each month, or the last working day before the 25<sup>th</sup> should the 25<sup>th</sup> day of the month fall on a:-

- Saturday;
- Sunday;
- Monday;
- Public Holiday; or
- Day after a public holiday.

c) For the month of December in every year, payday will be three (3) working days before the 25<sup>th</sup>, with the exception of circumstances as set out in paragraphs 6.1(a), 6.1(b) and 6.1(d).

d) For outgoing Councillors and resigning / dismissed / retiring permanent employees, payday for the last month will be on the last working day of the month, but no later than 7 working days after the last day on which work was performed if not exiting on the last working day.

e) For employees who are on unauthorised / unpaid leave, and do not have sufficient annual leave days available to cover the period between payday and actual end of the month, payday will fall on the last working day of the month. This aims to eliminate the risk these employees pose for owing council money, should they not return to work for the duration of the month.

f) For any amount of money owed to Council in respect of (e) above, or any other irrecoverable salary related amount of money, a report will be submitted to the Municipal Public Accounts Committee (MPAC) for consideration in terms of the regulations on Fruitless and Wasteful Expenditure.

**6.2 Contractual employees**

Payday for Contractual employees will be aligned to payment dates of Permanent Employees, but no later than 7 working days after the last day on which work was performed. Employment contracts and attendance registers must be aligned accordingly.

**6.3 Temporary employees and Seasonal workers**

Temporary employees and Seasonal Workers will, as far as possible, be paid on a weekly, fortnightly or monthly basis, as specified in their appointment letters, within 7 working days after the last day on which work was performed as per their approved timesheets.

**6.4 Payment of additional allowances**

**6.4.1 Travel & Subsistence allowances** will be paid with the next salary run, provided it was submitted to the salary office before the relevant deadline. Requests may be submitted to the salary office to pay these

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claims together with the weekly wage payment, but after the expenses were incurred (as stipulated in Sections 18.2 & 18.3 of the approved Travel & Subsistence policy).

**6.4.2 Long Service allowances** will be paid with the salary run of the month in which the employee qualifies for this allowance, provided it was submitted to the salary office before the relevant deadline. Requests may be submitted to pay these claims together with the weekly wage payment, given that this payment date is after the qualifying date.

**6.4.3 Acting [relief] allowances** will be paid with the salary run of the month after the acting [relief] was performed.

**7. IMPLEMENTATION AND REVIEW PROCESS**

This policy will come into effect on **1 July 2023**.

This policy will be reviewed at least annually or when required by way of a Council resolution.

**8. SHORT TITLE**

This policy shall be called the Payday Policy of the Overstrand Municipality.

POLICY SECTION:	SENIOR MANAGER: EXPENDITURE AND ASSET MANAGEMENT
CURRENT UPDATE:	31 MAY 2023
PREVIOUS REVIEW	31 MAY 2022
PREVIOUS REVIEW	28 MAY 2021
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PREVIOUS REVIEW	30 MAY 2018
PREVIOUS REVIEW	31 MAY 2017
PREVIOUS REVIEW	25 MAY 2016
PREVIOUS REVIEW	28 MAY 2015
PREVIOUS REVIEW	28 MAY 2014
APPROVAL BY COUNCIL:	28 November 2000 (Resolution)

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OVERSTRAND  
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SUPPLY CHAIN MANAGEMENT POLICY,  
adopted in terms of section 111 of the

LOCAL GOVERNMENT: MUNICIPAL FINANCE MANAGEMENT ACT, NO. 56 OF  
2003

and the

MUNICIPAL SUPPLY CHAIN MANAGEMENT REGULATIONS, NOTICE 868 OF 30  
MAY 2005

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SUPPLY CHAIN  
MANAGEMENT POLICY

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MUNICIPAL SUPPLY CHAIN MANAGEMENT POLICY

LOCAL GOVERNMENT: MUNICIPAL FINANCE MANAGEMENT ACT, 2003

The Council of the Overstrand Municipality resolved on 25 June 2008 in terms of Section 111 of the Local Government: Municipal Finance Management Act (no. 56 of 2003) to adopt the following as the Supply Chain Management Policy of the municipality.

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**POLICY STATEMENT AND OBJECTIVES**

- 1 Section 111 of the Local Government: Municipal Finance Management Act, 56 (MFMA) requires each municipality and municipal entity to adopt and implement a Supply chain Management Policy, which give effect to the requirements of the Act.
- 2 In addition, the Preferential Procurement Policy Framework Act requires an Organ of State to determine its Preferential Procurement Policy and to implement it within the framework prescribed.
- 3 The objectives of this Policy are:
  - 1) to give effect to section 217 of the Constitution of the Republic of South Africa by implementing a system that is fair, equitable, transparent, competitive and cost effective;
  - 2) to comply with applicable provisions of the Municipal Finance Management Act including Municipal Supply Chain Management Regulations published under GN868 in Government Gazette 27636, 30 May 2005 and any National Treasury Guidelines issued in terms of the MFMA and regulations pertaining thereto; and
  - 3) to acknowledge the provisions of:
    - a) the Broad-Based Black Economic Empowerment Act, 2003 (Act No. 53 of 2003);
    - b) The Competitions Act 1998 (Act No. 89 of 1998)
    - c) the Construction Industry Development Board Act, 2000 (Act No.38 of 2000);
    - d) the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003);
    - e) the Local Government: Municipal Structures Act, 1998 (Act No. 117 of 1998);
    - f) the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000);
    - g) the Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000);
    - h) the Prevention and Combating of Corrupt Activities Act, 2000 (Act No. 12 of 2004);
    - i) the Promotion of Administrative Justice Act, 2000 (Act No. 3 of 2000)

OVERSTRAND MUNICIPALITY  
SUPPLY CHAIN MANAGEMENT POLICY

1 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) has the same meaning as in the Act, and –

"Accounting Officer"	means a person appointed by the Municipality in terms of Section 82 of the Local Government: Municipal Structures Act, 1998 (Act No. 117 of 1998) and who is the head of administration and also the Municipal Manager for the Municipality.
"Act" or "MFA"	means the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003);
"Budget Holder"	Means the persons accountable for expenditure from, and income to a particular budget. Each budget holder is responsible for the control of his/her budget and for the general financial administration of his/her area of responsibility. The Budget Holder is responsible to authorise expenditure from their budget up to a total of their budget allocation.
"Business day"	means any day of the week except Saturday, Sunday and public holidays as determined in the Public Holidays Act, 1994 (Act No. 36 of 1994)
"Capital Asset"	means a) any immovable asset such as land, property or buildings; or b) any movable asset that can be used continuously or repeatedly for more than one year in the production or supply of goods or services, for rental to others or for administrative purposes, and from which finite economic benefit can be derived, such as plant, machinery and equipment.
"CFO"	means Chief Financial Officer of the Municipality or Director of Finance in this instance;
"CIDB"	means Construction Industry Development Board
"close family member"	a person's spouse, whilaker in a marriage or in a customary union according to indigenous law, domestic partner in a civil union, or child, parent, brother, sister, whether such a relationship results from birth, marriage or adoption
"closing date"	means the time and day specified in the bid documents and/or advertisement of the receipt of bids.
"competitive bidding process"	means a competitive bidding process referred to in paragraph 12(1)(e) of this Policy;
"competitive bid"	means a bid in terms of a competitive bidding process;
"Construction Works"	means any work in connection with: c) the erection, maintenance, alteration, renovation, repair, demolition or dismantling of or addition to a building of any similar structure; d) the installation, erection, dismantling or maintenance of a fixed plant; e) the construction, maintenance, demolition or dismantling of any bridges, dam, canal, road, railway, sewer or water reticulation system or any similar civil engineering structure; or f) the moving of earth, clearing of land, the making of an excavation, piling or any similar type of work.
"Consultant"	means a person or entity providing services requiring knowledge based expertise
"contract"	means the agreement that results from the acceptance of a bid by the Municipality.
"Contract Owner"	means the deputy director, senior manager or manager, as the case may be, that is ultimately accountable for all activities during the life cycle of the contract. The Contract Owner can also be seen as the Budget holder.
"day(s)"	Means calendar days unless the context indicates otherwise;
"delegation"	in relation to a duty, includes an instruction a request to perform, or to assist in performing the duty.
"director"	means a manager referred to in section 56 of the Municipal Systems Act.
"emergency"	an emergency is an unforeseeable and sudden event with harmful or potentially harmful consequences for the municipality which requires urgent action to address.
"emerging enterprise"	means an enterprise which is owned, managed and controlled by previously disadvantaged persons and which is overcoming business impediments arising from the legacy of apartheid.
"essential community services"	means (in Local Government context) as published in Government Gazette numbers: 18043 of 6 June 1997; Government Gazette number 18278 of 12 September 1997; Government Gazette number 18438 of 21 November 1997; Government Gazette number 18761 of 27 March 1998; Government Gazette number 22570 of 21 September 2001; Government Gazette number 27104 of 24 December 2004; Government Gazette number 28076 of 28 July 2006; Government Gazette number 29987 of 22 June 2007; Government Gazette number 30805 of 23 February 2008.
i.	Municipal traffic services and policing.
ii.	Municipal health

OVERSTRAND MUNICIPALITY  
SUPPLY CHAIN MANAGEMENT POLICY

iii.	Municipal security.
iv.	Supply and distribution of water.
vii.	Generation, transmission and distribution of power.
viii.	Fire-fighting.
XXVI.	The following parts of sanitation services: a) Maintenance and operation of water borne sewerage systems, including pumping stations and the control of discharge of industrial effluent into the system; b) Maintenance and operation of sewerage purification works; c) Collection of refuse of an organic nature; d) Collection of infectious refuse from medical and veterinary hospitals or practices; e) Collection and disposal of refuse at a disposal site; f) Collection of refuse left uncollected for fourteen (14) days or longer, including domestic refuse and refuse on public roads and open spaces.
"final award"	in relation to bids or quotations submitted for a contract, means the final decision on which a bid or quote is accepted;
"Member/Inletter"	means where a municipal staff member is a close family member of a person who is the owner, partner, principal shareholder or member, manager or who serves on the board of directors, etc of a tendering enterprise;
"Financial year"	means a twelve-month period ending 30 June of every year.
"Formal written price quotation"	means quotations referred to in paragraph 12(1)(c) of this Policy;
"Granting of Rights"	means the granting by the Overstrand Municipality of the right to use, control or manage capital assets in circumstances where sections 14 and 30 of the MFMA and Chapters 2 and 3 of the Municipal Asset Transfer Regulations do not apply. In other words, where the granting of such rights does not amount to "transfer" or "disposal" of the asset and which includes leasing, letting, hiring out, etc., of the capital asset.
"Head: Supply Chain Management"	Any post in the approved organisational structure to whom the entire SCM Unit reports to functionally
"IDP"	means Integrated Development Plan;
"in the service of the State"	means to be – a) any municipal council; b) any provincial legislature; or c) the National Assembly or the National Council of Provinces; d) a member of the board of directors of any municipal entity; e) an executive member of the accounting authority of any national or provincial public entity; or f) an official of any national or provincial department, national or provincial public entity or institution within the meaning of the Public Finance Management Act, 1999 (Act No. 1 of 1999); g) a member of the accounting authority of any national or provincial public entity; or h) an employee of Parliament or a provincial legislature;
"long term contract"	means a contract with a duration period exceeding one year;
"list of accredited prospective providers"	means the list of accredited prospective providers which the Overstrand Municipality must keep in terms of paragraph 14 of this policy;
"Municipality"	means the Overstrand Municipality;
"notice boards"	means the official notice boards at the municipal offices and libraries;
"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); c) the Construction Industry Development Board Act, 2000 (Act No. 38 of 2000); d) the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003); e) the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000); f) the Local Government: Municipal Structures Act, 1998 (Act No. 117 of 1998); g) the Prevention and Combating of Corruption Activities Act, 2000 (Act No. 12 of 2004); h) the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003); Municipal Supply Chain Management Regulations; i) the Preferential Procurement Regulations; The Comptroller's Act 1988 (Act No. 89 of 1998), 2011 7
"Policy"	means the Supply Chain Management Policy of the Overstrand Municipality;
"quotation"	means a stated price that a supplier expects to receive for the provision of specified services, works or goods.

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**OVERSTRAND MUNICIPALITY  
SUPPLY CHAIN MANAGEMENT POLICY**

"Regulations"	means the Local Government Municipal Finance Management Act, 2003, Municipal Supply Chain Management Regulations published by Government Notice 688 of 30 May 2005;
"SDBP"	means Service Delivery and Budget Implementation Plan;
"single provider"	Sole supplier - One and Only (None of its kind) Supplier (Ordov Dictionary). If such goods or services are produced or available from a single provider only. There is no competition and only one provider exists in South Africa for example, sole distribution rights;
"small business"	means a separate and distinct business entity, including cooperative enterprises and non-governmental organisations, managed by one owner or more which, including its branches or subsidiaries, if any, is predominantly carried on in any sector or sub-sector of the economy mentioned in column 1 of the Small Business Classification Schedule, and which can be classified as a micro-, a very small, a small or a medium enterprise by satisfying the criteria mentioned in columns 3, 4 and 5 of the Schedule opposite the smallest relevant size or class as mentioned in column 2 of the Schedule.
"supply chain management positions"	includes the Chief Financial Officer and the Head: Supply Chain Management;
"survivalist enterprise"	means a business set up by people unable to find a paid job or get into an economic sector of their choice. Income generated from these activities usually falls far short of even a minimum income standard, with little capital invested, virtually no skills training in the particular field and only limited opportunities for growth in the viable business. This category is characterised by poverty and the attempt to survive.
"tender"	means a bid or a quotation in relation to a "Tender Box".
"tender box"	means the specified tender box at the offices of Overstrand Municipality, Magnolia Avenue, Hermanus.
"Treasury guidelines"	means any guidelines on supply chain management issued by the Minister in terms of section 198 of the Act.
"yielding period"	means the period for which bids to remain valid and binding as stipulated in the relevant tender document.
"written or verbal quotations"	means quotations referred to in paragraph 12(1)(b) & (c) of the Policy.
Reckoning of number of days	When any particular number of days is prescribed for the doing of any act, or for any other purpose, the same shall be reckoned exclusively of the first and inclusively of the last day, unless the last day happens to fall on a Sunday or on any public holiday, in which case the time shall be reckoned exclusively of the first day and inclusively of every such Sunday and public holiday.
Words importing the singular shall include the plural and vice versa and words importing the masculine gender shall include females and words importing persons shall include companies, closed corporations and firms, unless the context clearly indicates otherwise.	
All amounts / limits stated in this document shall be deemed to be inclusive of Value Added Tax (VAT).	

**CHAPTER 1: IMPLEMENTATION OF SUPPLY CHAIN MANAGEMENT POLICY**

- 2 Supply Chain Management Policy**
- 1) All officials and other role players in the Supply Chain Management system of the Municipality must implement this Policy in a way that –
    - a) gives effect to –
      - (i) section 217 of the Constitution; and
      - (ii) Part 1 of Chapter 11 and other applicable provisions of the Act;
      - (iii) Regulations pertaining to Supply Chain Management.
    - b) is fair, equitable, transparent, competitive, cost effective, and complies with –
      - (i) the Regulations; and
      - (ii) any minimum norms and standards that may be prescribed in terms of section 168 of the Act;
    - c) is consistent with other applicable legislation;
    - d) does not undermine the objective for uniformity in Supply Chain Management Systems between organs of state in all spheres; and
    - e) is consistent with national economic policy concerning the promotion of investments and doing business with the public sector.
  - 2) This Policy applies when the Municipality –
    - a) procures goods or services;
    - b) disposes of goods no longer needed;

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- c) selects contractors to provide assistance in the provision of municipal services including 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 the Act.
- 3) This Policy, except where provided otherwise, does not apply in respect of:
- a) the procurement of goods and services contemplated in section 110(2) of the Act, including –
    - (i) water from the Department of Water Affairs or a public entity, another municipality or a municipal entity;
    - (ii) electricity from Eskom or another public entity, another municipality or a municipal entity; and
    - (iii) or any other such entities.
- 3 Adoption, Amendment and Implementation 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 Council.
  - 2) If the Accounting Officer submits proposed amendments to Council that differs from the modal 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 modal policy to the National Treasury and the Provincial Treasury.
  - 3) When amending this supply chain management policy the need for uniformity in supply chain practices, procedures and forms between organs of state in all spheres, particularly to promote accessibility of supply chain management systems for small businesses must be taken into account.
  - 4) The Accounting Officer must in terms of section 62(1)(i)(iv) of the Act, take all reasonable steps to ensure that the municipality implements the supply chain management policy.
- 4 Delegation of supply chain management powers and duties**
- 1) 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 maximize 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) Section 79 of the Act applies to the sub delegation of powers and duties delegated to the Accounting Officer in terms of sub-paragraph (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 Municipality or to a committee which is not exclusively composed of officials of the Municipality.
  - 4) This paragraph may not be read as permitting an official to whom the power to make final awards has been delegated, to make a final award in a competitive bidding process otherwise than through the committee system provided for in paragraph 26 of this Policy.

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5 Sub-delegations

- 1) The Accounting Officer may in terms of section 79 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 sub-paragraph (2) of this paragraph and paragraph 4 of this Policy.
- 2) The power to make a final award –
  - a) above R10 million (incl. VAT), may not be sub-delegated by the Accounting Officer;
  - b) above R200,000 (incl. VAT), but not exceeding R10 million (incl. VAT) may be sub-delegated, but only to a bid adjudication committee of which the Chief Financial Officer is the chairperson and directors are members;
  - c) below R200,000 (incl. VAT) may be sub-delegated as per Council's delegations, attached as Annexure A, pertaining to the procurement of goods and services.
- 3) An official or bid adjudication committee to which the power to make final awards has been sub-delegated in accordance with sub-paragraph (2) must within [three (3) business] five days of the end of each month submit to the official referred to in sub-paragraph (4) a written report containing particulars of each final award made by such official or committee during that month, including –
  - a) contract numbers and description of goods, services or infrastructure projects;
  - b) the name of the person to whom the award was made;
  - c) the B-BBEE level of contribution claimed;
  - d) the amount of the award; and
  - e) the reason why the award was made to that person.
- 4) A written report referred to in sub-paragraph (3) must be submitted to the Accounting Officer, in the case of an award by a bid adjudication committee of which the Chief Financial Officer and directors are members.
  - a) The awards scheduled must be published on Council's website in terms of Section 75(g) of the Act.
- 5) Sub-paragraphs (3) and (4) of this policy do not apply to procurement out of petty cash or written quotations below R2,000 (incl. VAT).
- 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. Also refer to paragraph 4(4) and 5(2)(a) of this Policy.
- 7) No supply chain management decision-making powers may be delegated to an advisor or consultant.

6 Oversight role of council

- 1) Council must maintain oversight over the implementation of this Policy.
- 2) For the purposes of such oversight the Accounting Officer must –
  - a) within [22 business] 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
  - b) Whenever there are serious and material problems in the implementation of this Policy, immediately submit a report to Council.
- 3) The Accounting Officer must, within [six (6) business] 10 days of the end of each quarter, submit a report on the implementation of the supply chain management policy to the mayor of the municipality.
- 4) The reports must be made public in accordance with section 21A of the Local Government Municipal Systems Act 32, 2002.

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7 Supply Chain Management Unit

- 1) The Overstrand Municipality has established a Supply Chain Management Unit to implement this Policy.
- 2) The Chief Financial Officer is administratively in charge of the supply chain management unit, which operates under the direct supervision of the Head: Supply Chain Management, to whom this duty has been sub-delegated in terms of Section 82 of the Act.

8 Training of Supply Chain Management officials

The training of officials involved in implementing this Policy should be in accordance with relevant legislation, including Treasury guidelines on supply chain management.

CHAPTER 2: SUPPLY CHAIN MANAGEMENT SYSTEM

9 Format of Supply Chain Management system

- 1) This Policy provides systems for –
  - a) demand management;
  - b) acquisition management;
  - c) logistics management;
  - d) disposal management;
  - e) risk management; and
  - f) performance management.

Part 1: DEMAND MANAGEMENT

10 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 Municipality support its operational commitments and its strategic goals outlined in the Integrated Development Plan, the Budget and the Service Delivery and Budget Implementation Plan.
- 2) The Demand Management Plan must be developed in conjunction with the IDP, Service Delivery and Budget Implementation Plan (SDBIP) and annual budget.
- 3) All user departments are required to submit their draft Demand Management plans to the Supply Chain Management Unit by 31 December in terms of the IDP and Budget processes.
- 4) The Demand Management Plan must be submitted to and approved by the Accounting Officer or his or her delegate [before] by 30 June of each year.
- 5) The Demand Management Plan must be reviewed regularly and submitted to the Accounting Officer or his delegate on a monthly basis.
- 6) Demand management must be co-ordinated by SCM officials of the Municipality in consultation with budget holders.
- 7) The outcome of this activity should be a detailed planning document that outlines what goods, works or services should be procured, the manner in which they should be procured as well as the timelines to execute the procurement functions.

Part 2: ACQUISITION MANAGEMENT

11 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 Municipality in accordance with authorised processes only;
  - b) that expenditures 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;

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- d) that bid documentation, evaluation and adjudication criteria, and general conditions of a contract, are in accordance with any applicable legislation; and
- e) that any Treasury guidelines on acquisition management are properly taken into account.
- 2) When procuring goods or services contemplated in section 110(2) of the Act, the Accounting Officer must, subject to paragraph 2(3), make public the fact that such goods or services are procured otherwise than through the Municipality's supply chain management system, including -
- the kind of goods or services; and
  - the name of the supplier.

**12. Range of procurement processes**

- Goods and services may only be procured by way of -
  - petty cash purchases in terms of Council's Petty Cash Policy for procurement transactions with a value up to R2 000 (incl. VAT);
  - one written or verbal quotation for procurement transactions with a value up to R2 000 (incl. VAT);
  - three written quotations for procurement transactions with a value over R2 000 (incl. VAT) up to R10 000 (incl. VAT);
  - formal written price quotations for procurement transactions valued over R10 000 (incl. VAT) up to R200 000 (incl. VAT); and
  - a competitive bidding process for -
    - procurement transactions with a value above R200 000 (incl. VAT); and
    - the procurement of long-term contracts.
- The Accounting Officer may, in writing -
  - lower, but not increase, the different threshold values specified in sub-paragraph (1); or
  - direct that -
    - written or verbal quotations be obtained for any specific procurement of a transaction value lower than R2 000 (incl. VAT);
    - formal written price quotations be obtained for any specific procurement of a transaction value lower than R30 000 (incl. VAT); or
    - a competitive bidding process be followed for any specific procurement of a transaction value lower than R200 000 (incl. VAT).
- 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.

**13. General preconditions for consideration of written quotations or bids**

- A written quotation or bid may not be considered unless the provider who submitted the quotation or bid -
  - has furnished that provider's -
    - full name;
    - identification number or company or other registration number, and
    - tax reference number and VAT registration number, if any;
  - has authorised the Municipality to verify any of the documentation referred to in sub-paragraph (a) above; and
  - has indicated -
    - 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;

- if the provider is not a natural person, whether any of its directors, managers, principal shareholder or stakeholders are in the service of the state, or has been in the service of the state in the previous twelve months; or
- whether a spouse, child or parent of the provider or of a director, manager, shareholder or stakeholder referred to in sub-paragraph (i) is in the service of the state or has been in the service of the state in the previous twelve months.

**14. Lists of accredited prospective providers**

- The Accounting Officer must -
    - 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
    - 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; and
    - The listing criteria for prospective suppliers are:
      - Name of supplier / service provider;
      - Street and postal address;
      - Contact person for quotations/enquiries;
      - Contact numbers for quotations / enquiries;
      - Contact details for quotations/enquiries
      - VAT registration yes/no;
      - VAT registration number;
      - Banking details in the name of the entity;
      - Type of industry;
      - Valid certification for specialised services;
      - CIDB registration if applicable;
      - Valid tax clearance certificate or pin;
      - CIDB registration in respect of Exempted Micro Enterprises or B-BBEE Status Level of Contributor.
      - Relevant identification numbers and certified copies of identity documents of all members, directors, principal shareholders and partners.
  - 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.
  - 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.
  - The list must be compiled per commodity and per type of service.
- 15. Written or verbal quotations up to R2,000 (incl. VAT)**
- The conditions for the procurement of goods by means of written quotations referred to in paragraph 12(1)(b) of this Policy for minor items that are purchased for up to R2,000 (incl. VAT), are as follows:
    - written quotations for transactions must be obtained from at least one prospective supplier or service provider preferably from, but not limited to, suppliers or service providers whose names appear on the list of accredited prospective providers of the Municipality provided that if quotations are obtained from providers who are not listed, such providers must meet the listing criteria set out in paragraph 14(1)(b), (c) and (d) of this Policy;
    - if a quotation was submitted verbally, the order may be placed only against written confirmation by the selected provider.

**16 Written quotations above R2,000 (incl. VAT)**

- 1) The conditions for the procurement of goods or services through written quotations for amounts above R2,000 (incl. VAT) up to R10,000 (incl. VAT) are as follows:
  - a) quotations must be obtained from at least three different providers preferably from, but not limited to, providers whose names appear on the list of accredited prospective providers of the Municipality provided that if quotations are obtained from providers who are not listed, such providers must meet the listing criteria set out in paragraph 14(1)(b), (c) and (d) of this Policy;
  - b) if it is not possible to obtain at least three quotations, the reasons must be recorded and approved by the Chief Financial Officer or an official designated by the Chief Financial Officer and reported quarterly to the Accounting Officer or another official designated by the Accounting Officer; and
  - c) the Accounting Officer must record the names of the potential providers requested to provide such quotations with their quoted prices.

**17 Formal written price quotations**

- 1) The conditions for the procurement of goods or services through formal written price quotations for amounts above R10,000 (incl. VAT) up to R200,000 (incl. VAT) 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) and (d) of this Policy;
  - c) if it is not possible to obtain at least three quotations, the reasons must be recorded and approved by the Chief Financial Officer or an official designated by the Chief Financial Officer; and
  - d) the Accounting Officer must record the names of the potential providers and their written quotations.

- 2) A designated official referred to in paragraph 16(1)(b) and sub-paragraph (1)(c) must by the 3<sup>rd</sup> of each month report to the Chief Financial Officer on any approvals given during the preceding month by that official in terms of that sub-delegation.

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

- 1) The procedure for the procurement of goods or services through written quotations or formal written price quotations is as follows:
  - a) when using the list of accredited prospective providers, the Accounting Officer must promote on-going competition amongst providers by inviting providers to submit quotations on a rotation basis;
  - b) all requirements in excess of R30,000 (incl. VAT) 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 **[five business] seven** days on the website and an official notice board of the Municipality;
  - c) quotations 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) quotations must be awarded based on compliance to specifications, conditions of contract, ability and capability to deliver the goods and services and **[lowest price]** the preference points system will apply in terms of the Preferential Procurement Policy for quotations up to **[R30 000]** R200,000 (incl. VAT) and the preference points system will apply for all quotations in excess of **[R30 000]** (incl. VAT);
  - f) the Chief Financial Officer must set requirements for proper record keeping of all formal written price quotations accepted on behalf of the municipality;

**19 Competitive bids**

- 1) Goods or services above a transaction value of R200,000 (incl. VAT) 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 (incl. VAT), 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.

**20 Process for competitive bidding**

- 1) The procedures for the following stages of a competitive bidding process are as follows:
  - a) Completion of bidding documentation is detailed in paragraph 21;
  - b) Public invitation of bids is detailed in paragraph 22;
  - c) Site meetings or briefing sessions are detailed in paragraph 22;
  - d) Handling of bids submitted in response to public invitation is detailed in paragraph 23;
  - e) Evaluation of bids is detailed in paragraph 28;
  - f) Award of contracts is detailed in paragraph 29;
  - g) Administration of contracts is detailed in paragraph 6 of Council's Contract management Policy
  - h) Proper record keeping: Original and legal copies of all tender documentation must be kept in a secure place for reference purposes.

**21 Bid documentation for competitive bids**

- 1) 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 (CIDB), in the case of a bid relating to construction, upgrading, refurbishment of buildings or infrastructure.
  - b) include the preference points system to be used as contemplated in the Preferential Procurement Regulations, 2017, 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 (incl. VAT) –
    - (i) if the bidder is required by law to prepare annual financial statements for auditing, its audited annual financial statements –
      - (a) for the past three years; or
      - (b) since its establishment if established during the past three years;
    - (ii) 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 calendar days;
    - (iii) particulars of any contracts awarded to the bidder by the municipality 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;

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- 2) A fee shall be raised for bid forms, plans, specifications, samples and any other bid documentation, depending on the nature, magnitude and value of technical information or samples provided by the municipality for tenders in excess of R200 000 (incl. VAT).
- 3) Tenders to be evaluated on functionality:
  - a) The Municipality must indicate in the tender documents if the tender will be evaluated on functionality.
  - b) The evaluation criteria for measuring functionality must be objective.
  - c) The tender documents must specify:
    - (i) evaluation criteria for measuring functionality.
    - (ii) the points for each criterion and, if any, each sub-criterion; and
    - (iii) minimum qualifying score for functionality.
  - d) The minimum qualifying score for functionality for a tender to be considered further:
    - (i) must be determined separately for each tender, and
    - (ii) may not be so:
      - (a) low that it may jeopardise the quality of the required goods or services; or
      - (b) high that it is unreasonably restrictive.
  - e) Points scored for functionality must be rounded off to the nearest two decimal places.
  - f) A tender that fails to obtain the minimum qualifying score for functionality as indicated in the tender documents is not an acceptable tender.
  - g) Each tender that obtained the minimum qualifying score for functionality must be evaluated further in terms of price and the preference point system and any objective criteria envisaged.

22 Public invitation for competitive bids

- 1) The procedure for the invitation of competitive bids is as follows:
  - a) Any invitation to prospective providers to submit bids must be by means of a public advertisement:
    - (i) in newspapers commonly circulating locally,
    - (ii) on the notice boards at selected offices of the Municipality,
    - (iii) on the website of the Municipality,
    - (iv) on the e-Tender Publication Portal of the National Treasury
    - (v) on the I-Tender website of the CIDB for construction procurement related transactions or
    - (vi) any other appropriate ways (which may include an advertisement in the Government Tender Bulletin).
  - 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 [22 business] 30 days in the case of transactions over R10 million (incl. VAT), or which are of a long term nature (in excess of three years), or [10 business] 14 days in any other case, from the date on which the advertisement is placed in a newspaper, subject to sub-paragraph (2) of this policy;
    - (ii) a statement that bids may only be submitted on the bid documentation provided by the Municipality;
    - (iii) a statement that bids will only be considered if it was deposited into the bid box indicated in the bid invitation;
    - (iv) date, time and venue of any proposed site meetings or briefing sessions, provided that site meetings / information sessions may not be scheduled within [5 business] 7 days of the date on which a bid advertisement is placed; and
    - (v) the required CIDB contractor category and grading designation for construction procurement.
    - (vi) [that only locally produced goods, works or services or locally manufactured goods with a stipulated minimum threshold for local production and content will be considered for sectors designated by the Department of Trade and Industry.]
- 2) The Accounting Officer may determine a closure date for the submission of bids which is less than the required [22 or 10 business] 30 or 14 days, but only if such shorter period can be justified on

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- the grounds of urgency or emergency or any exceptional case where it is impractical or impossible to follow the official procurement process.
- 3) The notice shall further state that all bids for the contract must be submitted in a sealed envelope on which it is clearly stated that such envelope contains a bid and the contract title and contract or bid reference number for which the bid is being submitted.
  - 4) The period for which bids are to remain valid, irrevocable and open for acceptance must be indicated in the bid documents and must not exceed 180 days.
  - 5) The validity period of a bid may be extended by the accounting officer, or his/her deputy appointed delegate, prior to the expiry of the validity period indicated in the bid document.
  - 6) Communication with bidders before the closing date:

- a) The budget holder must approach the Bid Specification Committee, if necessary, to consider authorisation in writing, of communication with bidders prior to bids closing.
- b) The Municipality is entitled to amend any bid condition, validity period, specification or plan, or extend the closing date of such a bid or quotation before the closing date, provided that such amendments or extensions are advertised and/or where possible, that all bidders to whom bid documents have been issued, are advised in writing per e-mail or by fax of such amendments or of the extension clearly reflecting the new closing date and time. For this reason, officials and authorised service providers issuing bids shall keep a record of the names, addresses and contact numbers of the persons or enterprises to whom bid documents have been issued.
- c) All amendments must be approved by the Accounting Officer or the relevant delegated director prior to the closing date of the bid invitation. The communication of the minutes of site meetings is not subject to this requirement.

23 Procedure for handling, opening, recording and cancellation of bids

- 1) The procedures for the handling, opening and recording of bids, are as follows:
  - a) Bids–
    - (i) must be opened only in public;
    - (ii) must be opened on the same date and as soon as possible after the period for the submission of bids has expired; and
  - 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 sub-paragraph (b), relating to the bid should be disclosed to bidders or other persons until the successful bidder is notified of the award; and
  - d) The Accounting Officer must –
    - (i) record in a register all bids received in time;
    - (ii) make the register available for public inspection; and
    - (iii) publish the entries in the register and the bid results on the website.
- 2) Stamping of bids and reading out of names:
  - a) As each bid is opened the name of the bidder and the amount – if practical – shall be read out.
  - b) An official shall date-stamp the bid or quotation and all enclosures related to prices, delivery periods and special conditions.
  - c) Bids and quotations shall be numbered in the sequence in which they have been opened and the words "and last" shall be endorsed on the last bid or quotation.
  - d) In instances where only one bid has been received the words "and only" shall be endorsed on such bid.
  - e) Where prices have not been inserted in all relevant spaces on the form and such items have not been deleted by bidders, such spaces shall be stamped "no price" by the employee who opens the bids or quotations.

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- 1) A bid will not be invalidated if the amount in words and the amount in figures do not correspond, where there is a discrepancy, the amount in words shall be read out at the bid opening and shall be deemed to be the bid amount.
- 3) Late Bids
  - a) Bids or quotations arriving after the specified closing time shall not be considered and where practicable and cost effective shall be returned to the bidder unopened with a letter explaining the circumstances.
  - b) Where it is necessary to open a late bid or quotation to obtain the name and address of the sender, each page of the document shall be stamped "late bid" before the bid is returned to the bidder. The envelope must be stamped and initialled in like manner and must be retained for record purposes.
- 4) Dealing with bids and quotations if the closing date thereof has been extended.
  - a) Where the closing date of a bid or quotation is extended, bids or quotations already received, will be retained unopened in the bidding box and be duly considered after the expiry of the extended period, unless the bidder cancels it by submitting a later dated bid or quotation before the extended closing date.
- 5) Cancellation of tenders:
  - a) The Municipality may, before the award of a tender, cancel a tender invitation if -
    - (i) due to changed circumstances, there is no longer a need for the goods or services specified in the invitation.
    - (ii) funds are no longer available to cover the total envisaged expenditure.
    - (iii) no acceptable tender is received; or
    - (iv) there is a material irregularity in the tender process.

**24 Negotiations with preferred bidders and communication with prospective providers and 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;
  - d) does not lead to a lower price in respect of sale of land / goods.
- 2) Minutes of such negotiations must be kept for record purposes and as far as practical be made part of the final contract.
- 3) No unauthorised communication with bidders and prospective providers:
  - a) where bids and quotations have been submitted to the municipality, a bidder may not communicate with any councillor, official, or authorised service provider on any matter regarding his bid, quotation or offer other than a notice of withdrawal.
  - b) No municipal personnel may communicate with a bidder or any other party who has an interest in a bid, during the period between the closing date for the receipt of the bid or quotation (or date of receipt of an offer), and the date of notification of the successful bidder of acceptance of his bid, quotation or offer, except as provided for in paragraph (c) below. Every such case of unauthorised communication shall forthwith be reported to the Supply Chain Management Unit as well as the chairperson of the Bid Adjudication Committee. A bid or quotation in respect of which unauthorised communication has occurred may be disqualified.
  - c) The budget holder must approach the Bid Evaluation Committee, as determined in paragraph 28(2), to consider authorising an employee or authorised consulting service provider, in writing, to communicate with a bidder during the period mentioned in subsection (b) above for the purpose of:-
    - (i) Obtaining an explanation and verification of declarations made in the bid response;
    - (ii) confirming technical particulars and the compliance thereof with specifications;
    - (iii) clarifying delivery times/quantities;

- (iv) extending the validity period of a bid;
- (v) clarifying any other commercial aspect;
- (vi) for the submission of substantiating documents;
- (vii) any other clarifications
- d) In all cases where authority has been granted to communicate with bidders in terms of paragraph (c) above, it should be clearly stated in the submission to the Bid Adjudication Committee the nature of the communication as well as by whom such authority to communicate has been granted.

**25 Two-stage bidding process**

- 1) A two-stage bidding process is allowed for -
  - a) large complex projects; or
  - b) projects where it may be undesirable to prepare complete detailed technical specifications; or
  - c) long term projects with a duration period exceeding three years.
- 2) In the first stage technical proposals on conceptual design or performance specifications should be invited, subject to technical as well as commercial clarifications and adjustments.
- 3) In the second stage final technical proposals and priced bids should be invited.

**26 Committee system for competitive bids**

- 1) A committee system for competitive bids is hereby established, consisting of the following committees for each transaction or cluster of transactions 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) The Accounting Officer may appoint a neutral or independent observer, to attend or oversee a committee when this is appropriate for ensuring fairness and promoting transparency.
- 4) The committee system must be consistent with -
  - a) paragraphs 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.

**27 Bid Specification Committees**

- 1) The appropriate bid specification committee must compile the specifications for each procurement transaction for goods or services by the Municipality, depending on the department involved.
- 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 Organization, 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 and / or in terms of descriptive characteristics for design;
  - d) may not create trade barriers in contract requirements in the forms of specifications, plans, drawings, designs, testing and test methods, packaging, marking or labelling of conformity certification;

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- e) may not make reference to any particular trade mark, name, patent, design, type, specific origin or producer unless there is no other sufficiently precise or intelligible way of describing the characteristics of the work, in which case such reference must be accompanied by the word "equivalent";
  - f) must indicate the preference points system for which points may be awarded as set out in the prevailing Preferential Procurement Regulations; and
  - g) must be approved by the Accounting Officer or the relevant delegated director 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, including, but not limited to:-
- a) a delegated supply chain management practitioner;
  - b) the budget holder from the Directorate for whom the bid is called; and
  - c) the chairperson to be appointed by the Accounting Officer;
  - d) any other officials appointed by the Accounting Officer.
- 4) The Committee may, when appropriate, include external specialist advisors.
- 5) 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.

28 Bid Evaluation Committees

- 1) A Bid Evaluation Committee must –
- a) evaluate all bids in accordance with –
    - (i) the specifications for a specific procurement; and
    - (ii) the points system set out in terms of the Preferential Procurement Policy;
  - 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 for more than three months;
  - d) submit to the adjudication committee a report and recommendations regarding the award of the bid or any other related matter; and
- 2) A Bid Evaluation Committee must as far as possible be composed of:-
- a) the budget holder or officials from departments requiring the goods or services
  - b) at least one delegated supply chain management practitioner and
  - c) the chairperson to be appointed by the Accounting Officer;
  - d) any other official appointed by the Accounting Officer

29 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) The bid adjudication committee must be composed of at least four directors of the municipality which must include –
- a) the Chief Financial Officer or, if the Chief Financial Officer is not available, another manager reporting directly to the Chief Financial Officer and designated by the Chief Financial Officer; [and]

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- b) a senior supply chain management practitioner; and
  - c) a technical expert in the relevant field who is an official of the municipality. If the municipality has such an expert.
- 3) The Accounting Officer must appoint the chairperson of the committee. If the Chairperson is unable to chair the meeting, the members of the committee who are present must elect one of them to preside at the meeting.
- 4) A quorum for the Adjudication Committee shall be four members.
- a) In the event of an equality of votes the chairperson shall have a casting vote over and above a deliberative vote.
  - b) The Director of the department that called for the tender must be present at the meeting where the particular tender is considered.
- 5) The members of the Bid Evaluation Committee, or their delegates, must be present at the Bid Adjudication Committee meetings to clarify issues that were dealt with in the Bid Evaluation Committee meetings without voting rights.
- 6) A technical expert in the relevant field, who is an official, if such an expert exists, may attend the meeting as an advisor for clarification purposes. This official will not have voting rights at the Bid Adjudication Committee meeting. [Neither a member of a bid evaluation committee, nor an advisor or person assisting the bid evaluation committee, may be a member of a bid adjudication committee.]
- 7) Neither a member of a bid evaluation committee, nor an advisor or person assisting the bid adjudication committee, may be a member of a bid adjudication committee.
- 8) If the bid adjudication committee decides to award a bid other than the one recommended by the bid evaluation committee –
- a) 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 for more than three months; 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.
- 9) 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.
- 10) The Accounting Officer must comply with Section 114 of the Act within 10 working days –
- a) if a tender other than the one recommended in the normal course of implementing the supply chain management policy is approved, the Accounting Officer must, in writing, notify the Auditor-General, the Provincial Treasury and the National Treasury of the reasons for deviating from such recommendation.
  - b) Subsection(1) does not apply if a different tender was approved in order to rectify an irregularity.

30 Procurement of Banking Services

- 1) A contract for banking services –
- a) must be procured through competitive bids;
  - b) must be consistent with section 7 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 **[46 business]** 60 days from the date on which the advertisement is placed in a newspaper in terms of paragraph 22(1).
  - 4) Bids must be restricted to banks registered in terms of the Banks Act, 1990 (Act No. 94 of 1990).
- 31 Procurement of Information- and Communication Technology (ICT) related goods or services**
- 1) The Accounting Officer may request the State Information Technology Agency (SITA) to assist with the acquisition of ICT 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 ICT needs if –
    - a) the transaction value of ICT related goods or services required in any financial year will exceed R50 million ; or
    - b) the transaction value of a contract to be procured whether for one or more years exceeds R50 million.
  - 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 Council, the National Treasury, the Provincial Treasury and the Auditor-General.
  - 5) The Municipality is required to follow the following process before inviting proposals for a new financial management system:
    - a) National and Provincial Treasury should immediately be informed of any intention to replace the accounting or billing system currently operating at the municipality;
    - b) The submission should include a comprehensive motivation with specific reasons for why it is deemed necessary to replace the existing financial system;
    - c) A copy of the service level agreement with minutes of the meetings between the municipality and the current service provider (financial system vendor) during the previous twelve months must be made available;
    - d) The organisational structure, specifically for the IT department/function, clearly indicating management capacity and responsibility for operating the financial system, must be submitted;
    - e) An assessment should be done to determine which modules of the existing financial system are being utilised by the municipality and reasons must be provided for modules not in operation. In cases where an existing system is not an ERP system the municipality must provide details of any other systems utilised by the municipality;
    - f) The date on which the existing financial system was implemented, the procurement and implementation costs and the current operational costs thereof must be disclosed;
    - g) A technical assessment must be undertaken on the server and network requirements of the new financial system and a copy of such report should be submitted; and
    - h) Copies of all IT strategies, policies and procedural documents including the IT disaster recovery plan must be made available.

**32 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.

**33 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 wherever possible.
- 2) Where the storage of goods in bulk is justified, such justification must be based on sound reasons. Including the total cost of ownership, cost advantages and environmental impact and must be approved by the official duly authorised in terms of the Occupational Health and Safety Act, 1993 (Act No. 95 of 1993).

**34 Proudly SA Campaign**

- 1) The Municipality supports the Proudly SA Campaign to the extent that, as far as possible, preference is given to procuring local goods and services as per Council's Preferential Procurement Policy

**35 Appointment of consultants**

- 1) The Accounting Officer may procure consulting services provided that any National Treasury guidelines and CIDB requirements in respect of consulting services are taken into account when such services are procured.
- 2) Consultancy services must be procured through competitive bids if :
  - a) the value of the contract exceeds R200 000 (incl. VAT); or
  - b) the duration period of the contract exceeds one year.
- 3) In addition to any requirements prescribed by this policy for competitive bids, bidders must furnish particulars of –
  - a) all consultancy services provided to an organ of state in the last five years; and
  - b) any similar consultancy services provided to an organ of state in the last five years.
- 4) The Accounting Officer must ensure that copyright in any document produced, and the patent rights or ownership in any plant, machinery, thing, system or process designed or devised, by a consultant in the course of the consultancy service is vested in the Municipality.
- 5) A municipality or municipal entity may only appoint consultants if an assessment of the needs and requirements confirms that the affected municipality or municipal entity does not have the requisite skills or resources in its full-time employ to perform the function.
  - 6) An accounting officer must adopt a fair and reasonable remuneration framework for consultants taking into account the rates -
    - a) determined in the "Guideline on fees for audits undertaken on behalf of the Auditor - General of South Africa", issued by the South African Institute of Chartered Accountants;
    - b) set out in the "Guide on Hourly Fee Rates for Consultants", issued by the Department of Public Service and Administration; or
    - c) as prescribed by the body regulating the profession of the consultant.
  - 7) The tender documentation for the appointment of consultants must include a paragraph that the remuneration rates will be subject to negotiation, not exceeding the applicable rates mentioned in sub-regulation (2).
  - 8) When negotiating cost-effective consultancy rates for international consultants, the accounting officer may take into account the relevant international and market –determined rates.
  - 9) When consultants are appointed, an accounting officer must -
    - a) appoint consultants on a time and cost basis with specific start and end dates;
    - b) where practical, appoint consultants on an output-specified basis, subject to specific measurable objectives and associated remuneration;
    - c) ensure that contracts with consultants include overall cost ceilings by specifying whether the contract price is inclusive or exclusive of travel and subsistence disbursements;
    - d) ensure the transfer of skills by consultants to the relevant officials of a municipality or municipal entity;

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- e) undertake all engagements of consultants in accordance with the Municipal Supply Chain Management Regulations, 2005 and the municipality or municipal entity's supply chain management policy; and
- f) develop consultancy reduction plans to reduce the reliance on consultants.
- 10) All contracts with consultants must include a fee retention or penalty paragraph for poor performance.
- 11) A municipality or municipal entity must ensure that the specifications and performance are used as a monitoring tool for the work to be undertaken and are appropriately recorded and monitored.
- 12) The travel and subsistence costs of consultants must be in accordance with the national travel policy issued by the National Department of Transport, as updated from time to time.
- 13) The contract price must specify all travel and subsistence costs and if the travel and subsistence costs for appointed consultants are excluded from the contract price, such costs must be reimbursed in accordance with the national travel policy of the National Department of Transport.

**38 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;
- (b) Circumstances that warrant emergency dispensation, includes but are not limited to –
- (i) the possibility of human injury or death;
- (ii) the possibility of damage to property;
- (iii) failure to take necessary action may result in the municipality not being able to render an essential community service;
- (iv) the interruption of services related to communication facilities or support services critical to the effective functioning of the municipality as a whole; or
- (v) the eminent possibility of serious damage occurring to the natural environment.
- (b) The prevailing situation, or imminent danger, should be of such a scale and nature that it could not readily be alleviated by interim measures, in order to allow time for the formal tender process.
- (c) Procurement in the case of emergencies must be tacitly approved by the relevant director or his delegate prior to incurring the expenditure (before issuing an instruction to the supplier) and must be reported in writing to the Accounting Officer or duly appointed delegated official within [three business] five working days.
- (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 including, but not limited to:-
- (a) ad-hoc repairs to plant and equipment where it is not possible to ascertain the nature or extent of the work required in order to call for bids;
- (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; and
- (c) may condone any irregular expenditure incurred in contravention of that is not in accordance with a requirement of this Policy and which is not also a contravention of the Municipal Supply Chain Management Regulations (GG 27636 of 30 May 2005), provided that such condonation and the reasons therefore shall be reported to Council at the next ensuing meeting.

- 2) The Accounting Officer must record the reasons for any deviations in terms of sub-paragraphs (1)(a) and (b) of this policy and report them to the next Council Meeting and include as a note to the annual financial statements.
- 3) Sub-paragraph (2) does not apply to the procurement of goods and services contemplated in paragraph 11(2) of this policy.

**37 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 sub-paragraph (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 was to be accepted; and
- c) an invitation to the public or other potential suppliers to submit their comments within [22 business] 30 days of the notice.
- 4) The Accounting Officer must submit all written comments received pursuant to sub-paragraph (3), including any responses from the unsolicited bidder to the National Treasury and the Provincial Treasury for comment.
- 5) The bid 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 bid 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 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 Provincial Treasury and the National Treasury the reasons for rejecting or not following those recommendations.
- 9) Such submission must be made within [five business] 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 [22 business] 30 days of the submission.
- 38 Combating of abuse of the supply chain management system**
- 1) The Accounting Officer is hereby enabled to –
- 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;

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- c) check the National Treasury's database prior to awarding any contract to ensure that no recommended bidder, or any of its directors, is listed as a person prohibited from doing business with the public sector;
- d) reject any bid from a bidder –
  - (i) if any municipal rates and taxes or municipal service charges owed by that bidder or any of its directors to the Municipality, or to any other municipality or municipal entity are in arrears for more than three months; or
  - (ii) who during the last five years has failed to perform satisfactorily on a previous contract with the Municipality or any other organ of state after written notice was given to that bidder that performance was unsatisfactory.
- e) reject a recommendation for the award of a contract if the recommended bidder, or any of its directors, has committed a corrupt or fraudulent act in compelling 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 sub-paragraphs (1)(b)(ii), (e) or (f) of this policy.

**Part 3: LOGISTICS, DISPOSAL, RISK AND PERFORMANCE MANAGEMENT**

**39 Logistics management**

- 1) The Accounting Officer must establish and implement an effective system of logistics management, which must include –
  - a) the monitoring of spending patterns on types or classes of goods and services incorporating, where practical, the coding of items to ensure that each item has a unique number;
  - b) the setting of inventory levels that includes minimum and maximum levels and lead times whenever goods are placed in stock;
  - c) the placing of manual or electronic orders for all acquisitions other than those from petty cash prior to the receipt of goods and/or services. Orders must be issued by 31 July or within one month of contracts (excluding once-off contracts) becoming active, where possible;
  - 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. Orders may be amended/issued where estimates are used to issue orders for rates/tariff based contracts when it is impractical to determine the final amount upfront;
  - 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 are properly managed and maintained in terms of Council's Asset Management Policy; and
  - g) monitoring and review of the supply vendor performance to ensure compliance with specifications and contract conditions for particular goods or services.

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- h) Contracts will be implemented in terms of the requirements of Section 116 of the Act and Council's Contract Management Policy.
- 40 Disposal management
  - a) Assets must be disposed of as leased in terms of the Municipal Asset Transfer Regulations, Overstrand Municipality's Asset Management Policy and Administration of Immovable Property Policy respectively.
  - b) Disposal Management does not per se represent a procurement process, although the prescribed procurement processes are followed in the disposal of assets and is thus exempt from the prohibitions of paragraph 44 of this policy in relation to the disposal of immovable assets for residential purposes only. As a result, the municipality is not prohibited from selling/disposing of immovable assets to persons in the service of the state where such sale/disposal is to be used for primary residential occupation.
  - c) **Granting of Rights**

The granting of rights (where sections 14 and 90 of the MFMA do not apply) by the Overstrand Municipality, shall be executed strictly in accordance with Chapter 4 of the Municipal Asset Transfer Regulations and the Administration of Immovable Property Policy, as amended from time to time.

**41 Risk management**

The Accounting Officer must implement an effective system of risk management for the identification, consideration and avoidance of potential risks in the supply chain management system as per Council's Risk Management Policy.

**42 Performance management**

The Accounting Officer must 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 in terms of the Performance Management System Implementation Policy.

**Part 4: OTHER MATTERS**

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

- 1) Irrespective of the procurement process followed, the municipality may not make any award above R30 000 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 Municipality must first check with SARS whether that person's tax matters are in order.]  
 Before making an award, the municipality must verify the bidder's tax compliance status. Where the recommended bidder is not tax compliant, the bidder should be notified of the non-compliant status and be requested to submit proof of tax compliance to the municipality within 7 working days or written proof from SARS that they have made arrangements to meet their outstanding tax obligations. The proof of tax compliance submitted by the bidder must be verified by the municipality via eSD or e-Filing. The municipality should reject a bid submitted by the bidder if such bidder fails to provide proof of tax compliance within the timeframe stated.
- 3) [If SARS does not respond within seven days, such person's tax matters may for purposes of sub-paragraph (1) be presumed to be in order.]  
 The municipality is not required to verify a supplier's tax compliance status with SARS during the execution of any contract procured through the supply chain management system. Subject to sub-paragraphs (1) and (2), tax matters are only verified when the duly appointed delegated authority makes an award.
- 4) Sub-paragraphs (1) and (2) is applicable when contracts are amended by the duly appointed delegated authority as contemplated in paragraph 5.6 of the Contract Management Policy.
- 5) Sub-paragraphs (1) and (2) is applicable when the cumulative value of transactions entered into with a supplier during a financial year is anticipated to exceed R30 000.

**44 Prohibition on awards to persons in the service of the state**

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- 1) Irrespective of the procurement process followed, no award may be made to a person in terms of this Policy –
- who is in the service of the state;
  - 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
  - a person who is an advisor or consultant contracted with the Municipality in respect of a contract that would cause a conflict of interest.

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

- 1) The Accounting Officer must ensure that the notes to the annual financial statements disclose particulars of any award of more than R2 000 (incl. VAT) 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 –
- the name of that person;
  - the capacity in which that person is in the service of the state; and
  - the amount of the award.

**46 Ethical standards**

- 1) A code of ethical standards for supply chain management practitioners and other role players involved in supply chain management is hereby established in accordance with sub-paragraph (2) in order to promote –
- mutual trust and respect; and
  - an environment, where business can be conducted with integrity and in a fair and reasonable manner.

2) An official or other role player involved in the implementation of the supply chain management policy

- must treat all providers and potential providers equitably;
- may not use his or her position for private gain or to improperly benefit another person;
- 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;
- notwithstanding sub-paragraph (2)(c), must declare to the Accounting Officer details of any reward, gift, favour, hospitality or other benefit promised, offered or granted to that person or to any close family member, partner or associate of that person;
- must declare to the Accounting Officer details of any private or business interest which that person, or any close family member, partner or associate, may have in any proposed procurement or disposal process of, or in any award of a contract by, the Municipality;
- 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;
- must be scrupulous in his or her use of property belonging to the municipality;
- must assist the Accounting Officer in combating fraud, corruption, favouritism and unfair and irregular practices in the supply chain management system; and
- must report to the Accounting Officer any alleged irregular conduct in the supply chain management system which that person may become aware of, including –
  - any alleged fraud, corruption, favouritism or unfair conduct;
  - any alleged contravention of paragraph 47(1) of this policy; or
  - any alleged breach of this code of ethical standards.

- 3) Declarations in terms of sub-paragraphs (2)(c) and (e) –

- must be recorded in a register which the Accounting Officer must keep for this purpose:
  - by the Accounting Officer must be made to the mayor of the municipality who must ensure that such declarations are recorded in the register.
- A breach of the code of ethics must be dealt with as follows –
  - in the case of an employee, in terms of the disciplinary procedures of the Municipality envisaged in section 87(1)(h) of the Municipal Systems Act;
  - in the case of a councillor, in terms of Schedule 1 of the Systems Act;
  - in the case a role player who is not an employee, or a councillor through other appropriate means in recognition of the severity of the breach; and
  - in all cases, financial misconduct must be dealt with in terms of Chapter 15 of the Act.

**47 Inducements, rewards, gifts and favours to municipal 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 of or to be disposed of may either directly or through a representative or intermediary promise, offer or grant –
- any inducement or reward to the Municipality for or in connection with the award of a contract;
  - any reward, gift, favour or hospitality to –
    - any official; or
    - any other role player involved in the implementation of this Policy.

- 2) The Accounting Officer must promptly report any alleged contravention of sub-paragraph (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) Sub-paragraph (1) does not apply to gifts less than R350 (incl. VAT) in value.

**48 Sponsorships**

- 1) 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 provider or prospective provider of goods or services; or
  - a recipient or prospective recipient of goods disposed of or to be disposed.

**49 Objections and complaints**

Persons aggrieved by decisions or actions taken in the implementation of this supply chain management system, may lodge within [10 business] 14 days of the decision or action, a written objection or complaint against the decision or action subject to the payment of applicable appeal deposits as per Council's approved tariffs.

**50 Resolution of disputes, objections, complaints and queries**

- 1) The Accounting Officer must appoint an independent and impartial person or persons, not directly involved in the supply chain management processes –
- to assist in the resolution of disputes between the Municipality and other persons regarding –
    - any decisions or actions taken in the implementation of the supply chain management system; or
    - any matter arising from a contract awarded in the course of the supply chain management system;
  - to deal with objections, complaints or queries regarding any such decisions or actions or any matters arising from such contract.
- 2) The Accounting Officer, or another official designated by the Accounting Officer, is responsible for assisting the appointed person to perform his or her functions effectively.

- 3) The person appointed must –
    - a) strive to resolve promptly all disputes, objections, complaints or queries received; and
    - b) submit monthly reports to the Accounting Officer on all disputes, objections, complaints or queries received, attended to or resolved.
  - 4) A dispute, objection, complaint or query may be referred to the Provincial Treasury if –
    - a) the dispute, objection, complaint or query is not resolved within [46 business] 80 days; or
    - b) no response is forthcoming within [46 business] 60 days.
  - 5) If the Provincial Treasury does not or cannot resolve the matter, the dispute, objection, complaint or query will be referred to the National Treasury for resolution.
  - 6) This paragraph must not be read as affecting a person's rights to approach a court at any time.
- 51 Contracts providing for compensation based on turnover**
- 1) If a service provider acts on behalf of the 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.
- 52 Public-Private Partnerships**
- Public-Private Partnerships will be procured in terms of Part 2 of Chapter 11 of the Act.
- 53 Contract Management**
- Contracts will be implemented in terms of the requirements of Section 116 of the Act and Council's Contract Management Policy.
- 54 Transversal Contracts**
- All commodities, services and products covered by a transversal contract concluded by the National Treasury must be considered before approaching the market, to benefit from savings where lower prices or rates have been negotiated.
- 55 Framework for Infrastructure Delivery**
- 1) **The Infrastructure Delivery Management Project Processes**

The project process of infrastructure delivery management contains control stage deliverables at the end of each stage. Table 1 outlines the stage deliverables that must be approved. The control stages are specific to project management processes; and outline and describe the stages in the life of a project from start to end. The specific stages are determined by the specific project's governance and control needs. The stages follow a logical sequence with a specified start and end. The deliverable is considered to have passed through the relevant stage when it is approved and signed off. The project then moves on to the next sequential stage. It is expected that the municipality's process reflects an engagement between the Budget & Treasury Office, Engineers and Planners when developing and approving projects. It is also expected that there should be engagements with the National and Provincial Treasury where appropriate or where projects dictate so.

Table 1: Project stage deliverables

Stage No	Name	Project Stage Deliverables	End of Stage Deliverables

1	Initiation	<p><b>Initiation Report or Pre-feasibility Report</b></p> <p>(i) The Initiation Report defines project objectives, needs, acceptance criteria, organisation's priorities and aspirations, and procurement strategies, which set out the basis for the development of the Concept Report.</p> <p>Or</p> <p>(ii) A Pre-feasibility Report is required on Mega Capital Projects, to determine whether to proceed to the Feasibility Stage; where sufficient information is presented to enable a final project implementation decision to be made. Mega capital projects should be determined in the municipality's policy approved by the Municipal Council.</p> <p><b>Stage 1 is complete when the Initiation Report or Pre-feasibility Report is approved.</b></p>
2	Concept	<p><b>Concept Report or Feasibility Report</b></p> <p>(i) The Concept Stage presents an opportunity for the development of different design concepts to satisfy the project requirements developed in Stage 1. This stage presents alternative approaches and an opportunity to select a particular conceptual approach. The objective of this stage is to determine whether it is viable to proceed with the project, premised on available budget, technical solutions, time frame and other information that may be required.</p> <p>(ii) The Concept Report should provide the following minimum information:</p> <ol style="list-style-type: none"> <li>a) Document the initial design criteria, cost plan, design options and the selection of the preferred design option; or the methods and procedures required to maintain the condition of infrastructure, or the project.</li> <li>b) Establish the detailed brief, scope, scale, form and cost plan for the project, including, where necessary, the obtaining of site studies and construction and specialist advice.</li> <li>c) Provide an indicative schedule for documentation and construction, or maintenance services, associated with the project.</li> <li>d) Include a site development plan, or other suitable schematic layouts, of the works.</li> <li>e) Describe the statutory permissions, funding approvals and utility approvals required to proceed with the works associated with the project.</li> <li>f) Include a baseline risk assessment for the project and a health and safety plan, which is a requirement of the Construction Regulations issued in terms of the Occupational Health and Safety Act.</li> <li>g) Contain a risk report, need for further surveys, tests, investigations, consultations and approvals, if any, during subsequent stages.</li> </ol> <p>(iii) A Feasibility Report must provide the following minimum information:</p> <ol style="list-style-type: none"> <li>a) Details regarding the preparatory work covering:                     <ul style="list-style-type: none"> <li>• A needs and demand analysis with output specifications.</li> <li>• An options analysis.</li> <li>• A viability evaluation covering:                             <ul style="list-style-type: none"> <li>• A financial analysis.</li> <li>• An economic analysis, if necessary.</li> </ul> </li> <li>• A risk assessment and sensitivity analysis;</li> </ul> </li> <li>b) A professional analysis covering:                     <ul style="list-style-type: none"> <li>• A technology options assessment.</li> <li>• An environmental impact assessment.</li> <li>• A regulatory due diligence.</li> </ul> </li> <li>e) An implementation readiness assessment covering:                     <ul style="list-style-type: none"> <li>• Institutional capacity.</li> <li>• A procurement plan.</li> </ul> </li> </ol> <p><b>Stage 2 is complete when the Concept Report or the Feasibility Report is approved.</b></p>

3	<p><b>Design Development Report</b>                  (i) The Design Development Report must, as necessary:                  a) Develop, in detail, the approved concept to finalise the design and definition criteria.                  b) Establish the detailed form, character, function and costings.                  c) Define the overall size, typical detail, performance and outline specification for all components.                  d) Describe how infrastructure, or elements or components thereof, are to function; and how they are to be safely constructed, be commissioned and be maintained.                  e) Confirm that the project scope can be completed within the budget or propose a revision to the budget.  <b>Stage 3 is complete when the Design Development Report is approved.</b></p>
4	<p><b>Design Documentation</b>                  (i) Design documentation provides:                  a) the production information that details performance definition, specification, sizing and positioning of all systems and components that will enable construction;                  b) the manufacture, fabrication and construction information for specific components of the work, informed by the production information.  <b>Stage 4 is complete when the Design Documentation Report is approved.</b></p>
5	<p><b>Works</b>                  (i) Completed Works capable of being used or occupied                  (ii) Completion of the Works Stage requires:                  a) Certification of the completion of the works in accordance with the provisions of the contract; or                  b) Certification of the delivery of the goods and associated services in accordance with the provisions of the contract.  <b>Stage 5 is complete when the Works Completion Report is approved.</b></p>
6	<p><b>Handover</b>                  Works which have been taken over by the user or owner; Completed Training; Record Information                  (i) The handover stage requires the following activities to be undertaken:                  a) Finalise and assemble record information which accurately reflects the infrastructure that is acquired, rehabilitated, refurbished or maintained;                  b) Hand over the works and record information to the user organisation and, if necessary, train end user staff in the operation of the works.  <b>Stage 6 is complete when the Handover/Record Information Report is approved.</b></p>
7	<p><b>Close-Out</b>                  Defects Certificate or Certificate of Final Completion; Final Account; Close-Out Report                  (i) The Close-Out Stage commences when the end user accepts liability for the works. It is complete when:                  a) Record information is archived;                  b) Defects certificates and certificates of final completion are issued in terms of the contract;                  c) Final amount due to the contractor is certified in terms of the contract;                  d) Close-Out Report is prepared by the implementer and approved by the Municipality.  <b>Stage 7 is complete when the Close-out Report is approved.</b></p>

56 Framework for Infrastructure Procurement  
1) Introduction

The framework for infrastructure procurement outlines the minimum infrastructure procurement policy requirements for municipal planning and implementation. The strategic direction set in the integrated Development Plan (IDP) informs the framework for infrastructure procurement. For example, procurement strategies must be aligned to the municipality's developmental and internal transformational needs, as specified in the IDP.

- 2) **Minimum requirements for infrastructure procurement**
- Infrastructure procurement must be undertaken in accordance with the Local Government Framework for Infrastructure Delivery and Procurement Management and all applicable infrastructure procurement related legislation.
  - Infrastructure procurement must be implemented in accordance with the Institutional Supply Chain Management System, which promotes differentiated procurement for infrastructure.
  - Infrastructure procurement must be implemented in accordance with the procurement gates prescribed in paragraph 56 below.
  - The accounting officer must ensure that a budget is available for the duration of the project, in line with MFMA provisions for capital and operating budgets.
  - The accounting officer must ensure that cash flow management processes are in place to meet payment obligations within the time periods specified in the contract.
  - Procurement gates provided in paragraph 56 below must be used as appropriate, to:
    - Authorise commencement of activities that lead to the next control gate;
    - Confirm conformity with requirements; and/or
    - Provide information to eliminate any cause of non-conformity and to prevent reoccurrence.
  - The authorisation to proceed to the next procurement gate must be given by a delegated person or body. The delegated person or body must be able to apply relevant built environment knowledge and skill to achieve the intended results required at the relevant procurement gate. The level of detail contained in the documentation on which a decision to proceed to the next procurement gate is made, must be sufficient to enable an informed decision.
  - The accounting officer must develop and implement effective and efficient emergency procurement procedures, including relevant approval delegation, in compliance with relevant legislation.
  - The accounting officer must develop and implement an effective and efficient infrastructure disposal policy in line with the Municipal Asset Transfer Regulations. The institution may consider disposal strategies aligned to their internal disposal policy, prior to continuing with the procurement strategy.
  - The accounting officer must keep records of Procurement Gate Approvals, in a manual or electronic format, with the following minimum requirements:
    - Procurement gate;
    - Delegated person/s or body;
    - Date on which the approval request was received;
    - Date on which the approval was actioned; and
    - Signature of the delegated person or body.
- 57 **Infrastructure Procurement Gates (PG)**
- Procurement Gate 1
    - Initiate a procurement process
    - Minimum Requirement for Gate 1
      - Establish and clarify the procurement need, aligned to the municipality's development and transformation priorities specified in the IDP.

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- (ii) Determine a suitable title for the procurement, to be applied as the project description.
  - (iii) Prepare the broad scope of work for the procurement.
  - (iv) Perform market analysis.
  - (v) Estimate the financial value of proposed procurement and contract for budgetary purposes, based on the broad scope of work.
  - (vi) Confirm the budget.
  - (vii) Compliance with section 33 of the MFMA with respect to community and stakeholder participation.
- c) PG 1 is complete when a designated person or body makes the decision to proceed/not to proceed, with the procurement of the infrastructure.
- 2) Procurement Gate 2
- a) Approve procurement strategy to be adopted.
  - b) Minimum Requirement for Gate 2
    - (i) Develop a procurement strategy aligned to the institutional procurement strategy.
    - (ii) Establish contracting and pricing strategy comprising of an appropriate allocation of responsibilities and risks; and the methodology for contractor payments.
    - (iii) Identify service required for works.
    - (iv) Decide on contracting strategy.
    - (v) Decide on form of contract.
    - (vi) Establish opportunities for promoting preferential procurement in compliance with legislative provisions and the Construction Sector Code.
  - c) PG 2 is complete when a delegated person or body approves the procurement strategy that is to be adopted.
- 3) Procurement Gate 3
- a) Approve procurement documents
  - b) Minimum Requirements for Gate 3
    - (i) Prepare procurement documents that are compatible with:
    - (ii) Approved procurement strategies
    - (iii) Project management design documentation.
  - c) PG 3 is complete when the bid specification committee approves the procurement document.
- 4) Procurement Gate 4
- a) Confirm that cash flow processes are in place to meet projected contractual obligations.
  - b) Minimum Requirement for Gate 4:
    - (i) Confirm that cash flow processes are in place to meet contractual obligations.
    - (ii) Establish control measures for settlement of payment within the time period specified in the contract.
  - c) PG 4 is complete when a delegated person or body confirms in writing that cash flow processes are in place; and control measures are established for the procurement to take place.
- 5) Procurement Gate 5
- a) Solicit tender offers.
  - b) Minimum Requirements for Gate 5
    - (i) Invite contractors to submit tender offers.
    - (ii) Receive tender offers.
    - (iii) Record tender offers.

- (iv) Safeguard tender offers.
  - c) PG 5 is complete when tender offers received are recorded and safeguarded by a delegated person from the SCM Unit.
- 6) Procurement Gate 6
- a) Evaluate tender offers premised on undertakings and parameters established in procurement documents.
  - b) Minimum Requirement for Gate 6
    - (i) Determine whether tender offers are complete.
    - (ii) Determine whether tender offers are responsive.
    - (iii) Evaluate tender submissions.
    - (iv) Review minimum compliance requirements for each tender.
    - (v) Perform a risk analysis.
    - (vi) Prepare a report on tender offers received, and on their achievement of minimum compliance.
  - c) PG 6 is complete when the chairperson of the Bid Evaluation Committee approves the BEC report.
- 7) Procurement Gate 7
- a) Award the contract.
  - b) Minimum Requirement for Gate 7
    - (i) Bid adjudication committee review of the BEC evaluation report.
    - (ii) Bid adjudication committee makes a recommendation of an award.
    - (iii) Accounting Officer approval of the tender process.
    - (iv) Notify successful tenderer and unsuccessful tenderers of the outcome.
    - (v) Sign contract document.
    - (vi) Formally accept tender offer.
  - c) PG 7 is complete when the Accounting Officer, or the Bid Adjudication Committee, where delegated, confirms that the tenderer has provided evidence of complying with all the requirements as stated in the tender data and formally accepts the tender offer in writing, and issues the contractor with a signed copy of the contract.
- 8) Procurement Gate 8
- a) Administer and monitor the contract.
  - b) Minimum Requirements for Gate 8:
    - (i) Contract Management to:
      - (a) Capture contract award data.
      - (b) Administer contract in accordance with the terms and provisions of the contract.
    - (ii) Financial Services to:
      - (a) Manage cash flow projection.
      - (iii) User Department to:
        - (a) Ensure compliance with contractual requirements.
  - c) PG 8 is complete when a delegated person captures the contract completion/termination data (close out reports and relevant documents), including payment certificates due.
- 58 Gateway Reviews
- 1) Gateway reviews for mega capital projects

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SUPPLY CHAIN MANAGEMENT POLICY

PREVIOUS REVIEW:	2022/06/31	PREVIOUS REVIEW:	2017/04/29	PREVIOUS REVIEW:	2011/11/30
PREVIOUS REVIEW:	2021/06/26	PREVIOUS REVIEW:	2016/06/26	PREVIOUS REVIEW:	2011/05/04
PREVIOUS REVIEW:	2020/06/27	PREVIOUS REVIEW:	2016/02/24	PREVIOUS REVIEW:	2010/05/26
PREVIOUS REVIEW:	2020/03/25	PREVIOUS REVIEW:	2015/05/28	PREVIOUS REVIEW:	2009/05/27
PREVIOUS REVIEW:	2019/06/26	PREVIOUS REVIEW:	2014/05/28	APPROVAL	2006/06/25
PREVIOUS REVIEW:	2019/03/29	PREVIOUS REVIEW:	2013/05/29		
PREVIOUS REVIEW:	2018/05/30	PREVIOUS REVIEW:	2012/11/28		

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SUPPLY CHAIN MANAGEMENT POLICY

- a) The MFMA (Act 56 of 2003), section 19 (2) states: "Before approving a capital project in terms of subsection (1)(b), the council of a municipality must consider the projected cost covering all financial years from the start until the project is operational; and the future operational costs and revenue on the project, including municipal tax and tariff implications."
- b) The LSGIDPM prescribes the Gateway Review at the end of stage 2, as the minimum requirement to comply with section (i) above.
- c) The focus of such a review must be on the quality of the documentation in the first instance, and thereafter on:
  - (i) Deliverability: the extent to which a project is deemed likely to deliver;
  - (ii) Expected benefits: within the declared cost, time and performance area;
  - (iii) Affordability: the extent to which the project's level of expenditure and financial risk can be accepted, given the organisation's overall financial position, both singly, and when considering its other current and projected commitments; and
  - (iv) Value for money: The optimum combination of whole life costs and quality (or fitness of purpose), to meet the user's requirements.
- d) A gateway review team must comprise of not less than three persons who are neither involved, nor associated with the project, but have a broad understanding of the subject matter.
- e) A gateway review must be led by a person who has experience in the planning of infrastructure projects and is registered as a professional with a statutory council under the built environment professions. The members of the team must, as relevant, have expertise in the key technical areas, cost estimating, scheduling and implementation of similar projects.
- f) It is the duty of the institution's Accounting Officer or Authority to appoint a team responsible for the gateway review of his or her institution.
- g) The gateway review team must base its findings primarily on:
  - (i) The information contained in the end-of-stage deliverable;
  - (ii) Supplementary documentation, if any, provided by key staff and obtained during an interview process; and
  - (iii) Interviews with key staff members and stakeholders.
- h) The gateway review team must issue a report at the conclusion of a gateway review, which reflects the team's assessment of the information at the end of a stage; and provides findings or recommendations on areas where further work should be undertaken to improve such information.
- i) The gateway review findings must be classified by the gateway review team as:
  - (i) Critical: Findings that pose adverse effect to the project or package. Critical findings are findings related to the stage deliverable that are wholly unacceptable.
  - (ii) Major: Findings that pose a potentially adverse effect to the project or package. Major findings are serious findings and are in direct violation of key legislation, e.g. The Constitution of the Republic of South Africa, the MFMA or the PPPFA.
  - (iii) Minor: Findings that do not pose any adverse effect to the project or package. Minor findings indicate the need for improvement of practices and processes.
- j) A Stage 2 deliverable must not be approved until such time that all findings have been resolved.

**50 Short life and commencement**

This part of the policy is called the Overstrand Municipality Supply Chain Management Policy. This policy will come into effect on 01 July 2023 and will be reviewed at least annually by way of a Council resolution.

POLICY SECTION:	HEAD SUPPLY CHAIN MANAGEMENT		
CURRENT UPDATE	2023/05/31	PREVIOUS REVIEW	2017/11/29
PREVIOUS REVIEW	2022/12/14	PREVIOUS REVIEW:	2017/05/31
		PREVIOUS REVIEW:	2012/06/26
		PREVIOUS REVIEW:	2012/06/30

**OVERSTRAND MUNICIPALITY  
SUPPLY CHAIN MANAGEMENT POLICY – ANNEXURE A**

DELEGATION OF POWERS AND DUTIES PARAGRAPH 4.2.81	
As far as contractual obligations are concerned, Personnel to be nominated in writing by the Municipal Manager, and Directors, subject to the under-mentioned criteria, and further subject to the Municipality's Supply Chain Management Policy, financial regulations and council resolutions where applicable.	
4.2.81.1. APPROVAL / AWARD / CANCELLATION OF QUOTATIONS, FORMAL QUOTATIONS AND TENDERS	LEVEL OF APPROVAL (with regard to proper delegation of duties)
<b>RAND VALUE (VAT Inclusive)</b>	<b>QUOTATIONS / TENDERS PROCESS FOLLOWED</b>
Up to R2 000	Polity cash Purchases in terms of the Polity Cash Policy AND / OR One (1) written quotation.
R2 000.01 – R30 000.00	Three (3) written price quotations in terms of Paragraph 17(1)(g) of the SCM Policy.
R30 000.01 – R250 000.00	Formal written price quotations in terms of Paragraph 18(a) of the SCM Policy.
R250 000.01 – R10 million	Competitive Bidding – committee system
> R10 million	Competitive Bidding – committee system
<b>4.2.81.2. APPROVAL OF DEVIATIONS</b>	
<b>RAND VALUE (VAT Inclusive)</b>	<b>LEVEL OF APPROVAL</b>
RO – R200 000.00	IN TERMS OF PARAGRAPH 35 (1)(a)(i)(b) TO (d)
R200 000.01 – R1 000 000.00	Directors
R1 000 000.01 – R5 000 000.00	Accounting Officer
R5 000 000.01 – R10 000 000.00	Level of approval as delegated by relevant director
R10 000 000.01 – R20 000 000.00	Head: Supply Chain Management
R20 000 000.01 – R30 000 000.00	Chief Financial Officer (Director: Finance) after consultation with, and recommendation by, the Head, Supply Chain Management.
R30 000 000.01 – R70 000 000.00	Accounting Officer
R70 000 000.01 – R100 000 000.00	Level of approval as delegated by relevant director
R100 000 000.01 – R200 000 000.00	Post level T12 and higher
R200 000 000.01 – R500 000 000.00	Post level T13 and higher
R500 000 000.01 – R1 000 000 000.00	Post level T16 and higher
<b>4.2.81.4. CERTIFICATION AND AUTHORIZATION OF ALL PAYMENTS INCLUSIVE OF WHERE AN OFFICIAL ORDER HAS BEEN ISSUED IN TERMS OF SUB-PARAGRAPH 4.2.81.3 ABOVE</b>	
<b>RAND VALUE (VAT Inclusive)</b>	<b>LEVEL OF APPROVAL (with due regard to proper delegation of duties)</b>
RO – R70 000.00	Post Level 13 and Higher
R70 000.01 – R500 000.00	Post Level 16 and Higher
R500 000.01 – R1 000 000.00	Municipal Manager & Officers
R1 000 000.01 – R5 000 000.00	Senior Manager: Electro-technical Services
<b>4.2.81.5. APPROVAL OF SPECIFICATIONS FOR COMPETITIVE BIDS. IN TERMS OF PARAGRAPH 27(2)(g) OF THE SCM POLICY</b>	
<b>Cryptic description of Power or Duty</b>	<b>Sub-delegated to</b>
Specifications for Competitive Bids must be approved prior to the publication of the invitation for bids in terms of (clause) paragraph 22 of the SCM Policy.	All Directors
<b>4.2.81.6. APPROVAL OF COMMUNICATION WITH PROSPECTIVE BIDDERS</b>	<b>Remarks, Limitations or Conditions</b>
Cryptic description of Power or Duty	This delegation applies in so far as each Director's responsibility for managing the respective votes of the municipality, and to whom powers and duties for this purpose have been delegated in terms of Section 79 of the MIPMA (Act 56 of 2005).
The budget holder must approach the bid evaluation committee to consider authorising communication with bidders after the closing of tenders in terms of paragraph 24(2)(g) of the SCM Policy.	Remarks, Limitations or Conditions
The budget holder must approach the bid evaluation committee to consider authorising communication with bidders after the closing of tenders in terms of paragraph 24(2)(g) of the SCM Policy.	This delegation applies in so far as the tender to which the communication relates and the members of the committee as appointed by the accounting officer
<b>4.2.81.7. APPROVAL OF EXPANSIONS / VARIATIONS / AMENDMENTS IN THE CONTRACT BIDDING PERIOD</b>	
<b>RAND VALUE (VAT Inclusive)</b>	<b>LEVEL OF APPROVAL</b>
RO – R200 000.00 (total inclusive of amendment)	Head: Supply Chain Management
R200 000.01 – R 10 million (total inclusive of amendment)	Bid Adjudication Committee
RO – unlimited	Municipal Manager with consent from Council

**OVERSTRAND MUNICIPALITY  
SUPPLY CHAIN MANAGEMENT POLICY – ANNEXURE B**

**CODE OF CONDUCT FOR SUPPLY CHAIN MANAGEMENT PRACTITIONERS AND OTHER ROLE PLAYERS**

The purpose of this Code of Conduct is to promote mutual trust and respect and an environment where business can be conducted with integrity and in a fair and reasonable manner.

**1. General Principles**

- 1) 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 provide contractor for themselves, their family or their friends.
- 2) 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.
- 3) 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.

**Conflict of interest**

- 4) 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.
- 5) **Accountability**
- 6) Practitioners are accountable for their decisions and actions to the public.
- 7) Practitioners should use public property scrupulously.
- 8) Only accounting officers or their delegates have the authority to commit the Municipality to any transaction for the procurement of goods and / or services.
- 9) 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.
- 10) Practitioners must assist the accounting officer in combating fraud, corruption, favouritism and unfair and irregular practices in the supply chain management system.

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**OVERSTRAND MUNICIPALITY  
SUPPLY CHAIN MANAGEMENT POLICY – ANNEXURE B**

- 10) 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
- a) any alleged fraud, corruption, favouritism or unfair conduct;
  - b) any alleged contravention of the policy on inducements, rewards, gifts and favours to municipalities or municipal entities, officials or other role players; and
  - c) any alleged breach of this code of conduct.
- 11) 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.

**Openness**

- 12) 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.

**Confidentiality**

- 13) 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.
- 14) 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.

**2. Bid Specification / Evaluation / Adjudication Committees**

- 1) 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.
- 2) Bid evaluation / adjudication committees should be familiar with and adhere to the prescribed legislation, directives and procedures in respect of supply chain management in order to perform effectively and efficiently.
- 3) All members of bid adjudication committees should be cleared by the accounting officer at the level of "CONFIDENTIAL" and should be required to declare their financial interest annually.
- 4) No person should-
  - a) interfere with the supply chain management system of the Municipality; or
  - b) amend or tamper with any price quotation / bid after its submission.

**3. Combative Practices**

- 1) Combative practices are unethical and illegal and should be avoided at all cost. They include but are not limited to:
  - a) Suggestions to fictitious lower quotations;
  - b) Reference to non-existent competition;
  - c) Exploiting errors in price quotations / bids;
  - d) Soliciting price quotations / bids from bidders / contractors whose names appear on the Register for Tender Defaulters.

Annexure K  
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OVERSTRAND MUNICIPALITY



CONTRACT MANAGEMENT POLICY

1. PRE-AMBLE

All transactions undertaken by the Overstrand Municipality involves a contract whether explicitly agreed in writing, or implicitly implied through actions.

Properly managed contracts by all stakeholders involved, can ensure that services are delivered within specifications as set and agreed by all during the specifications phase and at the agreed cost, (inclusive of escalation clauses in contracts) (time period and quantities of the goods and services procured).

All contracts must be managed throughout the contract Life Cycle, based on the level of management control appropriate for the classification of that contract.

Improperly managed contracts may impact negatively on service delivery. Adverse effects of ineffective contract management include but are not limited to:

- 1.1 goods and services outside of specification;
- 1.2 cost overruns;
- 1.3 poor suppliers, buyer- or other stakeholder relations;
- 1.4 negative public perception, and
- 1.5 potentially complete service delivery failures.
- 1.6 irregular expenditure or un-authorized expenditure

Hence, good contract management by all stakeholders involved is essential for good financial management and will contribute greatly to the effectiveness and efficiency of service delivery. In effect it would give strategic direction to all directorates following a centralised strategy of contract management. This policy must be read in coincidence with the SCM Policy of the Overstrand Municipality.

2. DEFINITIONS:

In this Policy, unless the context indicates otherwise-

Accounting Officer <i>(in relation to a municipality)</i>	means the municipal official referred to in section 60 of the MFMA (2003); and include a person acting as the accounting officer.
Act or MFMA	Means the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003);
Circular 62	means communication from National Treasury by means of a Circular to enhance compliance and accountability to SCM Regulations and the MFMA of 2003.
Construction Industry Development Board (CIDB):	means the Construction Industry Development Board (CIDB), a national body established by an Act of Parliament (Act 38 of 2000) to oversee the sustainability and growth of construction enterprises across the country.
Contract	means the agreement that results from the acceptance of a bid by the Municipality (mutual agreement)
Contract Alteration	means changing technical writing or input errors to the agreement of the contract without changing the scope of contract.
Contract Amendment	means changing the scope, nature, duration, purpose or objective of the agreement or contract (in context of Circular 62 and section 116 (b) of the MFMA).
Contract Champion	means the officials within a specific department, responsible for all day to day administrative and management activities (including performance management and dispute resolution) during the life cycle of the contract (with delegated powers to perform this function).
Contract Management	means the holistic term of all role players involved in an agreement (SLASDA) or contract and include the, SCM contract manager, contract director, contract owner, contract champion and supplier.
SCM Contract Manager	means the SCM official responsible for monitoring, regulating and reporting on all contract related activities as set out in Section 116 of the MFMA.
Contract Owner	means the deputy director, senior manager or manager, as the case may be, that is ultimately accountable for all activities during the life cycle of the contract. The Contract Owner can also be seen as the Budget holder.
Contract Director	Appointment according to sect 56 of the Systems Act
Delegation <i>(in relation to a duty)</i>	Includes an instruction or request to perform or to assist in performing the duty.
Force Majeure	is the expression used to denote irresistible superior force which might cause damage or prevent the execution of an obligation, therefore suppliers is not liable for damages caused by force majeure or for failure to carry out a contract if prevented (Term and conditions in this regard will be determined by every individual contracts).
Official <i>(in relation to a municipality)</i>	means: <ul style="list-style-type: none"> <li>• an employee of a municipality;</li> <li>• a person seconded to a municipality to work as a member of the staff of the municipality; or</li> <li>• a person contracted by a municipality to work as a member of the staff of the municipality otherwise than as an employee.</li> </ul>
Users	Means all officials as set out in the organogram of the Overstrand Municipality involved with contracts.
User Department	Refers to the official's within the relevant department of a directorate, as set out in the organogram of the Overstrand Municipality responsible for contract management.

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3. ABBREVIATIONS:

BEE	Black economic empowerment
B-BBEE	Broad-Based Black Economic Empowerment
GCC	means General Conditions of contract.
MSA	means Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000).
NT	means National Treasury established by section 5 of the Public Finance Management Act.
SCC	means Special Conditions of Contract.
SCM	means Supply Chain Management
SDA	means Service Delivery Agreement.
SLA	means Service Level Agreement.

4. OBJECTIVES:

- 4.1 To give effect to Section 217 of the Constitution of South Africa (1996) that stipulate:
- 4.1.1 When an organ of state in the national, provincial or local sphere of government, or any other institution identified in national legislation, contracts for goods or services, it must do so in accordance with a system which is:
- 4.1.1.1 equitable
  - 4.1.1.2 transparent
  - 4.1.1.3 competitive
  - 4.1.1.4 cost-effective and
  - 4.1.1.5 fair
- 4.2 The effective and efficient control of contracts procured through the SCM system ensuring:
- 4.2.1 proper recording and enforcement of contracts throughout the contract life cycle (specifications to contract reviews);
  - 4.2.2 support to the demand management framework as set out in Circular 62 of National treasury (August 2012), optimizing proper planning, resulting in effective service delivery;
  - 4.2.3 management of Contract Performance;
  - 4.2.4 compliance with the regulatory framework;
  - 4.2.5 to assist officials in understanding their legal and managerial responsibilities with regards to contract management;
  - 4.2.6 the optimization of efficient and sustainable financial wellbeing of the municipality, resulting in lower cost drivers, and
  - 4.2.7 the continuous development of effective Management Information systems, resulting in strategic support and risk preventions.
- 4.3 To ensure that no contract procurement of goods and services (excluding land sales or rentals of Overstrand Municipal Assets, which are managed by Property Management Services), takes place outside of the SCM System.

5. STATUTORY AND REGULATORY FRAMEWORK FOR MANAGING CONTRACTS

- 5.1 Application and Framework of the Contract Management Policy
- 5.1.1 All officials and other role players in the Supply Chain Management system of the Overstrand Municipality must implement this Policy in a way that gives effect to:
- 5.1.1.1 Section 217 of the Constitution;
  - 5.1.1.2 Section 116 of the MFMA;
  - 5.1.1.3 Section 33 of the MFMA;
  - 5.1.1.4 SCM Policy;
  - 5.1.1.5 SCM Regulations
  - 5.1.1.6 any other legislation pertaining to SCM.
- 5.1.2 This Policy applies when the Municipality:
- 5.1.2.1 procures goods or services;
  - 5.1.2.2 disposes of goods no longer needed; and
  - 5.1.2.3 selects service providers and suppliers to provide assistance in the provision of municipal services including circumstances where Chapter 8 of the Municipal Systems Act applies.
- 5.2 Adoption, Amendment and Implementation of the Contract Management Policy
- 5.2.1 The accounting officer must:
- 5.2.1.1 at least annually review the implementation of this Policy; and
  - 5.2.1.2 when the accounting officer considers it necessary, submit proposals for the amendment of this Policy to Council;
  - 5.2.1.3 in terms of section 62(1) (f) (IV) of the Act, take all reasonable steps to ensure that the Contract Management Policy is implemented.
- 5.3 Conditions of Contract
- 5.3.1 A contract or agreement procured through the Supply Chain Management System of the Municipality must:
- 5.3.1.1 be in writing;
  - 5.3.1.2 stipulate the terms and conditions of the contract or agreement, which must provide for:
    - 5.3.1.2.1 the termination of the contract or agreement in the case of non- or underperformance;
    - 5.3.1.2.2 dispute resolution mechanisms to settle disputes between the parties;
    - 5.3.1.2.3 a periodic review of the contract or agreement once every three years in the case of a contract or agreement for longer than three years; and
    - 5.3.1.2.4 any other matters that may be prescribed.

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- 5.4 Administrative Capacity
  - 5.4.1 The relevant Director, with delegated powers from the Municipal Manager, must establish capacity in his/her directorate to assist the accounting officer in carrying out the duties set out in section 116(2) of the MFMA.
- 5.5 Management of Contracts
  - 5.5.1 The accounting officer and delegated officials must take all reasonable steps to:
    - 5.5.1.1 ensure that a contract or agreement procured through the supply chain management policy of the municipality is properly enforced;
    - 5.5.1.2 monitor on a monthly basis the performance of the contractor under the contract or agreement.
    - 5.5.1.3 administer the contract with the necessary competencies and delegations, ensuring effective management of contracts.
  - 5.5.2 The Contract Owner must ensure that contract champions submit suppliers' performance reports to the SCM contract manager within 5 business days after the end of each month.
  - 5.5.3 The SCM Contract Manager submits a consolidated report to the relevant Director and Contract Owner within 15 business days after the end of each month for purposes of Section 116 (2)(b) of the Act.
  - 5.5.4 The SCM Contract Manager submits a consolidated report on the performance of contracts or agreements for purposes of Section 116 (2)(d), to the Accounting Officer within 15 business days of the end of each quarter.
- 5.6 Amendment of Contracts
  - 5.6.1 A contract or agreement procured through the supply chain management policy of the municipality may be amended by the parties, in exceptional circumstances in order to mitigate abuse, in perception after the fact to prevent financial inefficiencies and influencing financial sustainability. In terms of Section 116(3) of the MFMA, (56 of 2003), amendments (in compliance with SCM procedures), may only be made after:
    - 5.6.2.1 the reasons for the proposed amendment have been tabled in the council; and
    - 5.6.2.2 the local community has been given reasonable notice of the intention to amend the contract or agreement; and
  - 5.6.2.3 Amendments of contracts where the expansion or variation is not more than (NT Circular 62):
    - 5.6.3.1 20% (construction related goods, services and/or infrastructure projects), and
    - 5.6.3.2 15% (all other goods and/or services) of the original value of the contract, must be submitted directly to the Contract Management Office for approval and further reference to the SCM committee system for approval.
  - 5.6.4 Amendments of contracts where the expansion or variation is more than the threshold prescribed by National Treasury (Circular 62), must be dealt with in terms of the provisions of section 116(3) of the MFMA, and are exempt from this process.

- 5.6.5 Amendments to the contract, without influencing the value or term of the contract, within the scope of the original terms and conditions, may be altered, provided that both parties have consensus on the amendment and the contract amendment is in writing and signed by both parties.
- 5.6.6 No agreement to amend or vary a contract shall be valid and of any force unless such agreement to amend or vary is entered into in writing and signed by the contracting parties.
- 5.6.7 Section 33 of the MFMA will apply when an amendment has budgetary implications for a term longer than the 3 (three) financial years of the current year's budget. (Section 116 (3) of the MFMA will be followed with section 33, when amending an existing contract for longer than 3 years). It remains the responsibility of the user department to give effect to section 33, following due process, as stipulated in Section 33 of the MFMA. The SCM Contract Management office will support the relevant user department in order to ensure that compliance to all SCM legislation is adhered to.
- 5.6.8 All expansions, variations or amendments to the contract sum or contract period must be approved by the delegated authority prior to implementation thereof.

**6. MAINTENANCE AND CONTRACT ADMINISTRATION**

- 6.1 Contract administration includes all administrative duties associated with a contract once it is adjudicated and implemented.
- 6.2 No rights in terms of an awarded contract will accrue before the SCM appeal period and/or appeal has been finalised.
- 6.3 The contract should be signed by all parties concerned (The relevant official should also ensure that the suppliers have the delegated powers to sign and amend the contractual agreement).
- 6.4 The contract will only be enforceable after all the signatures of the relevant parties are documented.
- 6.5 A signed service level agreement (if applicable) must be compiled and signed which will incorporate all the relevant sections of the tender documentation.
- 6.6 All once-off purchases shall have a specified end delivery date.

**7. ROLES AND RESPONSIBILITIES OF OFFICIALS:**

- 7.1 SCM Contract Manager:
  - 7.1.1 The SCM Contract Manager is the SCM official responsible for system administration, status and SCM performance reporting on all contracts related activities.
  - 7.1.2 For the purposes of *contract management* activities performed by the relevant role players, the SCM contract manager will monitor and report on the following activities:
    - 7.1.2.1 identification and classification of contracts for management purposes in terms of the SCM processes;
    - 7.1.2.2 recognition, measurement and disclosure;
    - 7.1.2.3 oversight of contract management as is provided for in this policy;
    - 7.1.2.4 document and information management;

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- 7.1.2.5 relationship management;
  - 7.1.2.6 performance management;
  - 7.1.2.7 contract risk management.
- 7.2 Contract Champion
- 7.2.1 The contract champion is responsible for the following activities:
    - 7.2.2.1 ensuring that all the necessary legal formalities in entering into the contract are adhered to;
    - 7.2.2.2 ensuring that all applicable contract information is maintained in the applicable electronic contract system
    - 7.2.2.3 ensuring that purchase orders are processed on the financial system in accordance with the pricing schedule;
    - 7.2.2.4 maintaining adequate records (paper and/or electronic) in sufficient detail on an appropriate contract file to provide an audit trail;
    - 7.2.2.5 inform the Asset Management section of the Expenditure Department of the location of newly procured assets for asset register and insurance purposes; and
  - 7.2.2.6 where appropriate, in terms of Council's Delegations, authorise invoices due for payment.
  - 7.2.2.7 owner and the SCM contract manager, where a contractor is underperforming or is in default or breach of the contract.
  - 7.2.2.8 ensure performance of suppliers is managed appropriately to the terms and conditions of the contract.
- 7.3 Contract Owner
- 7.3.1 The contract owner is responsible for ensuring that contract champions are assigned to all contracts.
  - 7.3.2 The contract owner is ultimately responsible for management of the activities.
- 7.4 Contract Director
- 7.4.1 The contract director is responsible for signing of contracts with the relevant service provider, in line with the Delegation of Powers and Duties Policy.
  - 7.4.2 The contract director is ultimately accountable for the contract.
8. RECORD KEEPING
- 8.1 Proper records regarding all aspects of the contract must be maintained and kept in accordance with relevant legislation.
  - 8.2 All communication related to contracts must be linked to the master document on the electronic system, by the relevant official.
  - 8.3 Safe custody of all contract documents must be enforced by all relevant users.

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- 8.4 Contract Champions and Contract Owners are responsible for the electronic capturing of the contract information and maintenance thereof on the Contract Management system.
  - 8.5 The original signed contract must be sent to the records department (by the contract management office) for safekeeping and storage.
  - 8.6 The records department is responsible for the administration of archived contract documentation.
9. CONTRACTS HAVING BUDGETARY IMPLICATIONS BEYOND THREE FINANCIAL YEARS
- Overstrand Municipality may not enter into any contract that will impose financial obligations beyond the three years covered in the annual budget for that financial year, unless the requirements of Section 33 of the Municipal Finance Management Act have been fully complied with.
10. RESOLUTION OF DISPUTES, OBJECTIONS, COMPLAINTS AND QUERIES:
- The accounting officer is responsible to establish a dispute resolution mechanism as per paragraph 5.3.1.2.2 and also as required by section 116(1) of the MFMA and paragraph 50 of the SCM Policy.
11. CONTRACT PRICE ESCALATIONS:
- 11.1 An appropriate contract price adjustment formula or specified terms of escalation must be specified in the bid documents
  - 11.2 Escalation notification must be in writing and presented before the implementation date thereof.
  - 11.3 User departments are responsible to manage, verify and implement price escalations as per originally agreed terms and conditions set out in the specifications of the contract and keep proof of evidence to the newly agreed escalations on the system for all other relevant stakeholders to access.
12. PERFORMANCE ON CONTRACTS:
- 12.1 In terms of the SCM Policy and the Municipal Systems Act, the accounting officer must 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 in terms of the Performance Management System Implementation Policy (Paragraph 9).
    - 12.1.1 Municipality's Performance:
      - 12.1.1.1 The municipality is required to pay creditors within 30 days of receiving all relevant invoice statements.
      - 12.1.1.2 The municipality is also required to create a favourable environment to receive services and goods without preventing the supplier to perform their duties.
      - 12.1.1.3 All parties involved must perform according to the terms and conditions of the relevant contract, while the contract is alive.
    - 12.2 Supplier Performance:
      - 12.2.1 The supplier of goods and services is required to perform as per terms and conditions agreed upon and should inform the

municipality if circumstances prevents them to perform, with reasons provided, within 5 working days (to be included in all contracts).

12.2.1.2

For all relevant deviations from the agreed terms and conditions of any contract, the key performance indicators (KPIs) should be reviewed as well as the alignment with the strategic objectives established in the IDP.

12.2.1.3

Suppliers performance will be reviewed by Overstrand Officials on a monthly basis (every 25<sup>th</sup> of the month) giving effect to section 116 of the MFMA, 2003 and the Performance Management System Implementation Policy

12.2.1.4.

Prescribed procedures to evaluate service providers must be compiled with. (Refer to the Performance Management Framework Policy)

**THE FOLLOWING PROCEDURES NEED TO BE FOLLOWED:**

1. The requirements of this policy must be included in the contract of the service provider.
2. The performance of the service provider under the contract or service level agreement must be assessed monthly by the Reporting Officer.
3. The assessment must be completed in the contract management system.
4. The Reporting Officer must complete the Service Provider Assessment on the contract management at the end of each month.
5. The quarterly assessment and reporting must be completed within 15 working days after the end of each quarter. (Refer to the Performance Management Framework Policy, paragraph 9.2.1).
6. The Reporting Officer must provide a copy of the assessment to the Service Provider at the end of each quarterly assessment period and on completion or termination of the contract.
7. Supply Chain Management Unit (Contract Management Office) will review the quarterly Service Provider assessments within 20 days after the end of each quarter and submit a summary report to the Accounting Officer.
8. The Accounting Officer need to develop the necessary forms and report structures to be utilised to manage the above processes. The forms and reporting requirements need to be reviewed on a regular basis.
9. In the instance of under-performance:
  - a. The Municipality will facilitate support interventions to service providers in the identified areas of under-performance
  - b. Service providers who have been identified as under-performing in identified areas must be informed of these support interventions.
  - c. The impact of support interventions must be monitored by the Reporting Officer.
  - d. Corrective action should be documented in writing within the contract management system
  - e. The records of the support interventions must be documented, signed by both parties and appropriately filed in the contract management system.

**13. REVIEW OF CONTRACTS**

13.1 In terms of section 116 (1) of the MFMA, a contract or agreement procured through the Supply Chain Management system must have a periodic review once every three years in the case of a contract or agreement that are longer than three years.

13.2 The contract owner or champion must conduct, as appropriate, within 3 months after the expiry of contracts, post contract reviews.

**14 IMPLEMENTATION AND REVIEW PROCESS**

This policy will come into effect on 1 July 2023;

This policy will be reviewed at least annually or when required by way of a Council resolution.

POLICY SECTION:	MANAGER: CONTRACTS & LOGISTICS
CURRENT UPDATE	31 MAY 2023
PREVIOUS UPDATE	31 MAY 2022
PREVIOUS UPDATE	27 MAY 2021
PREVIOUS REVIEW	27 MAY 2020
PREVIOUS REVIEW	29 MAY 2018
PREVIOUS REVIEW	30 MAY 2018
PREVIOUS REVIEW	31 MAY 2017
PREVIOUS REVIEW	25 MAY 2016
PREVIOUS REVIEW	28 MAY 2015
PREVIOUS REVIEW	28 MAY 2014
APPROVAL BY COUNCIL	08 MAY 2013

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**OVERSTRAND  
MUNICIPALITY**



**INVESTMENT, LIQUIDITY & CASH  
MANAGEMENT POLICY**

**PREAMBLE**

Whereas section 13 of the Local Government: Municipal Finance Management Act, 2003 (Act No 56 of 2003) determines that a municipality must introduce appropriate and effective investment arrangements;

And whereas a municipality must disclose its investment details;

And whereas councilors and officials as trustees of public funds, have an obligation to ensure that cash resources are managed as effectively, efficiently and economically as possible;

Now therefore the Overstrand Municipality adopts the following Investment, Liquidity & Cash Management Policy:

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**OVERSTRAND MUNICIPALITY – INVESTMENT, LIQUIDITY & CASH MANAGEMENT POLICY**

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**1. 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:-

"Accounting Officer"	a person appointed by the Municipality in terms of Section 82 of the Local Government: Municipal Structures Act, 1998 (Act No. 117 of 1998) and who is the head of administration and also the Municipal Manager for the Municipality.
"Chief Financial Officer"	an officer of the municipality appointed as the Head of the Finance Department and includes any person:- a) acting in such position; and b) to whom the Chief Financial Officer has delegated a power, function or duty in respect of such a delegated power, function or duty.
"Council" or "municipal council"	a municipal council referred to in section 18 of the Local Government: Municipal Structures Act, 1998 (Act No 117 of 1998) and for purposes of this policy, the municipal council of the Municipality of Overstrand.
"Councillor"	a member of the Municipal Council
"Investments"	funds not immediately required for the defraying of expenses and invested at approved financial institutions.
"Municipal Manager"	the accounting officer appointed in terms of section 82 of the Local Government: Municipal Structures Act, 1998 (Act No 117 of 1998) and being the head of administration and accounting officer in terms of section 55 of the Local Government: Municipal Systems Act, 2000 (Act No 32 of 2000) and includes any person:- a) acting in such position; and b) to whom the Municipal Manager has delegated a power, function or duty in respect of such a delegated power, function or duty.
"municipality"	the institution that is responsible for the collection of funds and the provision of services to the customers of Overstrand.
"public funds"	all monies received by the municipality to perform the functions allocated to them.

**2. OBJECTIVE OF POLICY**

The objectives of the Policy are:-

- 2.1 to manage the liquidity and investments of the municipality in such a manner that it will not tie up the municipality's scarce resources required to improve the quality of life of the citizens;
- 2.2 to manage the liquidity and investments of the municipality in such a manner that sufficient cash resources are available to finance the capital and operating budgets

## OVERSTRAND MUNICIPALITY – INVESTMENT, LIQUIDITY & CASH MANAGEMENT POLICY

of the municipality; and

- 2.3 to gain the highest possible return on investments during periods when excess funds are not being used, without unnecessary risk.

### 3. SCOPE OF POLICY

- 3.1 The Policy deals with:-
- 3.2 Responsibility / accountability;
- 3.3 Investment instruments;
- 3.4 Liquidity and Cash flow estimates;
- 3.5 Investment ethics and principles;
- 3.6 Investment procedures;
- 3.7 Other external deposits; and
- 3.8 Control over investments.

### 4. RESPONSIBILITY / ACCOUNTABILITY

- 4.1 The Municipal Manager as the Accounting Officer of the municipality is accountable for investment management.
- 4.2 The municipal council must approve a policy directing procedures, processes and systems required to ensure efficient and effective management of investments.
- 4.3 Efficient and effective investment management include:-
- Accurately forecasting the institution's cash flow requirements.
  - Timing of the in- and outflow of cash.
  - Recognising the time value of money.
  - Taking any other action that avoids locking up money unnecessarily and inefficiently.
  - Avoiding bank overdrafts.

### 5. INVESTMENT INSTRUMENTS

- 5.1 The Minister of Provincial and Local Government may with the concurrence of the Minister of Finance by notice in the Gazette determine instruments or investments other than those referred to below in which Municipality may invest:-
- Deposits with banks registered in terms of the Banks Act, 1990 (Act No 94 of 1990);

## OVERSTRAND MUNICIPALITY – INVESTMENT, LIQUIDITY & CASH MANAGEMENT POLICY

- Securities issued by the National Government;
- Investments with the Public Investment Commissioners as contemplated by the Public Deposits Act, 1984 (Act No 46 of 1984);
- A municipality's own stock or similar type of debt; internal funds of a municipality which have been established in terms of a law to pool money available to the municipality and to employ such money for the granting of loans or advances to departments within a municipality, to finance capital expenditure;
- Bankers' acceptance certificates, negotiable certificates or deposits of banks;
- Long-term securities offered by insurance companies in order to meet the redemption fund requirements of municipalities; and
- Any other instruments or investments in which a municipality was under a law permitted to invest before the commencement of the Local Government Transition Act, 1996; provided that such instruments shall not extend beyond the date of maturity or redemption thereof.

### 6. LIQUIDITY AND CASH FLOW ESTIMATES

- 6.1 Before money can be invested, the Municipal Manager must determine whether there will be surplus funds available for the term of the investment.
- 6.2 In order to be able to make investments for any fixed term, it is essential that cash flow estimates be drawn up.
- 6.3 Provision must be made in the cash flow estimates for the operating and capital requirements of the municipality:-
- The operating requirements must include provisions for:-
    - Payment of monthly salaries.
    - Payment for bulk purchases of electricity and water.
    - Interest on long-term loans.
    - Maintenance of assets.
    - General expenditure.
    - Expected daily and monthly income.
  - Capital requirement must provide for:-
    - The anticipated cash flow requirements for each capital project.
- 6.4 The minimum risk management measures that has to be implemented and adhere to in order to ensure that its current and future liquidity position is managed in a prudent manner, must include the following key elements to take into consideration when determining the liquidity requirement of Overstrand Municipality, :

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- 6.4.1 To comply with statutory requirements, the following funds, reserves and provisions must be fully covered by unencumbered cash and investments;  
 6.4.2 All earmarked or conditional grant transfers from spheres of Government or from Public Contributions made to Overstrand Municipality that have not yet been utilized;
- 6.4.3 All commitments resulting from the legally entrenched rights and benefits employees have, with specific reference to the Council's short term commitment to staff retirement benefits and medical fund claims payable;
- 6.4.4 All funds not yet been utilized in relation to agency services provided on behalf of Provincial or National Government should also be treated as earmarked funds;
- 6.4.5 All reserves stated by Overstrand Municipality on its Statement of Financial Position that have been established for the purposes of making provisions for a defined purpose.

Cognisance also needs to be taken of the external loan commitments and the servicing of capital and interest on these loans. Therefore provision should be made that Overstrand Municipality can meet its external loan/financial commitments together with the normal operational expenditure, as well as its liabilities to staff.

All investments ceded as security against long term loans need to be excluded from total cash and investment balances for calculation of the minimum liquidity level required.

In addition, a level of cash available for normal operational expenditure needs to be held in cash to ensure that, notwithstanding fluctuations in the monthly income levels of Overstrand Municipality, Overstrand Municipality will be in a position to meet its financial requirements. In this respect, the average monthly operational expenditure needs to be used as a guide of the minimum buffer required. At least two month's operational expenditure should be available for liquidity cover.

The MFMA circular 71 stipulates the following two prescribed ratios to manage liquidity:

Cash/Cost Coverage Ratio (The norm range between 1 month to 3 months)

*Interpretation of Results*

This ratio should ideally not be less than 2 months. If a municipality has a ratio below the norm it would be vulnerable and at a higher risk in the event of financial "shocks/set-backs" and its ability to meet its obligations to provide basic services or its financial commitment is compromised. The results from this ratio should be viewed along with results from analysis on Debtor Management to fully assess Cash Flow Risk. The more cash reserves a municipality or municipal entity has available the lower the risk of it being unable to fund monthly fixed operational expenditure and to continue rendering services.

**Current Ratio: Current Assets / Current Liabilities** (The norm range between 1.5 to 2 : 1)

*Interpretation of Results*

**OVERSTRAND MUNICIPALITY – INVESTMENT, LIQUIDITY & CASH MANAGEMENT POLICY**

The higher the current Ratio, the more capable the Municipality or Municipal Entity will be to pay its current or short-term obligations and provide for a risk cover to enable it to continue operations at desired levels. A financial ratio under 1 suggests that the Municipality or Municipal Entity would be unable to pay all its current or short-term obligations if they fall due at any specific point.

**7 INVESTMENT ETHICS AND PRINCIPLES**

- 7.1 The Municipal Manager will be responsible for the investment of funds, and he/she has to steer clear of outside interference, regardless of whether such interference comes from individual councillors, agents or any other institution.
- 7.2 Under no circumstances may he/she be forced or bribed into making an investment.
- 7.3 No member of staff may accept any gift unless that gift can be deemed so small that it would not have an influence on his/her work or was not intended to do so, and can merely be seen as goodwill.
- 7.4 A certificate in respect of any gifts received should be furnished to the Municipality.
- 7.5 Interest rates offered should never be divulged to another institution.
- 7.6 Long-term investments should be made with an institution with at least a minimum BB- rating (where the BB- refers to a negative outlook in terms of the current Fitch Grading).
- 7.4 Short-term investments should be made with an institution with at least a minimum F1+ rating. The first and foremost objective for investments is the preservation and safety of the principal amount invested. It is a requirement that investments may only be made with institutions with a credit-worthy rating of F1+ (Fitch Grading) and better. Any investments made must be liquidated if an institution's credit-worthy rating falls below the level of F1+.
- 7.8 Not more than 50% of the funds that have become available for investing, on any given day, should be placed with a single institution if the available funds exceed R100m.
- 7.9 The maximum amount invested with a financial institution should not exceed 10% of the relevant institution's shareholders funds (capital and reserves).
- 7.10 The municipality may not borrow money specifically for reinvestment, as this would mean interest rates would have to be estimated in advance, which can be seen as speculation with public funds.
- 7.11 If the Municipal Manager invests with financial institutions, he/she must ensure that such institutions are registered in terms of the Banks Act, 1990 (Act No 94 of 1990) and that they are approved financial institutions, as approved by the Reserve Bank of South Africa from time to time.
- 7.12 When making growth related investments, the Municipal Manager must obtain

a guarantee that at least the capital amount invested is safe, and must exercise due diligence in this regard.

**8 INVESTMENT PROCEDURES**

After determining whether there is cash available for investment and fixing the maximum term of investment, the Municipal Manager must consider the way in which the investment is to be made.

**8.1 Short-term investments:**

- a. Quotations should be obtained from a minimum of three financial institutions (local banks), for the term of which the funds will be invested.
- b. Should one of the institutions offer a better rate for a term, other than what the municipality had in mind, the other institutions which were approached, should also be asked to quote a rate for the other term.
- c. Quotations should be obtained in writing or electronic medium.
- d. Quotations from institutions must include the following:-
  - i Name of institution;
  - ii Name of person quoting rates;
  - iii Period of the investment;
  - iv Relevant conditions; and
  - v Other facts, such as interest payable monthly or on maturation date.

- e. Once the required number of quotes has been obtained, a decision must be taken regarding the best terms offered and the institution with which funds are going to be invested.
- f. The best offer must under normal circumstances be accepted, with thorough consideration of investment principles.
- g. No attempt must be made to make institutions compete with each other as far as their rates and terms are concerned.
- h. The investment capital must only be paid over to the institution with which it is to be invested and not to an agent or third party.
- i. The financial institution where the investment is made must issue a confirmation stating the details of the investments.
- j. The Municipal Manager must make sure that the investment document, if issued, is a genuine document and issued by the approved institution.
- k. The financial institution, where the investment is made, must issue a certificate for each investment made stating that no commission has, nor will, be paid to any agent or third party, or to any person nominated by the agent or third party.

- l. The municipality must be given a monthly report on all investments.
- m. The Municipal Manager must obtain information from which the creditworthiness of financial institutions can be determined. This must be obtained and analysed annually.

**8.2 Long-term investments:**

- a. Written quotations must be obtained for all investments made for periods longer than twelve months.
- b. The municipal council must approve all investments made for periods longer than twelve months after considering the cash requirement for the next three years.
- c. The municipality must within 30 days after an investment with a term of 12 months or longer has been made, publish in a local newspaper in circulation within its area of jurisdiction, full details of any investments so made.

**8.3. Withdrawals**

All investment amounts withdrawn and not to be reinvested at the same institution at the time of withdrawal, shall be paid into the primary bank account.

All interest shall be paid into the primary bank account at the time of withdrawal of an investment, irrespective of the capital being reinvested.

**9 OTHER EXTERNAL DEPOSITS**

The principles and procedures set out above must apply to other investment possibilities subject to the applicable legislation, which is available to the municipality, including debentures and other securities of the state as well as other municipalities or statutory bodies in the Republic of South Africa, instituted under and in terms of any law.

**10 CONTROL OVER INVESTMENTS**

10.1 An investment register should be kept of all investments made. The following information must be recorded:-

- a. name of institution;
- b. capital invested;
- c. date invested;
- d. interest rate;
- e. maturation date;
- f. interest received;
- g. capital repaid; and
- h. balance invested.

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- 10.2 The investment register and accounting records must be reconciled on a monthly basis.
- 10.3 The investment register must be examined on a weekly basis to identify investments falling due within the next week.
- 10.4 Interest correctly calculated, must be received timeously, together with any distributable capital.
- 10.5 Investment certificates, if issued, must be kept in a safe place with dual custody.
- 10.6 The following documents must be safeguarded:-
  - a. Fixed deposit letter or investment certificate;
  - b. Receipt confirmation for capital invested;
  - c. Copy of electronic transfer or cheque requisition;
  - d. Schedule of comparative investment figures;
  - e. Commission certificate indicating no commission was paid on the investment; and
  - f. Interest rate quoted.

**11 IMPLEMENTATION AND REVIEW OF POLICY**

This policy shall be implemented on 1 July 2023 and shall be reviewed on an annual basis to ensure that it is in line with the municipality's strategic objectives and with legislation.

**12 SHORT TITLE**

This Policy shall be called the Investment, Liquidity & Cash Management Policy of the Overstrand Municipality.

POLICY SECTION:	SENIOR MANAGER: FINANCIAL SERVICES
CURRENT UPDATE:	31 May 2023
PREVIOUS UPDATE:	31 May 2022
PREVIOUS REVIEW:	26 May 2021
PREVIOUS REVIEW:	27 May 2020
PREVIOUS REVIEW:	29 May 2019
PREVIOUS REVIEW:	30 May 2018
PREVIOUS REVIEW:	31 May 2017
PREVIOUS REVIEW:	25 MAY 2016
PREVIOUS REVIEW:	28 MAY 2015
PREVIOUS REVIEW:	28 MAY 2014
PREVIOUS REVIEW:	29 MAY 2013
PREVIOUS REVIEW:	30 MAY 2012
PREVIOUS REVIEW:	4 MAY 2011
PREVIOUS REVIEW:	26 MAY 2010
APPROVAL BY COUNCIL:	27 MAY 2009

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**BUDGET POLICY**

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**1. OBJECTIVES OF POLICY**

- A. The policy sets out the budgeting principles which Overstrand Municipality will follow in preparing each annual budget. The policy aims to give effect to the requirements and stipulations of the Municipal Finance Management Act in terms of the planning, preparation and approval of the annual budgets.
- B. The policy shall apply to all the relevant parties within the Overstrand Municipality that are involved throughout the budget process.
- C. A Budget Steering Committee will be established to guide the budget process.
- D. Cost containment measures are to be applied in accordance with relevant legislation, when considering expenditure:

**1) Use of consultants**

This Policy is in line with section 35 of the **Municipal Cost Containment Regulations 2019** and the Overstrand Supply Chain Management Policy to ensure that resources of the municipality with regard to the use of consultants, are used effectively, efficiently and economically by implementing cost containment measures.

**2) Vehicles used for political office-bearers**

This Policy is in line with the stipulations of the Overstrand Travel and Subsistence Policy to ensure that resources of the municipality with regard to vehicles used for political office-bearers, are used effectively, efficiently and economically by implementing cost containment measures.

**3) Travel and subsistence**

This Policy is in line with the stipulations of the Overstrand Travel and Subsistence Policy, to ensure that resources of the municipality with regard to Travel and subsistence, are used effectively, efficiently and economically by implementing cost containment measures.

**4) Domestic accommodation**

This Policy is in line with the stipulations of the Overstrand Travel and Subsistence Policy, to ensure that resources of the municipality with regard to Domestic accommodation, are used effectively, efficiently and economically by implementing cost containment measures.

**5) Credit cards**

The accounting officer must ensure that no credit card or debit card linked to a bank

**PREAMBLE**

In the spirit of the Municipal Finance Management Act, (No.56 of 2003), to modernise budget and financial management practices by placing local government finances on a sustainable footing in order to maximize the capacity of municipalities to deliver services to all residents, customers, users and investors, and,

Whereas chapter 4 of the Municipal Finance Management Act, (No.56 of 2003) determines that a municipality may, except where otherwise provided in the Act, incur expenditure only in terms of an approved budget; and within the limits of the amounts appropriated for the different votes in an approved budget,

Therefore the Overstrand Municipality adopts the budget policy set out in this document.

account of the municipality is issued to any official or public office bearer.

6) **Sponsorships, events and catering**

This Policy is in line with the stipulations of the **Municipal Cost Containment Regulations 2019**, to ensure that resources of the municipality with regard to Sponsorships, events and catering, are used effectively, efficiently and economically by implementing cost containment measures.

7) **Communication**

This Policy is in line with the stipulations of the **Municipal Cost Containment Regulations 2019**, to ensure that resources of the municipality with regard to Communication, are used effectively, efficiently and economically by implementing cost containment measures.

8) **Conferences, meetings and study tours**

This Policy is in line with the stipulations of the **Municipal Cost Containment Regulations 2019** and the **Travel and Subsistence Policy**, to ensure that resources of the municipality with regard to Conferences, meetings and study tours, are used effectively, efficiently and economically by implementing cost containment measures.

9) **Other related expenditure items**

This Policy is in line with the stipulations of the **Municipal Cost Containment Regulations 2019**, to ensure that resources of the municipality with regard to the following, are used effectively, efficiently and economically by implementing cost containment measures:

- i. All commodities, services and products covered by a transversal contract concluded by the National Treasury must be considered before approaching the market, to benefit from savings where lower prices or rates have been negotiated.
- ii. Municipal resources may not be used to fund elections, campaign activities, including the provision of food, clothing, printing of agendas and brochures and other inducements as part of, or during election periods or to fund any activities of any political party at any time.
- iii. Expenditure on tools of trade for political office bearers must be limited to the upper limits as approved and published by the Cabinet member responsible for local government in terms of the Remuneration of Public Office Bearers Act, 1998.
- iv. The municipality must avoid expenditure on elaborate and expensive office furniture.

- v. The municipality may only use the services of the South African Police Service to conduct periodical or quarterly security threat assessments of political office bearers and key officials and a report must be submitted to the speaker's office.
- vi. The municipality may consider providing additional time-off in lieu of payment for overtime worked. Planned overtime must be submitted to the relevant manager for consideration on a monthly basis. A motivation for all unplanned overtime must be submitted to the relevant manager.

2. **BUDGET PRINCIPLES**

2.1. **Capital Budget**

The capital budget refers to the allocations made to specific infrastructural projects and the purchase of equipment and other forms of assets, as classified per the **Overstrand Asset Management Policy**.

2.1.1 **Basis of Calculation**

- a. The current three year **MTREF** budget, including two future planning years in terms of the 5 year **IDP**, is the departure point in preparing the subsequent annual capital budget.
- b. The annual capital budget shall be based on realistically anticipated revenue, which should be equal to the anticipated capital expenditure in order to result in a balanced budget.
- c. The impact of the capital budget on the current and future operating budgets in terms of finance charges to be incurred on external loans, depreciation of fixed assets, maintenance of fixed assets and any other operating expenditure to be incurred resulting directly from the capital expenditure, should be carefully analyzed when the annual capital budget is being compiled.
- d. In addition, the council shall consider the likely impact of such operational expenses, net of any revenues expected to be generated by such items on future property rates and service tariffs.

2.1.2 **Financing**

**Own Financing Sources**

Own financing consists of the following sources:

- a. Unappropriated cash-backed surpluses from previous financial years, to the extent that such surpluses are not required for operational purposes and cash resources are adequate for cost coverage and liquidity ratio.
- b. Borrowing (External Loans)
- c. Proceeds on the sale of fixed assets, less cost to sell, in terms of the **Asset Management- Administration of Immovable Property- and Accounting policies**.

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**OVERSTRAND MUNICIPALITY – BUDGET POLICY**

**Other Financing Sources (External)**

The external funded capital budget shall be financed from external sources such as the following:

- a. Grants and subsidies as allocated in the annual Division of Revenue of Act.
- b. Grants and subsidies as allocated by Provincial government.
- c. Public contributions and donations.
- d. Any other external financing source secured by the local authority.

**2.1.3 Process and responsible parties**

The process to be followed in the compilation of the capital budget is as follows:

- a. The current 3 year MTREF budget is the departure point in preparing the subsequent annual capital budget.
- b. The CFO, in conjunction with the Senior Manager: Financial Services and the Manager: Budget Office and after consultation with the Budget Steering Committee sets the reasonable growth level of the capital budget to be financed out of own and external sources and determines affordability.
- c. The draft capital budget is compiled based on the projects that emanated out of the engagements with the different stakeholders.
- d. The CFO, together with the Senior Manager: Financial Services and the Manager: Budget Office, engage with the Directors and the Senior Manager: Strategic Services in order to determine the priorities for a particular financial year and to determine the ranking of projects based on these priorities.
- e. The draft capital budget is submitted to the Budget Steering Committee for perusal and suggestions.
- f. The draft capital budget is tabled in Council at least 90 days (31 March) before the start of the new financial year.
- g. After the draft budget is tabled in Council, it is advertised for public comment for a period of 30 days.
- h. Once the comments from the public have been received, noted and considered, any amendments and the final budget are tabled in Council for final approval, at least 30 days (31 May) before the start of the financial year.

**2.1.4 Implementation**

- a. After the budget has been approved, the service delivery and budget

**OVERSTRAND MUNICIPALITY – BUDGET POLICY**

implementation plan (SDBIP) is finalised.

- b. The SDBIP must be submitted to the Mayor within 14 days after aforementioned approval, for approval within a further 14 days.
- c. Each director indicates the intended spending for both capital and operating budgets.
- d. Cash flows are included in the Service Delivery and Budget Implementation Plan of the organisation.
- e. The SDBIP is monitored on a monthly basis.
- f. Each project manager uses the respective cost allocation and unique key numbers as indicated on the capital budget.

**2.2. Operational Budget**

The operational budget refers to the funds that would be generated for the delivery of basic services, grants & subsidies and any other municipal services rendered. These funds are in turn used to cover the expenses incurred in the day to day running of the organization.

**2.2.1. Basis of Calculation**

- a. The zero based and incremental approach is used by budget holders in preparing the annual operating budget, depending on the type of revenue or expenditure.
- b. The annual operating budget shall be based on realistically anticipated revenue, which should at least be equal to the anticipated cash operating expenditure in order to result in a balanced budget.
- c. An income based approach shall be used where the realistically anticipated revenue would firstly be projected. The level of operating expenditure will then be based on the projected revenue, thus resulting in a balanced budget.

**2.2.2. Financing**

The operating expenditure shall be financed from the following sources:

<b>Agency Services</b>	Compensation received by the municipality for cost to provide the agency services should be recognised as receipts and not set-off against the expenditure. This compensation may be in the form of commission, agency fees, contract fees, etc.
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OVERSTRAND MUNICIPALITY – BUDGET POLICY

<b>Interest, Dividend and Rent on Land</b>	Consist of the income associated with ownership of interest-bearing financial instruments, such as bank deposits, loans extended to others, and bills and bonds issued by others. Dividends come in the form of receipts from shares and distribution of profits to the owner. Rent on land is the receipts due to ownership of land. Operational revenue refers to all other income not elsewhere classified such as administrative fees, bad debts recovered, breakages, commission, discounts and early settlements, etc.
<b>Operational Revenue</b>	Operational revenue refers to all other income not elsewhere classified such as administrative fees, bad debts recovered, breakages, commission, discounts and early settlements, etc.
<b>Rental from Fixed Assets</b>	Operating lease income received by the municipality from external use. Distinction is made between rental income based on market related versus non-market related rates. This category consist of sales and services rendered provided that the municipality produced or partially produced the good or service.
<b>Service Charges</b>	This group of accounts provides for the basic services delivered by municipalities.
<b>Intercompany/Parent-subsidary Transactions</b>	Revenue generated due to exchange transactions between municipalities and their subsidiary municipal entities.
<b>Licences or Permits</b>	Granting of licences or permits associated with a regulatory function by government. Fees recognised under this category must result from a principle agreement. If the municipality act as an agent on behalf of provincial or national government the transaction need to be treated accordingly. Judgment need to be applied in deciding whether the "licence or permits" need to be classified as exchange or non-exchange revenue.
<b>Fines, Penalties and Forfeits</b>	This item consists of all compulsory receipts imposed by a court or quasi-judicial body. Out-of-court settlements are also included in this category. As with taxes, this item consists of unrequited, compulsory transactions. Thus, the recipient municipality does not provide anything in return for these receipts.
<b>Licences or Permits</b>	Granting of licences or permits associated with a regulatory function by government. Fees recognised under this category must result from a principle agreement. If the municipality act as an agent on behalf of provincial or national government the transaction need to be treated accordingly. Judgment need to be applied in deciding whether the "licence or permits" need to be classified as exchange or non-exchange revenue.
<b>Property Rates</b>	Property Rates means a municipal rate on property envisaged in section 229 (1)(a) of the Constitution read with the Municipal Property Rate Act 6 of 2004 as amended by the Municipal Property Rates Amendment Act, 2014. Rateable property means property on which a municipality may in terms of section 8 levy a rate and excludes impermissible rates as per section 17 of the Act.

OVERSTRAND MUNICIPALITY – BUDGET POLICY

<b>Transfers and Subsidies</b>	This category provides for of all unrequited, voluntary receipts from other parties. Thus an entry should be made under this item when the municipality does not provide anything of similar value directly in return for the transfer from the other party and the transfer is voluntary. (GRAP 23: Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.) This group of accounts provide for "operational and capital transfers and subsidies" received "in-kind or in monetary value".
<b>Interest, Dividend and Rent on Land</b>	Consist of the income associated with ownership non-exchange transactions.

2.2.3 Budget Categories

The following expenditure categories shall be accommodated in the operating budget:

<b>Bad Debts Written Off</b>	The irrecoverable debts that are written off during the financial year as approved by the Council allocated according to the type of service provided to the customer. This account would also include the write-off of accounts in terms of the debt prescription rules.
<b>Bulk Purchases</b>	Bulk purchases of electricity and water from Eskom (including alternative service providers) and Water Sources such as Water Boards and other providers.
<b>Contracted Services</b>	This group of accounts distinguishes between "Outsourced Services, Contractors and Professional and Special Services".
<b>Depreciation and Amortisation</b>	Depreciation is the systematic allocation of the cost of an asset from the Statement of Financial Position to Depreciation Expense on the Statement of Financial Performance over the useful life of the asset. Amortisation is the systematic allocation of the discount, premium or issue cost of a financial instrument over the life of the instrument, or an intangible asset over a certain period. Amortisation is the systematic allocation of the depreciable amount of an intangible asset over its useful life.
<b>Employee Related Cost</b>	This item includes all payments to employees defined below. Employee Related Cost distinguish between Senior Managers and Other Staff as Section 124(1)(c) of the MFMA required disclosures of the details of remuneration for all senior managers and the Standard of GRAP on Related Party Disclosure requires disclosure of key management personnel (GRAP 20 Related Party Disclosure - no effective date determined by the Minister thus IPSAS 20 Related Parties need to be applied. Key management personnel in the context of municipalities referring to the senior management group, including the chief executive (municipal manager).

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OVERSTRAND MUNICIPALITY – BUDGET POLICY

Interests, Dividends and Rent on Land	This item includes the total value of interest payments, dividends and payment for the use of land owned by another party.
Inventory Consumed	The amount of inventories recognised as an expense during the period. GRAP 12.45(d) The amount of inventories recognised as an expense during the period, which is often referred to as cost of sales, consists of those costs previously included in the measurement of inventory that has now been sold, exchanged or distributed, and unallocated production overheads and abnormal amounts of production cost of inventories. GRAP 12.47
Remuneration of Councillors	Remuneration as determined by the Remuneration of Public Office Bearers Act, 1998 (Act No 20 of 1998). Salary of full/part time councillors including the Executive Mayor or Mayor, Speakers, Deputy Executive Mayor or Deputy Mayor, Members of the Executive Committee or Mayoral Committee, Whip and Chairperson of a sub-council, etc.
Operating Leases	An operating lease is a lease other than a finance lease. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership. Land use portion of a building finance lease must be recorded under Rental of Land.
Operational Cost	An operating expense is a day-to-day expense such as sales and administration, or research & development, accounting expenses, license fees, advertising, office expenses, utilities such as telephone, insurance, property management, travel and vehicle expenses.
Transfers and Subsidies	This category provides for all unrequited payments made by the municipality. A payment is unrequited provided that the municipality does not receive anything of similar value directly in return for the transfer to another party. Both current and capital transfers are included in this item. Municipalities distinguish between transfers to provinces, district municipalities, departmental agencies and accounts, universities and Technicons, public corporations, private enterprises, foreign government and international institutions, non-profit organisations and households. This group of accounts provide for "operational and capital transfers and subsidies" made "in-kind or in monetary value".

OVERSTRAND MUNICIPALITY – BUDGET POLICY

operating expenditure is determined and the draft operating budget is discussed with the relevant Directors for their perusal and amendments.

- c. The draft operating budget is compiled based on the submissions from the engagements with the different stakeholders.
- d. The draft operating budget serves before the Budget Steering Committee for perusal and suggestions.
- e. The draft operating budget is tabled in Council at least 90 days (31 March) before the start of the new financial year.
- f. The draft SDBIP is tabled in Council at least 90 days (31 March) before the start of the new financial year.
- g. After the draft budget is tabled in Council, it is advertised for public comment for a period of 30 days.
- h. Once the comments from the public have been received, noted and considered, the final budget (inclusive of any amendments) is tabled in Council for adoption, at least 30 days (31 May) before the start of the financial year.

i. Sect 25(1) of the Municipal Finance Management Act (56 of 2003) states that "if a municipal council fails to approve an annual budget, including revenue raising measures necessary to give effect to the budget, the Council must reconsider the budget and again vote on the budget, or on an amended version thereof, within 7 days of the Council meeting that failed to approve the budget."

2.2.5. Implementation

- a. After the budget has been approved, the service delivery and budget implementation plan (SDBIP) is finalised.
- b. The SDBIP must be submitted to the Mayor within 14 days after aforementioned approval, for Mayoral approval with a further 14 days.
- c. Each director indicates the intended spending for both capital and operating budgets.
- d. Cash flows are included in the Service Delivery and Budget Implementation Plan of the organisation.
- e. The SDBIP is monitored on a monthly basis.
- f. Each directorate uses their respective vote numbers as indicated on the operational budget.

2.2.4. Process

- a. The CFO, in conjunction with the Senior Manager, Financial Services and the Manager, Budget Office, and after consultation with the Budget Steering Committee, sets the reasonable growth level of the operational budget based on the current financial performance and the prevailing industry growth levels. (i.e. CPI).
- b. After the income has been determined, an acceptable growth level for the

**OVERSTRAND MUNICIPALITY – BUDGET POLICY**

**2.3. Adjustments Budget**

- 2.3.1 A general adjustments budget may be tabled once a year by 28 February.
- 2.3.2 The adjustments budget process shall be aligned to the annual budget in terms of consideration by the Budget Steering Committee.
- 2.3.3 The adjustments budget must be approved by Council before implementation.
- 2.3.4 Any consequential amendment of the SDBIP necessitated by the adjustments budget must be published together with the adjustments budget within 5 days after the Municipal Council has approved an adjustments budget.

**3. IMPLEMENTATION AND REVIEW OF POLICY**

This policy shall be implemented on 1 July 2023 and shall be reviewed on an annual basis to ensure that it is in line with the municipality's strategic objectives and with legislation.

POLICY SECTION:	SENIOR MANAGER: FINANCIAL SERVICES
CURRENT UPDATE:	31 MAY 2023
PREVIOUS REVIEW:	31 MAY 2022
PREVIOUS REVIEW:	26 MAY 2021
PREVIOUS REVIEW:	27 MAY 2020
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PREVIOUS REVIEW:	31 MAY 2017
PREVIOUS REVIEW:	25 MAY 2016
PREVIOUS REVIEW:	26 MAY 2015
PREVIOUS REVIEW:	26 MAY 2014
PREVIOUS REVIEW:	30 MAY 2013
PREVIOUS REVIEW:	30 MAY 2012
APPROVAL BY COUNCIL:	04 MAY 2011

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**VIREMENT POLICY**

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OVERSTRAND MUNICIPALITY – VIREMENT POLICY

1 DEFINITIONS

"Accounting officer"	The municipal manager of a municipality is the accounting officer of the municipality in terms of section 80 of the MFMA
"Approved budget"	means an annual budget or adjustments budget approved by a municipal council.
"Basic Services"	means the following four services: Energy Sources, Water Management, Waste Water Management (Sewerage & Waste Water Treatment) and Waste Management, as contained in the mSCOA function segment
"Budget-related policy"	means a policy of a municipality affecting or affected by the annual budget of the municipality
"Chief financial officer"	means a person designated in terms of the MFMA who performs such budgeting and other duties as may in terms of section 79 of the MFMA be delegated by the accounting officer to the chief financial officer.
"Capital Budget"	This is the estimated amount for capital items in a given fiscal period. Capital items are fixed assets such as infrastructure, facilities and equipment, the cost of which is normally written off (depreciated) over a number of fiscal periods
"Council"	means the council of a municipality referred to in section 18 of the Municipal Structures Act
"Financial year"	means a 12-month year ending on 30 June.
"Function Sub-Function"	mSCOA Segment: This segment provides for the classification of budgets according to the function or service delivery objectives and provides for the standardisation of functions and sub-functions across local government, with due regard to specific service delivery activities and responsibilities of each individual municipality.
"Line Item"	an appropriation that is itemized on a separate line in the internal budget document for the purpose of greater control over expenditure, as contained in the mSCOA segment for Item Expenditure and Revenue, as revised from time to time.
"Operating Budget"	The Municipality's financial plan, which outlines proposed expenditures for the coming financial year and estimates the revenues used to finance them.
"Ring Fenced Allocations"	an exclusive combination of line items grouped for specific purposes, such as Debt Impairment, Depreciation and Amortisation, Finance Charges and Provisions.
"Service delivery and budget implementation plan"	means a detailed plan approved by the mayor or a municipality in terms of section 53(1) (b) for implementing the municipality's delivery of municipal services and its annual budget
"Virement"	is the process of transferring an approved budget allocation from one operating line item or capital project to another, with the approval of the relevant Manager. To enable budget managers to amend budgets in the light of experience or to reflect anticipated
"Vote"	means one of the main segments into which a budget of a municipality is divided for the appropriation of funds for the different Directorates of the municipality, and which specifies the total amount that is appropriated for the purposes of the respective Directorates concerned.

2 ABBREVIATIONS

"CFO"	Chief Financial Officer
"GFS"	Government Financial Statistics
"IDP"	Integrated Development Plan
"MFMA"	Municipal Finance Management Act No. 55 of 2003
mSCOA	Municipal Standard Chart of Accounts
"SDBIP"	Service delivery and budget implementation plan

OVERSTRAND MUNICIPALITY – VIREMENT POLICY

3 OBJECTIVE

To allow limited flexibility in the use of budgeted funds to enable management to act on occasions such as disasters, unforeseen expenditure or savings, etc. as they arise to accelerate service delivery in a financially responsible manner.

4 VIREMENT CLARIFICATION

Virement is the process of transferring budgeted funds from one line item number to another, with approval of the relevant Director and CFO, in certain instances, to enable budget managers to amend budgets in the light of experience or to reflect anticipated changes. (Section 28 (2) (c) MFMA)

5 FINANCIAL RESPONSIBILITIES

Strict budgetary control must be maintained throughout the financial year in order that potential overspends and / or income under-recovery within individual vote departments are identified at the earliest possible opportunity. (Chapter 4 of the MFMA) The Chief Financial Officer has a statutory duty to ensure that adequate policies and procedures are in place to ensure an effective system of financial control. The budget virement process is one of these controls. (Section 27(4) MFMA) It is the responsibility of each manager or head of a directorate or activity to which funds are appropriated, to plan and conduct assigned operations so as not to expend more funds than budgeted. In addition, they have the responsibility to identify and report any irregular or fruitless and wasteful expenditure in terms of the MFMA sections 78 and 32.

6 VIREMENT RESTRICTIONS

- (a) A virement of funds between votes (Directorates) will not be allowed without approval in an adjustments budget.
- (b) Cumulative virements may not exceed a maximum of 10% of the total approved operating budget per Directorate.
- (c) A virement may not create new policy, significantly vary from current policy or alter the approved outcomes / outputs as approved in the IDP for the current or subsequent years. (section 19 and 21 MFMA)
- (d) Virements resulting in adjustments to the approved SDBIP need to be submitted to the Municipal Manager after an adjustments budget, with altered outputs and measurements for approval. (MFMA Circular 13 page 3 paragraph 3)
- (e) No virement request may be effected in the current year which will increase the approved budget in future financial years without the prior approval of the Municipal Manager and the Mayor. This refers to expenditure such as entering into lease- or rental agreements for vehicles, photo copiers or fax machines, operational contracts.
- (f) No virement may be made where it would result in unauthorised expenditure. (section 32 MFMA)
- (g) No virement shall add to the staff establishment of the Municipality without the approval of the Municipal Manager.
- (h) Budget may only be transferred from Employee Related Cost if approved by the Municipal Manager and the Director: Finance.
- (i) If the virement relates to an increase in the work force establishment, then the Council's

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**OVERSTRAND MUNICIPALITY – VIREMENT POLICY**

- (j) existing recruitment policies and procedures will apply.
- (k) Virements may not be made in respect of ring-fenced allocations.
- (l) Virements are not permitted from or to budgets allocated to the respective Basic Services, unless approved in an adjustments budget.
- (m) Virements in capital budget allocations are only permitted within specified action plans and not across funding sources and must in addition have comparable asset lifespan classifications.
- (n) No virements are permitted in the first three months or the final month of the financial year without the express approval of the CFO.
- (o) No virement proposal shall affect amounts to be paid by another Department without the agreement of the Manager of that Department, as recorded on the signed virement form. (Section 15 MFMA)
- (p) Virement amounts may not be rolled over to subsequent years, or create expectations on following budgets. (Section 30 MFMA)
- (q) An approved virement does not give expenditure authority and all expenditure resulting from approved virements must still be subject to the procurement / supply chain management policy of Council as periodically reviewed.
- (r) Virements may not be made between Expenditure and Income.
- (s) Virements may not be made between capital and operational budgets, except as indicated in paragraph 7.
- (t) No Capital Budget virements are permitted across the mSCOA Functions/Sub-Function segment, except in an official adjustments budget.
- (u) Virements are not permitted from the mSCOA line item Inventory, Zero Related (Fuel) to other expenditure line items within a directorate/department, except where approved in an official adjustments budget.

**7 VIREMENT PROCEDURE**

- (a) All virement proposals must be completed on the appropriate documentation and forwarded to the Budget Office for checking and implementation. All virements must be subjected to scrutiny across all seven segments of the mSCOA classification framework.
- (b) All virements relating to the operational budget must be approved by the relevant Budget Holder/Manager (Section 79 MFMA) in the case of a departmental budget transfer, and also by the relevant Director in the case of a transfer between departments within a Directorate.
- (c) Capital Budget Virements within the mSCOA Function/Sub-Function segment must be approved by the relevant manager and Director, the Municipal Manager and Director Finance and, in cases where the amount exceeds R100 000, by the Executive Mayor. Virements across the mSCOA Function/Sub-Function segment will only be considered if it qualifies as an Adjustment Budget request and will then be done as part of an official Adjustment Budget. A virement form must be completed for all Operational Budget Transfers and in the case of a Capital Budget transfer an official memo approved by the relevant director, MM & CFO must be submitted. The prescribed documentation must be completed.
- (d) Virements in excess of R 50,000 with a maximum as determined under section 66, requires the approval of the relevant Director for inter-departmental transfers, as well as the express approval of the Chief Financial Officer. (Section 79 MFMA).
- (e) Virement transfers must be taken into consideration by the respective managers with regards to the SCBJP.
- (f) Virements in respect of Ward specific projects must be approved by the Chief Financial Officer.

**OVERSTRAND MUNICIPALITY – VIREMENT POLICY**

- (h) Municipal Manager and the Mayor. Virements between Capital and Operational in respect of Ward Specific Projects and grant allocations, will only be allowed if it qualifies as an Adjustment Budget request and will then be done as part of an Adjustments Budget
- (i) All virement documentation must be in order and approved before any expenditure may be committed or incurred. (Section 79 MFMA).
- (j) After all virement documentation has been duly completed, including all authorizations, the budget transfer will normally be effected within three working days, subject to the operating system functionality.
- (k) The Director Finance must report to the Municipal Manager and the Mayor on a monthly basis in respect of virements in excess of R50 000 per item.

**8. IMPLEMENTATION AND REVIEW OF THIS POLICY**

This policy shall be implemented on 1 July 2023 and shall be reviewed on an annual basis to ensure that it is in line with the municipality's strategic objectives and with legislation.

POLICY SECTION:	SENIOR MANAGER: FINANCIAL SERVICES
CURRENT UPDATE:	31 MAY 2023
PREVIOUS UPDATE:	31 MAY 2022
PREVIOUS UPDATE:	26 MAY 2021
PREVIOUS UPDATE:	27 MAY 2020
PREVIOUS UPDATE:	29 MAY 2019
PREVIOUS UPDATE:	30 MAY 2018
PREVIOUS UPDATE:	31 MAY 2017
PREVIOUS UPDATE:	25 MAY 2016
PREVIOUS REVIEW:	28 MAY 2015
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PREVIOUS REVIEW:	29 MAY 2013
PREVIOUS REVIEW:	30 MAY 2012
PREVIOUS REVIEW:	4 MAY 2011
APPROVAL BY COUNCIL:	26 MAY 2010

OVERSTRAND MUNICIPALITY – VIREMENT POLICY ANNEXURE A1

OVERSTRAND MUNICIPALITY – VIREMENT POLICY ANNEXURE A1

FUNCTION/SUB-FUNCTION	FUNCTION/SUB-FUNCTION
<b>Community and Social Services</b> Aged Care, Home Assistance and Transport Facilities Animal Care and Diseases Centretails, Funeral Parlours and Crematoriums Child Care Facilities Community Halls and Facilities Libraries and Archives Literacy Programmes Museums and Art Galleries Theatres Zoo's	<b>Finance and Administration</b> Administrative and Corporate Support Asset Management Finance Fleet Management Human Resources Information Technology Legal Services Marketing, Customer Relations, Publicity and Media Co-ordination Property Services Risk Management Security Services Supply Chain Management Valuation Service
<b>Electricity and Gas</b> Electricity Street Lighting and Signal Systems	<b>Public Safety</b> Civil Defence (Municipal Command's) Cleansing Control of Public Nuisances Fencing and Fences Fire Fighting and Protection Licensing and Control of Animals Police Forces, Traffic and Street Parking Control Pounds
<b>Environmental Protection</b> Biodiversity and Landscape Coastal Protection Indigenous Forests Nature Conservation Pollution Control Soil Conservation	<b>Waste Management</b> Recycling Solid Waste Disposal (Landfill Sites) Solid Waste Removal Street Cleansing
<b>Executive and Council</b> Mayor and Council Municipal Manager, Town Secretary and Chief Executive	<b>Waste Water Management</b> Public Toilets Sewerage Storm Water Management Treatment
<b>Other</b> Abattoirs Air Transport Forestry Licensing and Regulation Markets Tourism	<b>Water</b> Water Treatment Water Distribution Water Storage

Note: The function/sub-function segment consist of core and non-core functions

FUNCTION/SUB-FUNCTION	FUNCTION/SUB-FUNCTION
<b>Planning and Development</b> Billboards Corporate Wide Strategic Planning (IDPs, LEDE) Central Improvement District Development Facilitation Economic Development/Planning Town Planning, Building Regulations and Enforcement, and City Engineer Project Management Unit Support to Local Municipalities	<b>Sport and Recreation</b> Beaches and Jetties Community Parks (including Nurseries) Recreational Facilities Sports Grounds and Stadiums
<b>Health</b> Health Services Laboratory Services	
<b>Housing</b> Housing Informal Settlements	
<b>Internal Audit</b> Governance Function	
<b>Road Transport</b> Public Transport Roads & Traffic Regulation Roads Taxi Ranks	



N/b/b

OVERSTRAND MUNICIPALITY – VIREMENT POLICY ANNEXURE A2

DEPT	DIRECTORATE	CODE
3770	SEWERAGE (DISTRIBU): STANFORD	
3780	SEWERAGE (DISTRIBU): GANSBAAI	
3800	SEWERAGE (SERVICON): HERMANUS	
3900	SEWERAGE (TANKERS): KLEINMOND	
3960	SEWERAGE (TANKERS): HERMANUS	
3970	SEWERAGE (TANKERS): STANFORD	
3980	SEWERAGE (TANKERS): GANSBAAI	
4050	SEWERAGE (TREATMENT): KLEINMOND	
4070	SEWERAGE (TREATMENT): HAWSTON	
4080	SEWERAGE (TREATMENT): HERMANUS	
4090	SEWERAGE (TREATMENT): STANFORD	
4100	SEWERAGE (TREATMENT): GANSBAAI	
4100	SEWERAGE INCOME	
3300	REFUSE REMOVAL: KLEINMOND	
3310	REFUSE REMOVAL: HERMANUS	
3320	REFUSE REMOVAL: STANFORD	
3330	REFUSE REMOVAL: GANSBAAI	
3400	SOLID WASTE DISPOSAL: B/BAY	
3410	SOLID WASTE DISPOSAL: HAWSTON	
3420	SOLID WASTE DISPOSAL: VOELKLIP	
3430	SOLID WASTE DISPOSAL: STANFORD	
3440	REFUSE DISPOSAL (BEACH/TREST)	
3500	SOLID WASTE DISPOSAL: KLEINMOND	
3510	SOLID WASTE DISPOSAL: HERMANUS	
3620	WASTE DISPOSAL SITE: GANSBAAI	
3650	REFUSE INCOME	
	<b>Coasting Services</b>	<b>9</b>
9996	INTERNAL BILLING	
9997	ACTIVITY BASED COSTING	
9998	DEPT CHARGES AND RECOVERIES	
	<b>Main Ledger</b>	<b>10</b>
9995	MAIN LEDGER	

Annexure O  
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**OVERSTRAND MUNICIPALITY**



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**BORROWING POLICY**

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**OVERSTRAND MUNICIPALITY – BORROWING POLICY**

**OVERSTRAND MUNICIPALITY – BORROWING POLICY**

**1 PURPOSE**

To establish a borrowing framework policy for the Municipality and set out the objectives, policies, statutory requirements and guidelines for the borrowing of funds.

**2 OBJECTIVES OF POLICY**

The objectives of this Policy are to:

- a manage interest rate and credit risk exposure;
- b maintain debt within specified limits and ensure adequate provision for the repayment of debt;
- c to ensure compliance with all Legislation and Council policy governing borrowing of funds.

**3 SCOPE OF THE POLICY**

The primary goal in the borrowing of funds is to ensure that the funds are obtained at the lowest possible interest rates at minimum risk, within the parameters of authorized borrowings.

**3.1 Risk Management**

The need to manage interest rate risk, credit risk exposure and to maintain debt within specified limits is the foremost objective of the borrowing policy. To attain this objective, diversification is required to ensure that the Chief Financial Officer prudently manages interest rate and credit risk exposure.

**3.2 Cost of Borrowings**

The borrowings should be structured to obtain the lowest possible interest rate, on the most advantageous terms and conditions, taking cognisance of borrowing risk constraints, infrastructure needs and the borrowing limits determined by Legislation.

**3.3 Prudence**

Borrowings shall be made with care, skill, prudence and diligence.

**4 LEGISLATIVE FRAMEWORK AND DELEGATION OF AUTHORITY**

The relevant Legislation in terms of which borrowing decisions are governed is the Local Government Municipal Finance Management Act, No 56 of 2003.

The Municipal Regulations on Debt Disclosure has been promulgated (Government Gazette no. 29866, 15 June 2007) and has been effective from 01 July 2007 for a municipality or municipal entity.

**5 TYPES OF LOANS AND FINANCING**

**5.1 Annuity loans**

Annuity loans are straight forward and uncomplicated. The loan amount, interest rate and repayment period offered by the Financial Institution are fixed. Normally with an annuity loan, the instalment of the loan will be repaid in equal six monthly instalments over the term of the loan. The capital portion of the instalment will increase over the duration of the loan, and conversely, the interest amount charged will decrease over the loan period. Where the interest rate offered by the Financial Institution is on a variable basis, an interest rate swap (IRS) option should be included in the agreement. An IRS agreement will need to be signed with the party agreeing to accept the variable rate and in turn, offer the fixed rate to the Municipality. An Interest Rate Swap Agreement must comply with the terms set out by the International Swap Dealers Association (ISDA). The fixing of debt repayments is an important consideration in meeting the financial requirements of the Municipality, that of annually producing a balanced budget. There are from time to time various options offered by Financial Institutions which need to be treated on their merits and which could invariably result in slightly lower interest rates being offered.

**5.2 Bullet payment redemption**

In this instance, the total capital is usually repaid at the end of the term and interest on the total amount borrowed is paid annually or semi-annually. The interest rate can be fixed and the interest payable is known for the duration of the loan. Cash has to be set aside to repay the capital at the end of the term.

The lender could require security in the form of an investment (sinking fund).

**5.3 Bonds**

A Bond is an instrument used by Government and Parastatals such as Telkom, Eskom, Transnet, Corporates and Municipalities to raise loan capital on the open market. Bond holders have the right to interest, usually paid on a semi-annual basis, and the repayment of the capital amount reflected on the stock certificate held on maturity date. The coupon, maturity, principal value and market value are intrinsic features of a Bond. The most critical variable factor in determining Bond rates is the expected long term trend in inflation, in order to provide a return that equate inflation plus a risk premium. The higher the risk attached to a borrower, the higher will be the risk premium investors will demand. During its tenure the Bond will trade on the Bond market at prevailing interest levels. The price of a Bond trading at any given time on the market is a function of prevailing interest rates. Bond prices move inversely to movements in interest rates.

**5.4 Use of Internal Funds**

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## OVERSTRAND MUNICIPALITY – BORROWING POLICY

The Municipality from time to time, will use certain of its surplus funds to fund its Capital programme. The utilisation of surplus funds enables the Municipality to reduce its reliance on external debt financing, thereby allowing it to borrow only funds from external sources when favourable market conditions prevail. The use of internal funds impacts negatively on surplus cash for return of interest and should be within limits to reduce the impact on the Current Ratio, ideally to be at a minimum ratio of 1.5:1, and the Cost Coverage ideally not be less than 2 months.

### 6 OTHER CONSIDERATIONS

The Municipality has by the judicious use of surplus funds and external long term debt implemented its Integrated Development Plan, which has facilitated the much needed service delivery program.

#### Factors to be considered when borrowing:

- the type and extent of benefits to be obtained from the borrowing;
- the length of time the benefits will be received;
- the beneficiaries of the acquisition or development;
- the impact of interest and redemption payments on both current and forecasted property tax and services revenue;
- the current and future capacity of the property tax base and rendering of services to pay for borrowings and the rate of growth of the property tax base and services;
- likely movements in interest rates for variable rate borrowings;
- other current and projected sources of funds;
- competing demands for funds;
- timing of money market interest rate movements and the long term rates on the interest rate curve.

The Municipality will, in general, seek to limit its dependence on borrowings in order to minimise future revenue committed to debt servicing and redemption charges. The Municipality may only borrow funds, in terms of the Municipal Finance Management Act, for the purpose of acquiring assets, improving facilities or infrastructure to provide service delivery.

Overstrand Municipality may incur long term debt only for the purpose of Capital expenditure on infrastructure, property, plant or equipment to be used for the purpose of achieving the objects of Local Government as set out in section 152 of the Constitution.

The use of external loans should be limited to financing infrastructure where a return can be realised from tariffs to service the debt, or major infrastructure exceeding R10 million for a single project, with long term benefits to the community as a whole, where indirect revenue streams are evident.

The gearing for external loans (total outstanding debt to operating revenue, including recurrent operational grants) was fixed at a ceiling of 60% as at 30 June 2012. To reduce the reliance on external long term borrowing this percentage must reduce till a

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## OVERSTRAND MUNICIPALITY – BORROWING POLICY

level of 45% or less is attained by 30 June 2022.

### 7 REFINANCING DEBT

Section 46 of the Municipal Finance Management Act provides that the Overstrand Municipality may refinance existing long term debt, if such refinancing is in accordance with the framework as prescribed by the Municipal Finance Management Act, as follows:

- The Municipality may borrow money for the purpose of refinancing existing long term debt, provided the existing long term debt was lawfully incurred and the refinancing will not extend the term of the debt beyond the useful life of the infrastructure, property, plant or equipment for which the money was originally borrowed.

Cognisance must be taken of any early repayment penalty clauses in the initial loan agreement, as part of the financial feasibility assessment. No loans will be prematurely redeemed unless there is a financial benefit to the Municipality.

### 8 DEBT REPAYMENT PERIOD

Whilst the period for which loan debt may be received will vary from time to time according to the needs of the various Lenders, presently the typical debt repayment period for loans is fifteen years, though not closely matching the underlying asset lives serviced by the loans.

Cognisance is taken of the useful lives of the underlying assets to be financed by the debt, and, moreover, careful consideration is taken of the interest rates on the interest yield curve. Should it be established that it is cost effective to borrow the funds on a shorter duration (as opposed to the life of the asset) as indicated by the interest yield curve, the loan will be negotiated to optimise the most favourable and cost effective benefit to the Municipality.

### 9 SECURITY

In terms of the Municipal Finance Management Act the Municipality may provide security for any of its debt obligations, including the giving of a lien, pledging, mortgaging or ceding an asset, or giving any other form of collateral. It may cede as security any category of revenue or rights of future revenue. Some Lenders may require the Municipality to agree to restrictions on debt that the Municipality may incur in future until the secured debt is settled.

### 10 SHORT TERM DEBT

The Municipal Finance Management Act provides that the Municipality may incur short term debt only when necessary to bridge shortfalls within a financial year during which

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**OVERSTRAND MUNICIPALITY – BORROWING POLICY**

the debt is incurred, in expectation of specific and realistic anticipated income to be received within that financial year; or capital needs within a financial year, to be repaid from specific funds to be received from enforceable allocations or long term debt commitments.

The municipal council may approve an individual transaction or a credit facility for a line of credit or overdraft facility.

The Municipality must pay off short term debt within the same financial year and may not renew or refinance its short term debt if it will have the effect of extending the short term debt into a new financial year.

**11 DISCLOSURE**

The Municipality must, when interacting with a prospective Lender or when preparing documentation for consideration by a prospective Investor, disclose all relevant information that may be requested or that may be material to the decision of the prospective Lender or Investor. Reasonable care must be taken to ensure the accuracy of any information disclosed. Whilst this is a standard and acceptable business practice, it is also in compliance with section 49 of the Municipal Finance Management Act.

**12 GUARANTEES**

The Municipal Finance Management Act provides that the Municipality may not guarantee any debt of any entity unless the entity is a Municipal entity under its sole ownership control. The debt must be reflected in the approved business plan of the entity. The guarantee must be authorised by the Municipality. This must be done in the same manner and subject to the same conditions applicable to any other borrowings. Neither the National nor Provincial Government may guarantee the debt of any Municipality.

**13 APPROVAL OF LOANS BY THE MUNICIPALITY**

Section 46 of the Municipal Finance Management Act stipulates that the Municipality may incur long-term debt only if a resolution of the Council, signed by the mayor, has approved the debt agreement and the Accounting Officer has signed the agreement or other document which acknowledges the debt. At least 21 days prior to the meeting of the Council at which approval for the debt is to be considered, the Municipality must make public an information statement setting out particulars of the proposed debt, including the amount of the proposed debt, the purposes for which the debt is to be incurred and particulars of any security to be provided. The Public, the National Treasury and Provincial Treasury must be invited to submit written comments or representations to the council in respect of the proposed debt.

A copy of the information statement submitted to Council at least 21 days prior to the

**OVERSTRAND MUNICIPALITY – BORROWING POLICY**

meeting to approve the loan agreement must contain particulars of -  
 (a) the essential repayment terms, including the anticipated debt repayment schedule; and  
 (b) the anticipated total cost in connection with such debt over the repayment period.

**14 PROVISION FOR REDEMPTION OF LOANS**

Overstrand Municipality may borrow from Institutions and set up sinking funds to facilitate loan repayments, when the repayment is to be met by a bullet payment on the maturity date of the loan. These sinking funds may also be invested directly with the Lender's Bank. The maturity date and accumulated value of such investment must coincide with the maturity date and amount of the intended loan that is to be repaid.

**15 NON-REPAYMENT OR NON-SERVICING OF LOAN**

Overstrand Municipality must honour all its loan obligations timeously. Failure to effect prompt payment will adversely affect the raising of future loans at favourable costs of borrowing.

Failure to pay any loan instalment, even by one day, and even if only through administrative oversight, will have severe repercussions, and may jeopardise the Municipality's credit rating.

In addition to the timeous payment of the loans, the Municipality must adhere to the covenants stipulated in the loan agreements.

**16 PROHIBITED BORROWING PRACTICES**

Overstrand Municipality shall not borrow for investment purposes, with the sole purpose of investing to earn a return. The cost of debt is almost always more expensive than the return that the Municipality can derive by investing in permitted investments.

**17 FOREIGN BORROWINGS**

Foreign Borrowing is permitted in terms of section 47 of the Municipal Finance Management Act, whereby the debt must be denominated in Rand and is not indexed to, or affected by, fluctuations in the value of the Rand against any foreign currency.

**18 NATIONAL TREASURY AND OTHER REPORTING AND MONITORING REQUIREMENTS**

The Municipality submits returns to National Treasury quarterly and annually, as well as submissions to Council. It is mainly coordinated by the Financial Services Department.

**19 IMPLEMENTATION AND REVIEW PROCESS**

This policy shall be implemented on 1 July 2023 and shall be reviewed on an annual basis to ensure that it is in line with the municipality's strategic objectives and with

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OVERSTRAND MUNICIPALITY – BORROWING POLICY

legislation.

POLICY SECTION:	SENIOR MANAGER: FINANCIAL SERVICES
CURRENT UPDATE	31 May 2023
PREVIOUS REVIEW:	31 May 2022
PREVIOUS REVIEW:	26 May 2021
PREVIOUS REVIEW:	27 May 2020
PREVIOUS REVIEW:	29 May 2019
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PREVIOUS REVIEW:	25 May 2016
PREVIOUS REVIEW:	28 May 2015
PREVIOUS REVIEW:	28 May 2014
PREVIOUS REVIEW:	29 May 2013
APPROVAL BY COUNCIL:	27 June 2012

# OVERSTRAND MUNICIPALITY



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# FUNDING, RESERVES AND PROVISIONS POLICY

Annexure P  
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## OVERSTRAND MUNICIPALITY – FUNDING, RESERVES AND PROVISIONS POLICY

### 1. INTRODUCTION AND OBJECTIVE

The Council sets as objective a long term financially sustainable municipality with acceptable levels of service delivery to the community.

This policy aims to set standards and guidelines towards ensuring financial viability over both the short- and long term and includes funding as well as reserves requirements.

### 2. SECTION A: FUNDING POLICY

#### 2.1 LEGISLATIVE REQUIREMENTS

In terms of Sections 18 and 19 of the Municipal Finance Management Act (Act No 56 of 2003) (MFMA), an annual budget may only be funded from:

- 2.1.1 Realistically anticipated revenues to be collected, including grants;
- 2.1.2 Cash backed accumulated funds from previous years' surpluses not committed for other purposes, and
- 2.1.3 Borrowed funds, but only for capital projects.

Furthermore, spending on a capital project may only be commenced once the funding sources have been considered, are available and have not been committed for other purposes.

The requirements of the MFMA are clear in that the budget must be cash – funded, i.e. cash receipts inclusive of prior period cash surpluses committed to this specific budget, must equal or be more than cash paid.

In determining whether the budget is actually cash funded and in addition ensuring long term financial sustainability, the municipality will use analytical processes, including those specified by National Treasury from time to time.

#### 2.2 STANDARD OF CARE

Each functionary in the budgeting and accounting process must do so with judgment and care with the primary objective of ensuring that the objectives of this policy are achieved.

#### 2.3 STATEMENT OF INTENT

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

## OVERSTRAND MUNICIPALITY – FUNDING, RESERVES AND PROVISIONS POLICY

### 2.4 CASH MANAGEMENT

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

### 2.5 LIABILITY MANAGEMENT

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

### 2.6 FUNDING THE OPERATING BUDGET

#### 2.6.1 INTRODUCTION

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

The municipality recognises the plight of the poor, and in line with national and provincial objectives, commits itself to subsidising services to the poor. This may necessitate cross- subsidisation in some tariffs to be calculated in the budget process.

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

The following specific principles apply when compiling the budget:

- a) The budget must be cash – funded, i.e. revenue and expenditure projections must be realistic and the provision for impairment of receivables must be calculated on proven recovery rates;
- b) Growth parameters must be realistic and be based on historic patterns adjusted for current reliable information;
- c) Tariff adjustments must be fair, taking into consideration general inflation indicators as well as the geographic region's ability to pay;
- d) Revenue from Government Grants and Subsidies must be in accordance with the amounts promulgated in the Division of Revenue Act, proven provincial transfers and any transfers from other municipalities.
- e) Projected revenue from services charges must be reflected as net (i.e. all billing less revenue foregone, including free basic services).
- f) Projected revenue from property rates must include all rates to be levied.
- g) For the purpose of the Cash flow Budget all rebates and discounts must be deducted from the projected revenue.
- h) Only changes in fair values related to cash may be included in the cash flow budget. Changes to unamortized discount must be included in the Operating Budget. Employee related costs include contributions to non-current and current employee benefits. It is acknowledged that the non-current benefits requirements are well above the initial cash capabilities of the municipality. It is therefore determined that the short term expenditure portion of employee benefits be funded from the current year operating cash surplus.
- i) Depreciation must be fully budgeted for in the operating budget.

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**OVERSTRAND MUNICIPALITY – FUNDING, RESERVES AND PROVISIONS POLICY**

j) Contributions to provisions (non-current and current) do not form part of the cash flow for provisions with a non-current portion, except for the current portion of post retirement benefits relating to continued members for medical aid and long service awards. It is necessary to provide for an increase in cash resources in order to comply with the conditions of the provision at the time when it is needed.

**2.7 FUNDING THE CAPITAL BUDGET**

**2.7.1 INTRODUCTION**

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

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

**2.7.2 FUNDING SOURCES FOR CAPITAL EXPENDITURE**

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

**Cash**

The capital budget or portions thereof may also be funded from surplus cash generated in previous financial years. The cash must already be available and not be committed for other purposes or expected to be generated in the current or future years. The allocations of the funding sources from own contributions will be determined during the budget process.

**Grants (including Public Contributions and Bulk Infrastructure Contributions)**

Only cash portions of these grants will be made available for funding of capital projects as might be applicable. Grants for capital expenditure have become a common practice, especially in order to extend service delivery to previously disadvantaged areas. While such grants are welcomed, care should also be taken that grant funding does not place an unreasonable burden on the residents for future maintenance costs which may be higher than their ability to pay.

The accounting officer will annually evaluate the long term effect of unusual capital grants on future tariffs, and if deemed necessary, report on such to Council.

Depreciation charges on assets financed from grants and donations must not have a negative effect on tariffs charged to the users of such assets. The Accounting Officer will put such accounting measures in place as to comply with this requirement as far as possible.

MFMA Circular 48, read with MFMA Circular 56 and 75, states that municipalities may treat the 'reclaimed VAT' in terms of the expenditure from conditional grant funds as 'own revenue'. The municipality opts to utilise the full grant funding for

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the grant related projects.

**External Loans**

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

The Accounting Officer must also put such accounting measures in place to ensure that no unspent portions of loans raised, be included in the cash surplus for the year.

**2.8 FUNDING COMPLIANCE MEASUREMENT**

**2.8.1 INTRODUCTION**

The municipality must ensure that the annual budget or any subsequent adjustments budget complies with the requirements of the MFMA and this policy. For this purpose, a set of indicators must be used as part of the budget process and be submitted with the budget. These indicators include all the indicators as recommended by National Treasury as well as any additional indicators detailed in this policy.

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

**2.8.2 CASH AND CASH EQUIVALENTS AND INVESTMENTS**

A positive Cash and Cash Equivalents position should be maintained throughout the year.

**2.8.3 CASH PLUS INVESTMENTS LESS APPLICATION OF FUNDS**

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

- a) unspent conditional grants;
- b) unspent conditional public contributions;
- c) unspent borrowings;
- d) VAT due to SARS;
- e) ceded investments;
- f) the cash portion of statutory funds such as the Housing Development Fund;
- g) other working capital requirements; and
- h) the cash position must be sufficient to back reserves as approved by the municipality and those portions of provisions as indicated elsewhere in this policy.

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**INDICATORS**

**2.8.4 MONTHLY AVERAGE PAYMENT COVERED BY CASH AND CASH EQUIVALENTS ("CASH/COST COVERAGE")**

This indicator shows the level of risk should the municipality experience financial stress.

The norm indicated by National Treasury indicates 1 – 3 months Working Capital, but should ideally not be less than 2 months.

**2.8.5 SURPLUS/DEFICIT EXCLUDING DEPRECIATION AND OTHER NON CASH ITEMS**

It is probable that the operating budget including depreciation charges on assets funded by grants and public contributions, as well as on revalued assets, will result in a deficit.

As determined elsewhere in this policy it is not the intention that residents be burdened with tariff increases to provide for such depreciation charges. In order to ensure a "balanced" budget, the cash position must be determined.

Should a budget result in a deficit cash position, the budget will be deemed unfunded and must be revised.

**2.8.6 PROPERTY RATES/SERVICE CHARGE REVENUE PERCENTAGE INCREASE LESS MACRO INFLATION TARGET**

The intention of this indicator is to ensure that tariff increases are in line with macro economic targets, but also to ensure that revenue increases for the expected growth in the geographic area are realistically calculated.

**2.8.7 CASH COLLECTION RATE AS A PERCENTAGE**

The object of the indicator is to establish whether the projected cash to be collected is realistic and complies with section 18 of the MFMA.

The collection rate for calculating the provision for impairment of receivables must be based on past and present experience. Past experience refers to the collection rates of the prior years and present experience refers to the collection rate of the current financial year as from 1 July.

It is not permissible to project a collection rate higher than the current rate. Any improvement in collection rates during the budget year may be appropriated in an Adjustments Budget.

**2.8.8 DEBT IMPAIRMENT EXPENSE AS A PERCENTAGE OF BILLABLE REVENUE**

This indicator provides information as to whether the contribution to the provision for impairment of receivables is adequate. In theory it should be equal to the difference between 100% and the cash collection rate, but other factors such as past performance can have an influence on it. Any aberration must be

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motivated in the budget report.

**2.8.9 BORROWING AS A PERCENTAGE OF CAPITAL EXPENDITURE (EXCLUDING GRANTS AND CONTRIBUTIONS)**

This indicator provides information as to compliance with the MFMA in determining borrowing needs. The Accounting Officer must ensure compliance with the Municipality's Borrowing Policy.

**2.8.10 GRANT REVENUE AS A PERCENTAGE OF GRANTS AVAILABLE**

The percentage attained should never be less than 100% and the recognition of expected unspent grants at the current year-end as revenue in the next financial year must be substantiated in a report.

**2.8.11 CONSUMER DEBTORS CHANGE (CURRENT AND NON-CURRENT)**

The object of the indicator is to determine whether budgeted reductions in outstanding debtors are realistic.

Any unacceptably high increase in either current or non-current debtors' balances should be investigated and reported.

**2.8.12 REPAIRS AND MAINTENANCE EXPENDITURE LEVEL**

Property Plant and Equipment should be maintained properly at all times in order to ensure sustainable service delivery. The budget should allocate sufficient resources to maintain assets and care should be exercised not to allow a declining maintenance program in order to fund other less important expenditure requirements.

Similarly, if the maintenance requirements become excessive, it could indicate that a capital renewal strategy should be implemented or reviewed.

**2.8.13 ASSET RENEWAL/REHABILITATION EXPENDITURE LEVEL**

This indicator supports further the indicator for repairs and maintenance.

The Accounting Officer must, as part of the capital budget, indicate whether each project is a new asset or a replacement/renewal asset in order to determine whether the renewal program is sufficient or needs revision.

**3 SECTION B: RESERVES AND PROVISIONS POLICY**

**3.1 INTRODUCTION**

Fund accounting historically formed the major component of municipal finance in the IMFO standards.

After the change to General Recognised Accounting Practices (GRAP), fund accounting is no longer allowed.

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The municipality, however, recognizes the importance of providing to the municipality itself, as well as its creditors, financiers, staff, and general public a measure of protection for future losses, as well as providing the necessary cash resources for future capital replacements and other current and non-current liabilities.

This policy therefore aims to provide for a measure of protection by creating certain reserves and provisions.

**3.2 LEGAL REQUIREMENTS**

There are specific legal requirements for the creation of reserves, such as the Housing Development Fund. The GRAP Standards themselves do not provide for reserves, although certain provisions are required in terms of GRAP.

**3.3 TYPES OF RESERVES / PROVISIONS**

Reserves/Provisions can be classified into two main categories being "cash funded" and "non-cash funded".

**3.3.1 CASH FUNDED RESERVES**

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

- a) **Statutory reserves**  
It may be necessary to create reserves prescribed by law, such as the Housing Development Fund. The Accounting Officer must create such reserves according to the directives in the relevant laws.
- b) **Self-insurance reserves**  
The Municipality has a Self-Insurance Reserve to set aside amounts to offset potential losses or claims that cannot be insured externally. This Reserve is ring-fenced within the accumulated surplus. Contributions to the Fund are considered annually during the Budget process.

**3.3.2 NON – CASH FUNDED RESERVES / PROVISIONS**

On occasion it is necessary to create non – cash funded reserves. The Accounting Officer must create any reserves prescribed by the accounting standards, such as the Revaluation Reserve, if required and provisions such as post-retirement benefits and rehabilitation of land fill sites.

**3.4 ACCOUNTING FOR RESERVES / PROVISIONS**

**3.4.1 REVALUATION RESERVE**

The accounting for the Revaluation Reserve must be done in accordance with the requirements of GRAP 17.

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**3.4.2 OTHER RESERVES**

The accounting for all other reserves must be processed through the Statement of Financial Performance. The required transfer to or from the reserves must be processed in the Statement of Net Assets to or from the accumulated surplus.

In terms of GRAP1 transactions may be directly appropriated against these reserves.

**3.4.3 PROVISIONS**

Provisions are established from contributions appropriated in the annual budget. Currently, the long term portions of provisions are non-cash funded and are covered by non-current assets.

**4. SECTION C: REVIEW OF THE POLICY**

This policy shall be implemented on 1 July 2023 and shall be reviewed on an annual basis to ensure that it is in line with the municipality's strategic objectives and with legislation.

POLICY SECTION: SENIOR MANAGER: FINANCIAL	
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# OVERSTRAND MUNICIPALITY



# LONG TERM FINANCIAL PLANNING AND IMPLEMENTATION POLICY

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LONG TERM FINANCIAL PLANNING AND IMPLEMENTATION POLICY

1. INTRODUCTION

- 1.1 In essence a financial plan encompasses the development, implementation and evaluation of a plan for the provision of basic municipal services and capital assets. Such a plan aims to help Municipal Councillors and other decision makers make informed choices about the provision of basic services and capital assets and to promote stakeholder participation in the process.
- 1.2 The financial plan should set out the Municipality's estimated expenditure over the medium-term, based on its goals and objectives, as well as the resources necessary to achieve this. In addition, the financial plan must set out where funding for the planned expenditure will come from.
  - 1.3.1 Immediate (12 months).
  - 1.3.2 Medium term (3 years).
  - 1.3.3 Long term (4 years onwards).
- 1.3 The compilation of a financial plan is a core component of an Integrated Development Plan (IDP). The envisaged timeframe allocations for a long term financial plan are:-

2. PURPOSE

- 2.1 The Policy on Long Term Financial Planning is aimed at ensuring that the Municipality has sufficient and cost-effective funding in order to achieve its long term objectives through the implementation of the medium term operating and capital budgets. The purpose of the Policy on Long Term Financial Planning is therefore to:
  - 2.1.1 Ensure that all long term financial planning is based on a structured and consistent methodology in order to ensure the long term financial sustainability of Overstrand Municipality.
  - 2.1.2 Identify capital investment requirements and associated funding sources to ensure the future sustainability of the Municipality.
  - 2.1.3 Identify revenue enhancement and cost saving strategies in order to improve service delivery at affordable rates; and
  - 2.1.4 Identify new revenue sources as funding for future years.

3. GUIDING PRINCIPLES

- 3.1 The policy on Long Term Financial Planning is based on the following principles:
  - 3.1.1 Future financial sustainability;
  - 3.1.2 Annual growth in population and consumer base;

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- 3.1.3 Optimal collection of revenue, taking into consideration the socio economic environment;
- 3.1.4 Optimal utilisation of grant funding and public donations; and
- 3.1.5 Continuous improvement and expansion in service delivery framework.

4. DEVELOPMENT OF A FINANCIAL PLAN

4.1 The phases for development of the Financial Plan are set out below.

Phase One	→	Compile a Status Quo assessment of the municipality's current financial status and key challenges
Phase Two	→	Conduct financial modelling to determine financial viability
Phase Three	→	Analyse outcomes and ratios
Phase Four	→	Prepare a long term financial plan

4.2 Phase One: Status Quo Assessment

4.2.1 Perform a Status Quo assessment under the following criteria:-

- (a) The Municipality's current financial status;
- (b) Current revenue sources, internal and external;
- (c) Main cost drivers impacting on the sustainability of the municipality
- (d) Status of municipal infrastructure;
- (e) Ability to finance capital expenditures; and
- (f) Municipal service delivery backlogs.

4.2.2 The financial viability and creditworthiness of the Municipality is measured against a number of nationally recognised key ratios. These key ratios should include for example the following:

- a) Gross debtors to annual revenue;
- b) Gross Debtors Collection Period (Days);

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- c) Net debtors to annual revenue;
- d) Net Debtors Collection Period (Days);
- e) Annual Collection Rate;
- f) Service Charges and Property Rates Revenue Budget Implementation Indicator;
- g) Cash Coverage Ratio;
- h) Personnel Costs to Total Operating Expenditure;
- i) Repairs and Maintenance to PPE;
- j) Liquidity Ratio (Current Ratio); and
- k) Net Asset Position.

4.2.3 The objective of the status quo report is to assess the current financial position and to identify the key challenges faced by the Municipality. The status quo report will aim to identify issues which impact on the overall financial stability of the Municipality and will include a historical analysis and assessment of financial results (based on financial statements).

4.3 Phase Two: Planned Finance and Financial Modelling

4.3.1 Upon completion of the status quo assessment, resulting in an understanding of the Municipality's financial position, the next phase is to determine the Municipality's financing need over the medium-term.

4.3.2 This entails determining what expenditure the Municipality plans to undertake over the medium-term and what its financing requirements are likely to be and how these can be funded either internally or externally.

4.3.3 As the Municipality evolves and expands its service delivery framework, so do those of the National Government. Long term community development and economic development projects will therefore also be included under this phase.

4.4 Phase Three: Analyse Outcomes and Ratios

4.4.1 Evaluate the short-term financial viability (6 months to 12 months):

- (a) Develop a financial forecast model to identify immediate opportunities and risks;
- (b) Perform scenario planning to identify the optimum balance between revenue

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collection and municipal spending; taking into account the following:

- (c) Potential revenue enhancement strategies which may have an immediate impact on the revenue base of the Municipality;
- (d) Evaluate cost saving mechanisms to minimise the cost of effective service delivery;
- (e) Current infrastructure investments and maintenance programs which may influence revenue streams or the cost of service delivery;

4.4.2 Evaluate the medium and long term financial viability (1 year to 10 years):-

- (a) Develop a financial forecast model to identify future opportunities and risks;
- (b) Perform scenario planning to identify the optimum balance between revenue collection and municipal spending, taking into account the following:
  - i. The impact each scenario has on the financial viability ratios of the Municipality;
  - ii. Potential revenue enhancement strategies which may have a long term impact on the revenue base of the Municipality;
  - iii. Cost saving mechanisms to minimise the cost of effective service delivery; taking into account potential infrastructure developments and renewals;
  - iv. The impact of current infrastructure investments and maintenance programs on future revenue streams or cost of service delivery;
  - v. The impact of envisaged future infrastructure investments on the revenue stream and cost of service delivery; and
  - vi. The impact of national and municipal priorities over the medium and long term.

4.5 Phase Four: Develop a Long Term Financial Plan

4.5.1 Once the Municipality has finalised the prioritisation of initiatives and projects; a comprehensive long term financial plan is developed to indicate the envisaged impact it will have on the financial status of the Municipality. An overall financial forecast will have to be done in order to illustrate the projected result of the implementations throughout the five-year period.

4.5.2 Although a long term financial plan provides a forecast of potential outcomes, it has to be emphasised that the success of the financial plan remains in continuous revision. As is the case with any forecast model, the financial plan should be seen as a moving target and should be subject to honest and realistic assessments of

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successes and failures on a regular basis.

- 4.5.3 The fourth phase involves finalising a medium-term income and expenditure plan based on the various alternative service delivery options.
- 4.5.4 A key component in determining future options, potential problems and opportunities is the forecast of revenues and expenditures. The revenue and expenditure plan essentially involves combining the forecasting of revenues and the forecasting of expenditures into a single financial forecast.
- 4.5.5 Finalisation of the Financial Plan includes collating all short, medium and long term financial data and develop a long term financial plan that:
  - (a) Identifies future revenue projections based on current and projected revenue streams, as well as those projects required to achieve these projections;
  - (b) Identifies future expenditure frameworks and cost of service delivery based on current and projected expenditure patterns;
  - (c) Identifies the level of infrastructure development required to achieve the municipal priorities, within the funding restrictions; and
  - (d) Identifies external funding requirements required for capital investment.

5. ANNUAL REVIEW

- 5.1 The financial plan must be reviewed on an annual basis as part of the annual review of the IDP and updated with at least the following information:
  - 5.1.1 any direct change in financial status or internal factors, other than previously predicted, which may influence the financial status and viability of the Municipality;
  - 5.1.2 any changes in the economic and socio economic environment, other than previously predicted, which may influence the financial status of the Municipality;
  - 5.1.3 any changes in the revenue base or composition which may have an impact on the financial viability of the Municipality;
  - 5.1.4 any changes in the national or municipal priorities as previously identified; and
  - 5.1.5 any factors which may have an impact on the ability to implement previously identified projects.

6. IMPLEMENTATION AND REVIEW OF THIS POLICY

This policy shall be implemented on 1 July 2023 and shall be reviewed on an annual basis to ensure that it is in line with the municipality's strategic objectives and with legislation.

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UNAUTHORISED, IRREGULAR OR FRUITLESS AND WASTEFUL EXPENDITURE POLICY



**UNAUTHORISED, IRREGULAR OR FRUITLESS AND WASTEFUL EXPENDITURE POLICY**

**1 ABBREVIATIONS/ACRONYMS**

- 1.1 Except if otherwise stated in this policy, the following abbreviations or acronyms will represent the following words:
- 1.1.1 CFO - Chief Financial Officer
  - 1.1.2 MBRR - Municipality Budget and Reporting Regulations
  - 1.1.3 MFMA - Local Government: Municipal Finance Management Act, No. 56 of 2003
  - 1.1.4 MIG - Municipal Infrastructure Grant
  - 1.1.5 MIM or AO - Municipal Manager or Accounting Officer appointed in terms of section 54A of the MSA
  - 1.1.6 MSA - Local Government: Municipal Systems Act, No. [Act] 32 of 2000
  - 1.1.7 MSCMR - Municipal Supply Chain Management Regulations
  - 1.1.8 OM - Overstrand Local Municipality
  - 1.1.9 POLICY - Policy on unauthorised, irregular or fruitless and wasteful expenditure
  - 1.1.10 RPOBA - Remuneration of Public Office Bearers Act, No. [Act] 20 of 1998
  - 1.1.11 SAPS - South African Police Services
  - 1.1.12 SCM - Supply Chain Management
  - 1.1.13 SM - Directors appointed in terms of section 56 of the MSA
  - 1.1.14 Structures Act - Local Government: Municipal Structures Act, No. 117 of 1998 [Annually Gazetted]

**2 DEFINITIONS**

Except if otherwise indicated:

"Councillor" means	member of the municipal council of OM.
"Financial Misconduct" means	any misappropriation, mismanagement, waste or theft of the finances of the OM, and also includes any form of financial misconduct specifically set out in sections 171 and 172 of the MFMA.
"Fruitless and wasteful expenditure" means	expenditure that was made in vain and would have been avoided had reasonable care been exercised.
"Irregular expenditure", in relation to a municipality or municipal entity, means:	<ul style="list-style-type: none"> <li>a) expenditure incurred by the OM in contravention of, or that is not in accordance with, a requirement of the MFMA, and which has not been condoned in terms of section 170;</li> <li>b) expenditure incurred by the OM in contravention of, or that is not in accordance with, a requirement of the MSA, and which has not been condoned in terms of this Act;</li> <li>c) expenditure incurred by the OM in contravention of, or that is not in accordance with, a requirement of the Public Office-Bearers Act;</li> <li>d) expenditure incurred by the OM in contravention of, or that is not in accordance with, a requirement of the SCM policy of OM or any of the municipality's by-laws giving effect to such policy, and which has not been condoned in terms of such policy or by-law; or</li> <li>e) excludes expenditure by the OM which falls within the definition of "unauthorised expenditure".</li> </ul>
"Official", in relation to OM, means:	<ul style="list-style-type: none"> <li>a) an employee of OM;</li> <li>b) a person seconded to OM to work as a member of the staff of the OM; or</li> <li>c) a person contracted by OM to work as a member of the staff of the OM.</li> </ul>
"Overspending" means:	a) in relation to the budget of the OM, means causing the operational or capital expenditure incurred by the municipality during a financial year

**UNAUTHORISED, IRREGULAR OR FRUITLESS AND WASTEFUL EXPENDITURE POLICY**

	to exceed the total amount appropriated in that year's budget for its operational or capital expenditure, as the case may be;
	<ul style="list-style-type: none"> <li>b) in relation to a vote, means causing expenditure under the vote to exceed the amount appropriated for that vote; or</li> <li>c) in relation to expenditure under section 26 of the MFMA, means causing expenditure under that section to exceed the limits allowed in subsection (5) of that section.</li> </ul>
"Political Office Bearer" in relation to a municipality, means-	<ul style="list-style-type: none"> <li>a) the Speaker, Executive Mayor, Deputy Executive Mayor, a member of the mayoral committee of the OM elected, designated or appointed in terms of a specific provision of the Structures Act, or</li> <li>b) a councillor referred to in section 57(1) of the MFMA;</li> </ul>
"Prohibited expenditure" in relation to this policy means	unauthorised, irregular, or fruitless and wasteful expenditure;
"Senior Manager"	has the meaning assigned to it in section 1 of the MFMA and in relation to SM.
"Unauthorised expenditure", means:	<ul style="list-style-type: none"> <li>a) any expenditure incurred by the OM otherwise than in accordance with section 15 or 11(3) of the MFMA, and includes-</li> <li> <ul style="list-style-type: none"> <li>a) overspending of the total amount appropriated in the municipality's approved budget;</li> <li>b) overspending of the total amount appropriated for a vote in the approved budget;</li> <li>c) expenditure from a vote unrelated to the department or functional area covered by the vote;</li> <li>d) expenditure of money appropriated for a specific purpose, otherwise than for that specific purpose;</li> <li>e) spending of an allocation referred to in paragraph (b), (c) or (d) of the definition of allocation in section 1 of the MFMA otherwise than in accordance with any conditions of the allocation; or</li> <li>f) a grant by OM otherwise than in accordance with the MFMA.</li> </ul> </li> <li>a) One of the main segments into which a budget of a municipality is divided for the appropriation of money for the different directorates or functional areas of the municipality; and</li> <li>b) which specifies the total amount that is appropriated for the purposes of the directorate or functional area concerned.</li> </ul>
"Vote" means:	

**3 INTRODUCTION**

- 3.1 In terms of section 62 of the MFMA, the accounting officer is responsible for managing the financial affairs of the OM and he/she must, for this purpose, inter alia:
  - 3.1.1 Take all reasonable steps to ensure that unauthorised, irregular or fruitless and wasteful expenditure and other losses are prevented; and
  - 3.1.2 Ensure that disciplinary or, when appropriate, criminal proceedings are instituted against any official or councillor of OM who has allegedly committed an act of financial misconduct or an offence in terms of Chapter 15 of the MFMA.
- 3.2 This is to ensure the effective, efficient and transparent systems of financial, risk management and internal control.

**4 OBJECTIVE**

- 4.1 This document sets out OM's policy and procedures with regards to unauthorised, irregular or fruitless and wasteful expenditure.
- 4.2 This policy aims to ensure that, amongst other things:

**UNAUTHORISED, IRREGULAR OR FRUITLESS AND WASTEFUL EXPENDITURE POLICY**

- 4.2.1 Unauthorised, irregular or fruitless and wasteful expenditure is detected, processed, recorded, and reported in a timely manner.
- 4.2.2 Officials and councillors have a clear and comprehensive understanding of the procedures they must follow when addressing unauthorised, irregular or fruitless and wasteful expenditure;
- 4.2.3 OM's resources are managed in compliance with the MFMA, its regulations and other relevant legislation; and
- 4.2.4 All officials and councillors are aware of their responsibilities in respect of unauthorised, irregular or fruitless and wasteful expenditure.
- 5 ENABLING LEGISLATION**
- 5.1 The following enabling legislation sets the precedent for the development of OM's Unauthorised, Irregular or Fruitless and Wasteful Expenditure Policy:
- 5.1.1 The Constitution of the Republic of South Africa, 1996;
- 5.1.2 The Local Government: Municipal Finance Management Act, No. 56 of 2003;
- 5.1.3 The Remuneration of Public Office Bearers Act, No. 20 of 1998;
- 5.1.4 The Local Government: Municipal Systems Act, No. 32 of 2000;
- 5.1.5 Municipal Budget and Reporting Regulations;
- 5.1.6 Municipal Supply Chain Management Regulations;
- 5.1.7 Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings;
- 5.1.8 The Local Government: Municipal Structures Act No. 117 of 1998;
- 5.1.9 Any other legislation or regulation that may impact this policy.

**6 APPLICATION OF THIS POLICY**

- 6.1 This policy applies to all officials and councillors of OM.
- 6.2 This policy should be read in conjunction with the following:
- 6.2.1 Delegations of Authority of the OM;
- 6.2.2 Codes of Conduct for Municipal Staff Members and Councillors, as provided for in Schedules 1 and 2 of the MSA.
- 6.3 Officials and Councillors must ensure that all instances of unauthorised, irregular or fruitless and wasteful expenditure is prevented, detected and reported in a timely manner.

**7 UNAUTHORISED EXPENDITURE**

- 7.1 Overstrand Municipality may incur expenditure only in terms of an approved budget and within the limits of the amounts appropriated for the different votes in an approved budget.
- 7.2 Expenditure incurred within the ambit of OM's virement policy is not regarded as unauthorised expenditure.
- 7.3 Any expenditure that has not been budgeted for, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, economic entity or organ of state and expenditure in the form of a grant that is not permitted in terms of the MFMA is regarded as unauthorised expenditure and furthermore includes the following:
- 7.3.1 Overspending of the total amount appropriated in the municipality's approved budget;
- 7.3.2 Overspending of the total amount appropriated for a vote in the approved budget;

**UNAUTHORISED, IRREGULAR OR FRUITLESS AND WASTEFUL EXPENDITURE POLICY**

- 7.3.3 Expenditure from a vote unrelated to the department or functional area covered by the vote;
- 7.3.4 Expenditure of money that have been appropriated for a specific purpose, otherwise than for that specific purpose;
- 7.3.5 Spending of an allocation referred to in paragraph (b), (c) or (d) of the definition of "allocation", in the MFMA, otherwise than in accordance with the conditions of the allocation; or
- 7.3.6 A grant by the Municipality otherwise in accordance with the MFMA, the Indigent policy, bursary scheme, or the grants-in-aid policy;
- 7.3.7 Unforeseen and unavoidable expenditure not authorised within an adjustments budget within 60 days after the expenditure was incurred; and
- 7.3.8 Any overspending on non-cash items, for example depreciation, impairments, provisions.
- 7.4 Expenditure that is **NOT** classified as unauthorised expenditure
- 7.4.1 Given the definition of unauthorised expenditure, the following are examples of expenditure that are **NOT** unauthorised expenditure:
- 7.4.1.1 Any over-collection on the revenue side of the budget as this is not an expenditure; and
- 7.4.1.2 Any expenditure incurred in respect of:
- 7.4.1.2.1 re-allocation of funds and the use of such funds in accordance with a council approved virement policy;
- 7.4.1.2.2 overspending of an amount allocated by standard classification on the main budget Table A2 (Budgeted Financial Performance: revenue and expenditure by standard classification), as long as it does not result in overspending of a vote on the main budget Table A3 (Budgeted Financial Performance: revenue and expenditure by municipal vote) and Table A4 (Budgeted Financial Performance: revenue and expenditure, read in conjunction with supporting Table SA1) of the MBRR; and
- 7.4.1.2.3 overspending of a municipal vote on the main budget Table A5 (Budgeted Capital Expenditure by vote, standard classification and funding) so long as it does not result in overspending of an amount allocated by standard classification on the main budget Table A5.
- 7.4.2 Money withdrawn from a bank account under the following circumstances, without appropriation, in terms of an approved budget, is not regarded as unauthorised expenditure:
- 7.4.2.1 To defray expenditure authorised in terms of section 26 (4) of the MFMA, [Section 26: Consequences of failure to approve a budget before the start of the budget year];
- 7.4.2.2 To defray unforeseen / unavoidable expenditure circumstances strictly in accordance with Section 29 (1) of the MFMA [Section 29: Unforeseen and unavoidable expenditure] falling which the unforeseen / unavoidable expenditure is unauthorised;
- 7.4.2.3 Re-allocation of funds and the use of such funds in accordance with a council approved virement policy;
- 7.4.2.4 Expenditure incurred from a special fund for relief, charitable or trust purposes provided of course that it is done strictly in accordance with Section 12 of the MFMA [Section 12: Relief, charitable, trust or other funds];

**UNAUTHORISED, IRREGULAR OR FRUITLESS AND WASTEFUL EXPENDITURE POLICY**

- 7.4.2.5 To pay over to a person or organ of state money received by the OM on behalf of that person or organ of state, including—
- 7.4.2.6 money collected by the OM on behalf of that person or organ of state by agreement; or
- 7.4.2.7 any insurance or other payments received by the OM for that person or organ of state;
- 7.4.2.8 To refund money incorrectly paid into a bank account;
- 7.4.2.9 To refund guarantees, sureties and security deposits;
- 7.4.2.10 For cash management and investment purposes in accordance with section 13 [Section 13: Cash Management and Investments]; and
- 7.4.2.11 To defray increased expenditure in terms of section 31 [Section 31: Shifting of funds between multi-year appropriations].

**8 IRREGULAR EXPENDITURE**

- 8.1 Irregular expenditure, in relation to a municipality means -
  - 8.1.1 Expenditure incurred by a municipality in contravention of, or that is not in accordance with a requirement of the MFMA and that has not been condoned in terms of section 170;
  - 8.1.2 Expenditure incurred by a municipality in contravention of, or that is not in accordance with a requirement of the MSA and that has not been condoned in terms of that Act;
  - 8.1.3 Expenditure incurred by a municipality in contravention of, or that is not in accordance with a requirement of the RPOBA; or
  - 8.1.4 Expenditure incurred by a municipality in contravention of, or that is not in accordance with a requirement of the supply chain management policy of the municipality or any of the municipality's by-laws giving effect to such policy, and which has not been condoned in terms of such policy or by-law.but excludes expenditure by a municipality which falls within the definition of "unauthorised expenditure".
- 8.2 Examples of irregular expenditure include, but are not limited to:
  - 8.2.1 Procuring goods and/or services without obtaining an official order prior to the receipt of the goods and/or services;
  - 8.2.2 Procuring goods and/or services without following the official procurement processes;
  - 8.2.3 Procuring goods and/or services without advertising for the requisite number of numbers;
  - 8.2.4 Procuring goods and/or services without obtaining a valid tax clearance certificate;
  - 8.2.5 Procuring goods and/or services in an emergency without the timely application of a deviation in terms of clause 36 of the SCM policy.
- 8.3 In terms of section 32(1b) of the MFMA, irregular expenditure may only be written-off by Council if, after an investigation by a council committee, the irregular expenditure is certified as irrecoverable. In other words writing-off is not a primary response, it is subordinate to the recovery processes, and may only take place if the irregular expenditure is certified by Council as irrecoverable, based on the findings of an investigation.
- 8.4 With reference to Irregular Expenditure as defined in paragraph 2 above:

**UNAUTHORISED, IRREGULAR OR FRUITLESS AND WASTEFUL EXPENDITURE POLICY**

- 8.4.1 In terms of section 170 of the MFMA, only the National Treasury may condone non-compliance with a regulation issued in terms of the MFMA or a condition imposed by the Act itself. The Council therefore has no power in terms of the MFMA to condone any act of non-compliance in terms of the MFMA or any of its regulations. The treatment of expenditure associated with the non-compliance is therefore the responsibility of the Council and is elaborated on in paragraph 15.
- 8.4.2 There is no provision in the MSA that allows for a contravention of the Act to be condoned. Nevertheless, should the OM wish to request that an act of non-compliance with any provision of the MSA be condoned, then the AO must address the request to the Minister of Co-operative Governance, who is responsible for administering the MSA. The resultant expenditure must however be dealt with in terms of section 32(2) of the MFMA.
- 8.4.3 There is no provision to allow irregular expenditure resulting from a contravention of the Public Office-Bearers Act to be condoned. This is consistent with section 167(2) of the MFMA, which provides that such irregular expenditure cannot be written-off and must be recovered from the political office-bearer concerned.
- 8.4.4 The OM may condone a contravention of the council approved SCM policy, provided that the contravention is not also a contravention of the MFMA or the SCM regulations, in which case paragraph 8.4.1 applies and then only National Treasury can condone a contravention of the SCM regulations.

**9 FRUITLESS AND WASTEFUL EXPENDITURE**

- 9.1 The concept of fruitless and wasteful expenditure is founded on public administration and accountability principles, to promote efficient, economic and effective use of resources and the attainment of value for money. The idea is also founded on the fact that the council, the mayor and the accounting officer have a fiduciary responsibility to ensure that municipal resources are used in the best interests of the municipality and the local community.
- 9.2 In this context 'expenditure' refers broadly to processes that must be followed, transactions with service providers or suppliers and the use of other resources belonging to the municipality. The phrase 'made in vain' indicates that the municipality derived no value for money from the expenditure or the use of other resources. Fruitless and wasteful expenditure must fulfil both the conditions in the definition, namely, that it was made in vain and it would have been avoided had reasonable care been exercised.
- 9.3 In determining whether expenditure is fruitless and wasteful, officials and councillors must apply the requirement of reasonable care as an objective measurement to determine whether or not a particular expenditure was fruitless and wasteful, that is -
  - 9.3.1 Would the average man (in this case the average experienced official or councillor) have incurred the particular expenditure under exactly the same conditions or circumstances? and
  - 9.3.2 Is the expenditure being incurred at the right price, right quality, right time and right quantity?
- 9.4 An expense is only fruitless and wasteful in terms of this policy if:
  - 9.4.1 It was made in vain (meaning that the municipality did not receive value for money) and;
  - 9.4.2 And would have been avoided had reasonable care been exercised (meaning that the official or councillor concerned deliberately or negligently caused the expenditure to be incurred by the municipality, furthermore, another official or councillor under the same circumstances would have been able to avoid incurring the expenditure).
- 9.5 Fruitless and wasteful expenditure includes but is not limited to: interest on late payment, fines and penalties.

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**UNAUTHORISED, IRREGULAR OR FRUITLESS AND WASTEFUL EXPENDITURE POLICY****10 REPORTING ON UNAUTHORISED, IRREGULAR OR FRUITLESS AND WASTEFUL EXPENDITURE**

- 10.1 Reporting of unauthorised, irregular or fruitless and wasteful expenditure must be done at the appropriate level, as follows:
- 10.1.1 a Councillor of the OM, must be reported to the Speaker of the Council;
  - 10.1.2 the MM and Speaker, must be reported to the Executive Mayor;
  - 10.1.3 all other municipal officials, must be reported to the MM;
- 10.2 All reports made by officials and councillors must be treated with the utmost confidentiality.
- 10.3 The MM must promptly inform the Executive Mayor, the Provincial Minister for Local Government and the Auditor-General, in writing:
- 10.3.1 of any unauthorised, irregular or fruitless and wasteful expenditure incurred by the municipality;
  - 10.3.2 whether any person is responsible or under investigation for such unauthorised, irregular or fruitless and wasteful expenditure; and
  - 10.3.3 the steps that have been taken to:
    - 10.3.3.1 recover or rectify such expenditure; and
    - 10.3.3.2 prevent a recurrence of such expenditure.
- 10.4 All expenditure classified as unauthorised, irregular or fruitless and wasteful expenditure must be reported to:
- 10.4.1 The MM as AO on a quarterly basis;
  - 10.4.2 The Council on a quarterly basis; and
- 10.5 In accounting for unauthorised, irregular or fruitless and wasteful expenditure, the MM or delegated officials (as may be relevant) must ensure that all such expenditure is disclosed in the annual financial statements as required by the MFMA.

**11 MAINTAINING OF REGISTERS FOR UNAUTHORISED, IRREGULAR OR FRUITLESS AND WASTEFUL EXPENDITURE**

- 11.1 The OM must maintain registers of all incidents of unauthorised, irregular or fruitless and wasteful expenditure of which:
- 11.1.1 The unauthorised and irregular expenditure register will be maintained by the CFO; and
  - 11.1.2 The fruitless and wasteful expenditure register will be maintained by the Department: Council Support Services.

**12 INVESTIGATION OF UNAUTHORISED, IRREGULAR OR FRUITLESS AND WASTEFUL EXPENDITURE**

- 12.1 On receiving a report in terms of regulation 3(1) of the Municipal regulations on financial misconduct procedures and criminal proceedings, if the municipal council, or accounting officer of the municipality is satisfied that there is reasonable cause to believe that an act of financial misconduct has been committed, it must within seven days refer to the matter to the disciplinary board to conduct a preliminary investigation into the allegation as envisaged in section 17(4)(a) of the MFMA.
- 12.2 A disciplinary board must conduct a preliminary investigation to determine whether or not the allegation is founded and make a recommendation to the council as to whether sufficient grounds exist to warrant a full investigation into the allegation. If during the preliminary

**UNAUTHORISED, IRREGULAR OR FRUITLESS AND WASTEFUL EXPENDITURE POLICY**

Investigation, the disciplinary board determines that the allegation is frivolous, vexatious, speculative or obviously unfounded, the investigation must be terminated.

- 12.3 If the disciplinary board determines that the allegation is founded, a full investigation must be conducted by-

- 12.3.1 the disciplinary board
- 12.3.2 the Provincial Treasury or the National Treasury, but only if the conditions in regulation 19 apply.

**12.4 After completion of a full investigation, the investigator must-**

- 12.4.1 compile a report on the investigation
- 12.4.2 submit its report to the mayor and the accounting officer together with its findings and recommendations, if applicable, regarding disciplinary steps that should be taken against alleged transgressor; and
- 12.4.3 immediately inform the speaker of the council of the submission of the report referred to in sub-clause (b), and also submit a copy of the report to the Provincial Treasury and the National Treasury.

**13 DISCIPLINARY AND CRIMINAL CHARGES FOR UNAUTHORISED, IRREGULAR OR FRUITLESS AND WASTEFUL EXPENDITURE**

- 13.1 After having followed a proper investigation, as per paragraph 12 above:
- 13.1.1 In relation to an official, the MM or delegated official must table the report referred to in 12.5.2 above;
  - 13.1.2 In relation to a councillor, the Speaker or Mayor must table the report referred to in 12.5.2 above.
- 13.2 If a *prima facie* case has been established then the Executive Mayor, Speaker, MM or delegated official (as may be relevant) must institute disciplinary action as follows:
- 13.2.1 For financial misconduct in terms of section 17(1) of the MFMA; in the case of an official that deliberately or negligently:
- 13.2.1.1 contravened a provision of the MFMA which resulted in prohibited expenditure; or
  - 13.2.1.2 made, permitted or instructed another official to make an unauthorised, irregular or fruitless and wasteful expenditure.
- 13.2.2 For a breach of the Code of Conduct for Municipal Staff Members in the case of an official whose actions in making, permitting or authorising a prohibited expenditure constitute a breach of the Code; and
- 13.2.3 For a breach of the Code of Conduct for Councillors in the case of a Councillor, whose actions in making, permitting or authorising a prohibited expenditure constitute a breach of the Code. This would also include instances where a councillor knowingly voted in favour of or agreed with a resolution passed by Council, that contravened legislation resulting in prohibited expenditure when implemented, or where the Councillor improperly interfered in the management or administration of the municipality.
- 13.3 The Executive Mayor, Speaker, MM or delegated official (as may be relevant) must promptly report, to the SAPS all cases of alleged:
- 13.3.1 Prohibited expenditure that constitutes a criminal offense; and
  - 13.3.2 Theft and fraud that occurred in the OM.



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**UNAUTHORISED, IRREGULAR OR FRUITLESS AND WASTEFUL EXPENDITURE POLICY**

- 14 RECOVERY OF UNAUTHORISED, IRREGULAR OR FRUITLESS AND WASTEFUL EXPENDITURE**
- 14.1 The MM or delegated official must recover unauthorised, irregular or fruitless and wasteful expenditure from the person liable for that expenditure unless the expenditure:
- 14.1.1 in the case of unauthorised expenditure, is
- 14.1.1.1 authorised in an adjustment budget; OR
  - 14.1.1.2 certified by the Council, after investigation by the Municipal Public Accounts Committee, as irrecoverable and is written off by Council; and
- 14.1.2 in the case of irregular or fruitless and wasteful expenditure, after investigation by Municipal Public Accounts Committee, is certified by Council as irrecoverable and written off by Council.
- 14.2 Irregular expenditures resulting from breaches of the RPOBA must be recovered from the Councillor to whom it was paid.
- 14.3 Once it has been established who is liable for the unauthorised, irregular or fruitless and wasteful expenditure through a disciplinary process, the MM must in writing request that the liable Councillor or official pay the amount owed within 30 days or as per an agreed written arrangement.
- 14.4 If the official or councillor fails to make satisfactory payment arrangements or fails to honour payment arrangements made, the amount owed for prohibited expenditures must be recovered through the normal debt collection process of the municipality.

**15 PROTECTION OF OFFICIALS OR COUNCILLORS WHO HAVE REPORTED UNAUTHORISED, IRREGULAR OR FRUITLESS AND WASTEFUL EXPENDITURE**

- 15.1 If any official or councillor who has complied with this policy and as a result thereof has been subjected to intimidation, victimisation or threats, such official or councillor should immediately report such threats, victimisation or intimidation immediately to the MM, Speaker or Executive Mayor as the case may be.
- 15.2 The MM, Executive Mayor or Speaker must immediately take appropriate action to ensure the protection of the official or councillor after receiving the above report.
- 15.3 Where the nature of the threats warrants such action, the threats should be reported to the SAPS by the official with the assistance of the MM, Executive Mayor or Speaker, as the case may be.

**16 SHORT TITLE AND COMMENCEMENT**

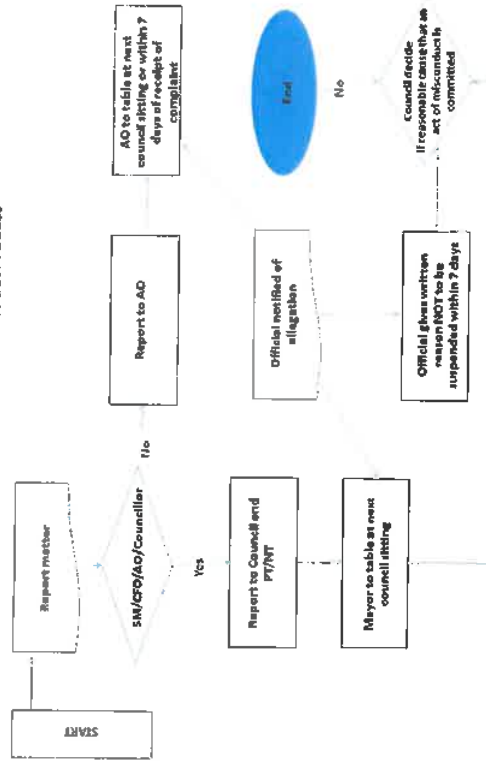
This policy is called the Overstrand Municipality's Unauthorised, Irregular or Fruitless and Wasteful Expenditure Policy.

This policy will come into effect on 1 July 2023 and will be reviewed at least annually by way of a Council resolution.

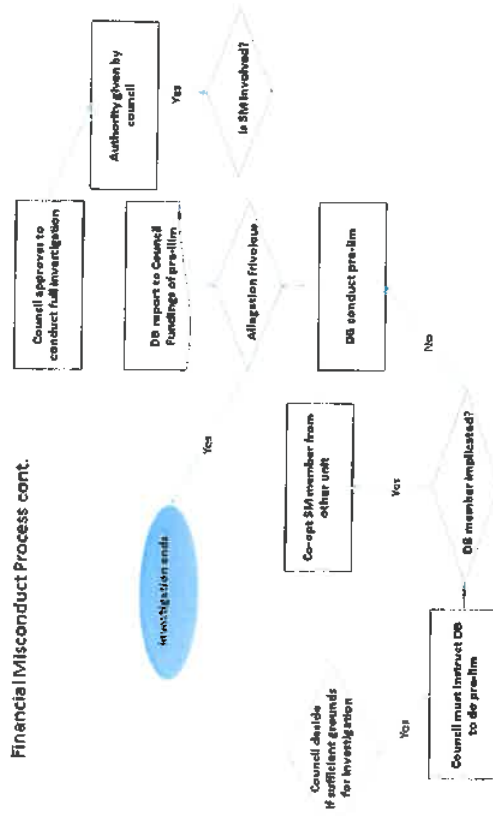
POLICY SECTION:	HEAD: SUPPLY CHAIN MANAGEMENT
CURRENT UPDATE	31 MAY 2023
PREVIOUS REVIEW:	31 MAY 2022
PREVIOUS REVIEW:	27 MAY 2020
PREVIOUS REVIEW:	29 MAY 2019
APPROVAL BY COUNCIL	30 MAY 2018

**UNAUTHORISED, IRREGULAR OR FRUITLESS AND WASTEFUL EXPENDITURE POLICY**

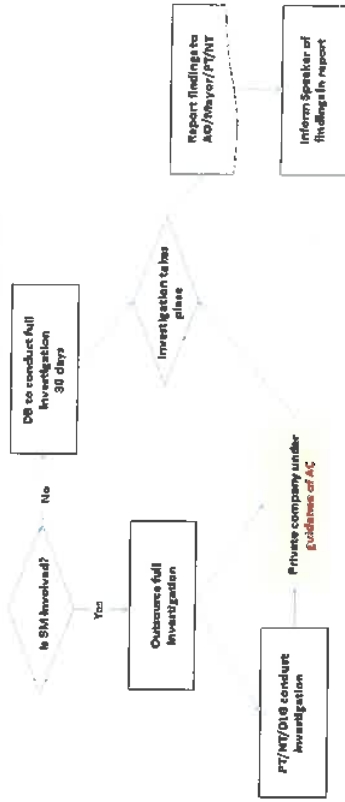
**Financial Misconduct Process**



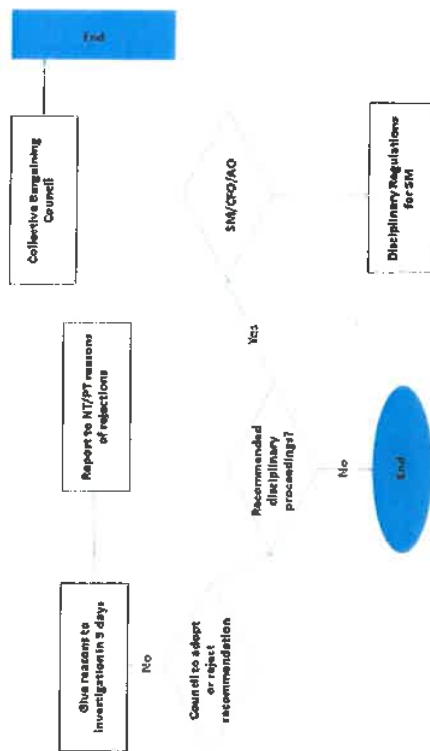
Financial Misconduct Process cont.



Financial Misconduct Process cont.

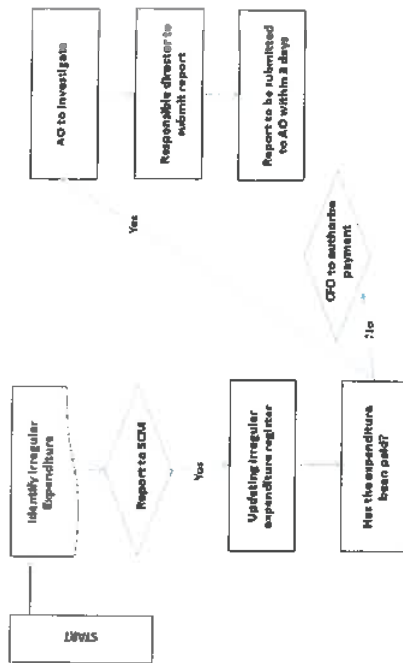


Financial Misconduct Process cont.

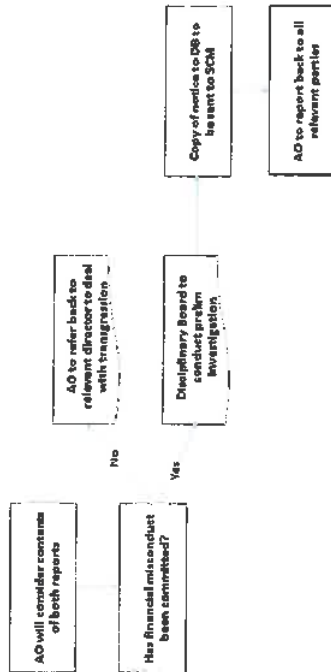


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Irregular Expenditure Process



Irregular Expenditure Process cont.



Annexure S  
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**OVERSTRAND MUNICIPALITY – COST CONTAINMENT POLICY**

**CONTENTS**

- 1. Definitions
- 2. Object of the Policy
- 3. Application of Policy
- 4. Use of consultants
- 5. Vehicles used for political office –bearers
- 6. Travel and subsistence
- 7. Domestic accommodation
- 8. Credit cards
- 9. Sponsorships, events and catering
- 10. Communication
- 11. Conferences, meetings and study tours
- 12. Other related expenditure items
- 13. Enforcement procedures
- 14. Disclosures of cost containment measures
- 15. Short title and commencement
- 16. Annexure A: Municipal Cost Containment Regulations, 2019

1. Definitions

**OVERSTRAND  
MUNICIPALITY**



**COST CONTAINMENT POLICY**

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## OVERSTRAND MUNICIPALITY – COST CONTAINMENT POLICY

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

- "Act" means the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003);
- "consultant" means a professional person, individual partnership, corporation, or a company, appointed to provide technical and specialist advice or to assist with a design and implementation of projects or to assist the municipality to achieve its objectives of local government in terms of section 152 of the Constitution.
- "cost containment" means the measures implemented to curtail spending in terms of this policy.
- "credit card" means a card issued by a financial services provider, which creates a revolving account and grants a line of credit to the cardholder.
- "municipality" means Overstrand Municipality ("OSM")
- "regulations" means the Municipal Cost Containment Regulations, 2019

### 2. Object of the Policy

The object of the Policy is in line with sections 62(1)(a), 78(1)(b), 95(a) and 105(1)(b) of the Act, and the regulations, to ensure that resources of a municipality and municipal entity are used effectively, efficiently and economically by implementing cost containment measures.

### 3. Application of Policy

This Policy applies all officials and political office bearers in Overstrand Municipality.

### 4. Use of consultants

This Policy is in line with [section] paragraph 35 of the Overstrand Supply Chain Management Policy to ensure that resources of the municipality with regard to the use of consultants, are used effectively, efficiently and economically by implementing cost containment measures.

### 5. Vehicles used for political office –bearers

This Policy is in line with the stipulations of the Overstrand Travel and Subsistence Policy and the Overstrand Fleet Management Policy, to ensure that resources of the municipality with regard to vehicles used for political office-bearers, are used effectively, efficiently and economically by implementing cost containment measures.

### 6. Travel and subsistence

This Policy is in line with the stipulations of the Overstrand Travel and Subsistence Policy, to ensure that resources of the municipality with regard to Travel and subsistence, are used effectively, efficiently and economically by implementing cost containment measures.

### 7. Domestic accommodation

This Policy is in line with the stipulations of the Overstrand Travel and Subsistence Policy, to ensure that resources of the municipality with regard to Domestic accommodation, are used effectively, efficiently and economically by implementing cost containment measures.

## OVERSTRAND MUNICIPALITY – COST CONTAINMENT POLICY

### 8. Credit cards

The accounting officer must ensure that no credit card or debit card linked to a bank account of the municipality is issued to any official or public office bearer.

### 9. Sponsorships, events and catering

This Policy is in line with the stipulations of the Overstrand Budget Policy, to ensure that resources of the municipality with regard to Sponsorships, events and catering, are used effectively, efficiently and economically by implementing cost containment measures.

### 10. Communication

This Policy is in line with the stipulations of the Overstrand Budget Policy, to ensure that resources of the municipality with regard to Communication, are used effectively, efficiently and economically by implementing cost containment measures.

### 11. Conferences, meetings and study tours

This Policy is in line with the stipulations of the Overstrand Budget Policy and the Travel and Subsistence Policy, to ensure that resources of the municipality with regard to Conferences, meetings and study tours, are used effectively, efficiently and economically by implementing cost containment measures.

### 12. Other related expenditure items

This Policy is in line with the stipulations of the Overstrand Budget Policy, Overstrand Supply Chain Management Policy, Basic Conditions of Employment Act, 1997 and the Conditions of Service Collective Agreement of the Western Cape Division, to ensure that resources of the municipality with regard to the following, are used effectively, efficiently and economically by implementing cost containment measures:

- 1) All commodities, services and products covered by a transversal contract concluded by the National Treasury must be considered before approaching the market, to benefit from savings where lower prices or rates have been negotiated.
- 2) Municipal resources may not be used to fund elections, campaign activities, including the provision of food, clothing, printing of agendas and brochures and other inducements as part of, or during election periods or to fund any activities of any political party at any time.
- 3) Expenditure on tools of trade for political office bearers must be limited to the upper limits as approved and published by the Cabinet member responsible for local government in terms of the Remuneration of Public Office Bearers Act, 1998.
- 4) The municipality must avoid expenditure on elaborate and expensive office furniture.
- 5) The municipality may only use the services of the South African Police Service to conduct periodical or quarterly security threat assessments of political office bearers and key officials and a report must be submitted to the speaker's office.
- 6) The municipality may consider providing additional time off in lieu of payment for overtime worked. Planned overtime must be submitted to the relevant manager for consideration on a monthly basis. A motivation for all unplanned overtime must be submitted to the relevant manager.

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**OVERSTRAND MUNICIPALITY – COST CONTAINMENT POLICY**

**13. Enforcement procedures**

Failure to implement or comply with this policy may result in any official of the municipality or political office bearer, who has authorized or incurred any expenditure contrary to determinations in this policy, being charged and held liable for:

- 1) financial misconduct or a financial offence in the case of political office bearers as defined in section 32 of the Act, or in the case of officials, also in terms of Chapter 15 of the MFMA read with the Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings, 2014;
- 2) a financial offence in terms of Council's Unauthorised, Irregular or Fruitless and Wasteful Expenditure Policy.

**14. Disclosures of cost containment measures**

- 1) The disclosure of cost containment measures applied by the municipality and municipal entity must be included in the municipal in-year budget reports and annual costs savings disclosed in the annual report.
- 2) The measures implemented and aggregate amounts saved per quarter, together with the regular reports on repositioning of cost savings and on the implementation of the cost containment measures must be submitted to the Municipal Council for review and resolution.
- 3) The municipal council can refer such reports to an appropriate Council Committee for further recommendations and actions.
- 4) The reports referred to in sub-regulation (2) must be copied to the National Treasury and the relevant provincial treasury within seven calendar days after the report is submitted to municipal council.

**15. Short title and commencement**

This policy shall be called the Cost Containment Policy of the Overstrand Municipality and will come into effect on 1 July 2023.

This policy shall be reviewed on an annual basis to ensure that it is in line with the municipality's strategic objectives and with legislation.

POLICY SECTION:	SENIOR MANAGER: EXPENDITURE & ASSET MANAGEMENT
CURRENT UPDATE:	31 MAY 2023
PREVIOUS UPDATE:	31 MAY 2022
PREVIOUS UPDATE:	28 MAY 2021
APPROVAL BY COUNCIL:	27 MAY 2020



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NATIONAL TREASURY  
NOTICE 317 OF 2019

LOCAL GOVERNMENT: MUNICIPAL FINANCE MANAGEMENT ACT, 2003  
MUNICIPAL COST CONTAINMENT REGULATIONS, 2019

The Minister of Finance has, acting with the concurrence of the Minister of Cooperative Governance and Traditional Affairs, in terms of section 168(1) of the Local Government Municipal Finance Management Act, 2003 (Act No. 56 of 2003), made the Regulations as set out in the Schedule.

SCHEDULE

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- 1 Definitions
- 2 Object of Regulations
- 3 Application of Regulations
- 4 Cost containment policies
- 5 Use of consultants
- 6 Venues used for official office-hours travel and subsistence
- 7 Domestic accommodation
- 8 Credit cards
- 9 Sponsorships, events and catering
- 10 Conferences
- 11 Conferences, meetings and study tours
- 12 Other related expenditure items
- 13 Entertainment procedures
- 14 Procedures of cost containment measures
- 15 Short title and commencement

Definitions

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

- “Act” means the Local Government Municipal Finance Management Act, 2003 (Act No. 56 of 2003);
- “consultant” means a professional person, individual partnership, corporation, or a company appointed to provide technical and specialist advice or to assist with a design and implementation of projects or to assist a municipality or municipal entity to perform its functions to achieve the objects of local government in terms of section 152 of the Constitution;
- “cost containment” means measures implemented to bring spending in terms of these regulations; and
- “credit card” means a card issued by a financial services provider, which creates a revolving account and grants a line of credit to the cardholder.

Object of Regulations

2. The object of these Regulations, in line with sections 42(1)(a), 201(1)(b), 204(a) and 205(1)(b) of the Act, is to ensure that resources of a municipality and municipal entity are used effectively, efficiently and economically by implementing cost containment measures.

Application of Regulations

3. These Regulations apply to all officials and officials of local government in municipalities and metropolitan areas.

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Local government policies

- 4. (1) Each municipality or municipal entity must develop or revise and implement a cost containment policy which must—
  - (a) in the case of a municipality, be approved by the municipal council, and in the case of a functional entity, by the board of directors or that of its budget-making bodies;
  - (b) define a municipality or functional entity's objectives for the use of consultants and services; and
  - (c) be consistent with the Act and these Regulations.

- (2) The cost containment policy of a municipality or a functional entity contemplated in sub-section (1) must—
  - (a) be in writing;
  - (b) give effect to these Regulations;
  - (c) be reviewed annually, or more frequently;
  - (d) be communicated to the municipality or functional entity's website; and
  - (e) set out—
    - (i) monitoring measures to ensure implementation of the policy;
    - (ii) procedures for the annual review of the policy; and
    - (iii) consequences for non-compliance with the measures contained therein.

Use of consultants

- 5. (1) A municipality or functional entity may only appoint consultants if an assessment of the needs and requirements confirms that the affected municipality or functional entity does not have the requisite skills or resources in its full-time employ to perform the function.
- (2) An accounting officer must appoint a fair and reasonable remuneration framework for consultants having the following attributes—
  - (a) determined in the "Guidelines" issued by the South African Institute of Certified Accountants of South Africa;
  - (b) set out in the "Guidelines" issued by the South African Institute of Certified Accountants of South Africa; and
  - (c) as approved by the body regulating the profession of the consultant.
- (3) The tender documentation for the appointment of consultants must include a clause that the remuneration rates will be subject to negotiation not exceeding the applicable rate mentioned in sub-section (2).
- (4) When negotiating cost-effective consultancy rates for international consultants, the accounting officer may take into account the relevant international and market-determined rates.
- (5) When consultants are appointed on accounting officer's behalf—
  - (a) accountants on a time and cost basis with specific start and end dates;
  - (b) where applicable, support consultants on an output-specific basis subject to specific measurable objectives and associated remuneration;
  - (c) where the contract for consultants follows output-based contracts by specifying a deliverable; and
  - (d) where the contract price is inclusive or exclusive of travel and subsistence allowances, the municipality or functional entity must—
    - (i) undertake all engagements of consultants in accordance with the Municipal Budgetary Management Regulations 2008 and the "Guidelines" or municipal entity's own cost management policy; and
    - (ii) ensure that consultants' remuneration plans do not exceed the relevant rate applicable to the municipality or functional entity.
- (6) A municipality or functional entity must ensure that the appointments and remuneration rates are in accordance with the applicable budgetary management regulations and the cost containment policy and that the total and subsistence costs of consultants must be in accordance with the relevant policy required by the National Department of Transport, as included from time to time.

- (2) The contract price must specify all travel and subsistence costs and the travel and subsistence costs for appointed consultants are excluded from the contract price such costs must be reimbursed in accordance with the national travel policy of the National Department of Transport.

Vehicles used for political office-bearers

- 6. (1) The threshold limit for vehicle purchases relating to official use by political office-bearers must not exceed R750 000 or 70% (JAT inclusive) of the total annual remuneration package for the different grades of municipalities, as defined in the Public Office Bearers Act; and the notices issued in terms thereof by the Minister of Cooperative Governance and Traditional Affairs, whichever is lower.
- (2) The procurement of vehicles in sub-section (1) must be undertaken using the national government tendered contract mechanism, unless it may be procured at a lower cost through other procurement mechanisms.
- (3) Before deciding to procure a vehicle as contemplated in sub-section (2), the accounting officer or delegating officer must provide the council with information relating to the following criteria which must be considered:
  - (a) status of current vehicles;
  - (b) affordability of options including whether to procure a vehicle as contemplated in (a) or to lease; and
  - (c) the need to provide for repair and maintenance of the vehicle, and the cost of vehicle delivery charges.
- (4) The rental for a vehicle must be approved by the council.
- (5) Any other policy of council.
- (6) If the rental referred to in sub-section (4) is preferred, the accounting officer must review the costs incurred together with the value for money as obtained.
- (7) Repurchase of other useful vehicle for official use by political office-bearers may only be repurchased after completion of 250 000 kilometres.
- (8) Repurchase of a vehicle for official use by political office-bearers, before the completion of 250 000 km, in instances where the vehicle has a serious mechanical problem and is in a poor condition and subject to obtaining a detailed mechanical report by the vehicle manufacturer or approved dealer.
- (9) An accounting officer must ensure that there is a policy that addresses the use of municipal vehicles for official purposes.

Travel and subsistence

- 7. (1) An accounting officer—
  - (a) may approve the purchase of economy class tickets for all officials or political office-bearers where the flying time for the flights is five hours or less; and
  - (b) may only approve the purchase of business class tickets for officials, political office-bearers and persons reporting directly to the accounting officer for flights exceeding five hours.
- (2) In the case of the accounting officer, the mayor may approve the purchase of economy class tickets where the flying time is five hours or less and business class tickets for flights exceeding five hours.
- (3) An accounting officer may approve the purchase of business class tickets for officials of a political office-bearer with a disability or a medically certified condition.
- (4) The cost containment policy must limit international travel to meetings or events that are mandatory or events must be limited to those officials or political office-bearers attending such meetings or events, unless otherwise stated in such meetings or events.
- (5) An accounting officer of the mayor in the case of the accounting officer may approve accommodation costs that exceed an amount as determined from time to time by the National Treasury through a notice which—
  - (a) during every holiday period;

11. (1) An accounting officer may incur expenditure not exceeding the limits for duty cash, leave of absence, for travel functions in recognition of officials who have either, solving the municipality or municipal entity for ten or more years or retire on grounds of ill health.

(2) An accounting officer may incur expenditure not exceeding the limits for duty cash, leave of absence, for travel functions in recognition of officials who have either, solving the municipality or municipal entity for ten or more years or retire on grounds of ill health.

(3) An accounting officer may incur expenditure not exceeding the limits for duty cash, leave of absence, for travel functions in recognition of officials who have either, solving the municipality or municipal entity for ten or more years or retire on grounds of ill health.

Communication

1. (1) A municipality or municipal entity may, as far as possible, advertise municipal related events on its website instead of advertising in magazines or newspapers.
- (2) An accounting officer must ensure that allowances to officials for private calls into data costs are limited to an amount as determined by the accounting officer in the cost containment policy of the municipality or municipal entity.
- (3) Newspapers and other related publications for the use of officials must be discontinued on expiry of existing contracts or supply orders, unless required for professional purposes and where unavailable in electronic format.
- (4) A municipality or municipal entity may participate in the trans-vaal term contract arranged by the National Treasury for the acquisition of mobile communication services.

Conferences, meetings and study tours

12. (1) An account and officer must establish criteria and procedures to reduce applications to attend conferences or events hosted by professional bodies or non-governmental organisations both within and outside the borders of South Africa during the account period. The criteria and benchmarks must be available to all officials.
- (2) When considering applications from officials or official office bearers to attend conferences or events both within and outside the borders of South Africa, an accounting officer or mayor as the case may be, must take the following into account:
  - (a) The criteria of political office bearers role and responsibilities and the applicable articles of the constitution of the event;
  - (b) Whether the conference or event addresses relevant concerns of the institution;
  - (c) The appropriate number of officials or political office bearers not exceeding three attending the conference or event; and
  - (d) The availability of funds to meet expenses related to the conference or event.
- (3) An accounting officer may consider appropriate benchmark costs when professional bodies or regulatory bodies prior to granting approval for an official to attend a conference or event within and outside the borders of South Africa.
- (4) The benchmark costs referred to in sub-section (3) may not exceed an amount of R10 000 per annum for the National Treasury through a normal operational term time to time in sub-section (4) excludes costs related to travel, accommodation and related expenses, but includes:
  - (a) Conference or event registration expenses; and
  - (b) Any other expense incurred in relation to the conference or event.
- (5) When considering costs for conferences or events these may not include items such as laptops, tablets and other similar items that are built into the price of such conferences or events.
- (6) The accounting officer of a municipality or municipal entity must ensure that meetings or planning sessions that entail the use of municipal funds are as far as may be practically possible, held in-house.
- (7) Municipal or provincial office facilities must be utilised for conference meetings, studies planning sessions, that are where an appropriate venue exists within the municipal organisation.
- (8) An accounting officer must obtain the approval for officials and in the case of provincial office bearers and the accounting officer, the mayor, as contemplated in sub-section (2).
- (9) A municipality or municipal entity must ensure that any available and appropriate information is made available to officials and the public in relation to the expenditure incurred by the municipality or municipal entity in relation to conferences, meetings, studies, planning sessions, that are where an appropriate venue exists within the municipal organisation.

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Other related expenditure items

11. (1) An expenditure, service and product covered by a transferred contract concluded by the National Treasury must be considered before approving the market to benefit the savings where lower rates or rates have been negotiated.
2. Manager resources may not be used to fund elections, campaign activities, including the coverage of local, national, provincial and provincial and other municipalities or political parties or during election periods or to fund any activities of any political party at any time.
3. Expenditure on items of value for political office holders must be limited to the amount of the remuneration of such office holders for local government or terms of the remuneration of such office holders Act, 1996.
4. A municipality or municipality must avoid expenditure on alcohol and expensive office furniture.
5. A municipality or municipal entity may only use the services of the South African Police Service to conduct criminal or quarterly security threat assessments of political office holders and/or officials and a report must be submitted to the speaker's office.
6. A municipality or municipal entity may consider providing additional time-off in lieu of payment for overtime worked. Payment overtime must be submitted to the relevant manager for consideration on a monthly basis. A notification for all unapproved overtime must be submitted to the relevant manager.
7. A municipality or municipal entity must ensure that our process is followed when suspending or dismissing officials to avoid unnecessary litigation costs.

Enforcement procedures

14. Failure to implement or comply with these Regulations may result in any official of the municipality or municipal entity being held liable in respect of the harm that arises as a result of any failure to comply with these Regulations being held liable for financial misconduct or a financial offence in the case of financial officer being held liable in terms of Chapter 15 of the Act read with the Municipal Regulations (Municipal Procedures and Chapter 15 of the Act).

Disclosures of cost containment measures

15. (1) The disclosure of cost containment measures applied by the municipality and municipal entity must be included in the municipal in-year budget reports and annual cost savings disclosure in the financial report.
2. The measures implemented and aggregate amounts saved are shared together with the regular reports on reconciliation of cost savings and on the implementation of the cost containment measures must be submitted to the Municipal Council for review and feedback. The Municipal Council can refer such reports to an ad hoc or a permanent Cost Containment Committee for further recommendations and actions.
3. The reports referred to in sub-regulation (1) must be added to the Mayor's Treasury and the relevant Municipal Treasury within seven calendar days after the report is submitted to the Municipal Council.

Sharefile and compliance

16. These Regulations are called the Municipal Cost Containment Regulations, 2019 and take effect on 1 July 2019.

OVERSTRAND  
MUNICIPALITY



PREFERENTIAL PROCUREMENT POLICY

Annexure T  
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**PREFERENTIAL PROCUREMENT POLICY** adopted in terms of section 2 of the Preferential Procurement Policy Framework Act, No. 5 of 2000 and the Preferential Procurement Regulations, 2022

**PREAMBLE**

**WHEREAS** the Overstrand Municipality aims to improve the quality of life of the local community and to free the potential of each person within a framework of facilitating service delivery, through effective governance and the Council takes into account the need for transparent procedures that give the effect to the principle of preferential procurement.

**AND WHEREAS** local economic development plays a crucial role in creating a prosperous, equitable, stable and democratic society and the overall national vision of economic development is one of decent work and living standards for all in the context of qualitative improved equality in ownership, skills and access to opportunities.

**NOW THEREFORE** the Council of the Overstrand Municipality resolves in terms of section 2 of the Preferential Procurement Policy Framework Act, No. 5 of 2000 that the principles embodied in the Preferential Procurement Regulations, 2022 are herewith integrated into the Overstrand Municipality's Preferential Procurement Policy to form the basis of the evaluation criteria for quotations and competitive tenders.

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1 Definitions

In this policy, unless the context indicates otherwise, a word or expression to which a meaning has been assigned in the Act bears the same meaning, and:

"Acceptable Tender"	mean any tender which, in all respects, complies with the specification and conditions of tender as set out in tender document
"all applicable taxes"	includes Value-Added Tax, Pay-as-you-Earn, Income Tax, Unemployment Insurance Fund Contributions and Skills Development Levies.
"B-BBEE"	means Broad-Based Black Economic Empowerment as defined in Section 1 of the Broad-Based Black Economic Empowerment Act.
"B-BBEE status level of contributor"	means the B-BBEE status received by a measured entity based on its overall performance using the relevant scorecard contained in the Codes of Good Practices on Black Economic Empowerment, issued in terms of section 9(1) of the Broad-Based Black Economic Empowerment Act.
"black designated groups"	has the meaning assigned to it in the codes of good practice issued in terms of section 9(1) of the Broad-Based Black Economic Empowerment Act.
"black people"	has the meaning assigned to it in section 1 of the Broad-Based Black Economic Empowerment Act;
"Broad-Based Black Economic Empowerment Act" (B-BBEEA)	means the Broad-Based Black Economic Empowerment Act, 2003 (Act No.53 of 2003);
"Comparative price"	means the price after the factors of a non-firm price and all unconditional discounts that can be utilised have been taken into consideration;
"Contract"	means the agreement that results from the acceptance of a tender by the Overstrand Municipality.
"designated group"	[means: (a) black designated groups; (b) black people; (c) women; (d) people with disabilities; or (e) small enterprises, as defined in section 1 of the National Small Enterprise Act, 1996 (Act No. 102 of 1996);]
"Designated sector"	[means a sector, sub-sector or industry or product designated in terms of paragraph 9(1)(e);] [means in respect of a person, a permanent means, in respect of a person, a permanent impairment of a physical, intellectual, or sensory function, which results in restricted, or lack of, ability to perform an activity in the manner, or within the range, considered normal for a human being;]
"Disability"	means an exemplified micro enterprise in terms of a code of good practice on black economic empowerment issued in terms of section 9(1) of the Broad-Based Black Economic Empowerment Act.
"EME"	is the price that is only subject to adjustments in accordance with the actual increase or decrease resulting from the change, imposition, or abolition of customs or excise duty and any other duty, levy, or tax, which, in terms of a law or regulation, is binding on the contractor and demonstrably has an influence on the price of any supplies, or the rendering costs of any service, for the execution of the contract;
"Firm price"	[means the measurement according to predetermined norms, as set out in the tender documents, of a service or commodity that is designed to be practical and useful, working or operating, taking into account, among other factors, the quality, reliability, viability and durability of a service and the technical capacity and ability of a tenderer;]
"Functionality"	[means a South African citizen - (1) who, due to the apartheid policy that had been in place, had no franchise in national elections prior to the introduction of the Constitution of the Republic of South Africa, 1993 (Act No 110 of 1993); and / or (2) who is a female; and / or (3) who has a disability; Provided that a person who obtained South African citizenship on or after the coming to effect of the Interim Constitution, is deemed not to be an HDI.]
"Historically disadvantaged Individual (HDI)"	means a tender that complies with all specifications and conditions of tender and that has the highest price compared to other tenders;
"Highest acceptable tender"	is a company with an annual turnover in excess of R50 million.

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7. 90/10 preference point system for acquisition of goods or services with Rand value above R50 million to or below R50 million
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9. 90/10 preference point system for tenders for income-generating contracts with Rand value above R50 million
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"Local area"	means the local suppliers and/or service providers that operate within the Municipal area, the district boundaries, and the Western Cape.
"Lowest acceptable tender"	means a tender that complies with all specifications and conditions of tender and that has lowest price compared to other tenders.
"Market Analysis"	means a technique used to identify market characteristics for specific goods or services
"Municipality"	The Overstrand Municipality.
"National Treasury"	has the meaning assigned to it in section 1 of the Public Finance Management Act, 1989 (Act No. 1 of 1989); and
"Non-firm prices"	means all prices other than "firm" prices;
"Objective Criteria"	for the purpose of section 21(f) of the procurement Act must be criteria other than the additional to criteria relating to equity ownership by HDTs or whether or not a bidder was located in a particular province or municipal area
"organ of state"	The definition of organ of state in section 1 of the Act in paragraph (a) to (e) includes: <ul style="list-style-type: none"> <li>a national or provincial department as defined in the Public Finance Management Act, 1989;</li> <li>a municipality as contemplated in the Constitution;</li> <li>a constitutional institution as defined in the Public Finance Management Act;</li> <li>Parliament;</li> <li>a provincial legislature.</li> </ul> Paragraph (f) of the definition of organ of state in section 1 of the Act includes any other institution or category of institutions included in the definition of "organ of state" in section 238 of the Constitution and recognised by the Minister by notice in the Government Gazette as an institution or category of institutions to which the Act applies. Government Notice R. 501 of 8 June 2011 recognises, with effect from 7 December 2011, all public entities listed in Schedules 2 and 3 to the Public Finance Management Act, 1989, as institutions to which the Act applies. Note should be taken of notices issued from time to time in terms of paragraph (f) of this definition. The application of these Regulations is also subject to applicable exemptions approved in terms of section 3 of the Act.
"Person"	includes reference to a juristic person;
"Policy"	Means the Preferential Procurement Policy of the Overstrand Municipality
"Price"	includes all applicable taxes less all unconditional discounts;
"proof of B-BBEE status level of contributor"	means- (a) the B-BBEE status level certificate issued by an authorised body or person; (b) a sworn affidavit as prescribed by the B-BBEE Codes of Good Practice; or (c) any other requirement prescribed in terms of the Broad-Based Black Economic Empowerment Act;
"QSE"	means a qualifying small business enterprise in terms of a code of good practice on black economic empowerment issued in terms of section 9(f) of the Broad-Based Black Economic Empowerment Act;
"Rand value"	means the total estimated value of a contract, in Rand, calculated at the time of the tender invitation;
"Region"	means the district and/or Overberg District [Municipality.]
"rural area"	means: (a) a sparsely populated area in which people farm or depend on natural resources, including villages and small towns that are dispersed through the area; or (b) an area including a large settlement which depends on migratory labour and remittances and government social grants for survival, and may have a traditional land tenure system; means specific goals as contemplated in section 21(f)(d) of the Act which may include contracting with persons, or categories of persons, historically disadvantaged by unfair discrimination on the basis of race, gender and disability including the implementation of programmes of the Reconstruction and Development Programme as published in Government Gazette No. 16085 dated 23 November 1994;
"Specific goals"	
"Tender"	means a written offer in the form determined by Overstrand Municipality in response to an invitation to provide goods or services through price quotations, competitive tendering process or any other method envisaged in legislation;

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"Tender for income-generating contracts"	means a written offer in the form determined by an organ of state in response to an invitation for the origination of income-generating contracts through any method envisaged in legislation that will result in a legal agreement between the organ of state and a third party that produces revenue for the organ of state, and includes, but is not limited to, leasing and disposal of assets and concession contracts, excluding direct sales and disposal of assets through public auctions
"The Act"	means the Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000);
"Treasury"	has the meaning assigned to it in section 1 of the Public Finance Management Act, 1989 (Act No. 1 of 1989); and
"Youth"	has the meaning assigned to it in section 1 of the National Youth Development Agency Act, 2009 (Act No. 54 of 2009).

2 Introduction

The Constitution of the Republic of South Africa, 1996, provides in sections 152(1)(c) and 152(2) that local government must promote social and economic development and that the municipality must strive within its financial and administrative capacity, to achieve the objects set out in subsection 152(1).

The Constitution provides in section 217 that an organ of state must contract for goods or services in accordance with a procurement system which is fair, equitable, transparent, competitive, and cost effective and to implement a policy to grant preferences within a framework prescribed by National Legislation.

The Broad-Based Black Economic Empowerment Act, 2003 provides in section 10 that every organ of state and public entity must apply any relevant code of good practice issued in terms of the Act in (b) developing and implementing a preferential procurement policy.

The Preferential Procurement Policy Framework Act, 2000 (Act 5 of 2000) (PPPPFA) was promulgated by the Minister in response to the Constitutional provision and allow for a Municipality to develop a preferential procurement policy and to implement such policy within the PPPFA framework.

Section 2 (1) (d) (i) and (ii) of the Preferential Procurement Policy Framework Act, 2000 refers to specific goals which may include:

- (i) contracting with persons, or categories of persons, historically disadvantaged by unfair discrimination on the basis of race, gender or disability.
- (ii) implementing the programmes of the Reconstruction and Development Programme (RDP) as published in Government Gazette 16085 dated 23 November 1994.

The RDP (1994), as basis for development in South Africa, was meant to provide a holistic, integrated, coherent socio-economic policy that is aimed at mobilising people and resources to work towards the upliftment of the material and social conditions of local communities to build sustainable livelihoods for these communities.

In terms of Section 2 (1)(d)(ii), the following activities may be regarded as a contribution towards achieving the goals of the RDP, in addition to the awarding of preference points in favour of HDTs (published in Government Gazette No. 16085 dated 23 November 1994):

- (i) The promotion of South African owned enterprises.
- (ii) The promotion of export orientated production to create jobs.
- (iii) The promotion of SMMEs.
- (iv) The creation of new jobs or the intensification of labour absorption.
- (v) The promotion of enterprises located in a specific province for work to be done or services to be rendered in that province.
- (vi) The promotion of enterprises located in a specific region for work to be done or services to be rendered in that region.

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- (vii) The promotion of enterprises located in a specific municipal area for work to be done or services to be rendered in that municipal area.
- (viii) The promotion of enterprises located in rural areas.
- (ix) The empowerment of the work force by standardising the level of skill and knowledge of workers.
- (x) The development of human resources, including by assisting in tertiary and other advanced training programmes, in line with key indicators such as percentage of wage bill spent on education and training and improvement of management skills; and
- (xi) The upliftment of communities through, but not limited to, housing, transport, schools, infrastructure donations, and charity organisations.

**3 Application of the policy**

- 1) This policy applies to all procurement of goods and services by means of a tender as defined in paragraph 1 above.
- 2) This policy does not apply to public auctions or any other sale or lease of assets where it is not practical to apply a system of preference.
- 3) This policy must be applied concurrently with other legislative prescriptions and other policies that regulates the procurement of goods and services by the municipality.

**4 Purpose, and Objectives**

- 1) The purpose of this policy is to:
  - a) Provide for categories of preference in awarding of tenders;
  - b) Provide for the advancement of persons or categories of persons disadvantaged by unfair discrimination; and
  - c) Clarify the mechanisms how the above items in paragraph 2 (f) and (g) will be implemented.

**2) Objectives**

- a) Promote Broad-Based Black Economic Empowerment (B-BBEE) - enterprises providing services and goods.
- b) Promote Small Medium and Micro Enterprises (SMME's), Joint Ventures, Consortiums, and partnerships.
- c) Implement recognised best procurement practices through effective planning, strategic purchasing, and contract management.

**5 Identification of preference point system**

- 1) The Municipality shall, in the tender documents, stipulate —
  - a) the preference point system applicable; and
  - b) any specific goal as envisaged in section 2(1)(d) and (e) of the Preferential Procurement Act.
- 2) If it is unclear whether the 80/20 or 90/10 preference point system applies —
  - a) an invitation for tender for income-generating contracts, that either the 80/20 or 90/10 preference point system will apply and that the highest acceptable tender will be used to determine the applicable preference point system; or, or
  - b) any other invitation for tender, that either the 80/20 or 90/10 preference point system will apply and that the lowest acceptable tender will be used to determine the applicable preference point system.
- 5 80/20 preference point system for acquisition of goods or services with Rand value equal to or below R50 million
  - 1) The following formula must be used to calculate the points out of 80 for price in respect of an invitation for a tender with a Rand value equal to or below R50 million inclusive of all applicable taxes:

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$$Ps = 80 \left( 1 - \frac{(Pt - Pmin)}{Pmax} \right)$$

Where;

- Ps = Points scored for price of tender under consideration;
- Pt = Price of tender under consideration; and
- Pmin = Price of lowest acceptable tender.

- 2) A maximum of 20 points may be awarded to a tenderer for the specified goals for the tender.
- 3) The points scored for the specific goal must be added to the points scored for price and the total must be rounded off to the nearest two decimal places.
- 4) Subject to section 2(1)(f) of the Act, the contract must be awarded to the tenderer scoring the highest points.

**7 90/10 preference point system for acquisition of goods or services with Rand value above R50 million**

- 1) The following formula must be used to calculate the points out of 90 for price in respect of an invitation for tender with a Rand value above R50 million, inclusive of all applicable taxes:

$$Ps = 90 \left( 1 - \frac{(Pt - Pmin)}{Pmax} \right)$$

Where;

- Ps = Points scored for price of tender under consideration;
- Pt = Price of tender under consideration; and
- Pmin = Price of lowest acceptable tender.

- 2) A maximum of 10 points may be awarded to a tenderer for the specified goals for the tender.
- 3) The points scored for the specific goal must be added to the points scored for price and the total must be rounded off to the nearest two decimal places.
- 4) Subject to section 2(1)(f) of the Act, the contract must be awarded to the tenderer scoring the highest points.

**8 90/20 preference points system for tenders for income-generating contracts with Rand value equal to or below R50 million**

- 1) The following formula must be used to calculate the points for price in respect of an invitation for tender for income-generating contracts, with a Rand value equal to or below R50 million, inclusive of all applicable taxes:

$$Ps = 80 \left( 1 + \frac{(Pt - Pmax)}{Pmax} \right)$$

a) Where

- Ps = Points scored for price of tender under consideration.
- Pt = Price of tender under consideration; and
- Pmax = Price of highest acceptable tender.

- 2) A maximum of 20 points may be awarded to a tenderer for the specific goal specified for the tender.
- 3) The points scored for the specific goal must be added to the points scored for price and the total must be rounded off to the nearest two decimal places.
- 4) Subject to section 2(1)(f) of the Act, the contract must be awarded to the tenderer scoring the highest points.

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**OVERSTRAND MUNICIPALITY  
PREFERENTIAL PROCUREMENT POLICY**

**9 90/10 preference point system for tenders for income-generating contracts with Rand value above R50 million**

1) The following formula must be used to calculate the points for price in respect of a tender for income-generating contracts, with a Rand value above R50 million, inclusive of all applicable taxes:

$$P_s = 90 \left( 1 + \frac{P_t - P_{max}}{P_{max}} \right)$$

a) Where

- $P_s$  = Points scored for price of tender under consideration;
- $P_t$  = Price of tender under consideration; and
- $P_{max}$  = Price of highest acceptable tender

- 2) A maximum of 10 points may be awarded to a tenderer for the specific goal specified for the tender;
- 3) The points scored for the specific goal must be added to the points scored for price and the total must be rounded off to the nearest two decimal places.
- 4) Subject to section 2(1)(f) of the Act, the contract must be awarded to the tenderer scoring the highest points.

**10 Points for specific goals to promote economic development**

1. The tendering conditions will stipulate the specific goals, as contemplated in section 2(1)(d)(ii) of the Preferential Procurement Policy Framework Act, be attained.
2. A maximum of 20 points (80/20 preference points system) or 10 (90/10) preference points system, will be allocated for specific goals. These goals are:
  - a) contracting with persons, or categories of persons, historically disadvantaged by unfair discrimination on the basis of race, gender or disability;
  - b) the promotion of enterprises located in the local area (phased in approach to be applied for other RDP goals)

3. Regarding paragraph 10.2 (a), 50% of the 20/10 points will be allocated to promote this goal and points will be allocated in terms of the B-BBEE scorecard as follows.

B-BBEE Status Level of Contributor	Number of Points for Preference (80/20)	Number of Points for Preference (90/10)
1	10	5
2	8	4
3	6	3
4	4	2
5	2	1
6	2	1
7	2	1
8	2	1
Non-compliant contributor	0	0

4. A tenderer must submit proof of its BBBEE status level contributor.
5. A tenderer failing to submit proof of B-BBEE status level of contributor or is a non-compliant contributor to B-BBEE may not be disqualified, but:
  - a) may only score points out of 80 or 90 for price; and
  - b) scores 0 points out of 20 or 10 for B-BBEE status level of contributor, which is in line with section 2 (1) (d) (i) of the Act, where the supplier or service provider did not provide proof thereof.
6. Regarding paragraph 10.2 (b) 50% of the 20/10 points will be allocated to promote this goal. Points will be allocated as follows:

**OVERSTRAND MUNICIPALITY  
PREFERENTIAL PROCUREMENT POLICY**

Local area of supplier	Number of Points for Preference	
	80/20	90/10
Within the boundaries of the Overstrand municipality	10	5
Within the boundaries of Overberg District	6	3
Within the boundaries of the Western Cape	4	2
Outside of the boundaries of the Western Cape	0	0

7. Any specific goal for which a point may be awarded, must be clearly specified in the invitation to submit a tender.
8. Procurement up to R30 000 will be limited to the application of goals as per paragraph 10.2 (a) and 10.3 above.
9. A tenderer failing to submit proof of required evidence to claim preferences for other specified goals, which is in line with section 2 (1) (d) (ii) of the Act:
  - a) may only score in terms of the 80/90-point formula for price; and
  - b) scores 0 points out of 10/5 of the relevant specific goals where the supplier or service provider did not stipulate.
10. The preference points scored by a tenderer must be added to the points scored for price.
11. The points scored must be rounded off to the nearest two decimal places.
12. The contract must be awarded to the tenderer scoring the highest points.

**11 Criteria for breaking deadlock in scoring**

1. If two or more tenderers score an equal total number of points, the contract must be awarded to the tenderer that scored the highest points for specific goals.
2. If two or more tenderers score an equal total number of points, the objective criteria in addition to those contemplated in paragraphs (d) and (e) justify the award to the tenderer that scored the highest points in terms of section 2(1)(f) of the Act.
3. If two or more tenderers score equal total points in all respects, the award must be decided by the drawing of lots.

**12 Award of contracts to tenderers not scoring highest points**

A contract may be awarded to a tenderer that did not score the highest points only in accordance with section 2(1)(f) of the Act.

**13 Remedies**

1. If a Municipality is of the view that a tenderer submitted false information regarding a specific goal, it must—
  - a) inform the tenderer, accordingly; and
  - b) give the tenderer an opportunity to make representations within 14 days as to why the tender may not be disqualified or, if the tender has already been awarded to the tenderer, the contract should not be terminated in whole or in part—
2. After considering the representations referred to in paragraph 12 (1)(b), the Municipality may—
  - a) if it concludes that such false information was submitted by the tenderer—
    - i) disqualify the tenderer or terminate the contract in whole or in part; and
    - ii) if applicable, claim damages from the tenderer.

**14 Performance management**

The specific goals achieved through the application of the Preferential Procurement Framework Act 2000 will be monitored in terms of the elements embedded in the Supply Chain Management Policy.

**15 Repeal of policy**

1. This Policy repeal all previous preferential procurement policies of the municipality in its entirety.
2. Any tender advertised before the date referred to in paragraph 15 must be dealt with in terms of the Preferential Procurement Regulations, 2017.]

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**OVERSTRAND MUNICIPALITY  
PREFERENTIAL PROCUREMENT POLICY**

**16 Short title and commencement**

This part of the policy is called the Preferential Procurement Policy of the Overstrand Municipality. This policy will come into effect on 01 July 2023 and will be reviewed at least annually by way of a Council resolution.

POLICY SECTION:	HEAD:	SUPPLY CHAIN MANAGEMENT	
CURRENT REVIEW	2023/06/31	PREVIOUS REVIEW 2017/11/29	PREVIOUS REVIEW 2012/11/28
PREVIOUS REVIEW	2022/12/14	PREVIOUS REVIEW 2017/05/31	PREVIOUS REVIEW 2012/06/28
PREVIOUS REVIEW	2022/06/31	PREVIOUS REVIEW 2017/03/28	PREVIOUS REVIEW 2012/05/30
PREVIOUS REVIEW	2021/05/26	PREVIOUS REVIEW 2016/05/25	PREVIOUS REVIEW 2011/11/30
PREVIOUS REVIEW	2020/06/27	PREVIOUS REVIEW 2016/02/24	PREVIOUS REVIEW 2011/05/04
PREVIOUS REVIEW	2019/06/26	PREVIOUS REVIEW 2015/06/23	PREVIOUS REVIEW 2010/05/26
PREVIOUS REVIEW	2019/06/28	PREVIOUS REVIEW 2014/05/23	PREVIOUS REVIEW 2009/05/27
PREVIOUS REVIEW	2018/05/30	PREVIOUS REVIEW 2013/05/23	APPROVAL 2008/06/25



# Investment Incentive Policy

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**1. DEFINITIONS**

For the purposes of this policy, unless otherwise stated, the following definitions shall apply:

Incentive	Any measurable advantage affected by specific enterprises and/or categories of enterprises at the strategic direction of government.
Council	Means the Municipal Council of Overstrand established in terms of the Municipal Systems Act, Act no. 32 of 2000.
Mayoral Committee	The committee appointed by the Executive Mayor to assist the Executive Mayor in terms of Section 60 of the Municipal Structures Act, Act no. 32 of 2000.
Development Charge	A Development Charge, as outlined in the approved Council Development Contribution Policy, means a once-off charge imposed on a developer as a condition of approval or where additional capacity is required by a property owner. This charge is also known as the Bulk Infrastructure Contribution Levy (BICL).
Development and Investment Committee	An internal committee established by the Municipal Manager responsible for identifying and assessing major development and investment initiatives/projects within the municipal area.
Incentive package	The list of approved incentives that may be negotiated with investors.
Policy	The policy for investment incentives, or any other policy adopted by Council in relation to investment incentives.

**2. PREAMBLE**

The vision of the Municipality is:

*To be a centre of excellence for the community*

The mission of the Municipality is:

*Creation of sustainable communities by developing optimal services to support economic, social and environmental goals in a politically stable environment as an Overstrand for All*

The strategic goals of the Municipality is:

1. The provision of democratic, accountable and ethical governance.
2. The provision and maintenance of municipal Infrastructure.
3. The encouragement of structured community participation in the matters of the municipality.
4. The creation and maintenance of a safe and healthy environment.
5. Promotion of tourism, economic and social development.

Taking the above-mentioned vision, mission and goals into consideration, as well as Council's drive to make it easier to do business in the Overstrand, the aim of this policy is to create leverages to encourage investments to be made towards Overstrand's strategic direction.

Incentives are aimed at promoting the ease of doing business, especially where it relates to large capital and/or catalytic developments.

Investment incentives focus on:

- Spatial targeting  
Encouraging and promoting development in identified nodes according to Overstrand Spatial Development Framework and Overstrand Growth Management Strategy and investments towards strategic direction.
- Targeting certain Sectors  
The Blue economy, aquaculture, agriculture, nature conservation, tourism, green and renewable energy, warehousing, call centre, financial, medical and health care, and social/affordable housing.

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### 3. REGULATORY CONTEXT

This policy is developed in the context of the following legislation, policies and strategic frameworks:

- 3.1 The Constitution of the Republic of South Africa Act 108 of 1996.
- 3.2 Municipal Finance Management Act (MFMA) Act No 56 of 2003 and related regulation,
- 3.3 Municipal Property Rates Act (MPRA) Act No 6 of 2004,
- 3.4 Municipal Systems Act, Act No 32 of 2000,
- 3.5 Land Use Planning Act (LUPA) Act 3 of 2014,
- 3.6 Overstrand Municipality Property Rates Policy.
- 3.7 Overstrand Municipality Integrated Development Plan (IDP).
- 3.8 Overstrand Municipality Spatial Development Framework.
- 3.9 Overstrand Municipality Amendment by Law on Municipal Land Use Planning 2020.
- 3.10 Overstrand Municipality Developer Contributions Policy.
- 3.11 Overstrand Municipality Tariff Policy.
- 3.12 Overstrand Municipality Long-Term Financial Sustainability Policy.

### 4. STRATEGIC FOCUS AREAS

This policy aims to inform and guide the provision of incentives for investment within the Overstrand Municipal area.

For any Municipality, the question of how to design a comprehensive incentives strategy must be located within both a global and local context. For the Overstrand Municipality, the local context demands that the municipality carefully balance the incentives packages that encourage investment that is critical for driving economic growth and job creation, with the revenue requirements to address its other strategic policy priorities and service delivery.

While research tends to indicate that incentives are rarely the most important factor in locality decisions by business, they do influence decision making and can play a "tipping point" role. Non-financial incentives, particularly with respect to transparent and consistent administrative procedures are often considered by investors to be more important than incentives with a direct financial benefit. It is the role of the Overstrand Municipality to identify the best mix of both non-financial and financial incentives.

There are a wide range of incentives offered by other spheres of government, most notably the Department of Trade and Industry (DTI); the Overstrand Municipality desires to see these national incentives complemented by a set of incentives that relate to the mandate of local government. The context-specific investment incentive package detailed in this policy document is designed to encourage investment towards the strategic direction of the Overstrand Municipality. Utilising investment incentives for private sector investment will position the Overstrand Municipality as a preferred investment destination both in the Western Cape, South Africa and globally whilst achieving the strategic objectives.

### 4.1 STRATEGIC DIRECTION ACTIVITIES

The proposed strategic focus areas of the Overstrand Municipality should be enshrined in the Overstrand Municipality's Integrated Development Plan (IDP) and is categorised into five pillars:

- The Opportunity Overstrand Municipality.
- The Well-run Overstrand Municipality.
- The Safe Overstrand Municipality.
- The Caring Overstrand Municipality.
- The Inclusive Overstrand Municipality.

Although incentives can have an impact on all five pillars, this discussion document proposes a focus on the Opportunity Overstrand Municipality and the Inclusive Overstrand Municipality.

The underlying principle of the Opportunity Overstrand Municipality in relation to investment incentives is the attraction of business investment that creates sustainable employment, contributes to the development of key sectors and catalytic development in important spatial nodes. In the long term the right kind of investment in the right place will create the platform for sustainable growth of the Overstrand Municipal area, but also contribute to a Safe and Caring Overstrand Municipality.

The underlying principle of the Inclusive Overstrand Municipality is to ensure accessibility for any qualifying investor/entrepreneur to employment and business opportunities. This includes direct employment created by businesses investing in the Overstrand Municipal area, but also in terms of indirect employment within local business supplying goods and services to new investments.

In terms of strategic context, this is aimed at development not necessarily located in the spatial nodes but in the overall context of Urban and Rural Development. These projects could include development of tourism, agriculture, environmental conservation and establishment of green energy and blue economy projects.

### 4.2 SPATIAL CONTEXT

The Spatial targets can be categorized in the following categories:

- Economic corridors in previously disadvantaged areas. The main aim is to promote formal socio-economic facilities within previously disadvantaged communities in order to enrich the community and allow the respective community to live, play and work without having to travel long distances. Refer to Annexure A.
- Economic Opportunity nodes as identified in terms of the Overstrand Municipal Spatial Growth Management Strategy where the main aim will be to increase the footprint of existing economic activities. Refer to Annexure B.

## 5. DESIRED OUTCOMES

This Investment Incentive Policy aims to:

- 5.1 Enhance the creation of a favourable economic climate to attract and retain investment in the Overstrand Municipality area,
- 5.2 Create favourable conditions for investors to participate in the implementation of key catalytic projects and initiatives,
- 5.3 Define the investment incentive package available to investors; and
- 5.4 Provide the necessary principles, processes and approval procedures that will enable a transparent incentive program.

## 6. GENERAL PRINCIPLES

The following principles have guided the development of the incentive packages described in Table 1 and Table 2.

### 6.1 Principle 1: Employment Creation

The investment incentives must be tied to the attainment of the Municipality's developmental goals of which job creation is foremost. The goal of incentive provision is not to simply enhance business profit margins with little or no broader socio-economic impact. Rather, investment incentives must be used to support and enhance sustainable job-creating private sector investment. In this respect a business 'eligibility for incentives' should be conditional upon the creation of a prescribed number of jobs.

### 6.2 Principle 2: Affordability

The incentives package must not place undue pressure on the Municipality's finances. A Municipality should not sell services below cost to business. Where possible, high impact but low cost 'soft incentives' such as expedited approval times; and increased administrative efficiency in the dealing with applications, should be targeted. Financial incentives should be limited to application cost in order to make the opportunity to enter into the economy more accessible.

### 6.3 Principle 3: Transparency and Uniformity

The incentives should be non-discriminatory and should be applied with uniformity and transparency. The granting of investment incentives should be done according to a set of predetermined criteria. This set of criteria will be consistently applied to all businesses applying for incentives. Information on the nature of the granted incentives should be public knowledge.

### 6.4 Principle 4: Sectoral Targeting

The investment incentive will only be applicable in specific areas as set out in Annexure A. Incentives will be mainly geared towards priority sectors as outlined in the eligibility criteria. The aim is to attract and/or push specific investment into specific areas in line with the municipal Spatial Development Framework.

### 6.5 Principle 5: Spatial Targeting

Investment incentives are most effective when they are spatially targeted. This is for the following reasons:

- Spatial targeting maximizes the socio-economic return of incentives by focusing on areas with strong potential, but which are currently underperforming
- Spatial targeting enables the Municipality to achieve its development objectives in specific areas thereby addressing issues of spatial inequality

The spatial targeted area should align with Overstrand SDF and Overstrand Growth Management strategy.

### 6.6 Principle 6: Simplicity

Ascertaining whether a business is eligible for an incentive and subsequently obtaining an incentive should not be an onerous task for investors. The criteria for incentive provision should be easy to understand. The structure and administration of the investment incentives should not require excessive administration, thereby minimizing staff and financial impacts. This to ensure quick turnaround times for applications.

### 6.7 Principle 7: Legality

The incentives that are provided must be subject to the relevant legislation and planning parameters. Incentives cannot conflict with legislation, nor should they be provided to companies or persons not in good standing with the law.

### 6.8 Principle 8: Complementarity and alignment

A Municipality's Investment Incentives Policy should directly reflect its mandate as a separate and independent sphere of government i.e., it should relate to incentives that the Municipality can uniquely provide, and which will help to achieve the key strategic objectives of the Municipality as identified in the IDP and other strategic documents.

### 6.9 Principle 9: Continuous Review

The policy needs to be reviewed continuously in order to ensure it stays relevant and that the Municipality achieves the relevant outcomes anticipated by the policy.

## 7. INVESTMENT ENABLING FACTORS

The municipality utilizes a number of tools aimed at fast tracking, unblocking and reducing red tape in doing business in Overstrand; these include:

- a. The Development and Investment Committee.
- b. Infrastructure Master Planning, and
- c. Investment in the Business and Economic Corridor, nodes and strategic direction.

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**8. THE INVESTMENT INCENTIVE PACKAGE**

The following incentives are offered to qualifying investors in terms of the eligibility criteria:

**Table 1: Non-Financial Incentives**

Serial no	Category	Description
1.	Dedicated Investment Facilitation Committee	A dedicated Development and Investment Committee to assess applications.
2.	Fast Tracked Development Application Process	a) Guaranteed development application time frames, including provision of pre- lodgement meetings, dedicated assistance, and guidance. b) Timeframe commitments for compliant applications are as follows: <ul style="list-style-type: none"> <li>• Land-use application: six (6) months.</li> <li>• Building plan approval: 14 days</li> </ul>
3.	Property Locality and availability assistance	Assistance to prospective investors searching for ideal development sites or building premises within Overstrand Municipal area.

**Table 2: Financial Incentives**

Serial no	Category	Description
1.	Development Application Fees	Applies to all land use and building plan fees. Reduced building plan application fees and land use management application fees apply to non-residential development as follows: <ol style="list-style-type: none"> <li>i. Building plan application fee.                             <ul style="list-style-type: none"> <li>• If the building is less than 1000m<sup>2</sup> - 30% rebate on scrutiny fees.</li> <li>• If the building plan is more than 1000m<sup>2</sup> - 50% rebate on scrutiny fees.</li> </ul> </li> <li>ii. Land use management application fee:                             <ul style="list-style-type: none"> <li>• In economic corridors (Disadvantaged areas) - 100% rebate on land use applications</li> <li>• 50% in economic nodes</li> </ul> </li> </ol> Applicable to applications relating to: Strategic sectors such as agritourism, green energy, warehousing, call centre, financial and medical.
2.	Rebate on Municipal Property Rates portion (Value of improvements)	<ul style="list-style-type: none"> <li>• Development value (value of improvements) of R20m to R40m – 100% rebate for 1 year, which period will be affected from date of final approval of the development.</li> <li>• Development value (value of improvements) of &gt; R40m – 100% for 2 years, which period will be affected from date of final approval of the development.</li> </ul>

**9. ELIGIBILITY AND COUNTER-PERFORMANCE CRITERIA**

The following criteria will be applied to determine investor eligibility for incentives:

1. General Criteria	<p>The investment must constitute a new development or expansion of an existing investment within the economic corridor or nodes (value of investment to be &gt; R5 000 000)</p> <p>In previously disadvantaged areas value of investment to be &gt; R2 000 000.</p>
2. Sectoral Criteria	<p>a) The investment incentive package is specifically targeted to businesses operating in the following manufacturing sectors:</p> <ul style="list-style-type: none"> <li>i. Agri/Aqua culture and Blue Economy</li> <li>ii. Nature conservation</li> <li>iii. Tourism</li> <li>iv. Green Energy</li> <li>v. Warehousing.</li> <li>vi. Call centre.</li> <li>vii. Financial</li> <li>viii. Medical and Health Care</li> </ul> <p>b) In line with Council priority projects, incentives will be available for the following initiatives: -</p> <ul style="list-style-type: none"> <li>• CBD regeneration projects (mixed use residential and retail facilities)</li> </ul>
3. Employment Creation	<p>Applies to both sectoral and spatial criteria. The proposed investment must create new and sustainable full-time employment to be eligible for the investment incentives package (must create 10 or more permanent jobs).</p> <p>In previously disadvantaged areas (must create 5 or more permanent jobs)</p>
4. General conditions	<p>a) The applicant must be in good legal standing.</p> <p>b) The municipality accounts linked to the property owner or investor must be fully paid before entering into an investment contract.</p>

5. Counter-performance criteria and provisos	<p>a) Failure to start development within 12 months, or not completing the development within three (3) years, will result in the approved investment incentive package lapsing and deferred payments becoming payable. Job targets should be reached within 24 months of the commencement date of operation. Failure to do so will result in all approved incentives contracts lapsing and deferred payments becoming payable.</p> <p>c) The investment must be consistent with the provisions of the Integrated Development Plan and Spatial Development Framework as approved by Council, and subject to relevant land-use and building control approval.</p> <p>d) The applicant and all businesses associated with it must be in good standing, with Council and SARS.</p> <p>e) The premises from which the business will be operating must comply with the National Building Regulations and Standards Act.</p> <p>f) The investment must comply with all applicable legislation or policy, and</p> <p>g) All financial incentives are subject to the Council's budgeting processes as prescribed by National Treasury.</p>
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**10. APPLICATION AND ASSESSMENT PROCESS**

- 10.1 Applications for the Investment Incentive Package are to be made formally through an approved application process. The Development and Investment Committee in the Office of the Municipal Manager serves as the single point of contact.
- 10.2 Applications will be evaluated as per the eligibility criteria. Other factors to be considered include but are not linked to:
- Expected economic impact of the project/business,
  - Income generation for residents,
  - Level to which the project contributes to economic diversity,
  - Growth potential of the business and access to market,
  - Ability to leverage additional economic growth in the future,
  - Corporate Social Investment spend, and
  - Anticipated environmental impacts of the project.
- 10.3 A person as appointed or nominated by the Municipal Manager shall complete an evaluation report of the incentive application together with a draft incentive contract, which shall be approved by the Municipal Manager, and

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10.4 If the criteria are not met, applicants will be informed and discussions may be entered into around adjustments to scope, which could allow for further consideration.

**11. APPROVAL PROCEDURE**

- 11.1 The Municipal Manager is mandated to approve the Investment Incentive package; and
- 11.2 The signed incentive contract shall become the legal binding agreement between Overstrand Municipality and the investor.
- 11.3 The following require incentive approval from Mayoral Committee:
  - Projects outside the policy framework and criteria, which will require special assistance or is of special importance to the development of the economy.

**12. ROLE PLAYERS**

To ensure effective implementation of this Investment Incentive Policy, the following Department/Divisions are responsible for the management of certain incentives.

Role-players	Key Responsibility
Office of the Municipal Manager	<ul style="list-style-type: none"> <li>➤ Function as a one-stop shop for investments in the Overstrand area.</li> <li>➤ Responsible for the development administering and monitoring of the Investment Incentive Policy.</li> </ul>
Town and Spatial Planning Department	Responsible for conceptualizing spatial targeting of incentives in identified catalytic zones.

**13. MONITORING AND EVALUATION**

- a. The office of the Municipal Manager is responsible to monitor the implementation of this policy.
- b. A comprehensive assessment of the Investment Incentive Policy will be conducted after three years from the date of Council approval.
- c. The Investment Incentive Policy must be reviewed annually to ensure that it complies with the Municipal strategic objectives and current legislation, and
- d. Council reserves the right to review, replace or abolish any incentive contract

**14. SPATIAL AND STRATEGIC CONTEXT**

**14.1 STRATEGIC DIRECTION SECTORS**

- ❖ Agriculture
- ❖ Aquaculture
- ❖ Blue Economy
- ❖ Call centre
- ❖ Financial
- ❖ Green Energy
- ❖ Medical and Health Care
- ❖ Nature conservation
- ❖ Social and Affordable housing
- ❖ Tourism
- ❖ Warehousing

**14.2 BUSINESS CORRIDORS & NODES FOR EXISTING SETTLEMENTS IN THE OVERSTRAND MUNICIPAL AREA**  
Refer to Annexure A.

**14.3 ECONOMIC OPPORTUNITY NODES AS IDENTIFIED IN THE OVERSTRAND MUNICIPAL SPATIAL GROWTH MANAGEMENT STRATEGY**  
Refer to Annexure B.

<b>POLICY SECTION:</b>	Infrastructure & Planning
<b>CURRENT UPDATE:</b>	
<b>PREVIOUS REVIEW:</b>	
<b>APPROVAL BY</b>	29 August 2022

**6.5****FINAL BUDGET FOR OVERSTRAND MUNICIPALITY : 2023/2024 MTREF****BA King**  
**23 May 2023****Senior Manager: Financial Services****(028) 313 8154**

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**1. Executive Summary**

This report presents the proposed budget of Overstrand Municipality for the 2023/2024 to 2025/2026 MTREF (Medium Term Revenue and Expenditure Framework) period.

**The comprehensive budget report is presented as Annexure C to this report.**

**2. Service Delivery and Budget Implementation Plan - IGNITE**

Directorate: Finance  
Department: Financial Services

**3. Compliance with Strategic Priorities**

Provision of democratic, accountable and ethical governance  
Provision and maintenance of municipal services  
Creation and maintenance of a safe and healthy environment  
The encouragement of structured community participation in the matters of the municipality  
Promotion of tourism, economic and social development

**4. Delegated Authority**

None

**5. Legal Requirements**

Local Government: Municipal Financial Management Act, 2003 (Act 56 of 2003) (MFMA)  
Local Government: Municipal Systems Act, 2000 (Act 32 of 2000)

**6. Background/Discussion/Evaluation/Conclusion**

Council noted the draft budget for 2023/2024 as tabled on 29 March 2023. The budget was then presented to the community and other spheres of government for comments, as required by legislation. The programme of Roadshows for community consultation was advertised in the local press and attendees were accommodated at the various community halls.

Comments received from the community arising from the statutory IDP/Budget public consultation process have been taken into consideration for purposes of preparing this report. The comments received and the municipality's responses are listed in Annexure B to this report. Letters of comment are included in Annexure M of the budget report.

The SIME: LG MTEC engagement with the Provincial Treasury and Provincial Department of Local Government was held at the municipal offices on 9 May 2023. The assessment report and responses thereto are included as Annexure N of the budget report.

Proposed amendments to the 2023/2024 draft budget are summarised in paragraph 6.3 of this report and details of the amendments are included in Annexure A of the budget report.

## **6.1 2023/2024 Budget**

### **1. Overview**

National Treasury issued the following circulars regarding the budget for 2023/2024, budget formats and budget content:

- MFMA Circulars No. 122 & 123: 2023/2024 MTREF dated 9 December 2022 & 3 March 2023
- mSCOA Version 6.7 release, dated 20 December 2022 and 13 March 2023 respectively
- WC Treasury Circular MUN 5/2023 dated 23 March 2023
- MFMA Circular No. 71: Uniform Financial Ratios and Norms dated 17 January 2014

The guidelines, as set out in these budget circulars, were taken into consideration during the compilation process of the budget.

Schedules 1 – 8 of this report are submitted for budget approval and schedules 9 & 10 are submitted for noting by Council. Other tables, charts and supporting schedules are included in the budget report.

The Service Delivery and Budget Implementation Plan (SDBIP) will be submitted to the Executive Mayor for approval no later than 28 days after the approval of the budget.

### Accounting Standards

Accounting standards for Generally Recognised Accounting Practice (GRAP) were considered in the preparation of the budget.

### mSCOA Implementation

This budget represents the 8<sup>th</sup> year of the mSCOA regulations implementation for all municipalities and has been based on version 6.7 of the mSCOA tables. Further details regarding mSCOA implementation is included in Annexure I of the budget report.

## 6.2 Executive Summary of the 2023/2024 Budget Proposals

Changes to the proposed draft budget were considered at the Budget Steering Committee in May 2023 after the IDP/Budget roadshows and letters of comment received from the public.

1. 2023/2024 Revenue Budget: The proposed revenue budget for 2023/2024 is R1 730 869 427. This includes R54 292 740 for capital grants. Budgeted financial performance by vote (directorates) is reflected in Schedule 1 and the budgeted financial performance by revenue source is reflected in Schedule 2.
2. 2023/2024 Operating Expenditure Budget: The proposed operating expenditure budget for 2023/2024 is R1 742 211 876. This includes non-cash items such as depreciation, debt impairment, contributions to provisions and post-retirement benefits to a total of R194 375 416. A portion for depreciation relates to unbundled assets with the implementation of GRAP, partly resulting in expenditure exceeding revenue. The budgeted financial performance by vote (directorates) is reflected in Schedule 1 and the budgeted financial performance relating to expenditure by type is reflected in Schedule 2.
3. 2023/2024 Capital Budget: The total proposed final capital budget for 2023/2024 amounts to R209 409 052, which includes an amount of R5 167 696, identified as further roll over projects from 2022/2023, since the tabling of the draft budget and an amount of R625 990 for the re-allocation of MIG projects between operational and capital budgets. Capital budget votes and the funding thereof are reflected in Schedule 3 of this report and a list of capital projects and housing projects (opex and capex) are included in Annexure E of the budget report.

4. Proposed increases to property rates, tariff and user charges:

The proposed property rates, tariffs and user charges for 2023/2024 are included as Annexure A of this report.

Some of the tariffs are as follows:

<b>Service</b>	<b>Tariff Increase</b>
Electricity	15.10%
Refuse	6.80%
Sewer: Basic.	6.80%
Sewer: Consumption	7.50%
Water: Basic	6.50%
Water: Consumption	6.80%
<b>RATES</b>	<b>Tariff Decrease</b>
Business	-26%
Residential	-36%
Vacant	-30%
Farms	-36%

Further details of the 2023/2024 budget proposals can be found in the Budget Report.

6.3. **Proposed amendments to the 2023/2024 draft budget**

1. 2023/2024 Revenue & Expenditure Budget: The following changes are proposed:

**Table 2: Expenditure**

<b>OPERATIONAL EXPENDITURE AMENDMENTS TO DRAFT BUDGET</b>			
<b>Item</b>	<b><u>2023/2024</u></b>	<b><u>2024/2025</u></b>	<b><u>2025/2026</u></b>
<b>DRAFT BUDGET</b>	<b>1 748 971 508</b>	<b>1 855 792 361</b>	<b>1 931 499 740</b>
DECREASE IN ESKOM BULK PURCHASES DUE TO EFFECTS OF LOADSHEDDING	-11 019 204	-12 423 050	-13 665 356
BACK-UP GENERATORS	4 885 562		
MIG ALLOCATION TO CAPITAL	-625 990		
<b>FINAL BUDGET</b>	<b>1 742 211 876</b>	<b>1 842 369 311</b>	<b>1 917 834 384</b>

**Table 3: Revenue**

<b>REVENUE AMENDMENTS TO DRAFT BUDGET</b>			
<b>Item</b>	<b><u>2023/2024</u></b>	<b><u>2024/2025</u></b>	<b><u>2025/2026</u></b>
<b>DRAFT BUDGET</b>	<b>1 745 572 521</b>	<b>1 869 554 105</b>	<b>1 994 729 525</b>
DECREASE IN ELECTRICITY REVENUE	-14 703 094	-51 697 786	-55 542 004

DUE TO EFFECTS OF LOADSHEDDING			
<b>FINAL BUDGET</b>	<b>1 730 869 427</b>	<b>1 817 856 319</b>	<b>1 939 187 521</b>

2. 2023/2024 Capital Budget: The following changes are proposed:

**Table 4: Capital Expenditure**

<b>CAPITAL BUDGET AMENDMENTS 2023/2024</b>			
	<u>2023/2024</u>	<u>2024/2025</u>	<u>2025/2026</u>
<b>DRAFT BUDGET</b>	<b>203 615 366</b>	<b>130 324 850</b>	<b>164 441 900</b>
FURTHER ROLLOVER PROJECTS IDENTIFIED SINCE DRAFT BUDGET	5 167 696		
MIG RE-ALLOCATIONS	625 990		
<b>FINAL BUDGET</b>	<b>209 409 052</b>	<b>130 324 850</b>	<b>164 441 900</b>

Further details and comments relating to the proposed changes can be found in Annexure A of the budget report.

### 3. Tariffs

The following tariff amendments to the tabled draft budget are proposed for electricity tariffs which were increased from 15% to 15,10%, in line with NERSA's final consultation proposals for municipalities.

The final recommendation for the increase in water tariffs, specifically related to the water tariff sliding scale applied, was based on the Budget Steering Committee of the municipality considering comments received in response to the Draft Budget tabled in Council in March 2023. The recommendation of sliding scale increases now represents a less steep increase in the brackets as previously proposed.

### 4. Pensioners Rebate on Property Rates

The rebated amount for the category, "applicable on the older than 60, who's gross monthly household income may not exceed the amount of two times (4X) of state funded social pensions per month" category, recommended to increase from a 50% rebate to a 70% rebate, as enhanced support to ratepayers older than 60 years, with limited income.

Details and comments relating to the proposed tariffs can be found in Annexure A of the budget report.

**7. Financial Implications**

This report addresses the final proposals for the 2023/2024 MTREF for the operational and capital budgets, financial position and cash flows. The key financial implications and challenges of adopting these proposals are the ability to generate revenue in the current economic climate and the continued delivery of sustainable services.

**8. Staff Implications**

No new posts were added to the staff establishment for 2023/2024.

**9. Comments from other Departments, Divisions and Administrations**

The Budget Report is included as Annexure C. The report serves as a comprehensive overview of the final budget. The compilation of the budget for the 2023/2024 MTREF adheres to the focus areas and strategic objectives of Council, as set out in the IDP. The final budget was the result of a process of numerous Budget Steering Committee meetings, Senior Management, Ward Committee and OMAF meetings. The draft budget was presented to the community and organs of state for comment. Comments received were taken into consideration for the final budget (Schedule of comments and the municipality's responses are included as Annexure B of this report and further details are included in Annexure M of the budget report).

**10. Annexures**

- Schedule 1: Budgeted financial performance (revenue and expenditure by municipal vote)
- Schedule 2: Budgeted financial performance (revenue by source & expenditure by type)
- Schedule 3: Budgeted multi- and single year capital appropriations by standard classification (vote) and funding by source
- Schedule 4: Budgeted financial position
- Schedule 5: Budgeted cash flow
- Schedule 6: Cash backed reserves and accumulated surplus reconciliation
- Schedule 7: Asset management
- Schedule 8: Basic service delivery measurement
- Schedule 9: Budgeted financial performance (revenue & expenditure by standard classification)
- Schedule 10: Budgeted capital appropriations by municipal vote
  
- Annexure A: List of Rates, Tariffs, Tariff Structures and Charges
- Annexure B: Schedule of comments and responses
- Annexure C: Budget Report 2023/2024 (Will be distributed as part of the electronic agenda)

**RECOMMENDATION TO THE COUNCIL:**

1. that, in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003), the annual budget of the Municipality for the 2023/2024 to 2025/2026 MTREF (Medium Term Revenue and Expenditure Framework) period **be approved** as set out in the following schedules:

- Schedule 1:** Budgeted financial performance (revenue & expenditure by municipal vote)
- Schedule 2:** Budgeted financial performance (revenue by source & expenditure by type)
- Schedule 3:** Budgeted multi- and single year capital appropriations by standard classification (vote) and funding by source
- Schedule 4:** Budgeted financial position
- Schedule 5:** Budgeted cash flow
- Schedule 6:** Cash backed reserves and acc. surplus reconciliation
- Schedule 7:** Asset management
- Schedule 8:** Basic service delivery measurement

2. that the property rates reflected in **Annexure A, be imposed** for the budget year 2023/2024;
3. that tariffs and charges reflected in **Annexure A, be approved** for the budget year 2023/2024;
4. that the Municipal Manager be authorised to sign the necessary documents to give effect to the 3rd draw down of the proposed three-year borrowing programme for external loans amounting to R50 million per year;
5. that the following schedules be noted:

- Schedule 9:** Budgeted financial performance (revenue & expenditure by standard classification)
- Schedule 10:** Budgeted capital appropriations by municipal vote

6. that **cognisance be taken** of the letters of comment received from the community and the SIME: LG MTEC Assessment Report by Provincial Treasury and the Provincial Department of Local Government, included in Annexures M and N respectively of the budget report; and
7. that **cognisance be taken** of the 2023/2024 Budget Report.

**RESPONSIBLE OFFICIALS:****S REYNEKE-NAUDE  
BA KING****TARGET DATE FOR IMPLEMENTATION:****1 JULY 2023**

## WC032 Overstrand - Schedule 1 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	2019/20	2020/21	2021/22	Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
<b>R thousand</b>									
<b>Revenue by Vote</b>									
Vote 1 - Council & Mayor's Office	30 091	38 321	53 270	50 312	50 786	50 786	52 697	58 511	65 462
Vote 2 - Municipal Manager & Internal Audit	36	-	-	-	-	-	-	-	-
Vote 3 - Management Services	1 189	2 570	3 603	869	1 069	1 069	956	974	993
Vote 4 - Finance	299 059	313 209	323 686	327 436	337 236	337 236	400 540	421 055	442 968
Vote 5 - Infrastructure & Planning	585 515	585 823	672 305	730 542	743 119	743 119	784 082	824 500	885 944
Vote 6 - Protection Services	32 797	16 277	48 857	35 995	41 335	41 335	38 275	40 713	43 398
Vote 7 - Economic and Social Development & Tourism	2 914	3 860	4 846	2 811	3 111	3 111	3 628	66	70
Vote 8 - Community Services	378 350	395 572	409 623	435 105	434 571	434 571	450 692	472 038	500 353
<b>Total Revenue by Vote</b>	<b>1 329 951</b>	<b>1 355 632</b>	<b>1 516 190</b>	<b>1 583 069</b>	<b>1 611 226</b>	<b>1 611 226</b>	<b>1 730 869</b>	<b>1 817 856</b>	<b>1 939 188</b>
<b>Expenditure by Vote to be appropriated</b>									
Vote 1 - Council & Mayor's Office	19 927	44 089	36 404	44 592	47 361	47 361	49 457	37 658	37 754
Vote 2 - Municipal Manager & Internal Audit	5 361	5 885	6 042	8 042	7 569	7 569	8 371	8 768	9 186
Vote 3 - Management Services	50 129	54 639	57 226	65 889	65 456	65 456	69 485	74 131	77 829
Vote 4 - Finance	71 308	78 365	79 557	106 313	102 296	102 296	107 441	113 042	119 256
Vote 5 - Infrastructure & Planning	527 810	577 727	690 779	734 810	740 136	740 136	820 055	889 033	923 089
Vote 6 - Protection Services	83 725	91 326	123 167	119 732	127 662	127 662	137 515	145 559	152 668
Vote 7 - Economic and Social Development & Tourism	12 042	13 558	15 122	17 570	16 794	16 794	19 382	16 369	17 064
Vote 8 - Community Services	420 782	456 221	487 502	498 023	501 174	501 174	530 506	558 809	580 988
<b>Total Expenditure by Vote</b>	<b>1 191 084</b>	<b>1 321 810</b>	<b>1 495 800</b>	<b>1 594 971</b>	<b>1 608 448</b>	<b>1 608 448</b>	<b>1 742 212</b>	<b>1 843 369</b>	<b>1 917 834</b>
<b>Surplus/(Deficit) for the year</b>	<b>138 868</b>	<b>33 821</b>	<b>20 390</b>	<b>(11 902)</b>	<b>2 778</b>	<b>2 778</b>	<b>(11 342)</b>	<b>(25 513)</b>	<b>21 353</b>

## WC032 Overstrand - Schedule 2 - Budgeted Financial Performance (revenue and expenditure)

R thousand	2019/20	2020/21	2021/22	Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
<b>Revenue</b>									
<b>Exchange Revenue</b>									
Service charges - Electricity	415 960	443 718	512 750	541 692	528 044	528 044	577 969	638 802	693 798
Service charges - Water	133 037	130 885	142 917	138 138	138 138	138 138	147 269	156 593	166 263
Service charges - Waste Water Management	80 925	86 983	93 177	90 962	90 962	90 962	104 715	111 237	117 912
Service charges - Waste Management	68 256	72 115	76 951	78 850	78 850	78 850	85 430	90 563	95 995
Sale of Goods and Rendering of Services	123 359	86 171	114 179	113 250	116 250	116 250	131 673	112 040	119 146
Agency services	4 376	6 164	6 858	7 858	7 858	7 858	8 319	8 818	9 346
Interest	31	28	24	0	0	0	0	0	0
Interest earned from Receivables	3 869	3 257	3 370	3 136	3 136	3 136	6 400	6 700	7 100
Interest earned from Current and Non Current Assets	48 116	30 476	31 884	24 871	34 671	34 671	41 800	44 600	47 700
Dividends	-	-	-	-	-	-	-	-	-
Rent on Land	2 314	2 088	1 650	1 229	1 229	1 229	1 127	1 149	1 173
Rental from Fixed Assets	3 425	4 068	5 042	4 573	4 573	4 573	5 646	5 975	6 290
Licence and permits	698	626	1 002	953	953	953	964	1 016	1 071
Operational Revenue	15 867	12 296	8 528	7 419	7 819	7 819	8 242	8 556	8 867
<b>Non-Exchange Revenue</b>									
Property rates	240 910	263 442	278 154	287 941	287 941	287 941	340 506	357 532	375 408
Surcharges and Taxes	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits	18 211	1 095	35 124	20 344	20 344	20 344	20 421	21 687	23 013
Licences or permits	1 277	1 601	1 778	1 683	1 683	1 683	1 943	2 060	2 184
Transfer and subsidies - Operational	122 921	140 895	151 903	166 184	177 496	177 496	184 953	200 916	213 137
Interest	1 170	987	851	846	846	846	1 300	1 378	1 461
Fuel Levy	-	-	-	-	-	-	-	-	-
Operational Revenue	-	-	-	-	-	-	-	-	-
Gains on disposal of Assets	-	53	-	-	-	-	-	-	-
Other Gains	3 890	7 545	7 570	8 225	8 225	8 225	7 900	8 000	8 100
Discontinued Operations	-	-	-	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>1 288 611</b>	<b>1 294 494</b>	<b>1 473 713</b>	<b>1 498 153</b>	<b>1 509 017</b>	<b>1 509 017</b>	<b>1 676 577</b>	<b>1 777 621</b>	<b>1 897 966</b>
<b>Expenditure</b>									
Employee related costs	380 774	436 214	452 651	504 478	505 935	505 935	537 911	549 447	577 299
Remuneration of councillors	11 282	11 219	11 538	12 335	12 335	12 335	12 514	13 014	13 540
Bulk purchases - electricity	278 548	298 272	351 600	384 161	371 533	371 533	429 805	484 562	533 019
Inventory consumed	42 302	45 053	52 658	52 137	63 584	63 584	62 499	68 235	66 340
Debt impairment	23 434	7 579	28 248	13 564	19 617	19 617	19 414	19 608	19 804
Depreciation and amortisation	134 574	140 116	147 004	146 596	146 596	146 596	149 154	151 672	154 226
Interest	46 570	48 805	47 584	48 056	48 056	48 056	49 658	51 817	49 865
Contracted services	178 363	208 907	237 081	269 929	270 967	270 967	300 624	323 452	341 534
Transfers and subsidies	560	8 710	12 813	13 057	14 786	14 786	16 380	17 143	17 944
Irrecoverable debts written off	-	4 559	5 258	-	0	0	-	-	-
Operational costs	93 037	112 218	118 193	150 658	155 038	155 038	164 252	164 418	144 263
Losses on disposal of Assets	1 369	-	30 979	-	-	-	-	-	-
Other Losses	270	159	192	-	-	-	-	-	-
<b>Total Expenditure</b>	<b>1 191 084</b>	<b>1 321 810</b>	<b>1 495 800</b>	<b>1 594 971</b>	<b>1 608 448</b>	<b>1 608 448</b>	<b>1 742 212</b>	<b>1 843 369</b>	<b>1 917 834</b>
<b>Surplus/(Deficit)</b>									
Transfers and subsidies - capital (monetary)	37 611	37 219	37 978	84 917	99 583	99 583	54 293	40 235	41 222
Transfers and subsidies - capital (in-kind)	3 730	23 919	4 499	-	2 626	2 626	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>138 868</b>	<b>33 821</b>	<b>20 390</b>	<b>(11 902)</b>	<b>2 778</b>	<b>2 778</b>	<b>(11 342)</b>	<b>(25 513)</b>	<b>21 353</b>
Income Tax	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after income tax</b>	<b>138 868</b>	<b>33 821</b>	<b>20 390</b>	<b>(11 902)</b>	<b>2 778</b>	<b>2 778</b>	<b>(11 342)</b>	<b>(25 513)</b>	<b>21 353</b>
Share of Surplus/Deficit attributable to Joint Venture	-	-	-	-	-	-	-	-	-
Share of Surplus/Deficit attributable to Minorities	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) attributable to municipality</b>	<b>138 868</b>	<b>33 821</b>	<b>20 390</b>	<b>(11 902)</b>	<b>2 778</b>	<b>2 778</b>	<b>(11 342)</b>	<b>(25 513)</b>	<b>21 353</b>
Share of Surplus/Deficit attributable to Associate	-	-	-	-	-	-	-	-	-
Intercompany/Parent subsidiary transactions	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	<b>138 868</b>	<b>33 821</b>	<b>20 390</b>	<b>(11 902)</b>	<b>2 778</b>	<b>2 778</b>	<b>(11 342)</b>	<b>(25 513)</b>	<b>21 353</b>

## WC032 Overstrand - Schedule 3 - Budgeted Capital Expenditure by vote, functional classification and funding

Vote Description R thousand	2019/20	2020/21	2021/22	Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
<b>Capital Expenditure - Functional</b>									
<b>Governance and administration</b>	4 049	7 054	3 761	1 875	1 875	1 875	9 075	-	-
Executive and council	2	355	3	5	5	5	5 005	-	-
Finance and administration	4 048	6 699	3 759	1 870	1 870	1 870	4 070	-	-
Internal audit	-	-	-	-	-	-	-	-	-
<b>Community and public safety</b>	112 758	96 981	63 534	53 438	58 181	58 181	49 161	41 794	79 461
Community and social services	1 330	16 072	1 458	7 261	4 781	4 781	1 330	-	-
Sport and recreation	9 981	22 886	5 047	2 500	3 047	3 047	5 041	11 704	16 241
Public safety	15 694	8 425	7 998	2 792	6 042	6 042	900	-	-
Housing	85 753	49 598	49 031	40 885	44 311	44 311	41 890	30 090	63 220
Health	-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>	6 865	29 200	11 405	14 068	18 668	18 668	5 748	-	2 981
Planning and development	1 220	8 466	2 656	1 478	1 844	1 844	1 108	-	-
Road transport	5 645	20 734	8 748	12 590	16 824	16 824	4 640	-	2 981
Environmental protection	-	-	-	-	-	-	-	-	-
<b>Trading services</b>	87 384	121 565	113 677	166 639	133 492	133 492	145 425	88 531	82 000
Energy sources	21 428	10 436	28 253	65 389	58 907	58 907	59 526	33 500	34 000
Water management	31 752	35 574	36 721	39 970	35 789	35 789	25 963	35 510	25 700
Waste water management	26 893	57 190	45 732	57 736	32 921	32 921	59 445	19 521	17 800
Waste management	7 311	18 365	2 972	3 544	5 876	5 876	490	-	4 500
Other	-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure - Functional</b>	<b>211 056</b>	<b>254 800</b>	<b>192 377</b>	<b>236 020</b>	<b>212 216</b>	<b>212 216</b>	<b>209 409</b>	<b>130 325</b>	<b>164 442</b>
<b>Funded by:</b>									
National Government	31 528	35 100	36 688	72 254	81 741	81 741	54 293	40 235	41 222
Provincial Government	85 965	48 390	1 290	-	5 400	5 400	-	-	-
District Municipality	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental	-	-	53 387	51 447	56 853	56 853	41 890	30 090	63 220
<b>Transfers recognised - capital</b>	<b>117 493</b>	<b>83 490</b>	<b>91 365</b>	<b>123 702</b>	<b>143 994</b>	<b>143 994</b>	<b>96 183</b>	<b>70 325</b>	<b>104 442</b>
<b>Public contributions &amp; donations</b>	<b>3 730</b>	<b>23 919</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Borrowing</b>	<b>50 476</b>	<b>45 443</b>	<b>65 237</b>	<b>80 175</b>	<b>38 411</b>	<b>38 411</b>	<b>95 214</b>	<b>60 000</b>	<b>60 000</b>
<b>Internally generated funds</b>	<b>39 358</b>	<b>101 949</b>	<b>35 775</b>	<b>32 143</b>	<b>29 811</b>	<b>29 811</b>	<b>18 013</b>	<b>-</b>	<b>-</b>
<b>Total Capital Funding</b>	<b>211 056</b>	<b>254 800</b>	<b>192 377</b>	<b>236 020</b>	<b>212 216</b>	<b>212 216</b>	<b>209 409</b>	<b>130 325</b>	<b>164 442</b>

## WC032 Overstrand - Schedule 4 - Budgeted Financial Position

R thousand	2019/20	2020/21	2021/22	Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
<b>ASSETS</b>									
<b>Current assets</b>									
Cash and cash equivalents	653 813	612 723	616 280	431 308	523 264	523 264	516 302	485 978	465 688
Trade and other receivables from exchange transactions	82 974	81 353	96 666	93 122	92 965	92 965	88 033	90 160	92 677
Receivables from non-exchange transactions	51 504	45 341	47 229	58 498	52 445	52 445	34 822	33 562	33 392
Current portion of non-current receivables	4	-	-	-	-	-	-	-	-
Inventory	10 222	12 736	10 932	10 908	10 908	10 908	11 054	11 025	11 008
VAT	10 384	16 822	12 472	(268)	(268)	(268)	1 063	2 529	4 101
Other current assets	708	717	733	723	723	723	32 047	35 087	38 127
<b>Total current assets</b>	<b>809 609</b>	<b>769 692</b>	<b>784 312</b>	<b>594 291</b>	<b>680 037</b>	<b>680 037</b>	<b>683 321</b>	<b>658 341</b>	<b>644 993</b>
<b>Non current assets</b>									
Investments	46 515	54 278	60 512	70 005	70 005	70 005	77 846	85 830	93 964
Investment property	122 921	127 538	127 088	132 846	132 846	132 846	138 346	143 846	149 346
Property, plant and equipment	3 485 598	3 601 762	3 637 253	3 820 865	3 798 520	3 798 520	3 859 136	3 838 163	3 848 772
Biological assets	-	-	-	-	-	-	-	-	-
Living and non-living resources	242	677	610	-	542	542	474	406	339
Heritage assets	130 928	128 528	112 126	130 928	112 126	112 126	112 126	112 126	112 126
Intangible assets	9 168	8 993	8 940	8 203	8 203	8 203	7 909	7 602	7 277
Trade and other receivables from exchange transactions	-	-	-	-	-	-	-	-	-
Non-current receivables from non-exchange transactions	-	-	-	-	-	-	-	-	-
Other non-current assets	-	-	-	-	-	-	-	-	-
<b>Total non current assets</b>	<b>3 795 371</b>	<b>3 921 776</b>	<b>3 946 528</b>	<b>4 162 847</b>	<b>4 122 242</b>	<b>4 122 242</b>	<b>4 195 837</b>	<b>4 187 973</b>	<b>4 211 823</b>
<b>TOTAL ASSETS</b>	<b>4 604 980</b>	<b>4 691 468</b>	<b>4 730 840</b>	<b>4 757 138</b>	<b>4 802 278</b>	<b>4 802 278</b>	<b>4 879 158</b>	<b>4 846 314</b>	<b>4 856 816</b>
<b>LIABILITIES</b>									
<b>Current liabilities</b>									
Bank overdraft	-	-	-	-	-	-	-	-	-
Financial liabilities	45 458	53 957	50 494	58 592	58 592	58 592	50 907	154 740	59 739
Consumer deposits	40 992	42 248	43 312	66 074	43 312	43 312	65 312	67 312	69 312
Trade and other payables from exchange transactions	134 818	141 475	138 780	173 931	168 120	168 120	182 222	199 509	217 615
Trade and other payables from non-exchange transactions	31 133	24 030	26 309	-	-	-	-	-	-
Provision	42 460	49 986	46 857	42 971	42 971	42 971	42 971	47 273	48 853
VAT	-	-	-	-	790	790	2 111	1 859	1 605
Other current liabilities	-	-	-	5 240	5 240	5 240	5 904	6 140	6 447
<b>Total current liabilities</b>	<b>294 861</b>	<b>311 695</b>	<b>305 751</b>	<b>346 808</b>	<b>319 025</b>	<b>319 025</b>	<b>349 426</b>	<b>476 832</b>	<b>403 571</b>
<b>Non current liabilities</b>									
Financial liabilities	431 475	430 400	429 906	421 184	421 184	421 184	420 625	325 885	326 146
Provision	117 681	139 279	157 026	159 663	159 923	159 923	167 099	167 392	167 500
Long term portion of trade payables	-	-	-	-	-	-	-	-	-
Other non-current liabilities	92 981	108 533	116 205	130 437	132 262	132 262	144 013	146 513	147 392
<b>Total non current liabilities</b>	<b>642 137</b>	<b>678 212</b>	<b>703 137</b>	<b>711 285</b>	<b>713 370</b>	<b>713 370</b>	<b>731 737</b>	<b>639 790</b>	<b>641 038</b>
<b>TOTAL LIABILITIES</b>	<b>936 998</b>	<b>989 907</b>	<b>1 008 888</b>	<b>1 058 092</b>	<b>1 032 395</b>	<b>1 032 395</b>	<b>1 081 163</b>	<b>1 116 623</b>	<b>1 044 609</b>
<b>NET ASSETS</b>	<b>3 667 983</b>	<b>3 701 561</b>	<b>3 721 952</b>	<b>3 699 046</b>	<b>3 769 883</b>	<b>3 769 883</b>	<b>3 797 994</b>	<b>3 729 692</b>	<b>3 812 207</b>
<b>COMMUNITY WEALTH/EQUITY</b>									
Accumulated Surplus/(Deficit)	3 664 755	3 698 334	3 718 724	3 695 823	3 766 661	3 766 661	3 794 766	3 726 463	3 808 979
Reserves	3 227	3 227	3 228	3 223	3 223	3 223	3 229	3 229	3 229
	-	-	-	-	-	-	-	-	-
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>3 667 983</b>	<b>3 701 561</b>	<b>3 721 952</b>	<b>3 699 046</b>	<b>3 769 883</b>	<b>3 769 883</b>	<b>3 797 994</b>	<b>3 729 692</b>	<b>3 812 207</b>

## WC032 Overstrand - Schedule 5 - Budgeted Cash Flows

R thousand	2019/20	2020/21	2021/22	Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>									
<b>Receipts</b>									
Property rates	238 449	262 672	278 096	285 907	285 907	285 907	335 688	357 122	374 992
Service charges	689 210	737 211	818 906	843 505	830 014	830 014	904 949	998 675	1 075 429
Other revenue	175 357	131 492	171 510	146 992	152 798	152 798	171 788	143 338	151 854
Transfers and Subsidies - Operational	120 949	133 792	194 456	166 184	177 496	177 496	184 953	200 916	213 137
Transfers and Subsidies - Capital	60 675	37 219	-	72 254	87 141	87 141	54 293	40 235	41 222
Interest	53 186	34 748	36 128	24 871	34 671	34 671	41 800	44 600	47 700
Dividends	-	-	-	-	-	-	-	-	-
<b>Payments</b>									
Suppliers and employees	(971 606)	(1 069 400)	(1 237 641)	(1 373 971)	(1 382 381)	(1 382 381)	(1 433 760)	(1 622 038)	(1 594 654)
Finance charges	(46 570)	(48 805)	(47 584)	(48 056)	(48 056)	(48 056)	(49 658)	(51 817)	(49 865)
Transfers and Grants	(560)	(8 710)	(12 813)	(13 057)	(14 786)	(14 786)	(16 380)	(17 143)	(17 944)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>319 091</b>	<b>210 220</b>	<b>201 057</b>	<b>104 629</b>	<b>122 804</b>	<b>122 804</b>	<b>193 672</b>	<b>93 888</b>	<b>241 871</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>									
<b>Receipts</b>									
Proceeds on disposal of PPE	3 289	940	3 813	-	-	-	-	-	-
Decrease (increase) in non-current receivables	7	4	-	-	-	-	-	-	-
Decrease (increase) in non-current investments	(4 980)	(4 878)	(4 980)	(4 980)	(4 980)	(4 980)	(4 980)	(4 980)	(4 980)
<b>Payments</b>									
Capital assets	(211 056)	(254 800)	(192 377)	(236 020)	(212 216)	(212 216)	(209 409)	(130 325)	(164 442)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(212 740)</b>	<b>(258 734)</b>	<b>(193 544)</b>	<b>(241 000)</b>	<b>(217 196)</b>	<b>(217 196)</b>	<b>(214 389)</b>	<b>(135 305)</b>	<b>(169 422)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>									
<b>Receipts</b>									
Short term loans	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	54 000	54 000	50 000	50 000	50 000	50 000	50 000	60 000	60 000
Increase (decrease) in consumer deposits	-	-	-	2 000	2 000	2 000	22 000	2 000	2 000
<b>Payments</b>									
Repayment of borrowing	(39 725)	(46 576)	(53 957)	(50 623)	(50 623)	(50 623)	(58 245)	(50 907)	(154 740)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>14 275</b>	<b>7 424</b>	<b>(3 957)</b>	<b>1 377</b>	<b>1 377</b>	<b>1 377</b>	<b>13 755</b>	<b>11 093</b>	<b>(92 740)</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>120 626</b>	<b>(41 091)</b>	<b>3 557</b>	<b>(134 994)</b>	<b>(93 016)</b>	<b>(93 016)</b>	<b>(6 962)</b>	<b>(30 324)</b>	<b>(20 290)</b>
Cash/cash equivalents at the year begin:	533 188	653 813	612 723	566 302	616 280	616 280	523 264	516 302	485 978
Cash/cash equivalents at the year end:	653 813	612 723	616 280	431 308	523 264	523 264	516 302	485 978	465 688

Cash/cash equivalents at the year end:

## WC032 Overstrand - Schedule 6 - Cash backed reserves/accumulated surplus reconciliation

Description	2019/20	2020/21	2021/22	Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
<b>R thousand</b>									
<b>Cash and investments available</b>									
Cash/cash equivalents at the year end	653 813	612 723	616 280	431 308	523 264	523 264	516 302	485 978	465 688
Other current investments > 90 days	82 974	81 353	96 666	93 122	92 965	92 965	88 033	90 160	92 677
Investments - Property, plant and equipment	3 485 598	3 601 762	3 637 253	3 820 865	3 798 520	3 798 520	3 859 136	3 838 163	3 848 772
<b>Cash and investments available:</b>	<b>4 222 385</b>	<b>4 295 837</b>	<b>4 350 199</b>	<b>4 345 294</b>	<b>4 414 748</b>	<b>4 414 748</b>	<b>4 463 471</b>	<b>4 414 301</b>	<b>4 407 137</b>
<b>Application of cash and investments</b>									
Trade payables from Non-exchange transactions: Unspent conditional Grants	31 133	24 030	26 309	-	-	-	-	-	-
Unspent borrowing	-	44 066	-	22 033	22 033	22 033	45 214	-	-
Statutory requirements	-	-	-	-	-	-	-	-	-
Other working capital requirements	90 063	95 532	91 202	116 642	113 656	113 656	133 620	147 627	161 748
Other provisions	2 612	28 547	13 315	12 515	12 515	12 515	6 045	8 776	8 748
Long term investments committed	46 515	54 278	60 512	70 005	70 005	70 005	77 846	85 830	93 964
Reserves to be backed by cash/investments	3 227	3 227	3 228	3 223	3 223	3 223	3 229	3 229	3 229
<b>Total Application of cash and investments:</b>	<b>173 549</b>	<b>249 681</b>	<b>194 565</b>	<b>224 418</b>	<b>221 432</b>	<b>221 432</b>	<b>265 953</b>	<b>245 461</b>	<b>267 689</b>
<b>Surplus(shortfall)</b>	<b>4 048 835</b>	<b>4 046 156</b>	<b>4 155 634</b>	<b>4 120 877</b>	<b>4 193 316</b>	<b>4 193 316</b>	<b>4 197 518</b>	<b>4 168 840</b>	<b>4 139 448</b>



Immature	-	-	-	-	-	-	-	-	-
<b>Immature</b>	-	-	-	-	-	-	-	-	-
Living Resources	-	-	-	-	-	-	-	-	-
Total Upgrading of Existing Assets	18 646	39 781	41 698	73 335	39 362	39 362	52 660	34 541	38 841
Roads Infrastructure	-	181	-	-	-	-	-	-	-
Storm water Infrastructure	1 285	12 258	-	-	-	-	-	-	-
Electrical Infrastructure	7 871	120	7 173	10 831	1 600	1 600	9 231	10 000	13 000
Water Supply Infrastructure	1 863	1 873	3 586	8 315	6 935	6 935	550	500	500
Sanitation Infrastructure	32	14 286	30 939	51 581	28 219	28 219	38 887	12 337	14 100
Solid Waste Infrastructure	-	3 262	-	2 074	2 074	2 074	90	-	-
<b>Rail Infrastructure</b>	-	-	-	-	-	-	-	-	-
Coastal Infrastructure	-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure	-	-	-	-	-	-	-	-	-
<b>Infrastructure</b>	<b>11 051</b>	<b>31 980</b>	<b>41 698</b>	<b>72 800</b>	<b>38 828</b>	<b>38 828</b>	<b>48 758</b>	<b>22 837</b>	<b>27 600</b>
<b>Community Facilities</b>	-	<b>830</b>	-	<b>334</b>	<b>334</b>	<b>334</b>	-	-	-
Sport and Recreation Facilities	7 534	6 971	-	200	200	200	3 902	11 704	11 241
Community Assets	7 534	7 801	-	534	534	534	3 902	11 704	11 241
<b>Heritage Assets</b>	-	-	-	-	-	-	-	-	-
Revenue Generating	-	-	-	-	-	-	-	-	-
Non-revenue Generating	-	-	-	-	-	-	-	-	-
<b>Investment properties</b>	-	-	-	-	-	-	-	-	-
<b>Operational Buildings</b>	<b>61</b>	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-
Other Assets	61	-	-	-	-	-	-	-	-
<b>Biological or Cultivated Assets</b>	-	-	-	-	-	-	-	-	-
<b>Servitudes</b>	-	-	-	-	-	-	-	-	-
<b>Licences and Rights</b>	-	-	-	-	-	-	-	-	-
<b>Intangible Assets</b>	-	-	-	-	-	-	-	-	-
<b>Computer Equipment</b>	-	-	-	-	-	-	-	-	-
<b>Furniture and Office Equipment</b>	-	-	-	-	-	-	-	-	-
<b>Machinery and Equipment</b>	-	-	-	-	-	-	-	-	-
<b>Land</b>	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-
Mature	-	-	-	-	-	-	-	-	-
Immature	-	-	-	-	-	-	-	-	-
Living Resources	-	-	-	-	-	-	-	-	-
Total Capital Expenditure	211 056	254 800	192 377	236 020	212 216	212 216	209 409	130 325	164 442
Roads Infrastructure	5 645	20 734	7 714	12 255	15 274	15 274	4 640	-	2 981
Storm water Infrastructure	9 202	26 427	4 724	1 636	1 636	1 636	12 358	4 984	-
Electrical Infrastructure	21 428	10 427	26 417	65 389	58 907	58 907	59 526	33 500	34 000
<b>Water Supply Infrastructure</b>	<b>31 752</b>	<b>35 574</b>	<b>36 721</b>	<b>39 970</b>	<b>35 789</b>	<b>35 789</b>	<b>25 963</b>	<b>35 510</b>	<b>25 700</b>
Sanitation Infrastructure	16 081	30 513	39 862	56 101	31 285	31 285	47 087	14 537	17 800
Solid Waste Infrastructure	7 311	15 517	2 972	3 544	3 324	3 324	490	-	4 500
<b>Rail Infrastructure</b>	-	-	-	-	-	-	-	-	-
<b>Coastal Infrastructure</b>	-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure	-	-	-	-	-	-	-	-	-
Infrastructure	91 420	139 192	118 410	178 895	146 215	146 215	150 065	88 531	84 981
<b>Community Facilities</b>	<b>2 084</b>	<b>11 829</b>	<b>4 140</b>	<b>7 035</b>	<b>4 798</b>	<b>4 798</b>	<b>6 213</b>	-	-
Sport and Recreation Facilities	9 981	21 971	5 047	4 450	4 997	4 997	5 041	11 704	16 241
Community Assets	12 065	33 801	9 187	11 485	9 795	9 795	11 254	11 704	16 241
<b>Heritage Assets</b>	-	-	-	-	-	-	-	-	-
<b>Revenue Generating</b>	-	-	-	-	-	-	-	-	-
Non-revenue Generating	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
<b>Operational Buildings</b>	<b>1 810</b>	<b>4 581</b>	<b>1 410</b>	<b>3 017</b>	<b>2 295</b>	<b>2 295</b>	<b>100</b>	-	-
Housing	85 753	49 598	49 031	38 785	42 211	42 211	41 890	30 090	63 220
Other Assets	87 563	54 179	50 440	41 802	44 506	44 506	41 990	30 090	63 220
<b>Biological or Cultivated Assets</b>	-	-	21	-	-	-	-	-	-
<b>Servitudes</b>	-	-	-	-	-	-	-	-	-
<b>Licences and Rights</b>	-	-	-	-	-	-	-	-	-
<b>Intangible Assets</b>	-	-	-	-	-	-	-	-	-
<b>Computer Equipment</b>	<b>3 345</b>	<b>5 152</b>	<b>3 240</b>	<b>1 888</b>	<b>1 962</b>	<b>1 962</b>	<b>4 000</b>	-	-
<b>Furniture and Office Equipment</b>	<b>246</b>	<b>802</b>	<b>2 910</b>	<b>765</b>	<b>1 065</b>	<b>1 065</b>	<b>765</b>	-	-
<b>Machinery and Equipment</b>	<b>533</b>	<b>486</b>	<b>1 363</b>	<b>1 185</b>	<b>1 385</b>	<b>1 385</b>	<b>1 335</b>	-	-
<b>Transport Assets</b>	<b>15 884</b>	<b>21 189</b>	<b>6 806</b>	-	<b>7 289</b>	<b>7 289</b>	-	-	-
<b>Land</b>	-	-	-	-	-	-	-	-	-
<b>Zoo's, Marine and Non-biological Animals</b>	-	-	-	-	-	-	-	-	-
Mature	-	-	-	-	-	-	-	-	-
Immature	-	-	-	-	-	-	-	-	-
Living Resources	-	-	-	-	-	-	-	-	-
<b>TOTAL CAPITAL EXPENDITURE - Asset class</b>	<b>211 056</b>	<b>254 800</b>	<b>192 377</b>	<b>236 020</b>	<b>212 216</b>	<b>212 216</b>	<b>209 409</b>	<b>130 325</b>	<b>164 442</b>

<b>ASSET REGISTER SUMMARY - PPE (WDV)</b>	3 748 856	3 866 820	3 885 406	4 092 842	4 051 694	4 051 694	4 117 517	4 101 737	4 117 521
<i>Roads Infrastructure</i>	1 056 127	1 092 468	1 051 629	951 365	954 384	954 384	919 844	880 200	843 068
<i>Storm water Infrastructure</i>	214 067	234 040	250 290	240 845	240 845	240 845	244 723	241 135	232 470
<i>Electrical Infrastructure</i>	520 173	503 933	503 511	555 433	548 951	548 951	581 070	586 558	591 932
<i>Water Supply Infrastructure</i>	474 519	481 783	502 705	534 118	529 937	529 937	531 445	542 058	542 412
<i>Sanitation Infrastructure</i>	398 307	410 765	449 724	482 900	458 085	458 085	484 553	478 040	474 354
<i>Solid Waste Infrastructure</i>	24 634	40 153	40 054	49 883	49 663	49 663	46 852	43 495	44 580
<i>Rail Infrastructure</i>	-	-	-	-	-	-	-	-	-
<i>Coastal Infrastructure</i>	-	-	-	-	-	-	-	-	-
<i>Information and Communication Infrastructure</i>	-	-	-	-	-	-	-	-	-
<b>Infrastructure</b>	<b>2 687 827</b>	<b>2 763 142</b>	<b>2 797 912</b>	<b>2 814 545</b>	<b>2 781 865</b>	<b>2 781 865</b>	<b>2 808 488</b>	<b>2 771 487</b>	<b>2 728 816</b>
<b>Community Assets</b>	206 866	226 700	232 405	-	-	-	-	-	-
<b>Heritage Assets</b>	130 928	130 928	112 126	130 928	112 126	112 126	112 126	112 126	112 126
<b>Investment properties</b>	122 921	127 538	127 088	132 846	132 846	132 846	138 346	143 846	149 346
<b>Other Assets</b>	496 877	494 213	487 221	894 435	897 449	897 449	933 820	958 414	1 020 342
<b>Biological or Cultivated Assets</b>	-	-	-	-	-	-	-	-	-
<b>Intangible Assets</b>	9 168	8 993	8 940	8 203	8 203	8 203	7 909	7 602	7 277
<b>Computer Equipment</b>	-	-	-	-	-	-	-	-	-
<b>Furniture and Office Equipment</b>	<b>10 174</b>	<b>11 016</b>	<b>12 301</b>	<b>15 403</b>	<b>15 777</b>	<b>15 777</b>	<b>17 932</b>	<b>15 295</b>	<b>12 634</b>
<b>Machinery and Equipment</b>	<b>6 022</b>	<b>8 693</b>	<b>9 473</b>	<b>5 659</b>	<b>5 317</b>	<b>5 317</b>	<b>5 464</b>	<b>4 264</b>	<b>3 051</b>
<b>Transport Assets</b>	<b>78 074</b>	<b>95 597</b>	<b>97 940</b>	<b>90 823</b>	<b>98 112</b>	<b>98 112</b>	<b>93 432</b>	<b>88 703</b>	<b>83 930</b>
<b>Land</b>	-	-	-	-	-	-	-	-	-
<b>Zoo's, Marine and Non-biological Animals</b>	-	-	-	-	-	-	-	-	-
<b>Living Resources</b>	<b>242</b>	<b>677</b>	<b>610</b>	-	<b>542</b>	<b>542</b>	<b>474</b>	<b>406</b>	<b>339</b>
<b>TOTAL ASSET REGISTER SUMMARY - PPE (WDV)</b>	<b>3 748 856</b>	<b>3 866 820</b>	<b>3 885 406</b>	<b>4 092 842</b>	<b>4 051 694</b>	<b>4 051 694</b>	<b>4 117 517</b>	<b>4 101 737</b>	<b>4 117 521</b>
<b>EXPENDITURE OTHER ITEMS</b>									
<b>Depreciation</b>	134 556	138 195	147 004	146 596	146 596	146 596	149 154	151 672	154 226
<b>Repairs and Maintenance by Asset Class</b>	<b>189 815</b>	<b>211 518</b>	<b>245 386</b>	<b>267 944</b>	<b>270 606</b>	<b>270 606</b>	<b>293 296</b>	<b>314 839</b>	<b>326 561</b>
<i>Roads Infrastructure</i>	65 691	67 439	64 340	72 275	59 025	59 025	75 266	79 593	84 168
<i>Storm water Infrastructure</i>	4 749	5 584	6 870	7 335	6 625	6 625	6 469	6 836	7 224
<i>Electrical Infrastructure</i>	36 812	31 045	30 721	39 232	36 865	36 865	41 404	45 107	41 533
<i>Water Supply Infrastructure</i>	16 161	21 046	21 088	22 142	22 089	22 089	23 527	24 847	26 242
<i>Sanitation Infrastructure</i>	10 072	12 980	11 710	13 044	13 465	13 465	13 718	14 494	15 314
<i>Solid Waste Infrastructure</i>	1 168	2 535	6 351	7 320	7 593	7 593	7 697	8 224	8 691
<i>Rail Infrastructure</i>	-	-	-	-	-	-	-	-	-
<i>Coastal Infrastructure</i>	113	110	-	-	-	-	-	-	-
<i>Information and Communication Infrastructure</i>	-	1	-	-	-	-	-	-	-
<b>Infrastructure</b>	<b>134 766</b>	<b>140 742</b>	<b>141 079</b>	<b>161 349</b>	<b>145 663</b>	<b>145 663</b>	<b>168 080</b>	<b>179 101</b>	<b>183 172</b>
Community Facilities	29 422	37 364	37 455	43 516	44 412	44 412	47 427	50 067	52 854
Sport and Recreation Facilities	4 176	7 007	12 921	14 849	13 853	13 853	14 649	18 566	19 610
<b>Community Assets</b>	<b>33 597</b>	<b>44 371</b>	<b>50 376</b>	<b>58 365</b>	<b>58 266</b>	<b>58 266</b>	<b>62 076</b>	<b>68 633</b>	<b>72 464</b>
<b>Heritage Assets</b>	-	-	-	-	-	-	-	-	-
Revenue Generating	-	-	-	-	-	-	-	-	-
Non-revenue Generating	-	-	-	-	-	-	-	-	-
<b>Investment properties</b>	-	-	-	-	-	-	-	-	-
Operational Buildings	1 582	2 136	15 056	15 246	19 176	19 176	18 438	25 359	26 838
Housing	-	1	-	-	-	-	-	-	-
<b>Other Assets</b>	<b>1 582</b>	<b>2 137</b>	<b>15 056</b>	<b>15 246</b>	<b>19 176</b>	<b>19 176</b>	<b>18 438</b>	<b>25 359</b>	<b>26 838</b>
<b>Biological or Cultivated Assets</b>	-	-	-	-	-	-	-	-	-
Servitudes	-	-	-	-	-	-	-	-	-
Licences and Rights	6 009	5 672	5 915	6 994	7 755	7 755	8 331	8 737	9 174
<b>Intangible Assets</b>	<b>6 009</b>	<b>5 672</b>	<b>5 915</b>	<b>6 994</b>	<b>7 755</b>	<b>7 755</b>	<b>8 331</b>	<b>8 737</b>	<b>9 174</b>
<b>Computer Equipment</b>	<b>766</b>	<b>1 947</b>	<b>2 490</b>	<b>2 280</b>	<b>2 363</b>	<b>2 363</b>	<b>2 423</b>	<b>2 740</b>	<b>2 979</b>
<b>Furniture and Office Equipment</b>	<b>242</b>	<b>1 128</b>	<b>5 004</b>	<b>6 330</b>	<b>14 035</b>	<b>14 035</b>	<b>11 697</b>	<b>6 882</b>	<b>7 227</b>
<b>Machinery and Equipment</b>	-	-	<b>4 059</b>	<b>5 601</b>	<b>4 964</b>	<b>4 964</b>	<b>6 036</b>	<b>6 241</b>	<b>6 574</b>
<b>Transport Assets</b>	<b>12 853</b>	<b>15 521</b>	<b>21 406</b>	<b>11 779</b>	<b>18 385</b>	<b>18 385</b>	<b>16 214</b>	<b>17 145</b>	<b>18 132</b>
Libraries	-	-	-	-	-	-	-	-	-
<b>Zoo's, Marine and Non-biological Animals</b>	-	-	-	-	-	-	-	-	-
<b>Mature</b>	-	-	-	-	-	-	-	-	-
<b>Immature</b>	-	-	-	-	-	-	-	-	-
<b>Living Resources</b>	-	-	-	-	-	-	-	-	-
<b>TOTAL EXPENDITURE OTHER ITEMS</b>	<b>324 371</b>	<b>349 713</b>	<b>392 390</b>	<b>414 540</b>	<b>417 202</b>	<b>417 202</b>	<b>442 450</b>	<b>466 511</b>	<b>480 787</b>
<i>Renewal and upgrading of Existing Assets as % of total</i>	10.5%	21.7%	37.8%	39.9%	28.4%	28.4%	32.9%	45.8%	40.2%
<i>Renewal and upgrading of Existing Assets as % of depr</i>	16.5%	40.0%	49.4%	64.2%	41.1%	41.1%	46.2%	39.3%	42.8%
<i>R&amp;M as a % of PPE</i>	5.4%	5.9%	6.7%	7.0%	7.1%	7.1%	7.6%	8.2%	8.5%
<i>Renewal and upgrading and R&amp;M as a % of PPE</i>	6.0%	7.0%	8.0%	9.0%	8.0%	8.0%	9.0%	9.0%	10.0%



## WC032 Overstrand - Schedule 9 - Budgeted Financial Performance (revenue and expenditure by functional classification)

Standard Classification Description	2019/20	2020/21	2021/22	Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
<b>Revenue - Functional</b>									
<b>Governance and administration</b>	<b>346 166</b>	<b>366 679</b>	<b>390 897</b>	<b>384 994</b>	<b>398 420</b>	<b>398 420</b>	<b>460 614</b>	<b>487 005</b>	<b>515 935</b>
Executive and council	30 254	38 681	53 624	50 470	50 944	50 944	52 832	58 649	65 602
Finance and administration	315 876	327 998	337 273	334 524	347 476	347 476	407 781	428 357	450 333
Internal audit	36	-	-	-	-	-	-	-	-
<b>Community and public safety</b>	<b>164 043</b>	<b>125 463</b>	<b>164 894</b>	<b>152 578</b>	<b>161 611</b>	<b>161 611</b>	<b>177 203</b>	<b>166 849</b>	<b>181 807</b>
Community and social services	8 071	8 291	9 726	8 776	8 870	8 870	8 785	9 130	9 539
Sport and recreation	18 801	29 089	15 568	10 972	11 572	11 572	16 689	25 104	30 360
Public safety	32 801	16 193	48 216	35 995	41 335	41 335	38 275	40 713	43 398
Housing	104 370	71 891	91 383	96 834	99 834	99 834	113 454	91 902	98 509
Health	-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>	<b>15 503</b>	<b>16 035</b>	<b>24 301</b>	<b>24 399</b>	<b>28 378</b>	<b>28 378</b>	<b>20 693</b>	<b>13 909</b>	<b>17 008</b>
Planning and development	8 315	11 638	17 461	13 483	13 783	13 783	15 360	13 164	13 229
Road transport	7 166	4 365	6 342	10 879	14 558	14 558	5 290	700	3 732
Environmental protection	21	32	498	37	37	37	42	45	47
<b>Trading services</b>	<b>804 239</b>	<b>847 454</b>	<b>936 098</b>	<b>1 021 099</b>	<b>1 022 817</b>	<b>1 022 817</b>	<b>1 072 360</b>	<b>1 150 093</b>	<b>1 224 437</b>
Energy sources	459 980	481 695	557 894	615 533	614 451	614 451	654 236	714 079	768 859
Water management	153 663	153 115	156 426	167 048	169 604	169 604	169 924	177 202	186 067
Waste water management	103 934	117 987	123 924	139 720	140 185	140 185	143 566	147 334	150 976
Waste management	86 662	94 657	97 854	98 797	98 577	98 577	104 634	111 477	118 535
<b>Other</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Revenue - Functional</b>	<b>1 329 951</b>	<b>1 355 632</b>	<b>1 516 190</b>	<b>1 583 069</b>	<b>1 611 226</b>	<b>1 611 226</b>	<b>1 730 869</b>	<b>1 817 856</b>	<b>1 939 188</b>
<b>Expenditure - Functional</b>									
<b>Governance and administration</b>	<b>218 047</b>	<b>259 532</b>	<b>295 156</b>	<b>315 410</b>	<b>316 694</b>	<b>316 694</b>	<b>334 581</b>	<b>338 627</b>	<b>354 163</b>
Executive and council	39 624	69 529	65 261	74 067	73 081	73 081	80 395	70 297	72 191
Finance and administration	176 101	187 242	226 997	237 178	240 009	240 009	249 820	263 743	277 153
Internal audit	2 322	2 761	2 898	4 165	3 604	3 604	4 366	4 586	4 819
<b>Community and public safety</b>	<b>171 527</b>	<b>192 423</b>	<b>247 198</b>	<b>267 374</b>	<b>276 436</b>	<b>276 436</b>	<b>297 549</b>	<b>303 168</b>	<b>288 978</b>
Community and social services	15 216	22 122	20 500	21 751	22 269	22 269	23 853	25 038	26 334
Sport and recreation	44 289	52 169	53 049	63 035	62 226	62 226	63 849	70 406	74 304
Public safety	82 675	87 169	126 920	118 758	128 858	128 858	132 228	139 628	146 420
Housing	29 347	30 963	46 729	63 829	63 084	63 084	77 620	68 096	41 919
Health	-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>	<b>156 576</b>	<b>170 202</b>	<b>183 133</b>	<b>198 290</b>	<b>188 921</b>	<b>188 921</b>	<b>210 462</b>	<b>224 165</b>	<b>234 704</b>
Planning and development	39 397	43 396	47 152	53 256	51 934	51 934	56 507	56 025	58 748
Road transport	107 277	110 465	114 891	121 995	111 801	111 801	129 394	134 762	140 554
Environmental protection	9 902	16 340	21 090	23 039	25 186	25 186	24 561	33 377	35 402
<b>Trading services</b>	<b>641 935</b>	<b>696 761</b>	<b>767 390</b>	<b>810 381</b>	<b>821 967</b>	<b>821 967</b>	<b>895 516</b>	<b>973 163</b>	<b>1 035 587</b>
Energy sources	366 823	384 141	438 281	480 315	465 207	465 207	527 575	586 312	631 975
Water management	112 899	120 612	131 792	133 992	137 738	137 738	149 901	155 404	162 098
Waste water management	90 406	95 785	110 529	103 774	123 439	123 439	122 166	128 306	133 494
Waste management	71 808	96 223	86 788	92 299	95 584	95 584	95 874	103 141	108 019
<b>Other</b>	<b>2 998</b>	<b>2 893</b>	<b>2 923</b>	<b>3 517</b>	<b>4 429</b>	<b>4 429</b>	<b>4 104</b>	<b>4 247</b>	<b>4 403</b>
<b>Total Expenditure - Functional</b>	<b>1 191 084</b>	<b>1 321 810</b>	<b>1 495 800</b>	<b>1 594 971</b>	<b>1 608 448</b>	<b>1 608 448</b>	<b>1 742 212</b>	<b>1 843 369</b>	<b>1 917 834</b>
<b>Surplus/(Deficit) for the year</b>	<b>138 868</b>	<b>33 821</b>	<b>20 390</b>	<b>(11 902)</b>	<b>2 778</b>	<b>2 778</b>	<b>(11 342)</b>	<b>(25 513)</b>	<b>21 353</b>

## WC032 Overstrand - Schedule 10 - Budgeted Capital Expenditure by directorate

Vote Description R thousand	2019/20	2020/21	2021/22	Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
<b>Capital expenditure - Vote</b>									
<b>Multi-year expenditure to be appropriated</b>									
Vote 1 - Council & Mayor's Office	-	-	-	-	-	-	-	-	-
Vote 2 - Municipal Manager & Internal Audit	-	-	-	-	-	-	5 000	-	-
Vote 3 - Management Services	-	-	3 250	1 815	1 815	1 815	2 215	-	-
Vote 4 - Finance	-	-	42	60	60	60	60	-	-
Vote 5 - Infrastructure & Planning	15 575	73 712	146 819	198 128	174 863	174 863	196 210	130 325	164 442
Vote 6 - Protection Services	-	-	2 117	300	600	600	300	-	-
Vote 7 - Economic and Social Development & T	-	-	100	45	45	45	45	-	-
Vote 8 - Community Services	58 300	36 053	6 417	735	1 385	1 385	735	-	-
<b>Total Capital Expenditure - Vote</b>	<b>73 875</b>	<b>109 765</b>	<b>158 744</b>	<b>201 083</b>	<b>178 768</b>	<b>178 768</b>	<b>204 565</b>	<b>130 325</b>	<b>164 442</b>
<b>Single-year expenditure to be appropriated</b>									
Vote 1 - Council & Mayor's Office	-	352	-	-	-	-	-	-	-
Vote 2 - Municipal Manager & Internal Audit	-	-	-	-	-	-	-	-	-
Vote 3 - Management Services	3 966	2 288	-	-	-	-	1 800	-	-
Vote 4 - Finance	22	57	-	-	-	-	-	-	-
Vote 5 - Infrastructure & Planning	93 905	80 221	19 604	17 475	14 740	14 740	468	-	-
Vote 6 - Protection Services	12 064	8 160	4 989	2 492	5 442	5 442	600	-	-
Vote 7 - Economic and Social Development & T	375	498	-	-	-	-	-	-	-
Vote 8 - Community Services	26 849	53 459	9 039	14 970	13 267	13 267	1 976	-	-
<b>Capital single-year expenditure sub-total</b>	<b>137 181</b>	<b>145 035</b>	<b>33 633</b>	<b>34 937</b>	<b>33 448</b>	<b>33 448</b>	<b>4 844</b>	<b>-</b>	<b>-</b>
<b>Total Capital Expenditure - Vote</b>	<b>211 056</b>	<b>254 800</b>	<b>192 377</b>	<b>236 020</b>	<b>212 216</b>	<b>212 216</b>	<b>209 409</b>	<b>130 325</b>	<b>164 442</b>



OVERSTRAND MUNICIPALITY TARIFF LIST 2023/2024  
ATTACHMENTS TO THE RATES TARIFF SCHEDULE

TARIFF CODE	CLASS TAX	TYPE OF PROPERTY	REBATE OR EXEMPTIONS
BUS	General Tax: Commercial	All business, industries, Bed and Breakfast and Guest Houses	NO exemptions Bed and Breakfast as well as Guesthouses can apply before 30 June for the following rebate on the difference between Bus and Res rates: 3 X lettable room : 75% 4 X lettable room : 50% 5 X lettable room : 25%
BUSO	General Tax: Tourism and Recreational Resorts outside the municipal service areas	Hotels, Guest Houses, Cottages, Caravan Parks and Holiday Resorts, Chalets	50% rebate on the tax applicable on commercial property in urban areas
RES	General Tax: Residential properties within the municipal service areas	Single residential properties, Group housing, Retirement villages, Flats, Sectional schemes, Small holdings not used for bona fide farming purposes	The first R15 000.00 of the rateable value of all residential properties is exempted from property tax as per the Municipal Property Rates Act, Section 17 (1) h A further R35 000.00 of the rateable value is exempted in respect of all residential properties where a residential completion certificate has been issued An Additional rebate of 20% of the levy calculated on such properties is granted Rebate to qualifying property owners as indicated under "Other Rebate"
RESO	General Tax: Residential properties outside the municipal service area	Single residential properties, Group housing, Retirement villages, Flats, Sectional schemes	50% of the tax applicable on residential property in urban areas Rebate to qualifying property owners as indicated under "Other Rebate"
FARMS	General Tax: Farming properties	Small holdings used for bona fide farming purposes outside municipal service area	Agricultural purpose in relation to the use of a property, excludes the use of the property for the purpose of ecotourism or for the trading in or hunting game
FARMS	Conservation land	Privately owned properties whether designated or used for conservation purposes	Not rateable in terms of section 17(1)(e) of the Municipal Property Rates Act
	Other Rebates	Single residential properties, Group housing, Retirement villages, Flats, Sectional schemes	- Property zoned single residential must be occupied permanently by the applicant; - The applicant must be the registered owner; - Applicant may not be the registered owner of more than one property
PR100			* A rebate of 100% to approved applicant in terms of the Property Rates Policy, who are older than 60, who's gross monthly household income may not exceed the amount of two times (2X) of state funded social pensions per month
PR050			* A rebate of 70% to approved applicants, in terms of the Property Rates Policy who are older than 60 with a gross monthly household income less than four times (4X) of state funded social pensions per month
PR040			* A rebate of 40% to approved applicants, in terms of the Property Rates Policy who are older than 60 with a gross monthly household income more than four times (4X) but less than eight times (8X) of state funded social pensions per month

**EXEMPTIONS FROM PROPERTY RATES (Rates Policy)**

Religious organisations	A property registered in the name of and used primarily as a place of public worship by a religious organization/community, including an official residence registered in the name of that organization/community which is occupied by an office bearer who officiates at services at that place of worship in terms of section 17(1)(i) of the MPRA
Health and welfare institutions	Properties used exclusively as a hospital, clinic, mental hospital, orphanage, non-profit retirement village, old age home or benevolent institution, including workshops used by the inmates, laundry or cafeteria facilities, provided that any profits from the use of the property are used entirely for the benefit of the institution and/or to charitable purposes within the boundaries of Overstrand Municipality
Private schools and Educational Institutions	Property used by registered private schools for educational purposes only
Charitable institutions	Properties belonging to not-for-gain institutions or organizations that perform charitable work
Sporting bodies	Property used by an organization whose sole purpose is to use the property for sporting purposes, for gain or not. Assistance to professional sporting organizations may differ from that afforded to amateur bodies. The rebate will be awarded <b>at the sole discretion of council on an annual basis.</b>
Cultural institutions	Properties declared in terms of the Cultural Institutions Act, Act 29 of 1969 or the Cultural Institutions Act, Act 66 of 1989.
Museums, libraries, art galleries and botanical gardens	Registered in the name of private persons, open to the public and not operated for gain.
Youth development organisations	Property owned and/or used by organizations such as the Boy Scouts, Girls Guides, Voortrekkers or organizations the Council deems to be similar.
Animal protection	Property owned or used by institutions/organizations whose exclusive aim is to protect birds, reptiles and animals on a not-for-gain basis.

OVERSTRAND MUNICIPALITY TARIFF LIST 2023/2024

SUNDRY TARIFF LIST (ROUNDING APPLICABLE)

Tariff Code	Detail	2023/2024		2022/2023		Rate
		Exclude VAT	Include VAT 15%	Exclude VAT	Include VAT 15%	
		R	R	R	R	
<b>S1</b>	<b>BOAT LICENSE/PERMITS, LAUNCHING &amp; ENTRANCE FEE</b>					
<b>S1J</b>	<b>Kleinbaal Boat Launching:</b>					
S1J1	On site Parking pm	1 080.00	1 242.00	1 019.13	1 172.00	1.060
S1J2A	Category B1: Shark-view operators/whale-watching (incl on-site parking) pa	45 321.74	52 120.00	42 756.52	49 170.00	1.060
S1J2B	Category B2: Shark-view operators/whale-watching (excl on-site parking) pm	3 469.57	3 990.00	3 273.04	3 764.00	5.97%
S1J2C	Category B2: Shark-view operators/whale-watching (excl on-site parking) pa	34 592.17	39 781.00	32 633.91	37 529.00	6.00%
S1J4A	Kelp Collectors pm	4 333.91	4 984.00	4 088.70	4 702.00	6.00%
S1J4B	Kelp Collectors pa	42 850.44	49 278.00	40 793.91	46 913.00	5.04%
S1J4C	Kelp Collectors, Whale Watching and Shark Diving per launch	280.87	323.00	265.22	305.00	5.90%
S1J5	Oversize vessel	tariff + 50%	applicable vat	tariff + 50%	applicable vat	
S1J6A	Nature Conservation	no charge	no vat	no charge	no vat	
S1J6B	Support Service per month	820.87	944.00	774.78	891.00	5.95%
S1J6C	Support Service per launch	109.57	126.00	103.48	119.00	5.88%
S1J7A1	Recreational Fishing (Overstrand Consumers) Vessels < 7m pa	553.04	636.00	521.74	600.00	6.00%
S1J7A1A	Recreational Fishing (Overstrand Consumers) Vessels < 7m from 01 July - 31 Dec	276.52	318.00	260.87	300.00	6.00%
S1J7A1B	Recreational Fishing (Overstrand Consumers) Vessels < 7m frmp, 01 January - 30 June	368.70	424.00	347.83	400.00	6.00%
S1J7A2	Recreational Fishing Vessels < 7m per Launch	69.57	80.00	65.22	75.00	6.66%
S1J7A3	Recreational Fishing (Overstrand Consumers) Vessels > 7m pa	737.39	848.00	695.66	800.00	6.00%
S1J7A4	Recreational Fishing Vessels > 7m per Launch	92.18	106.00	86.96	100.00	6.00%
S1J7B1	Commercial Fishing (Overstrand Consumers) Vessels < 7m pa	737.39	848.00	695.65	800.00	6.00%
S1J7B2	Commercial Fishing Vessels > 7m pa	921.74	1 060.00	869.57	1 000.00	6.00%
S1J7B3	Commercial Fishing Vessels < 7m per launch	92.18	106.00	86.96	100.00	6.00%
S1J7B4	Commercial Fishing Vessels > 7m per launch	110.44	127.00	104.35	120.00	5.83%
S1J8A	Passenger Boats pm	1 613.04	1 855.00	1 521.74	1 760.00	6.00%
S1J8B	Passenger Boats per launch	161.74	186.00	152.17	175.00	6.29%
S1J9	Use of Tractor for Boat Launching per month	293.04	337.00	276.52	318.00	5.97%
S1J11	Formal Shop Rental / month	1 006.96	1 158.00	949.57	1 092.00	6.04%
S1J12	Informal Trader under cover rental / month	662.61	762.00	625.22	719.00	5.98%
<b>S1M</b>	<b>Kleinmond Slipway:</b>					
S1M1	Recreational Fishing (Overstrand Consumers) Vessels < 7m pa	731.30	841.00	689.57	793.00	6.05%
S1M1A	Recreational Fishing (Overstrand Consumers) Vessels < 7m from 01 July - 31 Dec	276.52	318.00	260.87	300.00	6.00%
S1M1B	Recreational Fishing (Overstrand Consumers) Vessels < 7m frmp, 01 January - 30 June	368.70	424.00	347.83	400.00	6.00%
S1M2	Recreational Fishing Vessels < 7m per Launch	69.57	80.00	65.22	75.00	6.66%
S1M3	Recreational Fishing (Overstrand Consumers) Vessels > 7m pa	878.26	1 010.00	828.70	953.00	5.98%
S1M4	Recreational Fishing Vessels > 7m per Launch	113.91	131.00	107.83	124.00	5.64%
S1M5	Commercial Fishing (Overstrand Consumers) Vessels < 7m pa	737.39	848.00	695.65	800.00	6.00%
S1M6	Commercial Fishing Vessels > 7m pa	1 056.52	1 215.00	996.52	1 146.00	6.02%
S1M7	Commercial Fishing Vessels < 7m per launch	100.87	116.00	94.76	109.00	6.43%
S1M8	Commercial Fishing Vessels > 7m per launch	120.00	138.00	113.04	130.00	6.16%

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S1M9	Passenger Boats pm	1 809.57	2 081.00	1 706.96	1 963.00	6.01%
S1M10	Passenger Boats per launch	175.13	201.40	165.22	190.00	6.00%
<b>S1T</b>	<b>Registered Launching Sites managed by the Overstrand Municipality (08:00-16:00) (Western Cape December School Holiday and when declared by Council) EXCLUDING Buffalojachtsbaai, Blue Water Bay, Du Toit Street Site to the Kleinriver at Stanford.</b>					
<b>S1T1</b>	<b>Affiliated Members</b>					
S1T1A	Annually	255.65	294.00	240.87	277.00	6.14%
S1T1B	Monthly	153.04	176.00	144.35	166.00	6.02%
S1T1C	Weekly	76.52	88.00	72.17	83.00	6.03%
S1T1D	Daily	26.96	31.00	25.22	29.00	6.90%
<b>S1T2</b>	<b>Non-Affiliated Members</b>					
S1T2A	Annually	509.57	586.00	480.87	553.00	5.97%
S1T2B	Monthly	229.57	264.00	216.52	249.00	6.02%
S1T2C	Weekly	127.83	147.00	120.87	139.00	5.76%
S1T2D	Daily	40.00	46.00	37.39	43.00	6.98%
<b>S2</b>	<b>BUILDING CONTROL</b>					
S2A1	Building Plan Fees : Minor Building Works	292.17	336.00	275.65	317.00	5.95%
S2A2	Building Plan Fees : 0 up to 30 m <sup>2</sup> (Fixed fee)(S2A3 x 30)	1 106.09	1 272.00	1 043.40	1 199.91	6.01%
S2A3	Building Plan Fees : Greater than 30 m <sup>2</sup> up to 100 m <sup>2</sup> (R/m <sup>2</sup> )	36.52	42.00	34.78	40.00	5.00%
S2A4	Building Plan Fees : Greater than 100 m <sup>2</sup> up to 200 m <sup>2</sup> (R/m <sup>2</sup> )	43.48	50.00	40.87	47.00	6.39%
S2A5	Building Plan Fees : Greater than 200 m <sup>2</sup> up to 300 m <sup>2</sup> (R/m <sup>2</sup> )	50.44	58.00	47.83	55.00	5.45%
S2A6	Building Plan Fees : Greater than 300 m <sup>2</sup> (R/m <sup>2</sup> )	56.52	65.00	53.04	61.00	6.56%
S2A7	Building Plan Fees : Government Subsidized Housing Schemes smaller than 80 m <sup>2</sup> (privately constructed)	260.87	300.00	246.09	283.00	6.01%
S2A8	Building Plan Fees : New Government Subsidized Housing Schemes (Government constructed)	no charge	no vat	no charge	no vat	
S2A9	Building Plan Fees : Government Subsidized Housing Schemes (verandas < 15 m <sup>2</sup> )	no charge	no vat	no charge	no vat	
S2A10	Building Plan Fees : Agricultural buildings (excluding residential buildings) (R/m <sup>2</sup> )	24.35	28.00	22.61	26.00	7.70%
S2A11	Building Plan Fees : Industrial buildings (excluding offices)(R/m <sup>2</sup> )	24.35	28.00	22.61	26.00	7.70%
S2A12	Building Plan Fees : Government Buildings (School, etc) (R/m <sup>2</sup> )	no charge	no vat	no charge	no vat	
S2A13	Building plan Fees : Application for temporary structures (Wendy House,Stores,Containers,etc.)	648.70	746.00	612.17	704.00	5.97%
S2A14	Building Plan Fees : Application for temporary structures (Tents for events)	648.70	746.00	612.17	704.00	5.97%
S2B1	Plan Scrutiny Fees : 0 up to 200 m <sup>2</sup> (Fixed Fee)	648.70	746.00	612.17	704.00	5.97%
S2B2	Plan Scrutiny Fees : Greater than 200 m <sup>2</sup> (R/m <sup>2</sup> )	5.57	6.40	5.22	6.00	6.61%
S2C1	Demolition application	660.87	760.00	623.48	717.00	6.00%
S2D1	Re-inspection fees and Inspections on complaints, rates clearance etc.	372.17	428.00	351.30	404.00	5.94%
S2E1	Administration / Viewing Request, Filing retrieval and Copying of Plans	73.04	84.00	68.70	79.00	6.33%
S2F1	Plan validity extension	293.91	338.00	277.39	319.00	5.96%
S2G1	Heritage investigation Minor Alterations (no additions)	584.35	672.00	551.30	634.00	5.99%
S2G2	Heritage investigation add and alt smaller than 30 m <sup>2</sup> (2 X S2G1)	1 168.70	1 344.00	1 102.61	1 288.00	5.95%
S2G3	Heritage investigation add and alt greater than 30 m <sup>2</sup> (2 X S2G2)	2 337.40	2 688.00	2 205.22	2 536.00	5.99%
S2H1	Signage : Application to erect a sign	648.70	746.00	612.17	704.00	5.97%
S2H2	Signage : Application fee for consent (S4.2.1)	571.30	657.00	539.13	620.00	5.97%
S2H3	Signage : Application fee for departure (S4.3.1)	571.30	657.00	539.13	620.00	5.97%

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S2H4	Signage - Advertising Costs Local newspapers for departure application	4 503.48	5 179.00	4 248.70	4 886.00	6.00%
<b>S3</b>	<b>BUILDING CONTROL: PLAN PRINTING FEES</b>					
S3A1	Per sheet - Size A0 (Private copy)	76.52	88.00	72.17	83.00	6.03%
S3A2	Size A1 (Private copy)	60.00	69.00	56.52	65.00	6.16%
S3A3	Size A2 (Private copy)	44.35	51.00	41.74	48.00	6.25%
S3A4	Per sheet - Size A0 (Official copy)	60.00	69.00	56.52	65.00	6.16%
S3A5	- Size A1 (Official copy)	44.35	51.00	41.74	48.00	6.25%
S3A6	- Size A2 (Official copy)	34.78	40.00	28.70	33.00	21.21%
S3B1	Per sheet - Size A0 (Private copy) Colour	380.00	437.00	358.26	412.00	6.07%
S3B2	Size A1 (Private copy) Colour	290.44	334.00	273.91	315.00	6.03%
S3B3	Size A2 (Private copy) Colour	193.91	223.00	182.61	210.00	6.19%
S3B4	Per sheet - Size A0 (Official copy) Colour	193.91	223.00	182.61	210.00	6.19%
S3B5	- Size A1 (Official copy) Colour	144.35	166.00	136.52	157.00	5.74%
S3B6	- Size A2 (Official copy) Colour	97.39	112.00	92.17	106.00	5.66%
<b>S5</b>	<b>BUSINESS LICENCE</b>					
S5B1	Business Licence - Formal	927.83	1 067.00	875.65	1 007.00	5.96%
S5B2	Business Licence - Informal	333.04	383.00	313.91	361.00	6.09%
S5B3	Re-inspection Fee	182.61	210.00	172.17	198.00	6.06%
S5B4	Duplicate Licence Fee	182.61	210.00	172.17	198.00	6.06%
S5B5	Liquor Licence per Calendar year (January to December) or part thereof					
S5B5A	Application for extended Liquor (Trading Hours up to 2am), per annum	2 003.48	2 304.00	1 890.44	2 174.00	5.98%
S5B5B	Application for extended Liquor (Trading on Sunday) per annum ** (to be applicable according By-law)	2 003.48	2 304.00	1 890.44	2 174.00	5.98%
<b>S15</b>	<b>CEMETERY</b>					
	<b>Residents (RES):</b>					
<b>S15A</b>	<b>Plot Cost (Fixed)</b>					
	<b>Grave Depths</b>					
<b>Note 1</b>	- Infill grave (between two existing graves) must have a soil coverage of not less than 1 meter; - Other single graves (not infill) must have a soil coverage of not less than 1.5 meters; - Double depth graves (in depth) must have a soil coverage of not less than 1 meters with a 300mm soil between the coffins; - Child grave must have a soil coverage of not less than 1 meter.					
<b>Note 2</b>	<b>Rebate of 50% for grave site: Applicable to Tariffs S15A1, S15A2, S15A4 &amp; S15B1</b> -Overstrand local household with gross household income per application of 0 - R4100 -Applications must be accompanied by sworn declaration of household income of the immediate family of the deceased.					
S15A1	All cemeteries - single grave	720.87	829.00	680.00	782.00	6.01%
S15A2	All cemeteries - Double graves - depth for two coffins	1 117.39	1 285.00	1 053.91	1 212.00	6.02%
S15A4	Children under 12years	540.87	622.00	510.44	587.00	5.96%
S15A5	Wall of Remembrance Fees	263.48	303.00	248.70	286.00	5.95%
S15A6	Overstrand Reginal Cemetery, COVID-19 related funerals	0.00	0.00	0.00	0.00	0.00%
<b>S15B</b>	<b>Indication of grave</b>					
S15B1	New graves (include inspection before and after funeral)	714.78	822.00	673.91	775.00	6.06%
S15B2	Existing graves	229.57	264.00	216.52	249.00	6.02%
<b>S18</b>	<b>COMMERCIAL FILMING/PHOTOGRAPHING (Tariff of 50% less charged, when compliant to pre-determined criteria)</b>					

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S18A	Large per day or part thereof ≥ 50 people	17 056.52	19 615.00	16 091.30	18 505.00	6.00%
S18B	Small per day or part thereof more than 10 but < 50 people	8 295.65	9 540.00	7 826.09	9 000.00	6.00%
S18C	Small per day or part thereof ≤ 10 people	4 608.70	5 300.00	4 347.83	5 000.00	6.00%
S18D	Application Fee per application	1 953.91	2 247.00	1 843.48	2 120.00	5.99%
S18F	<b>Addition to Shoot</b>					
S18F1	Animals (per animal per day or part of a day)	213.91	246.00	201.74	232.00	6.03%
S18F2	Area required for production and catering (per m <sup>2</sup> per day or part of a day)	48.70	56.00	46.09	53.00	5.65%
S18F3	Cancellation Fee (per application at full permit fee)	15% of Fee	applicable vat	15% of Fee	applicable vat	
S18F4	Environmental Control Officer. Fees per hour or part thereof	500.87	576.00	472.17	543.00	6.08%
S18F5	Vehicles off Public Roads per Parking Bay (per vehicle per day/part of a day)	180.00	207.00	169.57	195.00	6.15%
S20	<b>CREDIT CONTROL AND DEBT COLLECTION</b>					
S20A1	Admin fee on arrear accounts Notices	239.13	275.00	226.09	260.00	5.77%
S20A2	Admin fee on 24 hour Notices - Bulk users	239.13	275.00	226.09	260.00	5.77%
S20B	Admin fee on arrear accounts Disconnection and Reconnection Fee	561.74	646.00	530.44	610.00	5.90%
S20C	SMS admin fee on arrear accounts Notices	18.26	21.00	17.39	20.00	5.00%
S23	<b>FIRE SERVICES &amp; DISASTER MANAGEMENT</b>					
S23A	Plot Clearing	Actual Cost + R1 296.23 admin. Fee	applicable vat	Actual Cost + R1 222.86 admin. Fee	applicable vat	
S23B	Re-inspection Fee under By-law	193.91	223.00	182.61	210.00	6.19%
S23C	<b>Extinguishing of Fires</b>					
S23C1	Extinguishing of structural fires per hour or part thereof per incident	R2 193.43 + add cost incurred	applicable vat	R2 069.27 + add cost incurred	applicable vat	
S23C2	Extinguishing of structural fires - indigent households	no charge	no vat	no charge	no vat	6.00%
S23C3	Control and Extinguishing of Veld fires payable by registered owner if fire had its sole origin on said owner's property: per hour or part thereof, excluding goFPA Members	R653.10 + add cost incurred	applicable vat	R616.13 + add cost incurred	applicable vat	6.00%
S23C4	Extinguishing of vehicle/equipment fires per hour or part thereof	R557.57 + add cost incurred	applicable vat	R526.01 + add cost incurred	applicable vat	6.00%
S23C5	Assistance at motor vehicle accidents and rescues	no charge	no vat	no charge	no vat	
S23D	<b>Standby at fire scene</b>					
S23D1	Per hour or part thereof for vehicle and fire fighters excluding goFPA members	732.17	842.00	690.44	794.00	6.04%
S23E	<b>Fire Prevention Inspections</b>					
S23E1	Tank installation - per tank	413.91	476.00	390.44	449.00	6.01%
S23E2	LP Gas - per installation 48Kg and more incl bulk tanks	413.91	476.00	390.44	449.00	6.01%
S23F	<b>Fire Safety (excluding municipal buildings)</b>					
S23F1	1st compliance inspection per 20 minutes	168.70	194.00	159.13	183.00	6.01%
S23F2	2nd and continuing compliance inspection per 20 minutes	168.70	194.00	159.13	183.00	6.01%
S23F3	Rates Clearance Inspection	224.35	258.00	211.30	243.00	6.18%
S23F5	Fire Compliance Certificate excluding goFPA members	558.26	642.00	526.96	606.00	5.94%
S23G	<b>Events</b>					
S23G1	Inspection of location and issuing of Population Certificate	276.52	318.00	260.87	300.00	6.00%
S23G2	Standby at event per event per day or part thereof for vehicle and fire fighters	1 379.13	1 586.00	1 300.87	1 496.00	6.02%
S23H	<b>Burn Permits</b>					
S23H1	Burn Permit Inspection	346.09	398.00	326.09	375.00	6.13%
S23J	<b>Special Services</b>					

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S23J1	Ad hoc services	752.17	865.00	709.57	816.00	6.00%
S23J2	Water Supply per hour, excluding water tariff as set out in the water tariff structure	752.17	865.00	709.57	816.00	6.00%
S23L	Transportation Certification					
S23L1	Dangerous Goods Transportation Certification	606.00	696.90	new	new	
S25	<b>LAW ENFORCEMENT</b>					
S25B	<b>Impoundment of Abandoned or Obstructing Items</b>					
S25B1	Per Impoundment	823.48	947.00	776.52	893.00	6.05%
S25B2	Storage Fee per day	219.13	252.00	206.96	238.00	5.88%
S25C	<b>Impoundment of Informal Traders (Hawkers) Goods</b>					
S25C1	Per Impoundment	823.48	947.00	776.52	893.00	6.05%
S25C2	Removal of illegal structure per structure	3 377.39	3 884.00	3 186.09	3 664.00	6.00%
S25C3	Storage Fee per day	219.13	252.00	206.96	238.00	5.88%
S25D	<b>Pound fee: Dogs and Cats</b>					
S25D1	Impoundment of Dogs and Cats per animal	90.44	104.00	86.22	98.00	6.12%
S25D2	Pound fee: from day 2 per day per animal	57.39	66.00	53.91	62.00	6.46%
S25E	<b>Pound fee: Other Animals (not listed here)</b>					
S25E1	Impoundment fee per week per animal	885.22	1 018.00	834.78	960.00	6.04%
S25F	<b>Pound fee: Horses</b>					
S25F1	Impoundment of Horses per animal	883.04	1 027.00	842.61	969.00	5.98%
S25F2	Pound fee: per day per animal	224.35	258.00	211.30	243.00	6.18%
S25G	<b>Pound fee: Sheep and Goats</b>					
S25G1	Impoundment of Sheep and Goats per animal	224.35	258.00	211.30	243.00	6.18%
S25G2	Pound fee: per day per animal	112.17	129.00	106.09	122.00	5.73%
S25H	<b>Pound fee: Cattle</b>					
S25H1	Impoundment of Cattle per animal	893.04	1 027.00	842.61	969.00	5.98%
S25H2	Pound fee: per day per animal	168.70	194.00	159.13	183.00	6.01%
S25I	<b>Pound fee: Pigs</b>					
S25I1	Impoundment of Pigs per animal	446.96	514.00	421.74	485.00	5.98%
S25I2	Pound fee: per day per animal	168.70	194.00	159.13	183.00	6.01%
S25J	<b>Pound fee: Poultry</b>					
S25J1	Impoundment of Poultry per animal	112.17	129.00	106.09	122.00	5.73%
S25J2	Pound fee: per day per animal	23.04	26.50	21.74	25.00	5.98%
S25K	<b>Pound fee: Shopping Trolley</b>					
S25K1	Impoundment of Shopping Trolley per trolley	500.87	576.00	472.17	543.00	6.08%
S25P	<b>Bylaw on Outdoor Advertising</b>					
S25P1	Impoundment of illegal Advertising/Agent boards (per board) - small <2400cm <sup>2</sup>	90.44	104.00	85.22	98.00	6.12%
S25P2	Impoundment of illegal Advertising/Agent boards (per board) - large >2400cm <sup>2</sup>	886.96	1 020.00	836.52	962.00	6.03%
S25R	<b>Business &amp; Other Events</b>					
S25R1	Per officer per hour or part thereof - Mon - Sat	563.48	648.00	531.30	611.00	6.06%
S25R2	Per officer per hour or part thereof - Sundays and public Holidays	644.35	741.00	607.83	699.00	6.01%
S25R3	Administrative fee for provision of officers - per application	153.91	177.00	145.22	167.00	5.98%
S28	<b>LIBRARY</b>					
S28A1	Copies: A3 / page	1.74	2.00	3.48	4.00	-50.00%
S28A3	Copies: A3 page Colour	5.22	6.00	5.22	6.00	0.00%

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		As per System Price Rounded	cost + 15%	applicable vat	As per System Price Rounded	cost + 15%	applicable vat		
S28A5	Copies: A4/page (Library content only)	0.87	1.00	0.87	1.00	0.87	1.00		1.00%
S28A6	Copies: A4/page (Non-Library content)	4.83	5.55	4.83	5.55	4.74	5.45		5.17%
S28A7	Copies: A4 page Colour	3.48	4.00	3.48	4.00	3.48	4.00		0.00%
S28B1	Deposit to person's non-residents - Fiction & Non-Fiction	477.00	no vat	477.00	no vat	450.00	no vat		6.00%
S28D1	Lost Cards: Laminated (R/card) first time	18.43	21.20	18.43	21.20	17.39	20.00		6.00%
S28D1A	Lost Cards: Laminated (R/card)(subsequent lost card)	36.87	42.40	36.87	42.40	34.78	40.00		6.01%
S28D2	Laminated Cost A3	4.61	5.30	4.61	5.30	4.35	5.00		5.98%
S28D3	Laminated Cost A4	3.65	4.20	3.65	4.20	3.48	4.00		4.89%
S28E1	Penalty per book per week	2.10	no vat	2.10	no vat	2.00	no vat		5.00%
S28E2	Penalty per record/CD per week	2.10	no vat	2.10	no vat	2.00	no vat		5.00%
S28E3	Penalty per video/DVD per day	2.10	no vat	2.10	no vat	2.00	no vat		5.00%
S28F1	Scanning of Document - Black & White	0.91	1.05	0.91	1.05	0.87	1.00		4.60%
S28F2	Scanning of Document - Colour	1.83	2.10	1.83	2.10	1.74	2.00		5.17%
S28G1	Special Requests - Hold per Book	6.44	7.40	6.44	7.40	6.09	7.00		5.67%
S28G2	Special Requests - LL per Book	13.91	16.00	13.91	16.00	13.04	15.00		6.67%
S28H1	Subscriptions/ reader - Adults (Non residents)	180.87	208.00	180.87	208.00	170.44	196.00		6.12%
S28H2	Subscriptions/ reader - Children (Non residents)	113.91	131.00	113.91	131.00	107.83	124.00		5.64%
S28H3	Subscriptions/ reader - Family max 5 (Non residents)	445.22	512.00	445.22	512.00	420.00	483.00		6.00%
S28L1	Hire of Library Hall per Hour - Fundraising event	174.78	201.00	174.78	201.00	165.22	190.00		5.79%
S28L2	Hire of Library Hall per Hour - NON- Fundraising event	32.17	37.00	32.17	37.00	30.44	35.00		5.70%
S28M1	Minor Damage to book (per book)	27.83	32.00	27.83	32.00	26.09	30.00		6.67%
S28M2	Damage or lost library material								
S33	<b>OPERATIONAL COST</b>								
S33A	Application fee for installation of Street Signage (brown direction boards)								
S34	<b>PROPERTY ADMINISTRATION</b>								
S34A	<b>Application</b>								
S34A1	Lease or purchase of/for encroachment on municipal land (excluding Sport Facilities/Stalls and organs of state)	2 608.70	3 000.00	2 608.70	3 000.00	2 608.70	3 000.00		0.00%
S34A2	Lease or purchase of municipal land - Social Care Institutions / Registered Organisations / NPO's / PBO's/Community organisations	600.00	690.00	600.00	690.00	600.00	690.00		0.00%
S34A3	Temporary lease of municipal land for the storage of building materials next to building sites or general short term purposes	635.65	731.00	635.65	731.00	600.00	690.00		5.94%
S34A4	General consents issued in terms of the Administration of Immovable Property Policy (as amended)	600.00	690.00	600.00	690.00	new	new		
S34C	<b>Encroachment Fee:</b>								
S34C1	Encroachments of Veranda, Balcony, Sign, Signboards or similar structure over onto municipal land (per annum)	553.04	636.00	553.04	636.00	521.74	600.00		6.00%
S34C2	Encroachments onto municipal land where a lease is not applicable (per annum)	553.04	636.00	553.04	636.00	521.74	600.00		6.00%
S34C3	Enclosure or exclusive use of portions of the Commonage, Public Open Spaces, Road Reserves or Public Thoroughfares for gardening purposes where a lease is not applicable (per m <sup>2</sup> per month)	2.46	2.83	2.46	2.83	15.04	17.30		-83.64%
S34G	<b>Leases</b>								

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S34G1	Temporary use (≤12months) of municipal land for the storage of building materials next to building sites or for general purposes (per m <sup>2</sup> , per month)	6.43	7.40	6.09	7.00	5.65%
S34G2	Lease of municipal land for outdoor seating adjoining a Restaurant (per m <sup>2</sup> , per month)	35.91	41.30	33.91	39.00	5.90%
S34G3	Lease of municipal land to Social Care Institutions / Registered Organisations / NPOs/PBOs/ Sport facilities/Community organisations (per month)	178.26	205.00	167.83	193.00	6.21%
S34G6	Lease of municipal land for the displaying or parking of vehicles (per m <sup>2</sup> , per month)	6.70	7.70	6.35	7.30	5.43%
<b>S34H</b>	<b>Radio Mast</b>					
S34H1	Equipment on municipal mast or municipal assets/infrastructure - per month per mast	2 446.09	2 813.00	2 307.83	2 654.00	5.99%
S34H2	Space in building adjacent to the mast (per m <sup>2</sup> , per month)	644.35	741.00	607.83	699.00	6.01%
S34H3	Space outside the building adjacent to the mast (per m <sup>2</sup> , per month)	323.48	372.00	305.22	351.00	5.98%
S34H4	Lease of municipal land with a mast on or for the erection of a new mast (per m <sup>2</sup> , per month)	81.74	94.00	77.39	89.00	5.62%
<b>S34J</b>	<b>Memorial Benches / Picnic tables</b>					
S34J1	Application for a new memorial bench on municipal land	4 347.83	5 000.00	3 794.78	4 364.00	14.57%
S34J2	Fee for a memorial bench/picnic table on municipal land (per annum)	323.48	372.00	305.22	351.00	5.98%
S34J3	Application for the allocation of an existing memorial bench	2 608.70	3 000.00	new	new	
S34J4	Application for a new memorial / picnic table (including two concrete seats) installed on a concrete slab on municipal land	7 826.09	9 000.00	new	new	
<b>S36</b>	<b>PROPERTY INFORMATION</b>					
S36A1	Clearance Certificate (R/certificate) - ELECTRONIC	122.61	141.00	115.65	133.00	6.02%
S36A2	Clearance Certificate (R/certificate) - MANUAL	372.17	428.00	351.30	404.00	5.94%
S36B1	Deeds office registrations with sales information (R/100 even or part)	161.74	186.00	152.17	175.00	6.29%
S36B2	Deeds office registrations with sales information (R/verf)	42.61	49.00	40.00	46.00	6.32%
S36C	Extract from the Valuation Roll (R/page)	13.91	16.00	13.04	15.00	6.87%
S36F	Revaluation fee	2 301.74	2 647.00	2 171.30	2 497.00	6.01%
S36G1	Valuation Certificate (R/certificate) - ELECTRONIC	57.39	66.00	53.91	62.00	6.46%
S36G2	Valuation Certificate (R/certificate) - MANUAL	193.91	223.00	182.61	210.00	6.19%
S36H	Access of valuation roll information on CD	440.87	507.00	415.65	478.00	5.07%
<b>S40</b>	<b>RENTAL: COMMUNITY HALLS</b>					
S40.1	All events hosted where the municipal council or administration is the official host	free of charge	no vat	free of charge	no vat	
S40.3	Elections by the Electoral Commission	as per IEC policy	applicable vat	as per IEC policy	applicable vat	
S40.4	Events of Government Departments directly in interest of community	free of charge	no vat	free of charge	no vat	
<b>S40A</b>	<b>Auditorium &amp; Banqueting Hall</b>					
S40A1	Deposit for all functions (refundable) - excluding meetings	2 189.00	no vat	2 065.00	no vat	6.00%
S40A2	Hire of Auditorium and Banqueting Hall per Hour or part of a hour	769.57	885.00	726.09	835.00	5.99%
S40A3	Hire of Auditorium per Hour or part of a hour	449.57	517.00	424.35	488.00	5.94%
S40A4	Hire of Banqueting Hall per Hour or part of a hour	449.57	517.00	424.35	488.00	5.94%
Note	Hiring of Kitchen (Banqueting Hall & Auditorium) used for the serving of food only is included in the hiring fee mentioned above as this facility forms an integral part of the building and cannot be separated there from.					
S40A5	Non-fundraising events for Schools, other training institutions and sport & recreation per day	584.35	672.00	551.30	634.00	5.99%
S40A6	Plano per event	Actual Tuning Cost	applicable vat	Actual Tuning Cost	applicable vat	
S40A7	Use of sound and/or Lighting Equipment per event per hour	122.61	141.00	115.65	133.00	6.02%
S40A8	Use of Kitchen per day	804.35	925.00	759.13	873.00	5.96%

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S40A9	Hire of Glasses or Cups, Sauers and teaspoons per event	235.65	271.00	222.61	256.00	5.86%
S40A10	Local NGO's and CBO's per hour per venue - all events	251.30	289.00	237.39	273.00	5.86%
S40A12	Preparation for event - per hour	159.13	183.00	150.44	173.00	5.78%
S40A13	Meetings: Government departments (private meetings), NGO's and CBO's from outside the municipal area, per hour (Banquet hall)	354.78	408.00	334.78	385.00	5.97%
S40A14	Meetings: Local CBO's & NGO's per hour (Banquet hall only)	33.91	39.00	32.17	37.00	5.41%
S40A15	Weddings, Birthdays and Special Occasions per day (including the kitchen)	2 232.17	2 567.00	2 106.09	2 422.00	5.99%
S40A16	Festivals/Exhibitions/Events per day (max 14 days). Both venues, excluding extras - more than 14 days refer to general tariffs	769.57	885.00	726.09	835.00	5.99%
<b>S40C</b>	<b>Rental Units - Kleinmond</b>					
S40C1	Hire per room per month	54.78	63.00	51.30	59.00	6.78%
<b>S40E</b>	<b>Beardskeerdersbos / Betty's Bay / Blompark / Buffelslaags / Eluxolweni/Fernktoof Hall /Hawston Abalone Hall /Kleinmond Youth Centre / Kleinmond Club House / Masakane / Moffat Hall / Mooiuisig / Overhills / Pringle Bay / Proteadorp / Stanford / Stamford Committee Room / Zwellihle</b>					
S40E4	Fundraising: (Karaoke) Per daytime or evening	354.78	408.00	334.78	385.00	5.97%
S40E5	Funeral Tea (three hours)	146.96	169.00	138.26	159.00	6.29%
S40E6	Local CBO's of vulnerable groups: one booking allowed 24 hours in advance of a social gathering to be scheduled only on week days between 08:00 - 16:30	no charge	no vat	no charge	no vat	
S40E7	Non-fundraising events for Schools, other training institutions and sport & recreation	293.91	338.00	277.39	319.00	5.96%
S40E8	Meetings: Local CBO's and NGO's per hour - Meetings free of charge for Hawston Local Organisation for the Elderly	33.91	39.00	32.17	37.00	5.41%
S40E9	Non-fundraising (parties) Per daytime or evening	178.26	205.00	167.83	193.00	6.21%
S40E10	Use of Kitchen - Fundraising events per event	323.48	372.00	305.22	351.00	5.98%
S40E11	Use of Kitchen - Non Fundraising	323.48	372.00	305.22	351.00	5.98%
<b>Note</b>	<b>Daytime = 07:00 - 17:00 // Evening = 18:00 - 24:00 (Charge separately)</b>					
<b>S40J</b>	<b>Kleinmond Civic Center Hall, &amp; Hawston Thusong Centre</b>					
S40J1	Deposit: (refundable) Government Imbizos & Government Meetings.	638.00	no vat	602.00	no vat	5.98%
S40J2	Deposit (refundable): Hawston Thusong Centre	1 152.00	no vat	1 087.00	no vat	5.98%
S40J3	Fundraising: Karaoke, Disco, competitions, etc. per daytime or evening	804.35	925.00	759.13	873.00	5.96%
S40J4	Church Services per day	111.30	128.00	105.22	121.00	5.78%
S40J5	Funeral Tea (three hours)	146.96	169.00	138.26	159.00	6.29%
S40J6	Government Imbizos (per day)	2 479.13	2 851.00	2 339.13	2 690.00	5.99%
S40J7	Non-fundraising events for Schools, other training institutions and sport & recreation	293.91	338.00	277.39	319.00	5.96%
S40J8	Meetings: Government Departments (private meetings) & CBO's outside Municipal area per hour	354.78	408.00	334.78	385.00	5.97%
S40J9	Meetings: Local CBO's, NGO's, Non-fund-raising indoor sports per hour (only large groups > 30) - (No Deposits)	33.91	39.00	32.17	37.00	5.41%
S40J10	Preparation for event - per hour	83.48	96.00	79.13	91.00	5.50%
S40J11	Non-fundraising: Parties, weddings, indoor sports, etc. per daytime or evening	402.61	463.00	380.00	437.00	5.95%
S40J12	Tariff for events continuing after midnight (24h00) per hour	246.96	284.00	233.04	268.00	5.97%
S40J13	Sound OR Lighting Equipment per event (each item) per hour	123.48	142.00	116.52	134.00	5.97%
S40J14	Use of kitchen (per event per day)	387.83	446.00	366.09	421.00	5.94%
S40J15	Use of kitchen for water jugs and glasses or tea cups & saucers (per event per day)	56.52	65.00	53.04	61.00	6.56%
<b>Note</b>	<b>Daytime = 07:00 - 17:00 // Evening = 18:00 - 24:00 (Charge separately)</b>					
<b>S43</b>	<b>RENTAL: INFORMAL TRADERS' (HAWKERS') STALLS, OPEN SPACES &amp; BEACHES (applicable Overstrand Wide)</b>					

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S43A	CBD		33.91	39.00	32.17	37.00	5.41%
S43A1	All open stalls per day (demarcated area)(excluding Western Cape December Holiday plus Easter Weekend)						
S43A2	Open Stalls per day (Western Cape December Holiday plus Easter Weekend)	49.57	57.00	46.96	54.00		5.55%
S43B	Outside the CBD						
S43B1	Open Stalls Rental -December - January pm	110.44	127.00	104.35	120.00		5.83%
S43B2	Open Stalls Rental - February to November pm	46.96	54.00	44.35	51.00		5.89%
S43D	Events: Any Public Open Space, <b>Beaches</b> , <b>Gardens</b> , <b>Nature Reserves</b> , <b>Parks</b> , <b>Caravan Parks</b> , <b>Camping Sites and Resorts (As per the Event By-Law and Policy)</b>						
S43D1	Car Park - Private Car Sales per day (demarcated areas)	44.35	51.00	41.74	48.00		6.25%
S43D2	Profitable Organisations, sporting events, markets, music festivals etc as per the Events By-Law and Policy (Excluding other services eg. Refuse collection, electricity, etc.) <b>per event</b>	6 956.52	8 000.00	987.83	1 136.00		604.22%
S43D3	Non-profitable Organisations, birthday parties, <b>weddings</b> , creches, school events, religious events, <b>awareness campaigns</b> (Excluding other services eg. Refuse collection, electricity, etc.) <b>per event</b>	434.78	500.00	no charge	no vat		
S43F	<b>Beaches</b>						
S43F4	<del>Beach-Rentals - per day (Private functions)</del>	<del>1 629.57</del>	<del>1 756.00</del>	<del>1 442.64</del>	<del>1 689.00</del>		<del>6.03%</del>
S43F2	Rental December to January pm	276.52	318.00	260.87	300.00		6.00%
S43F3	Rental February to November pm	92.17	106.00	86.96	100.00		5.99%
S43G	<b>Leases</b>						
S43G4	Lease of stalls/containers on municipal land for informal trading (full stall/container) (per month)	215.65	248.00	203.48	234.00		5.98%
S43G5	Lease of stalls/containers on municipal land for informal trading (half a stall/container) (per month)	89.57	103.00	84.35	97.00		6.18%
S46	<b>RENTAL: OFFICE</b>						
S46A	Rental for office space (Hermanus Administration) (per m <sup>2</sup> per month)	146.96	169.00	138.26	159.00		6.29%
S46A1	Rental for office space (Gansbaai, Stanford & Kleinmond Administrations) (per m <sup>2</sup> per month)	73.04	84.00	68.70	79.00		6.33%
S46A2	Rental for office space to NGO's/NPO's/Government Departments/State Owned Enterprises irrespective of area (per m <sup>2</sup> per month)	44.35	51.00	41.74	48.00		6.25%
S46B	Rental for office space - Local Council Functions	no charge	no vat	no charge	no vat		
S48	<b>RENTAL: SPORT FACILITIES</b>						
S48A	<b>Spaces for Sport - Blompark/Eloxohwen/Gansbaai Communal Sport Centre(S48) / Hawston /Masakanel Kleinmond / Mount Pleasant / Overhills / Stanford / Zwellifte</b>						
S48A1	Club House - per hour (private events)	201.74	232.00	190.44	219.00		5.94%
S48A2	Club House - Sport events hosted by affiliated Sport and Recreation structures per hour	49.57	57.00	46.96	54.00		5.55%
S48A3	Club House - Sport event hosted by Non-affiliated Sport and Recreation structures - per hour	101.74	117.00	95.65	110.00		6.37%
S48A4	Club House Education, Welfare & NPO's/NGO's, Churches per hour	49.57	57.00	1 876.52	2 158.00		-97.36%
S48A5	Club House - Schools & Non-fundraising events per day	49.57	57.00	new	new		
S48A6	Club House- All events hosted where the municipality is the official host	no charge	no charge	1 035.65	1 191.00		
S48A7	Club House - All events hosted by Government Departments directly benefiting the community	no charge	no charge	new	new		
S48A8	Club House - Hiring of kitchen per day	304.35	350.00	new	new		
S48A9	Club House - Breakage deposit	800.00	no vat	new	new		



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S55L	Advertising Signs Auctioneers per 14days	297.39	342.00	563.48	648.00	-47.22%
S55K1	Laminated Cost A3	7.83	9.00	7.30	8.40	7.26%
S55K2	Laminated Cost A4	4.78	5.50	4.52	5.20	5.75%
<b>S60</b>	<b>SWIMMING POOL</b>					
<b>S60A</b>	<b>Daily Tariffs (01 December - 31 March &amp; Easter Weekend &amp; Events approved by the Administration)</b>					
S60A1	Persons older than 12years of age - per person per DAY or part of a day	4.35	5.00	No Charge	4.35	0.00%
S60A2	Children (< 12years) per child per day or part of a day	No Charge	no vat	106.09	no vat	0.00%
S60A4	Galas	106.09	122.00	106.09	122.00	0.00%
S60A5	Training sessions (Schools & Clubs) per season	167.83	193.00	167.83	193.00	0.00%
<b>S65</b>	<b>TOP MANAGEMENT CONSULTATIONS</b>					
S65A1	Consultation Fee (Top Management) per hour	1 184.35	1 362.00	1 117.39	1 285.00	5.99%
<b>S72</b>	<b>TOWN PLANNING: APPLICATION FEES</b>					
S72A	Amendment, deletion or additional conditions in respect of an existing approval	2 429.57	2 794.00	2 440.00	2 806.00	-0.43%
S72A1	Phasing, amendment, or cancellation of a plan of subdivision or a part thereof, including a General Plan or diagram	2 586.09	2 974.00	new	new	
S72A2	Permission required in terms of condition of approval	2 586.09	2 974.00	new	new	
S72B	Application for deviation of SDF/Sectoral Plans	3 044.35	3 501.00	2 872.17	3 303.00	5.99%
<b>S72F</b>	<b>Amendment, Suspension or Deletion of Restrictive Conditions</b>					
S72F1	Erven 150m <sup>2</sup> and smaller	299.13	344.00	282.00	324.30	6.07%
S72F2	Erven between 150 m <sup>2</sup> and 400 m <sup>2</sup>	599.13	689.00	565.22	650.00	6.00%
S72F3	Erven 400 m <sup>2</sup> and larger	4 556.52	5 240.00	4 298.26	4 943.00	6.01%
S72G	Consolidations (if combined with a subdivision application, only the subdivision fee is payable)					
S72G1	Erven 150m <sup>2</sup> and smaller	280.00	322.00	264.35	304.00	5.92%
S72G2	Erven between 150 m <sup>2</sup> and 400 m <sup>2</sup>	564.35	649.00	532.17	612.00	6.05%
S72G3	Erven 400 m <sup>2</sup> and larger	3 216.52	3 699.00	3 034.78	3 490.00	5.99%
<b>S72H</b>	<b>Subdivision (cumulative)</b>					
S72H1	up to 5 erven	4 347.83	5 000.00	4 101.74	4 717.00	6.00%
S72H2	6 to 10 erven	7 400.87	8 511.00	6 981.74	8 029.00	6.00%
S72H3	More than 10	7 400.87	8 511.00	6 981.74	8 029.00	6.00%
S72H3A	Additional per erf after 10	111.30	128.00	105.22	121.00	5.78%
<b>S72I</b>	<b>Application for Consent Use</b>					
S72I1	Erven 150m <sup>2</sup> and smaller	254.78	293.00	240.00	276.00	6.16%
S72I2	Erven between 150m <sup>2</sup> and 400m <sup>2</sup>	677.39	779.00	639.13	735.00	5.99%
S72I3	Erven 400 m <sup>2</sup> and larger	3 217.39	3 700.00	3 035.65	3 491.00	5.99%
<b>S72J</b>	<b>Application for Rezoning and Closure of Public Place</b>					
S72J1	Erven 150 m <sup>2</sup> and smaller	677.39	779.00	639.13	735.00	5.99%
S72J2	Erven between 150 m <sup>2</sup> and 400 m <sup>2</sup>	1 107.83	1 274.00	1 045.22	1 202.00	5.99%
S72J3	Erven between 400m <sup>2</sup> and 5000m <sup>2</sup>	7 400.87	8 511.00	6 981.74	8 029.00	6.00%
S72J4	Erven 5000m <sup>2</sup> and larger	8 474.78	9 746.00	7 994.78	9 194.00	6.00%
<b>S72K</b>	<b>Departure to Section 16(2)(b) and (c) of OM Land Use Planning Bylaw</b>					
S72K1A	Erven 150m and smaller	254.78	293.00	240.00	276.00	6.16%

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S72K1B	Erven between 150m <sup>2</sup> and 400m <sup>2</sup>	563.48	648.00	531.30	611.00	6.06%
S72K1C	Erven 400 m <sup>2</sup> and larger	3 217.39	3 700.00	3 035.65	3 491.00	5.99%
S72L	<b>Appeal deposit in terms of Section 79(5) of the Bylaw on Municipal Land Use Planning (refundable if appeal is upheld)</b>					
S72L1	Erven 150m <sup>2</sup> and smaller	367.00	no vat	346.00	no vat	6.07%
S72L2	Erven between 150m <sup>2</sup> and 400 m <sup>2</sup>	688.00	no vat	649.00	no vat	6.01%
S72L3	Erven 400 m <sup>2</sup> and larger	3 712.00	no vat	3 502.00	no vat	6.00%
S72M	Note: No appeal fee payable in case of appeal submitted by the Municipal Manager or cancellation of a plan of subdivision or a part thereof					
S72N	<b>Zoning Determination</b>					
S72N1	Erven 150m <sup>2</sup> and smaller	677.39	779.00	639.13	735.00	5.99%
S72N2	Erven between 150 m <sup>2</sup> and 400 m <sup>2</sup>	2 129.57	2 449.00	2 008.70	2 310.00	6.02%
S72N3	Erven 400 m <sup>2</sup> and larger	3 217.39	3 700.00	6 981.74	8 029.00	-53.92%
S72N4	Disestablishment of HOA	3 217.39	3 700.00	3 035.65	3 491.00	5.99%
S72P	<b>Relaxation of Title Deed (if combined with departure application only the highest fee applies)</b>					
S72P0	Erven 150m <sup>2</sup> and smaller	288.70	332.00	272.17	313.00	6.07%
S72P1	Erven between 150m <sup>2</sup> and 400m <sup>2</sup>	563.48	648.00	531.30	611.00	6.06%
S72P2	Erven larger than 400m <sup>2</sup>	3 203.48	3 684.00	3 021.74	3 475.00	6.01%
S72Q	<b>Permission in terms of Zoning Scheme including permission for the reconstruction of an existing building that constitutes a non-conforming use</b>					
S72Q1	Erven 150m <sup>2</sup> and smaller	254.78	293.00	240.00	276.00	6.16%
S72Q2	Erven between 150m <sup>2</sup> and 400m <sup>2</sup>	563.48	648.00	531.30	611.00	6.06%
S72Q3	Erven 400 m <sup>2</sup> and larger	3 217.39	3 700.00	3 035.65	3 491.00	5.99%
S72R	Extension of Time-period of validity of an approval	808.70	930.00	762.61	877.00	6.04%
S72S	Exemption in terms of Section 26	127.83	147.00	120.87	139.00	5.76%
S72T	Departure from trading hours in terms of the Overstrand Liquor Trading By-law	3 217.79	3 700.46	new	new	
S75	<b>TOWN PLANNING: LAND USE PLANNING FEE</b>					
S75A1	Advertising Costs Government Gazette	4 503.48	5 179.00	4 248.70	4 886.00	6.00%
S75A2	Advertising Costs Local newspapers	4 503.48	5 179.00	4 248.70	4 886.00	6.00%
S75A3	Advertising Costs Local Newspaper (Removal of Restriction only)	9 006.96	10 358.00	8 497.39	9 772.00	6.00%
S75A4	Advertising Costs - Placing of Final Notice in the Government Gazette	1 273.04	1 464.00	1 200.87	1 381.00	6.01%
S75B	Regulations of Zoning schemes (printing)	289.57	333.00	273.04	314.00	6.05%
S75C	Spatial Development Framework (printing)	289.57	333.00	273.04	314.00	6.05%
S75D	Zoning Certificate	323.48	372.00	305.22	351.00	5.98%
S75D1	Zoning Certificate - Non Profit Organisation (NPO)	No Charge	no vat	No Charge	no vat	0.00%
S75E	Registered Letters - more than 10 letters, applicant to pay applicable tariffs according to the South African Post Office Rates	applicable rate	applicable vat	applicable rate	applicable vat	
S75G	Search Fee	323.48	372.00	305.22	351.00	5.98%
S75H	Section 30(2) Certification / Clearance (only for the first transfer) (tariff not applicable in case of transfer op property between spheres of government, housing projects (municipal, provincial or national government) or registered NPO's	1 907.83	2 194.00	1 800.00	2 070.00	5.99%
S75I	Determination of Administrative Penalty: % as determined in terms of Section 90(5) of the Overstrand Municipality Land Use Planning Amendment By-Law, 2020					

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		average of two formal quotations	average of two formal quotations	average of two formal quotations	average of two formal quotations	
S7511	Formal structure - habitable (even 150m <sup>2</sup> and smaller) per sqm	5 539.13	6 370.00	5 225.22	6 009.00	6.01%
S7512	Formal structure - habitable (even larger than 150m <sup>2</sup> ) per sqm	16 614.78	19 107.00	15 673.91	18 025.00	6.00%
S7513	Formal structure non-habitable per sqm					
<b>S80</b>	<b>TRAFFIC</b>					
<b>S80J</b>	<b>Business &amp; Other Events</b>					
S80J1	Per officer per hour or part thereof - Mon - Sat	563.48	648.00	531.30	611.00	6.06%
S80J2	Per officer per hour or part thereof - Sundays and public Holidays	644.35	741.00	607.83	699.00	6.01%
S80J4	Administrative fee for provision of officers - per application	153.91	177.00	145.22	167.00	5.98%
<b>S80K</b>	<b>Removal of Vehicles/Towing Fee</b>					
S80K1	Removal of Vehicles per vehicle	1 352.17	1 555.00	1 275.65	1 467.00	6.00%
S80K2	Storage Fees per day	371.30	427.00	350.44	403.00	5.95%
S80K3	Towing Charge	Cost plus 15%	applicable vat	Cost plus 15%	applicable vat	
S80K4	Wheel Clamping per vehicle	500.87	576.00	472.17	543.00	6.08%
<b>S80L</b>	<b>Traffic Cones</b>					
S80L1	Hire of Traffic Cones per Cone per day	80.00	92.00	75.65	87.00	5.75%
<b>S80P</b>	<b>Disabled Parking Token</b>					
S80P1	Disabled Parking Token per application - valid for 2 year period	147.83	170.00	139.13	160.00	6.25%
<b>S80R</b>	<b>Impoundment of Boats</b>					
S80R1	Impoundment Fee per boat	2 003.48	2 304.00	1 890.44	2 174.00	5.98%
S80T1	NLTA Impoundments of public transport vehicles according the Government Notice 5/2009	6 452.17	7 420.00	6 086.96	7 000.00	6.00%
S80T2	NLTA Deviating of the routes public transport	2 304.35	2 650.00	2 173.91	2 500.00	6.00%
<b>S85</b>	<b>WAYLEAVES AND THE USE OF MUNICIPAL ROAD RESERVES FOR THE INSTALLATION OF SERVICES.</b>					
<b>S85A</b>	<b>Administration and Supervision Fee</b>					
S85A2	Administration fee for a wayleave or permit to use the road reserve to install an underground service per permit/event/incident	1 693.91	1 948.00	1 598.26	1 838.00	5.98%
<b>S85B</b>	<b>Remedying, Repairing and Cleaning</b>					
S85B1	Remedying substandard reinstatement or reinstatement which does not comply with the road reserve or other Overstrand Municipality infrastructure; cleaning the site; or ensuring compliance with any other requirement the Overstrand Municipality . For the costs incurred by the Overstrand Municipality resulting from any work in, or use of, the road reserve by any person other than the Overstrand Municipality .	Actual costs plus 10% administration fee	applicable vat	Actual costs plus 10% administration fee	applicable vat	
<b>S85C</b>	<b>Roadway Trench Fee</b>					
S85C2	Tariff for unauthorised trenching across a roadway: Local Road per m - measured from 0.5m behind kerb face or road edge (where no kerb is present)	11 490.44	13 214.00	10 840.00	12 466.00	6.00%

OVERSTRAND MUNICIPALITY TARIFF LIST 2023/2024

REFUSE (SOLID WASTE) TARIFFS (ROUNDING APPLICABLE)

Tariff Code	Detail	2023/2024		2022/2023		1.068 1.060
		Exclude VAT R	Include VAT 15% R	Exclude VAT R	Include VAT 15% R	
	<b>DOMESTIC WASTE</b>					
SAN1A	Residential (All registered erven/unit with approved building plan) 1 x removal per week (R/Month)	228.00	262.20	213.48	245.50	6.80%
SAN1A2	Residential indigent subsidy as per paragraph A of the Indigent Policy (All registered erven/unit with approved building plan) 1 x removal per week (R/Month)	-228.00	-262.20	-213.48	-245.50	6.80%
	<b>BUSINESS WASTE</b>					
SAN1C	Commercial/Business (Hostels, Old Age Homes, Caravan Sites, Semi-permanent Resorts etc) (R/Month)	228.00	262.20	213.48	245.50	6.80%
SAN1N1	Bulk Container 240L (Wheley bin) (R/Month) 1 X per week (if available)	228.00	262.20	213.48	245.50	6.80%
SAN1N	Bulk Container 240L (Wheley bin) (R/Month) 2 X per week (if available)	455.99	524.39	426.96	491.00	6.80%
SAN1N3	Bulk Container 240L (Wheley bin) (R/Month) 3 X per week CBD (if available)	683.97	786.57	640.42	736.48	6.80%
SAN1N4	Bulk Container 240L (Wheley bin) (R/Month) 4 X per week CBD (if available)	911.97	1 048.77	853.90	981.99	6.80%
SAN1N2	Bulk Container 240L (Wheley bin) (R/Month) 5 X per week CBD (if available)	1 139.97	1 310.97	1 067.39	1 227.50	6.80%
SAN1O	Camp/ill Route (R/Month) (if available)	1 791.37	2 060.08	1 677.31	1 928.91	6.80%
SAN1P	Additional Removals per week on Saturday per Bin (R/Month) per removal	341.98	393.28	320.21	368.24	6.80%
SAN1P1	Additional Removals on request Central Town (CBD) per bin (R/Month) (Sunday or Public Holidays) per removal	455.98	524.38	426.95	490.99	6.80%
SAN1P2	All CBD's additional Removal during normal working week, per Bin, per removal	52.72	60.63	49.36	56.76	6.81%
SAN1P3	All CBD's additional Removal on Saturday, per Bin per removal	79.07	90.93	74.04	85.14	6.80%
SAN1P4	All CBD's additional Removal during Sunday or Public Holidays, per Bin per removal	105.43	121.24	98.72	113.53	6.80%
SAN1Q	Caravan Sites, Chalets, Semi-permanent & Resorts (R/Month) (Uilenstraalmond Vakansieoord; Franskraal Vakansieoord; Peary Beach Camp, Micheal Fuchs Guesthouse) <b>NO REMOVAL</b> (per unit/site)	73.35	84.35	68.68	78.98	6.80%
SAN1R	Departmental Consumption (Municipal Consumption per removal site per month)	228.00	262.20	213.48	245.50	6.80%
SAN1U	Schools (R/Month)	228.00	262.20	213.48	245.50	6.80%
SAN1T	Removal outside service area (per removal per hour) (if available)	1 709.94	1 966.43	1 601.07	1 841.23	6.80%
SAN1V	Single Quarters & Transit Camps per unit	73.28	84.27	68.61	78.90	6.81%
SAN1W	Guesthouses, Bed & Breakfast (R/Month)	228.00	262.20	213.48	245.50	6.80%
SAN1X	Removal of food waste for safe disposal (R/per Collection)	453.94	522.03	425.04	488.80	6.80%
SAN2	<b>SELF DUMPING TRANSFER STATIONS &amp; DROP OFF'S: SAND AND CLEAN BUILDERS RUBBLE: (rounding applicable)</b>					
SA2A1	Vehicles up to 1 ton load capacity: clean builders rubble (<250mm) and sand: only at Kleinmond Transfer Station, Stanford Drop Off, Peary Beach Drop Off, Hawston Drop Off and Zwellihle Drop Off. (All vehicles above 1 ton load capacity only to landfills).	no Charge	no vat	no Charge	no vat	
SAN2B	<b>SELF DUMPING TRANSFER STATIONS &amp; DROP OFF'S: GENERAL AND GARDEN REFUSE</b>					
SA2B1	Vehicles up to 1 Ton per vehicle load capacity (maximum volume of 5m³)	no Charge	no vat	no Charge	no vat	

OVERSTRAND MUNICIPALITY TARIFF LIST 2023/2024

SA2B2	Vehicles > 1 & up to 2 Ton per vehicle load capacity (2 X SAN3B)	523.79	602.36	490.44	564.01	6.80%
SA2B3	Vehicles > 2 & up to 3 Ton per vehicle load capacity (3 X SAN3B)	785.68	903.53	735.66	846.01	6.80%
<b>SAN2C</b>	<b>WEIGH BRIDGE - SELF DUMPING ZWELIHLIE DROP OFF: GENERAL REFUSE (rounding applicable)</b>					
SA2C1	Up to 1 ton load weighed	no Charge	no vat	no Charge	no vat	
SA2C2	Above 1 ton load weighed per ton load weighed (maximum 3 tons)	261.89	301.17	245.22	282.00	6.80%
SA2C3	Weighing - Commercial vehicles (Cars, pick-ups / bakkies, campers, caravans and trailers)	203.38	233.89	190.44	219.00	6.80%
SA2C4	Weighing - Large vehicles (trucks and busses)	521.93	600.22	488.70	562.00	6.80%
<b>SAN3</b>	<b>WEIGH BRIDGE - GANSBAAL LANDFILL (rounding applicable)</b>					
SAN3A	Up to 1 ton load weighed	no Charge	no vat	no Charge	no vat	
SAN3B	Above 1 ton load weighed per ton load weighed	261.89	301.17	245.22	282.00	6.80%
SAN3D	Clean builders rubble and sand	no Charge	no vat	no Charge	no vat	
SAN3F	Mixed builders rubble per ton weighed (load)	261.89	301.17	245.22	282.00	6.80%
SAN3G	Weighing - Commercial vehicles (Cars, pick-ups / bakkies, campers, caravans and trailers)	203.12	233.59	190.19	218.72	6.80%
SAN3H	Weighing - Large vehicles (trucks and busses)	522.32	600.67	489.06	562.42	6.80%
<b>SAN4</b>	<b>BASIC FEE REFUSE SERVICE (Erven without approved building plans)</b>					
SAN4A	All registered erven without approved building plans (R/Month)	113.99	131.09	106.73	122.74	6.80%
<b>SAN5</b>	<b>SUNDRIES (rounding applicable)</b>					
SAN5A	Rental of Bulk Container per day (including disposal)	120.00	138.00	113.04	130.00	6.16%
SAN5B	Deposit - rental of bulk containers per 4 bins or less	903.00	no vat	852.00	no vat	5.99%
SAN5C	Asbestos Sheet - per unit (Limited to max 10m <sup>2</sup> per six month period)	145.22	167.00	137.39	158.00	5.70%
SAN5D	Baboon Resistant 240L Wheeley bin with lock delivered to homes - projects	1 422.61	1 636.00	1 341.74	1 543.00	6.03%
SAN5E	Replacement lock on baboon resistant wheeley bin	442.61	509.00	417.39	480.00	6.04%
SAN5F	<b>Chipped Organic Material at Gansbaal landfill site</b>					
SAN5F1	Per ton (when available and for self loading)	0.00	0.00	0.00	0.00	
SAN5F2	Per cubic (m <sup>3</sup> ) (when available and for self loading)	0.00	0.00	0.00	0.00	

OVERSTRAND MUNICIPALITY TARIFF LIST 2023/2024

SEWER TARIFFS (ROUNDING APPLICABLE)

1.075

Tariff Code	Detail	2023/2024		2022/2023	
		Exclude VAT	Include VAT 15%	Exclude VAT	Include VAT 15%
<b>SE7A</b>	<b>SEWERAGE - SINGLE AND INTERMEDIATE RESIDENTIAL (Dwelling house and Duplex flats, Conventional Sewers, small bore sewers and conservancy tanks)</b>				
SE7A1	0 - 35kl per kl (based on 70% of max 50kl water usage) - per unit per month, Conservancy tank service only during office hours per month. For after hours service, refer to tariff SE9B.	16.69	19.19	15.53	17.86
SE7A2	Where no municipal water is used - per RUE per month. Conservancy tank service only during office hours per month. For after hours service, refer to tariff SE9B.	148.22	170.45	137.88	158.56
SE7A3	Call out fee for Tank Service request but no service due to another defect/no access to tank	677.42	779.03	634.29	729.43
SE7A5	Double the basic charge levied where networks are available but client is not connected	294.51	338.69	275.76	317.12
<b>SEWERAGE - REGISTERED INDIGENT HOUSEHOLDS</b>					
SE7A4	0 - 7 kl - subsidised	-16.69	-19.19	-15.53	-17.86
SE7A5	8 - 35kl per kl (based on 70% of max 50kl water usage) - per unit per month, Conservancy tank service only during office hours per month. For after hours service, refer to tariff SE9B.	-16.69	-19.19	-15.53	-17.86
<b>SE7B</b>	<b>SEWERAGE - GENERAL RESIDENTIAL (Blocks of flats and Residential Buildings)</b>				
SE7B1	0 - 45kl per kl (based on 90% of max 50kl water usage) per unit per month	16.69	19.19	15.53	17.86
SE7B2	Call out fee for Tank Service request but no service due to another defect/no access to tank	677.42	779.03	634.29	729.43
<b>SE7C</b>	<b>SEWERAGE - GUEST HOUSE; BED &amp; BREAKFAST ESTABLISHMENTS</b>				
SE7C1	per kl (based on 70% of water usage) per unit per month.	16.69	19.19	15.53	17.86
<b>SE7D</b>	<b>CONSUMPTION - ALL OTHER (Including Commercial, Industrial, School, Sport, etc)</b>				
SE7D1	per kl (based on 90% of water usage) per unit per month - this percentage may be adjusted according to the Tariff Policy after investigation	16.69	19.19	15.53	17.86
SE7D2	Call out fee for Tank Service request but no service due to another defect/no access to tank	677.42	779.03	634.29	729.43
<b>SE7E</b>	<b>CONSUMPTION - DEPARTMENTAL</b>				
SE7E1	0 - 35 kl per kl (based on 70% of max 50kl water usage) per unit per month	16.69	19.19	15.53	17.86
<b>SE8</b>	<b>BASIC CHARGE</b>				
SE8A	Basic Monthly Charge Developed sites per erf/unit per month	147.40	169.51	137.88	158.57
SE8A1	Basic Monthly Subsidy Residential Indigent as per paragraph A of the Indigent Policy per month	-147.40	-169.51	-137.88	-158.57
SE8B	Basic Monthly Charge Undeveloped sites - can not connect to the network per erf/unit per month	99.32	114.22	92.91	106.85
SE8C	Basic Monthly Charge Undeveloped sites - can connect to the network per erf/unit per month	147.39	169.50	137.88	158.56
SE8D	Basic Monthly Charge Developed sites - with a septic Tank per erf/unit per month	99.32	114.22	92.91	106.85
SE8E	Basic Monthly Charge - Low Cost Housing & Single Quarters per erf/unit per month	99.32	114.22	92.91	106.85
SE8F	<b>Infrastructure</b>				
SE8F1	Fixed Infrastructure Basic Charge per erf/unit per month (No 1 end date 30 June 2026)	9.60	11.04	9.60	11.04
SE8F2	Fixed Infrastructure Basic Charge per erf/unit per month (No 2 end date 30 June 2029)	3.43	3.94	3.43	3.94

1.068

1.060

7.47%

7.50%

6.80%

6.80%

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OVERSTRAND MUNICIPALITY TARIFF LIST 2023/2024

SE8F3	Subsidised Fixed Infrastructure Basic Charge per erf/unit per month - Registered Indigent Households (No 2 end date 30 June 2029)	-3.43	-3.94	-3.43	-3.94	0.00%
<b>SE9</b>	<b>OTHER SEWERAGE CHARGES</b>					
SE9A	<b>Vacuum Tanker Service for users not paying tariffs SE7 above - PROVIDED ON REQUEST</b>					
SE9A1	Vacuum Tanker Service provided on request < 6kl (per 6kl or part thereof)	677.42	779.03	634.29	729.43	6.80%
SE9A2	Vacuum Tanker Service provided on request < 5kl (per 5kl or part thereof)	677.42	779.03	634.29	729.43	6.80%
SE9A4	Vacuum Tanker Service provided on request > 6kl (per 6kl or part thereof)	677.42	779.03	634.29	729.43	6.80%
SE9A5	Call out fee for Tank Service request but no service due to another defect	677.42	779.03	634.29	729.43	6.80%
SE9A6	More than 3 pipes an additional fee per pipe for users not paying tariff SE7 above	99.23	114.11	92.91	106.85	6.80%
SE9B	<b>After Hours Vacuum Tanker Service - PROVIDED ON REQUEST</b>					
SE9B1	After Hours - per request < 6kl (per 6kl or part thereof)	1 354.84	1 558.07	1 268.58	1 458.87	6.80%
SE9B2	After Hours - per request > 6kl (per 6kl or part thereof)	1 354.84	1 558.07	1 268.58	1 458.87	6.80%
SE9B3	After Hours - per request < 5kl (per 5kl or part thereof)	1 354.84	1 558.07	1 268.58	1 458.87	6.80%
SE9B2	After Hours Businesses with Public Toilets per removal	406.81	467.83	380.90	438.04	6.80%
SE9C	<b>Vacuum Tanker Service outside urban areas - PROVIDED ON REQUEST</b>					
SE9C1	Normal Applicable Tariff (SE9A1 or SE9A2 or SE9A4) PLUS additional per hour PLUS SE9C2	406.81	467.83	380.91	438.05	6.80%
SE9C2	Normal Applicable Tariff (SE9A2) plus additional per km	19.86	22.84	18.60	21.39	6.77%
	<b>After Hours for Vacuum Tanker Service outside urban areas - PROVIDED ON REQUEST</b>					
SE9C6	After Hours Applicable Tariff (SE9B1 or SE9B2 or SE9B3) PLUS additional per hour PLUS SE9C7	406.81	467.83	380.90	438.04	6.80%
SE9C7	After Hours Applicable Tariff (SE9B2) plus additional per km	19.86	22.84	18.60	21.39	6.79%
<b>SE10</b>	<b>SUNDRY CHARGES</b>					
SE9D	<b>Testing and Connection Fees</b>					
SE9D1	Testing of the septic and conservancy tanks per test	1 749.57	2 012.00	1 650.44	1 898.00	6.01%
SE9D2	Smallbore sewerage connection fee + tank test	8 027.83	9 232.00	7 573.04	8 709.00	6.01%
SE9D3	Sewer Connection	6 023.48	6 927.00	5 682.61	6 534.99	6.00%
SE9E	<b>Disposal with own tanker truck</b>					
SE9E1	Charge per kl or part thereof	16.52	19.00	15.65	18.00	5.56%
<b>SE11</b>	<b>ILLEGAL CONNECTION / TAMPERING FEE</b>					
SE11A	1st Offence	8 250.00	no vat	7 783.00	no vat	6.00%
SE11B	2 nd Offence (SE11A X 2)	16 500.00	no vat	15 566.00	no vat	6.00%
<b>NOTE: Any requests for tanker services after 15:00 will be charged at the after hour rate</b>						

ELECTRICITY TARIFFS (ROUNDING APPLICABLE) (AFTER NERSA approval)

Tariff Code	Detail	2023/2024		2022/2023		1,1510	1,1510
		Exclude VAT	Include VAT 15%	Exclude VAT	Include VAT 15%		
<b>CONSUMER DEPOSITS</b>							
ED1	Large Power User Group tariff E5 (excluding Kleinmond)	R	0,00	no vat	0,00	no vat	1,1510
ED2	Large Power User Group tariff E5 Kleinmond 2 weeks highest average consumption	R	calculated	no vat	calculated	no vat	1,1510
ED3	Domestic & Commercial Single Phase Credit Meter (Two Part Tariff) Electricity	R	3 423,00	no vat	3 229,00	no vat	1,1510
ED4	Domestic Three Phase Credit Meter (Two Part Tariff)- Electricity	R	6 000,00	no vat	5 660,00	no vat	6,01%
ED5	Commercial Three Phase Credit Meter (Two Part Tariff) - Electricity	R	13 713,00	no vat	12 937,00	no vat	6,00%
ED6	Domestic & Commercial Single Phase Pre-paid (Two Part Tariff) - Electricity	R	789,00	no vat	744,00	no vat	6,05%
ED7	Domestic & Commercial Three Phase Pre-paid (Two Part Tariff) - Electricity	R	1 576,00	no vat	1 487,00	no vat	5,99%
ED8	Indigent Registered (including UISP)	R	254,00	no vat	240,00	no vat	5,83%
EDD	Deposit Defaulters						
EDD1	Large Power User Group tariff E5 : Two Times average consumption during the preceding 12 months	R	calculated	no vat	calculated	no vat	
EDD2	Domestic & Commercial Single Phase Credit Meter (Two Part Tariff) Electricity : Two Times average consumption during the preceding 12 months	R	calculated	no vat	calculated	no vat	
EDD3	Domestic Three Phase Credit Meter (Two Part Tariff)- Electricity : Two Times average consumption during the preceding 12 months	R	calculated	no vat	calculated	no vat	
EDD4	Commercial Three Phase Credit Meter (Two Part Tariff) - Electricity : Two Times average consumption during the preceding 12 months	R	calculated	no vat	calculated	no vat	
<b>FIXED CHARGES</b>							
EF1	Infrastructure Charge per Meter per month (No 1 end date 30 June 2026)	R	16,65	19,15	16,65	19,15	0,00%
<b>SINGLE PHASE : DOMESTIC</b>							
E1A	Two-Part Tariff: Credit meters up to 60 Amp (13.8 kVA BDMD) (Including Resorts)						
E1A1	Basic Monthly charge per meter	R	504,90	580,64	438,66	504,46	15,10%
E1A2	IBT BLOCK 1 0 - 350 kWh	C	193,72	222,78	168,31	193,56	15,10%
E1A3	IBT BLOCK 2 351 - 600 kWh	C	284,52	327,20	247,19	284,27	15,10%
E1A4	IBT BLOCK 3 > 600 kWh	C	349,57	402,01	303,71	349,27	15,10%
E1B	Two-Part Tariff: Pre-paid up to 60 Amp (13.8 kVA BDMD) (Including Resorts)						
E1B1	Basic Monthly charge per meter	R	504,90	580,64	438,66	504,46	15,10%
<b>COMMERCIAL</b>							
E1B2	IBT BLOCK 1 0 - 350 kWh	C	178,95	205,79	155,47	178,79	15,10%
E1B3	IBT BLOCK 2 351 - 600 kWh	C	288,11	308,33	232,94	267,88	15,10%
E1B4	IBT BLOCK 3 > 600 kWh	C	336,02	386,42	291,94	335,73	15,10%
E1C	SINGLE PHASE : COMMERCIAL						
E1C1	Basic Monthly charge per meter	R	504,90	580,64	438,66	504,46	15,10%
E1C2	kWh Unit cost - Credit Meters	C	289,94	333,43	251,90	289,69	15,10%
E1C3	kWh Unit cost - Pre-paid meters	C	273,22	314,20	237,38	272,99	15,10%
E1D	Life Line One part tariff (Pre-paid meters only) ≤ 30 Amp with Maximum consumption of 350 kWh with average measured over twelve month period. Only available to Informal dwellings						
E1D1	kWh Unit cost	C	180,89	208,02	157,16	180,73	15,10%

One part tariff (Pre-paid meters only) Local Economic Development Projects					
E1E	Basic Monthly charge per meter	R	1 009.78	877.31	1 008.91
E1E1	IBT BLOCK 1 0 - 350 kWh	C	312.54	271.54	312.27
E3	THREE PHASE: COMMERCIAL & DOMESTIC				
E3E1	Two-Part Tariff: Credit up to 100A (70 kVA BDMD) DOMESTIC				
E3E1	Basic Monthly charge per meter	R	1 009.78	877.31	1 008.91
E3E2	IBT BLOCK 1 0 - 350 kWh	C	195.55	169.90	195.39
E3E3	IBT BLOCK 2 351 - 600 kWh	C	285.69	248.21	285.44
E3E4	IBT BLOCK 3 > 600 kWh	C	347.41	301.83	347.10
E3E5	Two-Part Tariff: Pre-paid up to 100A (70 kVA BDMD) DOMESTIC				
E3E5	Basic Monthly charge per meter	R	1 009.78	877.31	1 008.91
E3E6	IBT BLOCK 1 0 - 350 kWh	C	180.65	156.95	180.49
E3E7	IBT BLOCK 2 351 - 600 kWh	C	269.22	233.90	268.99
E3E8	IBT BLOCK 3 > 600 kWh	C	333.94	290.13	333.65
E3E9	Two-Part Tariff: Credit up to 100A (70 kVA BDMD) COMMERCIAL				
E3E9	Basic Monthly charge per meter	R	1 009.78	877.31	1 008.91
E3E10	IBT BLOCK 1 0 - 350 kWh	C	289.94	251.90	289.69
E3E11	Two-Part Tariff: Pre-paid up to 100A (70 kVA BDMD) COMMERCIAL				
E3E11	Basic Monthly charge per meter	R	1 009.78	877.31	1 008.91
E3E12	IBT BLOCK 2 351 - 600 kWh	C	273.22	237.38	272.99
E3G	One part tariff: Pre-paid only, up to 100A (70 kVA BDMD)				
E3G1	Businesses, Clubs, Sport grounds, Churches (minimum use of 800kVA) (minimum 6 months)	C	344.86	299.62	344.56
E5	TIME OF USE TARIFF				
E5A1	Service Charge (per month) for MV and LV consumers				
E5A1A	Administrative and Service Charge Medium Voltage per month	R	4 801.58	4 171.66	4 797.41
E5A2	Administrative and Service Charge Low Voltage per month	R	4 246.56	3 689.45	4 242.87
E5A3	Network Demand Charge kVA: Utilised capacity	R	47.36	41.15	47.32
E5A4	Network Capacity Charge kVA: Notified Maximum Demand (NMD)	R	37.75	32.80	37.72
E5A5	Medium Voltage Metering Points (11000V)				
E5A5	Off Peak kWh Unit Charge	C	79.68	69.23	79.61
E5A6	Standard kWh Unit Charge	C	143.45	124.63	143.32
E5A7	Peak kWh Unit Charge	C	466.19	405.03	465.78
E5A8	Low Voltage Metering Points (400V)				
E5A8	Off Peak kWh Unit Charge	C	85.68	74.44	85.61
E5A9	Standard kWh Unit Charge	C	149.41	129.81	149.28
E5A10	Peak kWh Unit Charge	C	472.17	410.23	471.76
E6	Sundry Charges				
E6A	Exceed NOTIFIED MAXIMUM DEMAND (NMD) per kVA per month	R	1 473.93	1 280.56	1 472.64
E6A	SUBSIDIZED TARIFFS: Grant to be shown separately				
E6A	Basic Monthly Charge: Residential Indigent as per paragraph A of the Indigent Policy per meter	R	-504.90	-438.66	-504.46

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E7	PUBLIC LIGHTING & CCTV												
E7A1	Streetlights & CCTV (metered) per kWh (no basic charge)	C	166.68	191.68	101.84	117.12							63.67%
E7A2	Streetlights & CCTV (consumption) (per unit/per month) (no basic charge) per 100 Watt per month	R	58.30	67.05	38.40	44.16							51.82%
E7A5	Illuminated street sign boards per month	R	44.20	50.83	38.40	44.16							15.10%
E7A6	Maintenance charge per light per month		31.36	36.06	new	new							
E8	CASUAL SUPPLIES												
E8A1	Per connection includes disconnection excluding hire of kiosk	R	1 740.08	2 001.09	1 511.80	1 738.57							15.10%
E8A2	Consumption per day if not metered	R	113.06	130.02	98.23	112.96							15.10%
E8A3	Hire of temporary distribution kiosk, per kiosk, per occasion	R	681.87	784.15	592.42	681.28							15.10%
E8A4	Deposit (Usage will be subtracted)	R	2 162.00	no vat	2 039.36	no vat							6.01%
E8A5	One part tariff : Prepaid or Credit Casual Supply	C	342.94	394.38	297.95	342.64							15.10%
E9	NETWORK CHARGES- SERVICED LAND												
E9A1	Network charge per serviced plot per month	R	504.90	580.64	438.66	504.46							15.10%
E9A2	Infrastructure Charge per Meter per month (No 1 end date 30 June 2026)	R	16.65	19.15	16.65	19.15							0.00%
E10	SUNDRY CHARGES												
E10A1	Call-out Fee - office hours (Based on 2 hours for electr & assist + 30km)	R	834.78	960.00	787.83	906.00							5.96%
E10A2	Call-out Fee - after hours: Weekdays & Saturdays (Based on 2 hrs (time and a half) for electr & assist + 30km)	R	1 172.17	1 348.00	1 106.09	1 272.00							5.97%
E10A3	Call-out Fee - after hours: Sundays & Public Holidays (Based on 2 hrs (double time) for electr & assist + 30km)	R	1 507.83	1 734.00	1 422.61	1 636.00							5.99%
E10A4	MV. Switching on Council's equipment office hours (Based on 3 hours for superintendent & electr + 60km)	R	2 431.30	2 796.00	2 293.91	2 638.00							5.99%
E10A5	MV. Switching on Council's equipment -after hours: Weekdays & Saturdays (Based on 3 hours (time and a half) for a superintendent and an electrician plus 60km)	R	3 484.35	4 007.00	3 286.96	3 780.00							6.01%
E10A6	MV. Switching on Council's equipment -after hours: Sundays & Public holidays (Based on 3 hours (double time) for a superintendent and an electrician plus 60km)	R	4 536.26	5 219.00	4 281.74	4 924.00							5.99%
E10A7	Contractor Inspection 2nd	R	817.39	940.00	771.30	887.00							5.98%
E10A8	Contractor Inspection 3rd	R	1 233.91	1 419.00	1 164.35	1 339.00							5.97%
E10A9	Disconnection	R	400.87	461.00	378.26	435.00							5.98%
E10A10	Reconnection	R	400.87	461.00	378.26	435.00							5.98%
E10A11	Verification of a Meter Reading	R	400.87	461.00	378.26	435.00							5.98%
E10A12	Administration fee - recalculation due to no meter access	R	208.70	240.00	196.52	226.00							6.20%
E10A13	Test of Meter: 1 & 3 Phase (Conditionally Refundable) External testing	R	769.57	885.00	726.09	835.00							5.99%
E10A14	Test of Meter: All other Meters (Conditionally Refundable) External testing	R	cost + 15%	applicable vat	cost + 15%	applicable vat							
E10A15	Tariff change - change between one part and two-part	R	273.04	314.00	257.39	296.00							6.08%
E10A16	Damage elect meter (based on meter cost + call out X 2)	R	2 737.39	3 148.00	2 582.61	2 970.00							5.99%
E10A17	Damage elect meter 3 phase (based on meter cost + call out X 2)	R	4 180.00	4 807.00	3 943.48	4 535.00							6.00%
E10A18	Replacement of CIU (Meter keypad) (Based on keypad cost and call out fee)	R	1 378.26	1 585.00	1 300.00	1 495.00							6.02%
E10A19	Damage of Bulk meter (Based on 3 hours for a superintendent and electrician + 60km + bulk meter cost + modem cost)	R	9 047.83	10 405.00	8 535.65	9 816.00							6.00%
E10A20	Commission of Bulk meter, supplied by customer (call out fee x 3)	R	2 504.34	2 879.99	2 363.48	2 718.00							5.96%
E10A21	Damage of HV Cable	R	cost + R45 628.73	applicable vat	cost + R43 045.97	applicable vat							6.00%

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E10A22	Damage of MV Cable	R	cost + R11 927.89	applicable vat	cost + R11 252.73	applicable vat	6.00%
E10A23	Damage of LV Cable	R	cost + R 4 803.88	applicable vat	cost + R 4 531.96	applicable vat	6.00%
E10A24	Damage of Service Connection Cable	R	cost + R 1 201.56	applicable vat	cost + R 1 133.55	applicable vat	6.00%
E10A25	Working without Way leave	R	6 158.26	7 082.00	5 809.57	6 681.00	6.00%
E10A26	Refundable Wayleave deposit for HV cables	R	87 940.00	no vat	82 962.00	no vat	6.00%
E10A27	Refundable Wayleave deposit for MV cables	R	21 985.00	no vat	20 741.00	no vat	6.00%
E10A28	Refundable Wayleave deposit for LV cables	R	4 751.00	no vat	4 482.00	no vat	6.00%
E10A29	Cancellation Fee of requested service	R	15% of Service Value	no vat	15% of Service Value	no vat	6.01%
E10A30	Erection and removal of Banners, signs & lights (per hour) (Vehicle cost + labour)	R	996.52	1 146.00	940.00	1 081.00	5.99%
E10A31	Replacement of damaged overhead service connection cable (Tariff E13A9 - E10A18)	R	4 231.30	4 866.00	3 992.17	4 591.00	5.96%
E10A32	Removal of Meter (based on call out fee)	R	834.78	960.00	787.83	906.00	5.96%
E10A33	Repositioning of Meter (excl. cable) (based on call out fee)	R	834.78	960.00	787.83	906.00	5.99%
E10A34	Repositioning of Meter (incl. cable) (based on call out fee + 30m cable)	R	2 754.78	3 168.00	2 599.13	2 989.00	
E10A35	Request for bulk meter profile for 12 months per request (Based on 3 hours for Smr Superintendent + 30km)	R	1 390.44	1 599.00	new	new	
E11	<b>UPGRADE OR DOWNGRADE (Network dependant)</b>						
E11A1	Change of Circuit Breaker - S/Phase(1/annum) contact Electricity Department for approval (Based on Circuit Breaker cost + 1 hour for an electrician and assistant + 30km)	R	653.91	752.00	616.52	709.00	6.06%
E11A2	Change of Circuit Breaker - 3 Phase(1/annum) contact Electricity Department for approval (Based on Circuit Breaker cost + 1 hour for an electrician and assistant + 30km)	R	1 666.09	1 916.00	1 572.17	1 808.00	5.97%
E12	<b>CONVERSION OF METERS</b>						
E12A1	Convert Credit Meter to Pre-paid: SP (no cable work) (based on meter cost + call out)	R	1 903.48	2 189.00	1 795.65	2 065.00	6.01%
E12A2	Convert Credit Meter to Pre-paid: 3P (no cable work) (based on meter cost + call out)	R	3 346.09	3 848.00	3 156.52	3 630.00	6.01%
E12A3	Convert Credit Three Phase to Single Phase Pre-paid meter (based on meter cost + call out + CB)	R	2 118.26	2 436.00	1 998.26	2 298.00	6.01%
E12A4	Convert Credit Three Phase to Single Phase Credit (Commercial only)	R	1 297.39	1 492.00	1 224.35	1 408.00	5.97%
E12A5	Convert Pre-paid Single Phase to Three Phase Pre-paid (based on tariff E13A8) cost includes cable to boundary	R	R13 857.51 + ext fee	applicable vat	R13 073.12 + ext fee	applicable vat	6.00%
E12A6	Convert pre-paid Three phase to Single phase pre-paid (based on meter cost + call out + CB)	R	2 118.26	2 436.00	1 998.26	2 298.00	6.01%
E12A7	Change to Time of Use (with existing bulk meter) + Deposit	R	816.52	939.00	770.44	886.00	5.98%
E12A8	Change to Time of Use (without existing bulk meter) + Deposit	R	14 573.91	16 760.00	133 368.70	153 374.00	-89.07%
E12A9	Change to SSEG Three Phase	R	9 047.83	10 405.00	new	new	
E12A10	Change to SSEG Single Phase	R	4 082.61	4 695.00	new	new	
E13	<b>SERVICE CONNECTIONS</b>						
E13A1	Builders connection (plus applicable service connection tariff)	R	1 058.26	1 217.00	998.26	1 148.00	6.01%
E13A4	Single Phase (Credit - 60A) option for Commercial users only (Based on 30m cable + meter cost + average labour cost + 15% admin fee)	R	7 506.09	8 632.00	7 080.87	8 143.00	6.01%
E13A6	Single Phase - (Pre-paid meters - 60A) applicable to Domestic users (Network Permitted) (Based on: 30m cable + meter cost + average labour cost + 15% admin fee)	R	7 506.09	8 632.00	7 080.87	8 143.00	6.01%
E13A7	Three Phase : (Credit - 60A) Plus Extension fee : Extension fee not applicable to Industrial even up to 60 Amp (Based on 30m (25mm) cable + meter cost + average labour +circuit breaker + 15% admin fee)	R	R14 342.5 + ext fee	applicable vat	R13 530.66 + ext fee	applicable vat	6.00%

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E13A8	Three Phase : (Pre-paid - 60A) Plus Extension fee : Extensions fee not applicable to Industrial erven up to 60 Amp (Based on 30m (25mm) cable + meter cost + average labour +circuit breaker +15% admin fee)	R	R14 342.5 + ext fee	applicable vat	R13 530.66 + ext fee	applicable vat	6.00%
E13A9	Non Standard : Pre-paid 30 Amp Single phase (Sub economic connections)	R	6 969.57	8 015.00	6 574.78	7 561.00	6.00%
E13A14	(Based on 30m (10mm) cable + meter cost + average labour cost + 15% admin fee)						
E14	Any other none standard connections		cost + 15% admin	applicable vat	cost + 15% admin	applicable vat	
E14A1	<b>ILLEGAL AND UNSAFE CONNECTION / TAMPERING FEE (Including SSEG and damage or bypass of the DSM Hot Water Cylinder Control Unit</b>						
E14A2	1 st Offence	R	4 875.00	no vat	4 599.00	no vat	6.00%
E14A3	2 nd Offence (E14A1 X 2)	R	9 750.00	no vat	9 198.00	no vat	6.00%
E14A4	3 rd Offence and re-occurrence (Disconnection of service and remedial action fee = double previous* offence fee) *based on current tariffs						
E15	Unsafe / illegal supply of electricity (per visit) (reconnection fee included)	R	2 183.48	no vat	2 X E14A2	no vat	5.99%
E15A1	<b>UPGRADING CONTRIBUTIONS (BULK INFRASTRUCTURE CONTRIBUTION LEVIES - BICL) (Network permitted : to be approved by Electricity Department)</b>						
E15A2	Primary Cost p/kVA -include all HV Equipment UP to HV Substation or identified point of supply excluding Dist. TF	R	1 360.00	1 564.00	1 282.61	1 475.00	6.03%
E15A3	Primary Cost p/kVA -include all MV. Equipment UP to Main Substation or identified point of supply excluding Dist. TF	R	4 049.57	4 657.00	3 820.00	4 393.00	6.01%
E15A4	Secondary Cost p/kVA -include all MV. Equipment UP to Main Substation or identified point of supply including Dist. TF	R	4 934.78	5 675.00	4 655.65	5 354.00	6.00%
E15A5	Secondary Cost p/kVA -include all MV. Equipment UP to Main Substation or identified point of supply including Dist. TF and Kiosk	R	6 439.13	7 405.00	6 074.78	6 986.00	6.00%
E15A6	Buying/Refund of spare capacity cost/kVA	R	100% of approved installation cost	applicable vat	100% of approved installation cost	applicable vat	
E15A7	Investigation Fee	R	4 837.39	5 563.00	4 563.48	5 248.00	6.00%
E18	<b>SMALL SCALE EMBEDDED GENERATION (SSEG)</b>						
E18A2	FACTOR OF 0,36 APPLICABLE ON DOMESTIC USERS : TARIFF : applicable on E15A3 AND E15A4 (Commercial /Business no factor apply)						
DC2	This tariff is available only for approved SSEG connections, where the customers offset their small scale generation against purchases from the Municipality, provided that their purchases exceed their generation. The consumer will stay on his existing tariff (All prepaid customers excluded) Prepaid customers to convert to credit meter and tariff.						
DC2A	Feed-in Tariff c/kWh (based on 85% of Eskom Standard Rate proportional over 12 months)	c	103.79	119.36	90.17	103.70	15.10%
DC2A1	<b>DEVELOPMENT CONTRIBUTIONS (BULK INFRASTRUCTURE CONTRIBUTION LEVIES - BICL)</b>						
DC2B	Sub Division of existing erf						
DC2B1	Single Phase 60 AMP (5 kVA) Domestic X Tariff E15A4 = P/ERF PLUS STANDARD CONNECTION FEES	R	32 195.65	37 025.00	30 373.90	34 929.99	6.00%
DC2B2	New Developments						
DC2C	Standard fee per Three Phase Domestic erf - infrastructure provide by developer (13.8 kVA xE15A2 x.36)	R	20 116.52	23 134.00	18 977.76	21 824.42	6.00%
DC2C1	Standard fee per Three Phase Domestic erf - infrastructure provide by developer (42kVA x E15A2x.36)	R	61 224.35	70 408.00	57 758.40	66 422.16	6.00%
DC2C2	MV/LV Bulk Supply with metering point cost / kVA= Tariff E15A2	R	4 080.00	4 692.00	3 819.86	4 392.84	6.81%
DC2C3	LV Bulk Supply if capacity is available on existing TF cost / kVA = Tariff E15A3	R	4 972.17	5 718.00	4 656.08	5 354.49	6.79%

OVERSTRAND MUNICIPALITY TARIFF LIST 2023/2024

WATER TARIFFS (ROUNDING APPLICABLE)

1.068

1.068

1.068

6.05%

6.02%

6.00%

6.00%

5.99%

6.50%

6.50%

0.00%

0.00%

0.00%

6.74%

6.80%

N/A

N/A

37.99%

38.00%

Tariff Code	Detail	2023/2024		2022/2023		Rate
		Exclude VAT	Include VAT 15%	Exclude VAT	Include VAT 15%	
<b>WD</b>	<b>CONSUMER DEPOSITS</b>					
WD1	Domestic - Water	719.00	no vat	678.00	no vat	1.068
WD2	Commercial - Water - Consumption < 40kl	2 872.00	no vat	2 709.00	no vat	6.05%
WD3	Commercial - Water - Consumption 40 - 100kl	10 048.00	no vat	9 479.00	no vat	6.02%
WD4	Commercial - Water - Consumption 100 kl +	17 224.00	no vat	16 249.00	no vat	6.00%
WD5	Domestic - Water RUE's	Applicable Rue's X WD1A	no vat	Applicable Rue's X WD1A	no vat	6.00%
WD6	Indigent - registered (including UISP)	230.00	no vat	217.00	no vat	5.99%
<b>WDD</b>	<b>Deposit Defaulters</b>					
WDD1	Domestic - Water - Two Times average monthly consumption during the preceding 12 months (Defaulters)	calculated	no vat	calculated	no vat	
WDD2	Commercial - Water - Consumption < 40kl Two Times average monthly consumption during the preceding 12 months (Defaulters)	calculated	no vat	calculated	no vat	
WDD3	Commercial - Water - Consumption 40 - 100kl Two Times average monthly consumption during the preceding 12 months (Defaulters)	calculated	no vat	calculated	no vat	
WDD4	Commercial - Water - Consumption 100 kl + Two Times average monthly consumption during the preceding 12 months (Defaulters)	calculated	no vat	calculated	no vat	
WDD5	Domestic - Water RUE's Two Times average monthly consumption during the preceding 12 months (Defaulters)	calculated	no vat	calculated	no vat	
<b>W1</b>	<b>BASIC CHARGE</b>					
W1A1	Basic Monthly Charge per erfunit per month	165.74	190.60	155.62	178.96	6.50%
W1A2A	Basic Monthly Subsidy : Residential Indigent as per paragraph A of the Indigent Policy per erfunit per month	-165.74	-190.60	-155.62	-178.96	6.50%
<b>W1A3</b>	<b>Infrastructure</b>					
W1A3A	Fixed Infrastructure Basic Charge per erfunit per month (No 1 end date 30 June 2026)	15.45	17.77	15.45	17.77	0.00%
W1A3B	Fixed Infrastructure Basic Charge per erfunit per month (No 2 end date 30 June 2029)	8.41	9.67	8.41	9.67	0.00%
W1A3C	Subsidised Fixed Infrastructure Basic Charge per erfunit per month - Registered Indigent Households (No 2 end date 30 June 2029)	-8.41	-9.67	-8.41	-9.67	0.00%
<b>W1B</b>	<b>CONSUMPTION - HOUSEHOLDS</b>					
	<b>Normal Tariff &amp; Level 1 water restrictions</b>					
W1B1	0 - 6 kl per kl	6.81	7.83	6.38	7.34	6.74%
W1B2	7 - 18 kl per kl	13.97	16.07	13.08	15.04	6.80%
W1B3	19 - 30 kl per kl	Consolidated into 19 - 45 kl		21.22	24.40	N/A
W1B4	31 - 45 kl per kl	Consolidated into 19 - 45 kl		32.68	37.58	N/A
W1B4	19 - 45 kl per kl	29.28	33.67	New	New	
W1B5	46 - 60 kl per kl	58.55	67.33	42.43	48.79	37.99%
W1B6	>60kl per kl	78.08	89.79	56.58	65.07	38.00%

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OVERSTRAND MUNICIPALITY TARIFF LIST 2023/2024

<b>Restriction Tariff 1 (level 2 &amp; 3 water restrictions)</b>									
W1B7	0 - 6 kl	per kl	6.81	7.83	6.38	7.34	6.74%		
W1B8	7 - 18 kl	per kl	18.16	20.89	17.00	19.55	6.80%		
W1B9	19 - 30 kl	per kl	Consolidated into 19 - 45 kl		27.59	31.73	N/A		
W1B10	31 - 45 kl	per kl	Consolidated into 19 - 45 kl		42.48	48.85	N/A		
W1B10	19 - 45 kl	per kl	38.06	43.77	New	New	37.99%		
W1B11	46 - 60 kl	per kl	76.12	87.53	55.16	63.43	38.00%		
W1B12	>60kl	per kl	101.50	116.73	73.55	84.59			
<b>Restriction Tariff 2 (level 4 &amp; 5 water restrictions)</b>									
W1B13	0 - 6 kl	per kl	6.81	7.83	6.38	7.34	6.74%		
W1B14	7 - 18 kl	per kl	22.35	26.70	20.93	24.07	6.80%		
W1B15	19 - 30 kl	per kl	Consolidated into 19 - 45 kl		33.95	39.04	N/A		
W1B16	31 - 45 kl	per kl	Consolidated into 19 - 45 kl		52.28	60.12	N/A		
W1B16	19 - 45 kl	per kl	58.55	67.33	New	New	37.99%		
W1B17	46 - 60 kl	per kl	93.68	107.73	67.89	78.07	38.00%		
W1B18	>60kl	per kl	124.93	143.67	90.53	104.11			
<b>Restriction Tariff 3 (level 6 water restrictions)</b>									
W1B19	0 - 6 kl	per kl	6.81	7.83	6.38	7.34	6.74%		
W1B20	7 - 18 kl	per kl	27.94	32.13	26.16	30.08	6.80%		
W1B21	19 - 30 kl	per kl	Consolidated into 19 - 45 kl		42.44	48.81	N/A		
W1B22	31 - 45 kl	per kl	Consolidated into 19 - 45 kl		65.35	75.15	N/A		
W1B22	19 - 45 kl	per kl	58.55	67.33	New	New	37.99%		
W1B23	46 - 60 kl	per kl	117.10	134.67	84.86	97.59	38.00%		
W1B24	>60kl	per kl	156.16	179.58	113.16	130.13			
W1B1	<b>CONSUMPTION - REGISTERED INDIGENT HOUSEHOLDS</b>								
<b>Normal Tariff &amp; Level 1 water restrictions</b>									
W1B11	0 - 10 kl	per kl - subsidised	-6.81	-7.83	-6.38	-7.34	6.74%		
W1B12	11 - 18 kl	per kl	13.97	16.07	13.08	15.04	6.80%		
W1B13	19 - 30 kl	per kl	Consolidated into 19 - 45 kl		21.22	24.40	N/A		
W1B14	31 - 45 kl	per kl	Consolidated into 19 - 45 kl		32.68	37.58	N/A		
W1B14	19 - 45 kl	per kl	29.28	33.67	New	New	37.99%		
W1B15	46 - 60 kl	per kl	58.55	67.33	42.43	48.79	38.00%		
W1B16	>60kl	per kl	78.08	89.79	56.58	65.07			
<b>Restriction Tariff 1 (level 2 &amp; 3 water restrictions)</b>									
W1B17	0 - 10 kl	per kl - subsidised	-6.81	-7.83	-6.38	-7.34	6.74%		
W1B18	11 - 18 kl	per kl	18.16	20.89	17.00	19.55	6.80%		
W1B19	19 - 30 kl	per kl	Consolidated into 19 - 45 kl		27.59	31.73	N/A		
W1B10	31 - 45 kl	per kl	Consolidated into 19 - 45 kl		42.48	48.85	N/A		
W1B10	19 - 45 kl	per kl	38.06	43.77	New	New	37.99%		
W1B11	46 - 60 kl	per kl	76.12	87.53	55.16	63.43	38.00%		
W1B12	>60kl	per kl	101.50	116.73	73.55	84.59			
<b>Restriction Tariff 2 (level 4 &amp; 5 water restrictions)</b>									



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OVERSTRAND MUNICIPALITY TARIFF LIST 2023/2024

W1C19	46 - 60 kl per kl	90.64	104.24	84.86	97.59	6.81%
W1C20	>60 kl per kl	120.86	138.99	113.16	130.13	6.80%
<b>W1D</b>	<b>OTHER CONSUMERS</b>					
W1D1	Departmental per Kl (Including temporary connection for municipal purposes)	29.63	34.07	28.46	32.73	4.11%
W1D2	Fire Hoses: Basic per Month	211.51	243.24	198.04	227.75	6.80%
W1D3	Bulk usage (Unconnected to networks) per Kl - Consumers Permanently residing within Overstrand municipality area	17.11	19.68	16.02	18.42	6.80%
W1D3A	Restriction Tariff 1 (level 2 & 3 water restrictions)	22.24	25.58	20.83	23.95	6.80%
W1D3B	Restriction Tariff 2 (level 4 & 5 water restrictions)	27.38	31.48	25.63	29.48	6.80%
W1D3C	Restriction Tariff 3 (level 6 water restrictions)	34.22	39.35	32.04	36.85	6.80%
W1D4	Kid Brooke (Van Cauter 0 - 8000kl per year)	0.08	0.09	0.08	0.09	0.00%
W1D5	Onrus Small Holdings tariff 2 (Van Cauter)	0.08	0.09	0.08	0.09	0.00%
W1D6	Onrus Small Holdings tariff 4 (Per agreement)	1.11	1.28	1.11	1.28	0.00%
W1D7	Contractors water consumption - temporary connection (only for municipal purposes)	29.63	34.07	28.46	32.73	4.11%
W1D8	Bulk usage (Unconnected to networks) per Kl - People residing outside the Overstrand municipal area	63.44	72.96	59.40	68.31	6.80%
W1D8A	Restriction Tariff 1 (level 2 & 3 water restrictions)	82.47	94.84	77.22	88.80	6.80%
W1D8B	Restriction Tariff 2 (level 4 & 5 water restrictions)	101.50	116.73	95.04	109.30	6.80%
W1D8C	Restriction Tariff 3 (level 6 water restrictions)	126.88	145.91	118.80	136.62	6.80%
<b>W1E</b>	<b>WET COMMERCIAL, SPORT, PARKS etc (must apply for this tariff)</b>					
	<b>Normal Tariff &amp; Level 1 water restrictions</b>					
W1E1	0 - 500kl per kl	22.48	25.85	21.05	24.21	6.79%
W1E2	501 - 1000kl per kl	34.01	39.11	31.84	36.62	6.82%
W1E3	>1000kl per kl	45.34	52.14	42.45	48.82	6.81%
	<b>Restriction Tariff 1 (level 2 &amp; 3 water restrictions)</b>					
W1E4	0 - 300kl per kl	29.22	33.61	27.37	31.47	6.79%
W1E5	301 - 700kl per kl	44.21	50.84	41.39	47.60	6.82%
W1E6	>700kl per kl	58.94	67.78	55.19	63.45	6.81%
	<b>Restriction Tariff 2 (level 4 &amp; 5 water restrictions)</b>					
W1E7	0 - 250kl per kl	35.97	41.36	33.68	38.73	6.79%
W1E8	251 - 500kl per kl	54.42	62.58	50.94	58.59	6.82%
W1E9	>500kl per kl	72.54	83.43	67.92	78.11	6.81%
	<b>Restriction Tariff 3 (level 6 water restrictions)</b>					
W1E10	0 - 100kl per kl	44.96	51.70	42.10	48.42	6.79%
W1E11	>100 kl per kl	90.68	104.28	84.90	97.64	6.81%
<b>W1F</b>	<b>WET INDUSTRY (Marine etc. must apply for this tariff) (Average of 100kl per day over previous 365 days)</b>					
	<b>Normal Tariff &amp; Level 1 water restrictions</b>					
W1F1	0 - 5800kl per kl	23.42	26.93	21.93	25.22	6.79%
W1F2	> 5800kl per kl	45.34	52.14	42.45	48.82	6.81%
	<b>Restriction Tariff 1 (level 2 &amp; 3 water restrictions)</b>					
W1F3	0 - 5800kl per kl	30.45	35.01	28.51	32.79	6.79%

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W1F4	> 5800kl per kl	58.94	67.78	55.19	63.46	6.81%
<b>Restriction Tariff 2 (level 4 &amp; 5 water restrictions)</b>						
W1F5	0 - 5800kl per kl	37.47	43.09	35.09	40.35	6.79%
W1F6	> 5800kl per kl	72.54	83.43	67.92	78.11	6.81%
<b>Restriction Tariff 3 (level 6 water restrictions)</b>						
W1F7	0 - 5 800kl per kl	46.84	53.87	43.86	50.44	6.79%
W1F8	>5 800 kl per kl	90.68	104.28	84.90	97.64	6.81%
<b>AVAILABILITY CHARGES</b>						
W2A1	Overstrand per month	165.74	190.60	155.62	178.96	6.50%
W2A2	Farms connected to water pipe line	165.74	190.60	155.62	178.96	6.50%
<b>REBATED COST (This can be granted by the Municipal Manager after application) refer to Policy # 6.8.1</b>						
W2J1	kl above average - per kl	17.78	20.45	28.46	32.73	-37.53%
<b>IRRIGATION WATER ("LEI WATER") &amp; RAW WATER</b>						
W3A1	Use and pump water (80-90 min) per MONTH Stanford	50.79	58.41	47.56	54.69	6.79%
W3A2	Pearly Beach Small Holdings: Basic	61.99	71.29	58.04	66.75	6.81%
W3A3	Pearly Beach Small Holdings: Consumption 0- 70 kl per kl	4.83	5.55	4.52	5.20	6.86%
W3A4	Pearly Beach Small Holdings: Consumption >70 kl per kl	11.35	13.05	10.63	12.22	6.77%
W3A5	Others per kl	4.83	5.55	4.52	5.20	6.86%
W3A6	Farm Rem 1722 Stanford as per agreement, 0.875% of raw water abstraction from municipal boreholes, to a maximum of 4380 kl/a, per kl	0.00	0.00	0.00	0.00	0.00%
W3A6A	Farm 10722 Stanford as per agreement, 0.875% of raw water abstraction from municipal boreholes, to a maximum of 4380 kl/a, per kl	0.00	0.00	0.00	0.00	0.00%
W3A6B	Farms Rem 1722 and 10722 Stanford as per agreement, raw water abstraction from boreholes in excess of 0.875% of municipal abstraction per property, per kl	4.83	5.55	4.52	5.20	6.86%
W3A6C	Farms 7722 and 8722 Stanford as per agreement, raw water consumption up to 100 kl/month	0.00	0.00	new	new	New
W3A6D	Farm 7722 and 8722 Stanford as per agreement, raw water consumption in excess of 100 kl/month	4.83	5.55	new	new	New
W3A7	Farm 586 Volmoed raw water from De Bos pipeline consumption 0 - 300 kl/month per kl	0.00	0.00	0.00	0.00	0.00%
W3A8	Farm 586 Volmoed raw water from De Bos pipeline consumption >300 kl/month per kl	4.83	5.55	4.52	5.20	6.86%
<b>IRRIGATION WATER - (TREATED EFFLUENT)</b>						
W3B2	Hermanus Golf Club per month	55 141.16	63 412.33	51 630.30	59 374.85	6.80%
W3B3	All other per kl	3.11	3.58	2.91	3.35	6.87%
W3B4	Schools, municipal sports grounds & project sport grounds as per agreement	no charge	no vat	no charge	no vat	6.87%
W3B5	Curro Holdings - 250kl free per day as per deed of sale	3.11	3.58	2.91	3.35	6.87%
<b>SUNDRY CHARGES</b>						
W4A1	Testing of a Meter (Call-out Fee incl)	1 097.39	1 262.00	1 035.65	1 191.00	5.96%
W4A2	Testing of a Meter (Incl/Bulk Meter) *Minimum charge of R500	Cost plus 15%	applicable vat	Cost plus 15%	applicable vat	
W4A3	Disconnection	497.39	572.00	469.57	540.00	5.93%
W4A4	Reconnection	497.39	572.00	469.57	540.00	5.93%
W4A5	Reconnection After Normal Working Hours	996.52	1 146.00	940.00	1 081.00	6.01%
W4A6	Administration fee - recalculation due to no meter access	193.91	223.00	182.61	210.00	6.19%

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W4A7	Verification of a Meter Reading	273.04	314.00	257.39	296.00	6.08%
W4A8	Final and Special Readings	249.57	287.00	235.65	271.00	5.90%
W4A9	Call-out Fee - Normal Working Hours	496.52	571.00	468.70	539.00	5.94%
W4A10	Call-out Fee - After Hours	994.78	1 144.00	938.26	1 079.00	6.02%
W4A11	Replacement of damage meter	1 334.78	1 535.00	1 259.13	1 448.00	6.01%
W4A12	Removal / Re-install of Meter (based on call out fee)	1 097.39	1 262.00	1 035.65	1 191.00	5.96%
W4A13	Registration of Borehole (Including inspection fee)	372.17	428.00	351.30	404.00	5.94%
W4A14	Repositioning of Meter (excl. pipe)	1 093.04	1 257.00	1 031.30	1 186.00	5.99%
W4A15	Convert to Water Flow Restrictor Meter	3 559.13	4 093.00	3 357.39	3 861.00	6.01%
W4A16	Temporary Connections - Deposit	9 365.00	no vat	8 835.00	no vat	6.00%
W4A17	Temporary Connection - Usage per kl	29.63	34.07	28.46	32.73	4.11%
W4A18	Damage of Water Meter	Actual cost plus 15%	applicable vat	Actual cost plus 15%	applicable vat	
W4A19	Damage of Watermain	Actual cost plus R3 764.76	applicable vat	Actual cost plus R3 551.66	applicable vat	6.00%
W4A20	Damage of Service Connection (including water meter)	Actual cost plus R989.57	applicable vat	Actual cost plus R933.56	applicable vat	6.00%
W5	ILLEGAL CONNECTION / TAMPERING FEE					
W5A1	1st Offence	8 308.00	no vat	7 838.00	no vat	6.00%
W5A2	2 nd Offence Must convert to a flow-restriction watermeter at applicable tariff plus	9 748.00	no vat	9 196.00	no vat	6.00%
W5A3	3rd Offence (Restriction of service and remedial action fee = double previous offence fee)	Previous offence amount X 2	no vat	Previous offence amount X 2	no vat	
W6	CONNECTION FEE					
W6A1	20 mm Connection Conventional Meter	6 086.09	6 999.00	5 741.74	6 603.00	6.00%
W6A2	20 mm Connection Water Flow Restrictor Meter	7 228.70	8 313.00	6 819.13	7 842.00	6.01%
W6A3	Other Connections	Actual cost plus 15%	applicable vat	Actual cost plus 15%	applicable vat	
W6A4	Connections (Erf Boundary - by Developer)	1 582.61	1 820.00	1 493.04	1 717.00	6.00%
W7	BULK SERVICES DEVELOPMENT FEES					
	Tariffs set out in Development Contribution Tariff list					

ANNEXURE TO WATER TARIFFS

ALLOCATION OF RUE's TO CATEGORIES OF CONSUMERS

Clinics - Out patients	* 1 RUE
Flats	* 1 RUE per Unit
Guest Houses and B & B's	* 1 RUE
Household related consumers that do not fall in one of the above household consumer categories	* Upon application the Engineering & Financial Departments will assess the validity within the tariff's structural framework
Old Age Homes, Hostels & Boarding School	* 1 RUE per 7 beds
Retirement Villages, Hospital & Hospice	* 1 RUE per 1 residential unit
	* 1 RUE per 7 beds
Single Residential erven	* 1 RUE
Townhouse and Group developments	* 1 RUE per unit (Please note that Townhouse/Group Developments must apply should they require more than 1 RUE during development)
	* RUE's only applicable from date of application and approval

**RUE = Residential Unit Equivalent**

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DEVELOPMENT CONTRIBUTION TARIFFS (BULK INFRASTRUCTURE CONTRIBUTION LEVIES - BICL) (ROUNDING APPLICABLE)

Tariff Code	Detail	2023/2024		2022/2023		1.060
		Exclude VAT	Include VAT 15%	Exclude VAT	Include VAT 15%	
		R	R	R	R	
<b>DC1</b>	<b>WATER</b>					
DC1A	Standard Fee per Equivalent Unit	23 998.40	27 598.16	22 640.00	26 036.00	6.00%
<b>DC2</b>	<b>ELECTRICITY</b>					
DC2A	<b>Sub Division of Existing Erf</b>					
DC2A1	Single Phase 60 AMP (5 kVA) Domestic X Tariff E15A4 = <b>PERF PLUS</b> Standard Connection Fees	32 195.65	37 025.00	30 373.90	34 929.99	6.00%
DC2B	<b>New Developments</b>					
DC2B1	Standard fee per Single Phase Domestic erf - infrastructure provide by developer (Based on 13.8 kVA x E15A2 x.36)	20 118.26	23 136.00	18 977.76	21 824.42	6.01%
DC2B2	Standard fee per Three Phase Domestic erf - infrastructure provide by developer (Based on 42kVA x E15A2x.36)	61 229.57	70 414.00	57 758.40	66 422.16	6.01%
DC2C	MV/LV Bulk Supply with metering point. cost / kVA= Tariff E15A2	4 049.57	4 657.00	3 819.86	4 392.84	6.01%
DC2C1	LV Bulk Supply if capacity is available on existing TF cost / kVA = Tariff E15A3	4 760.87	5 475.00	4 656.08	5 354.49	2.25%
<b>DC3</b>	<b>SEWERAGE</b>					
DC3A	Standard Fee per Equivalent Unit	16 181.13	18 608.30	15 265.22	17 555.00	6.00%
<b>DC4</b>	<b>ROADS</b>					
DC4A	Standard Fee per Equivalent Unit	7 255.93	8 344.32	6 845.22	7 872.00	6.00%
<b>DC5</b>	<b>STORMWATER</b>					
DC5A	Standard Fee per Equivalent Unit	8 371.23	9 626.92	7 897.39	9 082.00	6.00%
<b>DC6</b>	<b>SOLID WASTE</b>					
DC6A	Standard Fee per Equivalent Unit	1 450.82	1 668.44	1 368.70	1 574.00	6.00%
<b>DC7</b>	<b>OFF-GRID DEVELOPMENT/UNITS</b>					
DC7A	As per signed agreement as recommended by the Director. Infrastructure and Planning and approval by the Municipal Manager					
<b>DC8</b>	<b>EVALUATION/INVESTIGATION LEVIES are payable OVER and ABOVE the Bulk Service Levies</b>					
DC8A	Water					
	No. of Equivalent units					
DC8A1	1 - 4	no charge	no vat	no charge	no vat	6.00%
DC8A2	5 - 10	10 051.30	11 559.00	9 482.61	10 905.00	6.00%
DC8A3	11 - 25	16 925.22	19 464.00	15 966.96	18 362.00	6.00%
DC8A4	26 - 50	23 286.96	26 780.00	21 968.70	25 264.00	6.00%
DC8A5	51 - 100	26 721.74	30 730.00	25 209.57	28 991.00	6.00%
DC8A6	101 - 250	29 648.70	34 096.00	27 970.44	32 166.00	6.00%
DC8A7	251 - 500	34 611.30	39 803.00	32 652.17	37 550.00	6.00%
DC8A8	501 - 2000	39 064.35	44 924.00	36 853.04	42 381.00	6.00%
DC8A9	2000 - 5000	46 953.91	53 997.00	44 296.52	50 941.00	6.00%

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DC8A10	> 5001	53 317.39	61 315.00	50 299.13	57 844.00	6.00%
DC8E	Sanitation					
	No. of Equivalent units	no charge	no vat	no charge	no vat	
DC8E1	1 - 4					
DC8E2	5 - 10	10 051.30	11 559.00	9 482.61	10 905.00	6.00%
DC8E3	11 - 25	16 925.22	19 464.00	15 966.96	18 362.00	6.00%
DC8E4	26 - 50	23 286.96	26 780.00	21 968.70	25 264.00	6.00%
DC8E5	51 - 100	26 721.74	30 730.00	25 209.57	28 991.00	6.00%
DC8E6	101 - 250	29 648.70	34 096.00	27 970.44	32 166.00	6.00%
DC8E7	251 - 500	34 611.30	39 803.00	32 652.17	37 550.00	6.00%
DC8E8	501 - 2000	39 084.35	44 924.00	36 853.04	42 381.00	6.00%
DC8E9	2000 - 5000	46 953.91	53 997.00	44 296.52	50 941.00	6.00%
DC8E10	> 5001	53 317.39	61 315.00	50 299.13	57 844.00	6.00%

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RESORTS TARIFF LIST (ROUNDING APPLICABLE)

Tariff Code	Detail	2023/2024		2022/2023		1.060 1.15100 electricity
		Exclude VAT	Include VAT 15%	Exclude VAT	Include VAT 15%	
R 1	<b>PALMIET &amp; KLEINMOND CARAVAN PARKS</b>					
R1A	Peak Season - 1 December - 31 January & Easter Weekend					
R1A1	A Stands per day	477.39	549.00	450.44	518.00	5.98%
R1A2	B Stands per day	383.48	441.00	361.74	416.00	6.01%
R1A3	C Stands per day	340.87	392.00	321.74	370.00	5.95%
R1B	Off-Peak Season - 1 February - 30 November (Excluding Easter Weekend)					
R1B1	A Stands per day	264.35	304.00	249.57	287.00	5.92%
R1B2	B Stands per day	227.83	262.00	214.78	247.00	6.08%
R1B3	C Stands per day	208.70	240.00	196.52	226.00	6.20%
	The above tariffs include for up to four (4) persons and one (1) vehicle with one trailer or caravan or small boat per day					
R1F	<b>Sundry Costs</b>					
R1F1	Electricity if available per stand per day	32.27	37.11	28.04	32.25	15.09%
R1F2	Additional persons up to a maximum of two (2) - per person per day	69.57	80.00	65.22	75.00	6.66%
R1F3	Additional vehicle or small trailer or small boat to maximum of 2 units - per unit per day	40.00	46.00	37.39	43.00	6.98%
R1F4	Day visitors for campers up to a maximum of four (4) per person per day	69.57	80.00	65.22	75.00	6.66%
R1F5	Day visitors vehicle per day	52.17	60.00	49.57	57.00	5.26%
	<b>NOTE: Special arrangements must be made with the Camp Manager to allow day visitors</b>					
R1F6	Children under two (2) years	no charge	no vat	no charge	no vat	
R1F7	Children under twelve (12)	33.91	39.00	32.17	37.00	5.41%
R1F8	Gate Card / Key Deposit per set - Refundable	200.00	no vat	189.00	no vat	5.82%
R1J	<b>Off-Peak: Pensioners, Caravan Clubs more than 10 caravans, Mobile Camper Vehicles &amp; RV groups (not caravans) more than 20 campers</b>					
	<b>Note: Pensioners to be defined as persons sixty (60) years and older</b>					
R1J1	May get a discount on the stands	50%	applicable vat	50%	applicable vat	5.99%
R1J2	Qualify for a reduced tariff for a period of 30 days	3 216.52	3 699.00	3 034.78	3 490.00	
R 10	<b>KLEINMOND: FRANK ROBB HUT</b>					
R10A	Camping per person per day (Maximum of 10 persons)	113.04	130.00	106.96	123.00	5.68%
R-20	<b>ONRUS CARAVAN PARK: PLETT HOUSE</b>					
R20A	Peak Season - 1 December - 31 January & Easter Weekend	627.83	697.00	498.26	673.00	5.93%
R20B	Off-Peak Season - 1 February - 30 November (Excluding Easter Weekend)	326.96	376.00	308.70	355.00	5.92%
R 30	<b>ONRUS CARVAN PARK</b>					
R30A	Peak Season - 1 December - 31 January & Easter Weekend					
R30A1	A Stands per day	550.44	633.00	490.44	564.00	12.23%
R30A2	B Stands per day	475.65	547.00	376.52	433.00	26.33%

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R30A3	C Stands per day	365.22	420.00	344.35	396.00	6.06%
R30B	<b>Off-Peak Season - 1 February - 30 November (Excluding Easter Weekend)</b>					
R30B1	A Stands per day	318.26	366.00	271.30	312.00	17.31%
R30B2	B Stands per day	320.00	368.00	229.57	264.00	39.39%
R30B3	C Stands per day	269.57	310.00	214.78	247.00	25.51%
R30F	The above tariffs include for up to six (6) persons and one (1) vehicle with one trailer or caravan or small boat per day					
R30F	<b>Sundry Costs</b>					
R30F2	Additional persons <del>up to a maximum of two (2)</del> - per person per day	76.50	87.98	72.17	83.00	6.00%
R30F3	Additional vehicle or small trailer or small boat to maximum of 2 units - per unit per day	41.48	47.70	39.13	45.00	6.01%
R30F7	Full 30 day Rental	5 142.61	5 914.00	4 851.30	5 579.00	6.00%
R30F8	Gate Card / Key Deposit per set - Refundable	200.00	no vat	192.00	no vat	4.17%
R30J	<b>Annual Rental</b>					
R30J1	Rental per annum	31 304.35	36 000.00	15 873.04	18 254.00	97.22%
R30J2	<b>Plus:</b>					
R30J2	Pergola with covering per annum	1 803.48	2 074.00	1 701.74	1 957.00	5.98%
R30J3	Water tap per annum	384.35	442.00	362.61	417.00	6.00%
R30J4	Structure for storing purposes per annum	384.35	442.00	362.61	417.00	6.00%
R30J5	Permanent fireplace structure per annum	384.35	442.00	362.61	417.00	6.00%
R30J6	Electricity per stand per annum	1 634.39	1 879.55	1 419.97	1 632.97	15.10%
R30J7	Additional caravan at semi-permanent per day	26.09	30.00	new	new	
R30L	<b>Off-Peak: Pensioners, Caravan Clubs more than 10 caravans, Mobile Camper Vehicles &amp; RV groups (not caravans) more than 20 campers</b>					
R30L1	Note: Pensioners to be defined as persons sixty (60) years and older					
R30L1	May get a discount on the stands	50%	applicable vat	50%	applicable vat	
R30L2	Quality for a reduced tariff for a period of 30 days	3 535.65	4 066.00	3 335.65	3 836.00	6.00%
R 60	<b>GANSBAAI CARAVAN PARK</b>					
R60A	<b>Peak Season - 1 December - 31 January &amp; Easter Weekend</b>					
R60A1	A+ Stands per day	424.35	488.00	400.00	460.00	6.09%
R60A2	A Stands per day	337.39	388.00	318.26	366.00	6.01%
R60A3	B Stands per day	264.35	304.00	249.57	287.00	5.92%
R60A4	C Stands per day	240.87	277.00	226.96	261.00	6.13%
R60B	<b>Off-Peak Season - 1 February - 30 November (Excluding Easter Weekend)</b>					
R60B1	A+ Stands per day	289.57	333.00	273.04	314.00	6.05%
R60B2	A Stands per day	250.44	288.00	236.52	272.00	5.88%
R60B3	B Stands per day	226.96	261.00	213.91	246.00	6.10%
R60B4	C Stands per day	207.83	239.00	195.65	225.00	6.23%
R60F	The above tariffs include for up to four (4) persons and one (1) vehicle with one trailer or caravan or small boat per day					
R60F	<b>Sundry Costs</b>					
R60F1	Additional persons up to a maximum of two (2) - per person per day	69.57	80.00	65.22	75.00	6.66%
R60F2	Additional vehicle or small trailer or small boat - per unit per day	49.57	57.00	46.96	54.00	5.55%
R60F3	Children under two (2) years	no charge	no vat	no charge	no vat	

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R60F4	Children under twelve (12)	33.91	39.00	32.17	37.00	5.41%
R60F5	Day visitors for campers up to a maximum of four (4) per person per day	49.57	57.00	46.96	54.00	5.55%
R60F6	Gate Card / Key Deposit per set - Refundable	199.00	no vat	188.00	no vat	5.85%
R60J	<b>Annual Rental</b>					
R60J1	Rental per annum	20 869.57	24 000.00	8 910.44	10 247.00	134.21%
E60K	<b>Off-Peak: Pensioners, Caravan Clubs more than 10 caravans, Mobile Camper Vehicles &amp; RV groups (not caravans) more than 20 campers</b>					
R60K1	Note: Pensioners to be defined as persons sixty (60) years and older May get a discount on the stands	50%	applicable vat	50%	applicable vat	
R 80	<b>HAWSTON DAY CAMPING SITE</b>					
R80A	<b>Peak Season - 1 December - 31 January &amp; Easter Weekend</b>					
R80A1	Camping Sites	227.83	262.00	214.78	247.00	6.08%
R80A2	Parking Fees per vehicle (excluding busses >20 seats)	17.39	20.00	16.52	19.00	5.27%
R80A3	Per Bus >20 seats	194.78	224.00	183.48	211.00	6.16%
R80A4	Entrance Fee: Adults (per person)	17.39	20.00	16.52	19.00	5.27%
R80A5	Entrance Fee: Children (per child < 12)	4.78	5.50	4.52	5.20	5.75%
R80B	<b>Off-Peak Season - 1 February - 30 November (Excluding Easter Weekend)</b>					
R80B1	Camping Sites	123.48	142.00	116.52	134.00	5.97%
R80B2	Parking Fees per vehicle (excluding busses >20 seats)	17.39	20.00	16.52	19.00	5.27%
R80B3	Per Bus >20 seats	194.78	224.00	183.48	211.00	6.16%
R80B4	Entrance Fee: Adults (per person)	17.39	20.00	16.52	19.00	5.27%
R80B5	Entrance Fee: Children (per child < 12)	4.78	5.50	4.52	5.20	5.75%
R80B6	The above tariffs include for up to six (6) persons and one (1) vehicle with one trailer or caravan or small boat per day					
R80E	<b>Sundry Costs</b>					
R80E1	Electricity if available per stand per day	33.03	37.98	28.70	33.00	15.11%
R80E2	Additional vehicle or small trailer or small boat - per unit per day	46.96	54.00	44.35	51.00	5.89%
R80J	<b>Off-Peak: Pensioners, Caravan Clubs more than 10 caravans, Mobile Camper Vehicles &amp; RV groups (not caravans) more than 20 campers</b>					
R80J1	Note: Pensioners to be defined as persons sixty (60) years and older May get a discount on the stands	50%	applicable vat	50%	applicable vat	

#	ORGANISATION/ INDIVIDUAL	LODGED BY:	DATE	BUDGET COMMENTS	
1	Individual	Helen van Rensburg	5 April 2023	<p><i>Comment:</i></p> <p>Property Rates Affordability of monthly bill Financial Relief Operational Services query</p> <p>I have previously asked for an air release value on the municipality side of the meter – without success- as when there is a burst pipe the air bubbles increase my 'water usage'. (Matter addressed with Operational Services feedback)</p>	<p><i>Response:</i></p> <p>The following background related to the budgeting process and considerations related to tariff increases and cost containment must be taken into account when the 2023/2024 proposed budget is considered –</p> <p>Stringent measures were implemented during those budget processes to ensure minimal increases in tariffs for municipal services approved over the past 3 years with only 4,5% across the board for 2020/21, followed by 4.5% for 2021/22 and increases ranging from 4.9% for water, refuse at 5.9% and sewage service charges at 4.3% for the current financial year (2022/23). Before-mentioned strategy was implemented after careful consideration of our own position, as conscious decisions to contain at least the cost of municipal services for these two budget cycles, in view of the COVID-19 hard lockdown and subsequent devastating effect on our communities, causing many businesses to close doors for months and in some instances permanently closing down, causing job losses and hardship for those who were self-employed at the time. This approach represented the extreme caution and care exercised by the municipality to contribute in alleviating the burden on communities in containing rates- and tariff increases.</p> <p>The municipality was however confronted since February 2022 with skyrocketing oil prices, which caused petrol and diesel prices to rise drastically over the past year. Before-mentioned context provides the basis for the compilation of the draft MTREF budget for 2023/24, and recommended tariffs included in this report.</p> <p>The Budget Steering Committee recommended revenue projections for 2023/24 based on tariff increases for the respective basic municipal services ranging from 6,5% to 7.5%. Electricity increase is indicated as 15,1% (more information later on in this report).</p>

#	ORGANISATION/ INDIVIDUAL	LODGED BY:	DATE	BUDGET COMMENTS
				<p>The final recommendation for the increase in water tariffs, specifically related to the water tariff slide scale applied, was based on the Budget Steering Committee of the Municipality considering comments received in response to the Draft Budget tabled in Council in March 2023. The recommendation of sliding scale increases now represents a less steep increase in the brackets as previously proposed.</p> <p>The General Valuation roll for the financial years 2023/24 - 2027/28 has been published by the Overstrand Municipality towards the end of February 2023, and property owners had until 3 April 2023 to object. The Valuation Roll is the official record of the value of all rateable properties within the jurisdiction of a municipality area.</p> <p>The last general valuation was effective from July 2016 and it was found that property values increased significantly since then to bring it in line with present market values.</p> <p>In terms of the MPRA, property rates are calculated on the value of the land and of any improvements or buildings.</p> <p>This value is based on the property's market value - the price you would realistically get for a property in the open market, between a willing buyer and a willing seller.</p> <p>Property Rates are levied as a cent in the Rand based on the market value of the property as reflected in the valuation roll.</p> <p>Taxpayers could do their own calculations in this regard, with a calculator provided for on the municipal website after the draft budget was tabled on 29 March 2023.</p> <p>The increase in Property Rates revenue for 2023/24 is slightly more than 15%, although the draft figures as a percentage of the base year (current year budget for 2022/23), exceeds 18%. Important however to note that the actual income anticipated is in excess of the budget,</p>

#	ORGANISATION/ INDIVIDUAL	LODGED BY:	DATE	BUDGET COMMENTS
				<p>thus increasing the base year, resulting in a budgeted increase of slightly more than 15%.</p> <p><b>A new, discounted rate in the rand</b> in comparison with current rate, will be applicable for the calculation and levying of property rates, which calculations will furthermore be based on the new property valuations in accordance with the new Valuation Roll for implementation from 1 July 2023. These increases are now also recommended to Council in the MTRF Budget Report (2023/24), to Council on 31 May 2023. <b>To be noted that the continuation of rebates is recommended for the new financial period (2023/24), with the following as example:</b></p> <p>Residential Property:</p> <ul style="list-style-type: none"> <li>- Minus: First R15 000 of property value</li> <li>- Minus: R35 000</li> <li>- Minus: additional 20% of the levy calculated on such property</li> </ul> <p><b>The Budget Steering Committee of the municipality considered comments received in response to the 2023/24 Draft Budget and Budget Roadshows held during April 2023. Before-mentioned resulted in the rebated amount for the category, “applicabe on the older than 60, who’s gross monthly household income may not exceed the amount of two times (2X) of state funded social pensions per month” category, recommended to increase from 50% rebate, to 70% rebate, as enhanced support to ratepayers exceeding 60 years with limited income. The</b></p> <p>Pensioners Rebate</p> <ul style="list-style-type: none"> <li>- 100% to approved applicant who are older than 60, who’s gross monthly household income may not exceed the amount of two times (2X) of state funded social pensions per month.</li> <li>- <b>70% to approved applicant who are older than 60, who’s gross monthly household income may not exceed the amount</b></li> </ul>

#	ORGANISATION/ INDIVIDUAL	LODGED BY:	DATE	BUDGET COMMENTS
				<p><b>of four times (4X) of state funded social pensions per month.</b></p> <ul style="list-style-type: none"> <li>- 40% to approved applicant who are older than 60, who's gross monthly household income more than four times (4X) but less than eight times (8X) of state funded pension per month.</li> </ul> <p>The draft budget provided for a increase in Electricity tariffs for municipal consumers of 15,1%. Important to note however that the final recommendation to Council for Electricity tariffs for municipal consumers will be based on the percentage increase stipulated in the draft NERSA consultation paper to be published and approved by the National Energy Regulator of South Africa (NERSA) from 1 April annually. The applicable tariffs for municipal consumers are annually implemented from 1 July, as the starting date of the municipal financial year. The draft tariffs application are based on the increase of 15,1% in accordance with the draft guideline letter issued . The final tariffs applicable on Overstrand residents will be aligned to the final approval of the municipal electricity tariffs by NERSA.</p> <p>The average increase of a municipal account (basket of services), excluding Electricity amounts and Property Rates, relate to an average increase between 6.5% and 7.5%. In instances where water consumption exceeds 18kl, the increase might be higher. Sundry tariffs - ranging from 6% to variable deductions or to a cost recovery adjustment. The extended list of tariffs is available.</p> <p>Before-mentioned being taken into account, especially in view of the extraordinary measures taken over the past 3 years to keep tariff increases to the minimum, whilst the detrimental effect of substantial fuel increases and loadshedding related costs (fuel for generators to have bulk services, loss in Electricity Revenue due loadshedding etc, etc) the proposed tariffs applicable for 2023/2024, inclusive of property rates as part of the basket, is regarded as an exceptional effort to support our communities and local business sector.</p>

#	ORGANISATION/ INDIVIDUAL	LODGED BY:	DATE	BUDGET COMMENTS
				The Overstrand Municipality is also offering a better than average Indigent subsidy benefit in comparison with peers. Multiple messages have been shared on media platforms, sms, radio, over the past few weeks in reminding residents to register on the municipal indigent database to be considered for an indigent subsidy allocation on their municipal account. This outreach programme assist needy households to register and/or re-apply for Indigent Subsidy support.
2	Individual	Gerrit van den Dool	09 April 2023	<p><i>Response: Property Management</i></p> <p>A formal tender process will follow in due course to invite bids for the longterm lease of this facility for the development and management of a resort.</p>
3	Individual	Eldie Brink	11 April 2023	<p><i>Response: Environmental Management Services</i></p> <p>1. A complete application is not recieved to enable discussion/consideration of this matter. Budget provision will only be considered subsequent to before-mentioned.</p> <p><i>Response: Environmental Management Services</i></p> <p>The Rooi-els municipal area resorts under the management of the Senior Manager-Kleinmond Administration. The area management structure is responsible for the management of maintenance of all civil services and the budget allocated under the Operational Budget is reserved for Kleinmond, Betty's Bay and Rooi-Els area.</p> <p><i>Response: Community Services / Finance</i></p> <p>There are various stormwater requests in the municipality, that is discussed and motivated to be placed on the Capital Budget, but not all projects are included in the Final Draft Budget.</p>
4	Betty's Bay Ratepayers Association	WR Jackson	15 April 2023	<p><i>Comment</i></p> <p>Water pipe replacement Stormwater Capital funding</p>

#	ORGANISATION/ INDIVIDUAL	LODGED BY:	DATE	BUDGET COMMENTS	
				<p>EPWP projects Material, plant and labour spend Roads Technical shortfall / more proportional allocation of time and resources to Betty's Bay Sewerage Tanker Services, etc</p> <p>In our assessment over the past 2 years, it must be said that we are doing great overall, however we must work smarter and stay focused on our core business for now.</p>	<p>All stormwater inputs delivered was submitted to the Budget Steering Committee, but was not identified as an absolute priority, due to the affordability to implement the specific project.</p> <p>The MIG (grant) funding is specifically allocated from the National Government to provide basic services in the lower income areas.</p> <p>It must be noted that the municipality operates as one organization, and the allocation of all resources (Capital funding/ staff/ machines/ materials) may be necessary at certain times of need. Projects across the Overstrand (250KM coastline, must be considered and prioritised, in some instances based on a requirement for refurbishment to prevent subsequent damage to networks or extensive maintenance of entire areas of the network, if not attended to, or expansion to keep up with demand of our increasing population.</p> <p>The prioritization of projects was discussed in the initial paragraph.</p> <p>Please note that budget allocations in previous financial years, was a priority during that specific year.</p> <p>Please note that priorities are reviewed on an annual basis with the other towns in the municipality. Commitments for multi-year funding must be approved by council as a multi-year project.</p> <p>Rock formations are one of the more difficult assumptions made during the pre-design of a project. A geographical study must be conducted in the area to determine the extent of the rock formation. Initial trial holes may assist with the quantity determination.</p> <p>EPWP projects are submitted and approved at the start of the budget year and additional requests for EPWP support requires additional funding.</p>

#	ORGANISATION/ INDIVIDUAL	LODGED BY:	DATE	BUDGET COMMENTS		
5	Hermanus Ratepayers Association	Brian wridgway	17 April 2023	<p><i>Comment:</i></p> <p>Revenue: Property Rates/Proposed increases Services Charges increase Consumption levels vs Costs Employee Costs / Organogram Contracted Services, Operational costs / people costs Depreciation &amp; Interest</p>	<p>The EPWP rates were approved by the Council and above the minimum wage as prescribed by the national legislation.</p> <p>Tankers-The strategic approach must be to invest more in sewer networks to achieve a sustainable sewer service. The Tanker service was historically achievable with the coastal towns, but population growth and migration to the coastal towns after COVID pandemic. The cost to run and maintain the service is a heavy burden in terms of ever-increasing fuel and resources cost. It is recommended that pipe systems be installed at a higher pace. Pipes have a lower maintenance cost and a longer lifespan as asset. The replacement of the existing tanker system is supported to provide a high service level.</p> <p><i>Response</i></p> <p>Please also refer Comment 1 for Response</p> <p>Employee Costs / Organogram: The municipality is currently in process of review of the organogram of the organisation.</p> <p>Depreciation &amp; Interest: 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 of asset consumption. Budget appropriations in this regard total R149,1m for the 2023/24 financial year and equates to 8,56 per cent of the total operating expenditure.</p> <p>The National Treasury prescripts regarding budgeting for depreciation, direct as follows: <i>Funding Depreciation</i></p>	295

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#	ORGANISATION/ INDIVIDUAL	LODGED BY:	DATE	BUDGET COMMENTS	
					<p><i>It is important to note that depreciation represents the cost of using assets in service delivery and forms part of the total cost of providing the municipal service. Accordingly, it should be included in the setting of cost reflective tariffs to recover the full cost of rendering the service.</i></p> <p><i>Interest relates to external loans interest costs for Infrastructure (networks, reservoirs, etc).</i></p>
6A	Residents of Asazani	Cllr Connie Tafu-Nwankwo	24 April 2023	<p><b>Comment</b></p> <p>Residents of Asazani, in the 2023 financial budget, request the following:</p> <ul style="list-style-type: none"> <li>• Service plots (Iziza zomhlaba ezibonelelwayo)</li> <li>• Fencing of Asazani</li> <li>• speed humps</li> </ul> <p><u>(Residents of Asazani Request: Xhosa version attached)</u></p>	<p><b>Response</b></p> <p>The requests from Asazani residents are noted.</p> <p>The ward committees of the respective wards in Overstrand register and prioritise the ward requests to be included in the Integrated Development Plan of the municipality. These requests are considered on an annual basis in accordance with the municipality's funding available every year, with the compilation of the annual budget for services for the total municipal area of the Overstrand.</p>
6B	Councillor	Connie Tafu-Nwankwo	05 May 2023	<p><b>Comment:</b></p> <p>Submission for this current budget in Ward 5 Play parks erf: 11802 and 413. Asazani speed bump, Service plots, board wall, wheel bins. Transit camp wall and wheel bins. Kuyasa Swartdam road site C2 wheel bins. Ward 12 Masiphumelele: Higham's light, play park, skip next to business hub, upgrading of</p>	<p><b>Response</b></p> <p>The requests are noted.</p> <p>The ward committees of the respective wards in Overstrand register and prioritise the ward requests to be included in the Integrated Development Plan of the municipality. These requests are considered on an annual basis in accordance with the municipality's funding available every year, with the compilation of the annual budget for services for the total municipal area of the Overstrand.</p>

#	ORGANISATION/ INDIVIDUAL	LODGED BY:	DATE	BUDGET COMMENTS
				street when it rains always have floods, Service plots. Multi-purpose centre( library, home affairs, SASSA, youth recreation). New township.
7A	Individual	Tommy Snibbe	24 April 2023	<p><i>Comment:</i> Property Valuations / Increase in Property rates Budget Deficit</p> <p><i>Response</i> Please also refer Response: Comment 1 Budget Deficit: It should be noted that although the 2023/24 operational budget and first indicative year indicate budgeted deficits (Table 1b), this does not reflect the actual cash position. This phenomenon will continue for the foreseeable future. These circumstances arose as the result of the implementation of GRAP, with special reference to GRAP 17 (Property, Plant and Equipment-PPE). The asset value before depreciation is in excess of R6 billion, which relates to substantially high depreciation charges. Although accurately reflecting asset value, the cost of a substantial portion of these assets had been fully redeemed previously, but the useful life of assets was extended as well as ever increasing assets funded by grants.</p>
7B	Individual	Tommy Snibbe	03 May 2023	<p><i>Comment:</i> Property Rates / Pensioners Rebate / Medium &amp; Longterm Financial Planning / The OM's Views On Various Matters</p> <p><i>Response</i> Please refer Response on Comment 1. Various matters reference / commented on - please refer the relevant Budget Reports, the Annual Report and the Integrated Development</p>

#	ORGANISATION/ INDIVIDUAL	LODGED BY:	DATE	BUDGET COMMENTS	
				<p>Public Participation / Communication / Communications In General</p> <p>Electricity / Increase / Surplus Income / Capital Budget</p> <p>The OM plans to sell off Land to pay for Vehicles (second hand from Cape Town Municipality?)</p> <p>Give us some insight in the medium and long term planning please as requested in the last two paragraphs on page two of this letter.</p> <p>Operational Budget: Operational deficit = r57m. Is this perhaps the reason for the unrealistic increase in property tax?</p> <p>Kindly comment on this when you do your Medium and Long term planning as per the last two paragraphs on page two of this letter.</p> <p>Employee And Councillor Remuneration</p> <p>To increase Service Levies, Rates and Taxes is the easy way to bolster your income. You should start looking at the sustainability / affordability of these tariff increases.</p>	<p>Plan of the Overstrand Municipality for comprehensive information and insight.</p>

#	ORGANISATION/ INDIVIDUAL	LOGGED BY:	DATE	BUDGET COMMENTS	Response
8	Kleinmond Ratepayers Association	Mr Chris Harding	28 April 2023	<p><i>Comment:</i></p> <p>Property Rates increases and other comments: The following points need answering:</p> <ol style="list-style-type: none"> <li>1. What happened to the "only inflation increases" in municipal charges required by National Treasury?</li> <li>2. Why have you budgeted for an 18% increase in collection of assessment rates in 2023/24 than in 2022/23</li> <li>3. All tariff increases are, by Natural Treasury, required to be "equitable reasonable and affordable"</li> <li>4. We are also aware that any new properties on the new valuation roll will contribute to the increase of 18%, but why were these figures not shared publicly?</li> </ol> <p>We appeal to you to re-visit the calculations to bring it in line with inflation.</p>	<p><i>Response</i></p> <p>Please refer Response to Comment 1</p>
9	Individual	Robert Oosthuizen	27 April 2023	<p><i>Comment:</i></p> <p>Zero Based Budgeting / Justify all operating expenditure Cost Drivers, Employee Costs Availability Charges Property Valuations Governance &amp; Audit process ensuring fair property valuation process Macro economic risk factors</p>	<p><i>Response</i></p> <p>Please also refer Response to Comment 1</p> <p>A lengthy budget process is followed from October until March annually, to have a Draft Budget available. During this period various meetings take place to consider multiple areas ranging from current factors impacting on the budget as well as each cost centre being analysed by relevant line departements, before the first of a number of Budget Steering Committee meetings follows.</p> <p>The Municipality's expenditure framework for the 2023/24 budget and MTREF is informed by the following:</p>

#	ORGANISATION/ INDIVIDUAL	LODGED BY:	DATE	BUDGET COMMENTS
				<p style="text-align: center;">300</p> <ul style="list-style-type: none"> <li>• Balanced budget constraint (cash operating expenditure should not exceed cash operating revenue) unless there are sound reasons for utilising existing uncommitted cash-backed reserves to fund any deficit;</li> <li>• The repairs and maintenance plan relating to the asset management strategy;</li> <li>• Funding of the budget over the MTREF as informed by Section 18 and 19 of the MFMA;</li> <li>• Reducing expenditure on non-core programmes;</li> <li>• Implementing operational gains and efficiencies;</li> <li>• Strict adherence to the principle of <i>no project plan no budget</i>. If there is no business plan no funding allocation will be made; and</li> <li>• Taking cognisance of cost containment guidelines and assessing the status of current measures.</li> </ul> <p>The South African Local Government Association (SALGA) recently acknowledged the challenges faced by the country due to load shedding as a result of failing generation infrastructure and lack of maintenance to Eskom's generation fleet. This relates to the following -</p> <p><i>"During load shedding municipalities are experiencing a range of negative impacts such as:</i></p> <ul style="list-style-type: none"> <li>• <i>Increased theft of infrastructure such as cables</i></li> <li>• <i>Increased frequency of vandalism of infrastructure (such as transformers etc.)</i></li> <li>• <i>Damage to electricity distribution networks, especially substations, due to excessive switching.</i></li> <li>• <i>Cable fault increases due to high loads after restoring the supply of electricity - Approximately R150 000 to R250 000/day of load shedding.</i></li> <li>• <i>Medium voltage switchgear failure - Approximately R50 000 to R 150 000/day of load shedding.</i></li> <li>• <i>Impact on WWTW and water purification plants.</i></li> </ul>

#	ORGANISATION/ INDIVIDUAL	LODGED BY:	DATE	BUDGET COMMENTS	
10	Ward Councillor	Dudley Coetzee	01 May 2023	<p><b>Comment</b></p> <p>1 Steeper increase for water consumption in excess of 18kl.</p> <p>2 Tariff Code SE7A5 has been duplicated</p>	<p><b>Response</b></p> <p>1. The final recommendation for the increase in water tariffs, specifically related to the water tariff slide scale applied, was based on the Budget Steering Committee of the municipality considering</p>

➤ The huge financial implications of utilising back-up power for wastewater treatment works.

- Loss of sales revenue
- Cities incur a loss of income due to unserved energy whereby the overall average direct loss ranges from between R3 million to R6million per day of load shedding.
- Overtime budgets are abnormally high
- Switching operators and control officers who are performing network switching operations and restoring supply after equipment damage or theft & Vandalism incidents are costing between R60 000 to R80 000 per day of load shedding."

Furthermore, the loss of income from unserved energy due to load shedding and the impact of load shedding on WWTW facilities and water purification plants, costs for the use of back-up power (Gensets) and additional costs for distribution network maintenance, upgrades and new infrastructure are key areas. Before-mentioned must be continuously monitored, to reduce risk where there is an indication that the budget must be adjusted if there is material under-collection of revenue, or unforeseen and unavoidable expenditure. With the current mid-year review process, the adjustments budget at the end of January 2023 included reduced Electricity Revenue of R13,6m for the six-month period, as well as increased budget for fuel costs (generators).

#	ORGANISATION/ INDIVIDUAL	LODGED BY:	DATE	BUDGET COMMENTS	
11	Betty's Bay Ratepayers Association	JH Briers	28 April 2023	<p>3 Standing orders for sewer Tanker services result in tanks being pumped that are not full which places unnecessary demands on the tanker service.</p> <p><i>Comment:</i> The budget must take cognisance of the ongoing negative economic climate in SA Various Queries, Observations, Comments And Notes Regarding The Budget</p>	<p>comments received in response to the Draft Budget tabled in Council in March 2023.</p> <p>2. The recommendation of sliding scale increases now represents a less steep increase in the brackets as previously proposed.</p> <p>The proposed increase applicable to the 3rd sliding scale is now recommended at a lower increase, and a phased approach to spread the increase across the 19kl to 60kl tariff steps of the sliding scale.</p> <p>3. The Duplication of Tariff Code SE7A5 was rectified.</p> <p>Standing orders for sewerage tanker services will be referred to the relevant operational division.</p> <p>Response</p> <p>Please refer Response on Comment 1.</p> <p>There are various requests in the municipality, that is discussed and motivated to be placed on the Capital Budget, but not all projects are included in the Final Draft Budget due to the affordability to implement the specific project.</p> <p>It must be noted that the municipality operates as one organization, and the allocation of all resources (Capital funding/ staff/ machines/ materials) may be necessary at certain times of need. Projects across the Overstrand (250KM coastline, must be considered and prioritised, in some instances based on a requirement for refurbishment to prevent subsequent damage to networks or extensive maintenance of entire areas of the network, if not attended to, or expansion to keep up with demand of our increasing population.</p>

#	ORGANISATION/ INDIVIDUAL	LODGED BY:	DATE	BUDGET COMMENTS	
					<p>Please note that priorities are reviewed on an annual basis with the other towns in the municipality. Commitments for multi-year funding must be approved by council as a multi-year project.</p> <p>Various matters reference / commented on - please also refer the relevant Budget Reports, the Annual Report and the Integrated Development Plan of the Overstrand Municipality for comprehensive information.</p>
12	Individual	P Spies	11 April 2023	<p><i>Comment</i></p> <p>Increase in Property Rates, Electricity charges, Services, Affordability</p>	<p><i>Response</i></p> <p>Please refer Response on Comment 1.</p>
13	Individual	H Louw	03 May 2023	<p><i>Comment</i></p> <p>Increase in Property Rates, Municipal Tariffs, Affordability</p>	<p><i>Response</i></p> <p>Please refer Response on Comment 1.</p>
14	Individual	Andre du Toit	04 May 2023	<p><i>Comment</i></p> <p>Various comments and areas highlighted for explanation / confirmation, with regard to the HSRA.</p>	<p><i>Response</i></p> <p>The Comments submitted are noted.</p> <p>The budget supports various projects related to the Mayor's 3C's (p8).</p> <p>Please also refer to Response to Comment 1.</p> <p>The Draft Budget was assessed by the Provincial Treasury as well as National Treasury with no findings or notices regarding proposed budget &amp; tariffs recommended.</p>

#	ORGANISATION/ INDIVIDUAL	LODGED BY:	DATE	BUDGET COMMENTS	
					<p>The alignment of the SRA budget in terms of projects is included in documentation presented. The municipality has no finding regarding non-compliance to the SRA By-Law.</p> <p>The SRA submit monthly statements as well as reports as required.</p> <p>The amount included in the budget with regard to the SRA special rate forms part of the grouping Property Rates, as prescribed by the municipal Standard Chart of Accounts.</p> <p>The SRA legislative framework stipulates the approval by the municipal council, of the additional rate to be levied for the SRA.</p> <p>Retention is calculated annually after 30 June, to determine the portion to refund the SRA. It is thus necessary to consider the retention since it does not relate to an unlimited roll-over approach.</p>
15	Individual	Mike Bryant	4 May 2023	<p><i>Comment</i></p> <p>Sewerage Services - Costs / Level of service, vehicles etc</p>	<p><i>Response:</i></p> <p>It must be noted that the municipality operates as one organization, and the allocation of all resources (Capital funding/ staff/ machines/ materials) may be necessary at certain times of need. Projects across the Overstrand (250KM coastline, must be considered and prioritised, in some instances based on a requirement for refurbishment to prevent subsequent damage to networks or extensive maintenance of entire areas of the network, if not attended to, or expansion to keep up with demand of our increasing population.</p> <p>Please note that priorities are reviewed on an annual basis with the other towns in the municipality. Commitments for multi-year funding must be approved by council as a multi-year project.</p> <p>Tankers-The strategic approach must be to invest more in sewer networks to achieve a sustainable sewer service. The Tanker service was historically achievable with the coastal towns, but population</p>

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#	ORGANISATI ON/ INDIVIDUAL	LODGED BY:	DATE	BUDGET COMMENTS
16	Hermanus Skatepark Club	Dirk Basson PA	03 May 2023	<p>growth and migration to the coastal towns after COVID pandemic. The cost to run and maintain the service is a heavy burden in terms of ever-increasing fuel and resources cost. It is recommended that pipe systems be installed at a higher pace. Pipes have a lower maintenance cost and a longer lifespan as asset. The replacement of the existing tanker system is supported to provide a high service level.</p> <p><i>Response</i></p> <p>The request is noted.</p> <p>The ward committees of the respective wards in Overstrand register and prioritise the ward requests to be included in the Integrated Development Plan of the municipality. These requests are considered on an annual basis in accordance with the municipality's funding available every year, with the compilation of the annual budget for services for the total municipal area of the Overstrand.</p> <p><i>Response</i></p> <p>Please refer Response on Comment 1.</p>
17	Individual	Boy Fyfer	01 May 2023	<p><i>Comment</i></p> <p>Increase in Property Rates, Electricity Tariffs, Affordability</p> <p><i>Response</i></p> <p>Please refer Response on Comment 1.</p>
18	Sandbaai Belastingbeta lersverenigin g	Mnr Roy Groenewald	05 May 2023	<p><i>Response</i></p> <p>Please refer Response on Comment 1.</p>
19	Individual	Veronica Van Zyl	04 May 2023	<p><i>Response</i></p> <p>The General Valuation roll for the financial years 2023/24 - 2027/28 has been published by the Overstrand Municipality, and property owners had until 3 April 2023 to object. The Valuation Roll is the</p>

#	ORGANISATION/ INDIVIDUAL	LODGED BY:	DATE	BUDGET COMMENTS
20	Individual	Dawid Snyman	05 May 2023	<p>official record of the value of all rateable properties within the jurisdiction of a municipality area.</p> <p>The last general valuation was effective from July 2016 and it was found that property values increased significantly since then to bring it in line with present market values.</p> <p><i>Response</i></p> <p>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 of asset consumption. Budget appropriations in this regard total R149,1m for the 2023/24 financial year and equates to 8,56 per cent of the total operating expenditure.</p> <p>The National Treasury prescripts regarding budgeting for depreciation, direct as follows:  <i>Funding Depreciation</i>  <i>It is important to note that depreciation represents the cost of using assets in service delivery and forms part of the total cost of providing the municipal service. Accordingly, it should be included in the setting of cost reflective tariffs to recover the full cost of rendering the service</i></p> <p>Information related to Remuneration (Table 45):  27 Councillors (12,5m)  1215 Employees R538m)</p> <p><i>Response</i></p> <p>Municipalities must adhere to cost reflective tariff-setting. The setting of cost-reflective tariffs is a requirement of Section 74(2) of the Municipal Systems Act which is meant to ensure that municipalities set tariffs that enable them to recover the full cost</p>
21	Individual	Riaan Wium	05 May 2023	<p><i>Comment</i></p> <p>Electricity Tariff Justification &amp; Surplus  Basic Charge increase  Perception that Electricity Service is subsidising Property Rates as source of</p>

#	ORGANISATION/ INDIVIDUAL	LODGED BY:	DATE	BUDGET COMMENTS	
				<p>income to fund the budget – suggest increasing property rates instead. Petition submitted w.r.t. Electricity tariffs objections</p>	<p>of rendering the service. The municipality submit on an annual basis draft electricity tariffs to NERSA for consideration.</p> <p>The infrastructure levy referred to in the budget comment was approved by NERSA, with the necessary documentary proof.</p> <p>The National Energy Regulator of South Africa (NERSA) approved a Municipal Tariff Guideline increase ('Guideline increase') for the 2023/24 financial year of 15.1%, applicable to consumers of the municipality electricity.</p> <p>The municipality however, must provide for an increase of 18,49% on the monthly account for bulk electricity purchases of the municipality from Eskom. The shortfall between bulk payment and accounts billed is at a loss of millions, which the municipality must address.</p> <p>Taking into account that almost 75% of the Revenue for Electricity Service Charges will be spend on expenditure for the Bulk Purchases payable to Eskom, excluding maintenance costs of an extensive Electricity Infrastructure of billions, and all other overheads and operational costs, it is clear that tariff increase is realistic, aiming to maintain this critical service to the benefit of the Overstrand community.</p> <p>Important to note that the approved tariffs applicable on Overstrand municipal consumers, provide for the different categories of users, as well as a sliding scale, allowing household consumers to pay less per unit in the instance of consumption up to 350 units per month, with an inclining trend in the brackets of the sliding scale, for higher consumption (second step up to 600 units, third step above 600 units.</p>

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#	ORGANISATION/ INDIVIDUAL	LODGED BY:	DATE	BUDGET COMMENTS	
				<p>The municipality budgeted for a surplus of 5,36%, this is below the maximum of 15%. With the anticipated loadshedding for the winter months at stage 6, the surplus will deteriorate further to below 5%.</p> <p>The vehicle fleet and interest on loans, for electricity infrastructure for Overstrand are funded from the surplus realised since these items are not budgeted for in the operational budget for this service.</p> <p>Tariff settling and service rendering are based on principles to be applied and legislation to comply with, it is thus not allowed to charge more for Property Rates purely because VAT is not applicable.</p>	
22	Onrus Homeowners Association	Antoinette Bronkhorst	05 May 2023	<p><i>Comment</i></p> <p>The increase of rates as per the valuation roll is quite extensive, impact on pensioners / Pensioners rebate on property rates are not adequate;</p> <p>The increases of all other services also increased quite substantially and add financial pressure to the stressed financial scenario of especially pensioners. Understanding for loadshedding, diesel, dramatic impact on the cash flow of the municipality;</p>	<p><i>Response</i></p> <p>Please refer Response to Comment 1.</p>

#	ORGANISATION/ INDIVIDUAL	LODGED BY:	DATE	BUDGET COMMENTS
				Our appreciation for providing well run communication channels and meetings involving the relevant ratepayers and all other people living in Hermanus.
23	Individual	C van Heerden	05 May 2023	<p><i>Comment</i></p> <p>Grounds of appeal:</p> <ul style="list-style-type: none"> <li>• Electricity Tariffs – SSEG Tariffs (E18) <ul style="list-style-type: none"> <li>➢ One of the purposes of an electrical tariff, is to change customer behavior. The current and proposed SSEG tariffs does not attempt to change customer behavior (1) There is no initiative for customers to use electricity smartly. (2) Customers are not encouraged to feed the municipal grid or limit consumption during peak hours. As customers grid charge batteries immediately after load shedding or just before sunset, this will lead to a worsened load factor, increasing municipal purchase costs at Eskom. It also increase the load on the distribution network during peak times or just after load shedding.</li> <li>➢ Without the net consumer rules (refer E18 on tariff schedule), the SSEG tariff will be unsustainable.</li> <li>➢ The SSEG tariff is not as per sound international practices, with reference to the attached study</li> </ul> </li> </ul>
				<p><i>Response</i></p> <p>We take note of your appeal.</p> <p>Overstrand is continuously striving to deliver a sustainable and transparent service to all customers and to stay on top of the latest regulations and industry developments.</p> <p>With support from the Municipal Energy Resilience Fund and Local Government, we have completed a Cost of Supply and Grid capacity study to assist us in determining the best possible tariffs and implementation strategies for our clients.</p> <p>The Renewable energy market is growing at a rapid speed. Municipalities are trying their best to keep up with the changes in regulatory frameworks as well as implementing the best solutions to remain sustainable whilst still delivering the best possible customer service.</p> <p>We are actively investigating new bi-directional / smart metering solutions that will lower the cost of meter installations for SSEG as well as sustainable strategies for tariff implementation to assist customers and the municipality at reaching the best possible partnership in the ever changing renewable market.</p> <p>We will try our best to address all the concerns listed in your appeal within the current regulatory framework we are governed by.</p>

#	ORGANISATION/ INDIVIDUAL	LODGED BY:	DATE	BUDGET COMMENTS
				<p>document as well as other studies available.</p> <p>➤ The current SSEG tariffs continually place the Electricity section as a business at risk. The SSEG tariffs does not significantly assist customers to shorten their payback time of their solar systems (as per international norms), making it viable for them to go for a grid tied system and actively feed the grid during times as required by the tariff. The result is that roof solar customers rather stay offline and the municipality is more and more losing income. Not only is the Overstrand losing income, but they are not fully utilizing their capital asset (electrical reticulation system), resulting in a significant amount of dead capital.</p> <p>➤ The net consumer requirement result that customers generate a significant amount of excess electricity into the distribution, customers are not paid, but Overstrand will sell this electricity and receive an income from this sales. This is an unfair system especially to customers with holiday homes with grid tied solar energy. It is not known if the Auditor General fully understands this issue and whether he will</p>

#	ORGANISATION/ INDIVIDUAL	LODGED BY:	DATE	BUDGET COMMENTS	
				<p>consider it as an irregular accounting principle once he fully understand it.</p> <ul style="list-style-type: none"> <li>➤ The net consumer principle may also result that solar equipment of the consumer become dead capital or underutilized capital. Although it is not of significance for Overstrand, it impacts on the National economy. <ul style="list-style-type: none"> <li>• Budget <ul style="list-style-type: none"> <li>➤ SSEG purchases and "profits" due to the net consumer requirement should somehow be pertinently stated in the budget planning and statements similarly as Technical and Non-Technical losses.</li> </ul> </li> </ul> </li> </ul>	311
24	Individual Fynbos Park	Jurie Hamman	05 May 2023	<p><i>Comment</i></p> <p>Fynbos Park Body Corporate and others, (FP) raised objections against Overstrand Municipality's (OSM) Tariff Policy(s) Tariff Schedules and Invoicing since April 2013. A long fruitless process followed without a conclusive outcome. The decision and reasons given by the Budget Steering Committee (OSM-BSC) dated 2022-06-01 and forwarded to us By Chief Financial Officer (CFO) was particularly disappointing. FP's response, forwarded to Executive Mayor and Municipal</p>	<p><i>Response</i></p> <p>As mentioned in the budget comment/ objection received, the principles in this matter were addressed previously by Overstrand Municipality.</p> <p>The same arguments are raised in the submission this budget cycle as in previous years, with the response stating the clarification and explanations previously provided in response to the comment / objection.</p>

#	ORGANISATION/ INDIVIDUAL	LODGED BY:	DATE	BUDGET COMMENTS
				<p>Manager are attached to this objection as FP also require answers to those comments. We found the Budget objection process frustrating since we started objecting in 2013-14 Financial year and never received satisfactory answers, although all our objections were based in law and facts covering Municipal Sectional Title Property Affairs.</p>
25	Onrus Vermont SRA NPC	Anton du Preez	05 May 2023	<p><i>Comment</i></p> <p>The proposed cent in the rand for the OVSRA results in little, if any, increase in the levy for existing homeowners / All expenses increase annually / OVSRA's cent in the rand levy is the lowest of all three SRAs / residents in Ward 13 will be able to afford a higher tariff than draft.</p> <p>Funds to install cameras / CCTV systems, etc. Unavoidable factors that the steering committee could never have imagined would impact our budget (long list, including battery backups for CCTV systems are imperative for continued operation during loadshedding.</p>
				<p><i>Response</i></p> <p>The municipality has, and have to face similar challenges, just on a very large scale. In these instances strategies will have to be reviewed and expenses carefully prioritised and expenditure curtailed to the bare necessary. Before-mentioned very relevant to a SRA, based on the fact that the following framework cannot be ignored - A Special Rating Area (SRA) have a 5-year budget as per their approved Business Plan and as such cannot anticipate future development or valuation fluctuations due to successful appeals etc.</p> <p>The impact on individuals is extensively modelled to ensure that it does not exceed the original approved impact as per the 5-year budget and if greater than the budget growth it remains within the threshold of affordability and sustainability.</p>
26	Ward Councillor	Ronald Nutt	08 May 2023	<p><i>Comments</i></p> <p>From Ward 4 the following comments to be included.</p> <ol style="list-style-type: none"> <li>1. That there is a need for Capital Funding be made available in the Budget for Community Services Directorate to address the requests for new Play Parks</li> </ol>
				<p><i>Response</i></p> <p>The comments from Ward 4 are noted.</p> <p>These projects not included in the ward list yet, to be registered at the ward committee structure and be prioritised together with the ward requests, and included in the Integrated Development Plan of the</p>

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#	ORGANISATION/ INDIVIDUAL	LODGED BY:	DATE	BUDGET COMMENTS	
				and Fencing and equipment in all Wards where there is a specific need for it. 2. Capital Funding be made available in the Budget/IDP for Ad hoc Stormwater Issues to be dealt with over all Wards in Overstrand 3. Capital Funding be made available in the Budget/IDP for Sidewalks & Speed Calming measures to be dealt with across all Wards in Overstrand. 4. Our IDP wishlist express on Ward 4 specific need for a total upgrade of the Play Park on the c/o Orgidee Street & Sweetpea Street, Mount Pleasant Ward 4 to be included and prioritised for funding.	municipality. These requests are considered on an annual basis in accordance with the municipality's funding available every year, with the compilation of the annual budget for services for the total municipal area of the Overstrand.
27	Northcliff Residents	John Bristow	05 May 2023	<i>Comments</i> Public Participation Various operational matters related to Northcliff	<i>Response</i> Comments related to Public Participation will be responded to by Strategic Management Services  Various operational matters & requests on a continuous basis communicated with the Municipal Manager and Operational Services - Hermanus
28	Individual	Bob Stanway	24 April 2023	<i>Comments</i> Public Participation Proposed SRA tariff to be imposed upon affected Ratepayers due to the increased property values	<i>Response</i> Comments related to Public Participation will be responded to by Strategic Management Services  The proposed additional rate for special rating areas are discounted in accordance with the proposed property rates discounted percentage (residential, business, etc)
29	Individual	Karl Pretorius	23 April 2023	<i>Comment</i>	<i>Response</i>

#	ORGANISATION/ INDIVIDUAL	LODGED BY:	DATE	BUDGET COMMENTS	
				Increase in Property Valuations, Property Rates	<p>The General Valuation roll for the financial years 2023/24 - 2027/28 has been published by the Overstrand Municipality towards the end of February 2023, and property owners had until 3 April 2023 to object. The Valuation Roll is the official record of the value of all rateable properties within the jurisdiction of a municipality area.</p> <p>The last general valuation was effective from July 2016 and it was found that property values increased significantly since then to bring it in line with present market values.</p> <p>In terms of the MPRA, property rates are calculated on the value of the land and of any improvements or buildings.</p> <p>This value is based on the property's market value - the price you would realistically get for a property in the open market, between a willing buyer and a willing seller.</p> <p>Property Rates are levied as a cent in the Rand based on the market value of the property as reflected in the valuation roll.</p> <p>Taxpayers could do their own calculations in this regard, with a calculator provided for on the municipal website after the draft budget was tabled on 29 March 2023.</p> <p>The increase in Property Rates revenue for 2023/24 is slightly more than 15%, although the draft figures as a percentage of the base year (current year budget for 2022/23), exceeds 18%. Important however to note that the actual income anticipated is in excess of the budget, thus increasing the base year, resulting in a budgeted increase of slightly more than 15%.</p> <p><b>A new, discounted rate in the rand</b> in comparison with current rate, will be applicable for the calculation and levying of property rates, which calculations will furthermore be based on the new property valuations in accordance with the new Valuation Roll for implemented from 1 July 2023. These increases are now also recommended to Council in the</p>

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#	ORGANISATION/ INDIVIDUAL	LODGED BY:	DATE	BUDGET COMMENTS
				<p>MTREF Budget Report (2023/24), to Council on 31 May 2023. To be noted that the continuation of rebates is recommended for the new financial period (2023/24), with the following as example:</p> <p>Residential Property:</p> <ul style="list-style-type: none"> <li>- Minus: First R15 000 of property value</li> <li>- Minus: R35 000</li> <li>- Minus: additional 20% of the levy calculated on such property</li> </ul> <p>The Budget Steering Committee of the municipality considered comments received in response to the 2023/24 Draft Budget and Budget Roadshows held during April 2023. Before-mentioned resulted in the rebated amount for the category, "applicabe on the older than 60, who's gross monthly household income may not exceed the amount of two times (4X) of state funded social pensions per month" category, recommended to increase from 50% rebate, to 70% rebate, as enhanced support to ratepayers exceeding 60 years with limited income. The</p> <p>Pensioners Rebate</p> <ul style="list-style-type: none"> <li>- 100% to approved applicant who are older than 60, who's gross monthly household income may not exceed the amount of two times (2X) of state funded social pensions per month.</li> <li>- 70% to approved applicant who are older than 60, who's gross monthly household income may not exceed the amount of four times (4X) of state funded social pensions per month.</li> <li>- 40% to approved applicant who are older than 60, who's gross monthly household income more than four times (4X) but less than eight times (8X) of state funded pension per month.</li> </ul>

**6.6****AMENDMENTS AND ADDITIONS TO THE DELEGATION OF POWERS AND DUTIES: MUNICIPAL MANAGER****D Arrison**  
**17 May 2023****Director : Management Services****(028) 313 8001**

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**1. Executive Summary**

The purpose of the report is to obtain interim approval for amendments and additions to the Municipal Manager's delegations of powers and duties conferred on him.

**2. Service Delivery and Budget Implementation Plan Reference**

Directorate: Management Services

**3. Compliance with Strategic Priority**

Provision of democratic, accountable, and ethical governance

**4. Delegated Authority**

None

**5. Legal Requirements**

Constitution of the Republic of South Africa, 1996 (Constitution)  
Local Government: Municipal Systems Act (No. 32 of 2000) (Systems Act)  
Local Government: Municipal Finance Management Act (No. 56 of 2003)

**6. Background/Discussion**

On 24 February 2009, as amended thereafter, Council adopted the Principles and Conditions of Delegation which are applicable on the municipality's system of delegation.

Section 59(4) of the Systems Act provides as follows:

"(4) Any delegation or sub-delegation to a staff member of a power conferred on a municipal manager must be approved by the municipal council in accordance with the system of delegation referred to in subsection (1)."

On 25 November 2009, as amended thereafter, Council approved the Municipal Manager's delegations and/or sub-delegations of powers and duties conferred on him.

In the absence of a Director Community Services, and in anticipation of a response to the condonation request to Minister of Cooperative Governance and Traditional Affairs, the delegations need to be amended to include the Senior Manager: Operational Services Gansbaai.

Attached as Annexure "A" are the delegations to be amended to reflect the Senior Manager Operational Services: Ganbaai, for Council to approve as interim measure.

**7. Financial Implications**

None

**8. Staff Implications**

None

**9. Comments from other Departments, Divisions and Administrations**

None

**10. Annexures**

Annexure A: Memorandum with regard to the amendment of Delegation of Powers and Duties

**RECOMMENDATION TO THE COUNCIL:**

that the additions to the Municipal Manager's delegations (as per Annexure A to the item) of powers and duties conferred on him, **be approved.**

**RESPONSIBLE OFFICIAL:**

**DS ARRISON**

**TARGET DATE FOR IMPLEMENTATION:**

**31 MAY 2023**

5. DELEGATION OF ORIGINAL POWERS DELEGATION BY MUNICIPAL MANAGER OF HIS ORIGINAL POWERS:			
<p>..... DGI O'NEILL ..... DATE .....</p> <p>Subject to the provisions contained herein the following matters are hereby delegated as indicated:</p>			
Item No	Cryptic description of Power or Duty	Lowest level sub-delegated to	Remarks, Limitations or Conditions
5.1.1	As far as <b>personnel matters</b> are concerned:		
5.1.1.1	The granting of authority for staff on levels below that of director to attend congresses, conferences, seminars, courses and other meetings within the Republic and approval of travel and subsistence allowance.	Directors <u>Senior Manager: Operational Services Gansbaai, where it relates to the directorate community services</u>	Read with the provisions of the Municipality's Travel and Subsistence Policy.
5.1.1.2	To approve and/or cancel all applications for leave.	Directors Managers <u>Senior Manager: Operational Services Gansbaai directorate community services</u>	In respect of Managers. In respect of staff below Managers. Both subject to provisions of Bargaining Council agreement and/or the Municipality's policy.
5.1.1.2C	Approval of the encashment of leave in access of 48 days, due to operational requirements.	Directors <u>Senior Manager: Operational Services Gansbaai directorate community services</u>	In consultation with Municipal Manager, subject to budgetary provision.

5.1.1.2D	Approval for the request for leave in excess of 48 days to be reversed and taken at a later stage.	Directors <u>Senior Manager: Operational Services Gansbaai</u> <u>director</u> <u>community services</u>	In respect of Managers and staff members below Managers.
5.1.1.5	To approve the extension of Probationary Periods of officials on levels below that of Manager.	Relevant Director <u>Senior Manager: Operational Services Gansbaai</u> <u>director</u> <u>community services</u>	In consultation with Director: Management Services
5.1.1.5A	Evaluation of staff members performance during the probation period.	Managers/Directors	As per the Local Government: Municipal Staff Regulations, GN890 of 20 September 2021.
5.1.1.6	To approve the payment of a kilometre allowance for the occasional use of own car on official business.	Directors <u>Senior Manager: Operational Services Gansbaai</u> <u>director</u> <u>community services</u>	
5.1.1.8	Overtime payment to officials below the level of Manager.	Directors <u>Senior Manager: Operational Services Gansbaai</u> <u>director</u> <u>community services</u>	Provided that sufficient funds are available.
5.1.1.11A	No person may be appointed as a staff member on a fixed-term contract, permanent basis, or probation, to any post on the approved staff establishment of a municipality, unless he or she... (b) possesses the relevant competencies, qualifications, and experience.	Directors/ Managers in consultation with Director: Management Services/Municipal Manager <u>Senior Manager: Operational Services Gansbaai</u>	As set out in Annexure A (Competency Framework) of the Local Government: Municipal Staff Regulations, GN 890 of September 2021

		<u>directorate</u> <u>community</u> <u>services</u>	
5.1.1.14	Control of attendance registers and time sheets.	Directors, line function, managers and supervisors <u>Senior Manager: Operational Services Gansbaai</u> <u>directorate</u> <u>community</u> <u>services</u>	
5.1.1.18	Approval of personnel to temporarily act in another position for a period no longer or exceeding nine months (other than that of Municipal Manager). All funded vacant posts to be filled within six months of a funded post becoming vacant.	Directors/Managers <u>Senior Manager: Operational Services Gansbaai</u> <u>directorate</u> <u>community</u> <u>services</u>	Subject to the municipality's policy, Bargaining Council Agreements and/or the Local Government: Municipal Staff Regulation, GN 890 of September 2021 and that such approval only be applicable when the occupier of a post is on leave or where such a post is vacant due to a resignation or otherwise.
5.1.1.22	Approval for attending staff member funerals and the provision of transport.	Directors <u>Senior Manager: Operational Services Gansbaai</u> <u>directorate</u> <u>community</u> <u>services</u>	
5.1.1.30	Acceptance of resignations.	Directors <u>Senior Manager: Operational Services Gansbaai</u> <u>directorate</u> <u>community</u> <u>services</u>	
5.1.1.32	Approval of unpaid leave after leave has been exhausted.	Directors	

		<u>Senior Manager: Operational Services Gansbaai directorate community services</u>	
5.1.1.33	Approval of time off for overtime worked.	Directors Managers <u>Senior Manager: Operational Services Gansbaai directorate community services</u>	With regard to Managers. With regard to staff in their departments/ sections but in consultation with relevant director.
5.1.1.34	As far as delegations with regard to recruitment and selection are concerned:		
5.1.1.34.3A	Filling of funded vacant post(s) on the staff establishment within six months of a funded post becoming vacant.	Managers/ Directors <u>Senior Manager: Operational Services Gansbaai directorate community services</u>	In line with the Local Government: Municipal Staff Regulations, GN 890 of September 2021
5.1.1.35	As far as delegations with regard to labour relations are concerned:		
5.1.1.35.2	Appointment of chairperson of informal hearing.	Directors <u>Senior Manager: Operational Services Gansbaai directorate community services</u>	
5.1.1.35.2A	Appointment of initiators for informal hearings.	Directors <u>Senior Manager: Operational Services Gansbaai directorate community services</u>	

5.1.1.35.3B	Receive outcome of incapacity hearing due to ill health / injury / non-performance requirement with regard to dismissal, transfer or demotion.	Directors <u>Senior Manager: Operational Services Gansbaai</u> <u>directorate</u> <u>community</u> <u>services</u>	In consultation with Municipal Manager
5.1.1.35.5A	Appointment of replacement labour in the event of a strike.	Directors <u>Senior Manager: Operational Services Gansbaai</u> <u>directorate</u> <u>community</u> <u>services</u>	
5.1.1.35.6	Suspension of officials within directorate.	Directors <u>Senior Manager: Operational Services Gansbaai</u> <u>directorate</u> <u>community</u> <u>services</u>	In consultation with Director: Management Services
5.1.1.35.10	Consideration and decision to investigate an employee for alleged misconduct.	Directors <u>Senior Manager: Operational Services Gansbaai</u> <u>directorate</u> <u>community</u> <u>services</u>	In terms of the Disciplinary Code Collective Agreement.
5.1.1.36	As far as delegations with regard to training and development are concerned:		
5.1.1.36.1A	Approval of job descriptions to be subjected to evaluation.	Relevant Director <u>Senior Manager: Operational Services Gansbaai</u> <u>directorate</u> <u>community</u> <u>services</u>	
5.1.1.37.2	Approval of safety clothing as prescribed by a medical practitioner.	Relevant Director <u>Senior Manager: Operational Services Gansbaai</u>	

5.1.10	To decide whether an employee may retain an offering of business courtesies or gifts.	<u>director</u> <u>community</u> <u>services</u>	Read with the provisions of the municipality's Gift Policy for Officials.
5.1.11	To implement the municipality's Housing Selection Policy for Beneficiaries in Ownership-based Subsidy Projects.	All Directors – in so far as their subordinates are concerned. <u>Senior Manager: Operational Services</u> <u>Gansbaai</u> <u>director</u> <u>community</u> <u>services</u>	
		Director: Services <u>Senior Manager: Operational Services</u> <u>Gansbaai</u> <u>director</u> <u>community</u> <u>services</u>	

**6.7  
WRITING OFF OF IRRECOVERABLE DEBT**

This item is distributed under separate cover.

In terms of Section 20(1) of the Local Government: Municipal Systems Act, No 32 of 2000, read with Rule 17 of the Overstrand Municipality's By-law on Rules of Order for Internal Arrangements, this item must be considered "in committee".

**6.8**

**IN PRINCIPLE APPROVAL FOR DIRECT ALIENATION OF ERF 279 FISHERHAVEN (SITUATED IN SCHOOL ROAD, FISHERHAVEN) TO THE WESTERN CAPE GOVERNMENT VIA ITS DEPARTMENT OF TRANSPORT AND PUBLIC WORKS (WESTERN CAPE EDUCATION DEPARTMENT) TO DEVELOP A NEW JUNIOR HIGH SCHOOL AS PART OF THE RAPID SCHOOL BUILD PROGRAMME**

**A Le Roux  
24 May 2023**

**Manager: Property Administration**

**(028) 316 - 3724**

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**1. Executive Summary**

To obtain in principle approval for the direct alienation of Erf 279 Fisherhaven (3,9575 ha in extent) (hereinafter called the “property”), situated in School Street, Fisherhaven, to the Western Cape Government via its Department of Transport and Public Works (on behalf of the Western Cape Education Department), herein after referred to as “the Department” to develop a new Junior High School as part of the Rapid School Build Programme.

See the locality maps attached hereto marked Annexure A1 and A2.

**2. Service Delivery and Budget Implementation Plan - IGNITE**

Infrastructure and Planning  
Property Administration

**3. Compliance with Strategic Priorities**

Provision of democratic, accountable and ethical governance  
Creation and maintenance of a safe and healthy environment  
Promotion of tourism, economic and social development

**4. Delegated Authority**

None

**5. Legal Requirements**

- Local Government: Municipal Finance Management Act (Act 56 of 2003) (“MFMA”)
- Municipal Asset Transfer Regulations (R. 878 of 2008) (“MATR”)
- Administration of Immovable Property Policy of the Overstrand Municipality, as amended

## 6. Background/Discussion/Evaluation/Conclusion

### Background/Discussion

Following letter sent by the Mayor of Overstrand Municipality (attached marked Annexure B), the Western Cape Education Department (WCED) started investigating the possibility of developing Erf 279 Fisherhaven (the "property") as part of its Rapid Build Programme for new schools. The WCED subsequently sent a letter dated 2 May 2023 requesting the following:

*"The Western Cape Education Department (WCED) hereby kindly requests an immediate Power of Attorney with Overstrand Municipality for Erf 279, \*Caledon in Fisherhaven to develop a new Junior High School.*

*The Power of Attorney is required for the following purposes:*

- *To apply for rights on the Erf 279, Caledon property and to submit all the necessary applications including, but not limited to, any land use management, planning, environmental, heritage and any other development rights application in terms of relevant legislation.*
- *To construct, a school on Erf 279, Caledon property, if permitted in terms of the Municipal Planning Bylaws, 2015.*
- *To apply for all the necessary Municipal Service Connection Applications on Erf 279, Caledon property."*

\*please note that the letter erroneously refers to Caledon, it is in fact Fisherhaven.

The Junior High School concept is a direct response to create more accessibly secondary schooling opportunities for grades 8 and 9 with a possibility to include grades 7 and 10 in the future. The need for a new school stem from the enrolment pressure in the Overstrand the high schools. The school will cater for the overflow enrolments. The WCED envisages to start by construction a permanent facility with 12 classrooms for an estimated 450 learners, administrative blocks, office accommodation, specialised function rooms, etc. See examples of a similar project done by the Department marked Annexure C.

As the Department envisages to develop the property from own funds with permanent structures to the benefit of the community of Overstrand and taking into account the community value of the proposed development, it is proposed that the property rather be sold at a nominal amount, rather than a lease which will limit any future development on the property as further needs arise.

## Evaluation

### A: Administration of Immovable Property Policy of the Overstrand Municipality:

The following conditions of the said Policy apply:

**Paragraph 4: “No application for the purchase, lease of or encroachment on immovable property (save for the instances mentioned in paragraphs 58 to 62 and 64.1 below) shall be processed unless the prescribed application fee as per tariff approved in the annual budget for that financial year has been paid, nor shall any proposed lease or encroachment (save for the instances mentioned in paragraphs 58 to 62 and 64.1 below) be advertised unless the applicant has confirmed, in writing, that he/she will bear all costs involved in such transaction including - but not limited to - legal, survey, re-zoning, sub-division, consolidations, advertisement, relocation or provision of services and, where applicable, a deposit as per prescribed rate to cover incidental costs has been paid.”**

Organs of state are exempted from paying the application fee. As to the rest of the costs, the Department will be held liable and will be requested to confirm same in writing before any deed of sale is signed. The costs of the transaction will include, but not be limited to, land use planning and related (environmental) processes costs, the registration of the transfer of the property in the Deeds Office, the latter to be attended to by the State Attorneys, and possibly the costs for the public participation should they request that it be advertised.

**Paragraph 5: “The Municipality may not transfer ownership as a result of a sale or other transaction or otherwise permanently dispose of a municipal immovable property needed to provide the minimum level of basic services, save where the transfer is to another organ of state, as provided for in section 14(6) of the MFMA read with Regulation 24 in Chapter 3 of the MATR.”**

The property to be alienated is not needed to provide basic services and alienating the property to the Department. There are currently services on the property which can be secured by means of a registered servitude. See Annexure D.

**Paragraph 12.1: “Paragraphs 7 and 10 above do not apply to the transfer of immovable property to another municipality or to a municipal entity or to a national or provincial organ of state in circumstances and in respect of categories of assets approved by the National Treasury in Regulation 20 of the MATR, provided that such transfers are in accordance with a prescribed framework contained in Chapter 3 of the MATR.”**

Regulation 20 determines, amongst others that,

*“Section 14(1) to (5) of the Act does not apply if a municipality or municipal entity transfers a capital asset to an organ of state in any of the following circumstances:(f) any other circumstance not provided in paragraph (a) to (e), provided that –*

- (i) the capital asset to be transferred is determined by Council to be not needed for the provision of the minimum level of basic municipal services and to be surplus to the requirements of the municipality; and*
- (ii) if the capital asset is to be transferred for less than fair market value, the municipality takes into account-*
  - (aa) whether the capital asset may be required for the municipality or a minimum entity under the municipality’s sole or shared control at a later date;*

The property will be developed specifically to accommodate a Junior High school, the latter being a Provincial mandated function. It is not envisaged that Municipality will require any control or shared control over the property and function anytime in the near future.

- (bb) the expected loss or gain that is expected to result from the proposed transfer;*

Erf 279 Fisherhaven is currently reflected in the Municipality’s Fixed asset register (Investment Property) at a value of R3,050,000.00 (THREE MILLION AND FIFTY THOUSAND RAND) (VAT included) as on 30 June 2022.

The eventual alienation the property will have to be accounted for order to remove it from the Fixed Asset Register and to account for the loss.

- (cc) the extent to which any compensation to be received in respect of the proposed transfer will result in a significant economic or financial cost or benefit to the municipality;*

A nominal purchase price of R100.00 (ONE HUNDRED RAND) (VAT included) is proposed. Although a nominal purchase price will be received, the establishment of the new school will be to the benefit of the Overstrand community.

- (dd) the risks and rewards associated with the operation or control of the capital asset that is to be transferred in relation to the interests of the municipality or municipal entity;*

All risks and rewards related to the property will be taken over by the Department on date of registration of the sale in the Deeds Office or any earlier date as agreed upon between the parties.

*(ee) the effect that the proposed transfer will have on the ability of the municipality or municipal entity to raise long-term or short-term borrowings in the future;*

The value of the property is well below 1% of the total value of all the land and buildings of the Municipality. The alienation and transfer of the property will therefore have no effect on the ability of the Municipality to raise long term of short-term borrowings in the future.

*(ff) any limitation or conditions attached to the capital asset or the transfer of the asset, and the consequences of an potential non-compliance with those conditions;*

The property may only be used for educational purposes, i.e. the establishment of a Junior High school. No other uses will be allowed, and this will be registered against the title deed of the property.

*(gg) the estimated cost of the proposed transfer;*

There will be no cost for the Municipality as all costs of transfer will be borne by the Department. In this regard the transfer will be attended to by the State Attorneys.

*(hh) the transfer of any reserve funds associated with the capital asset;*

There are no reserve funds associated with this property.

*(ii) the interests of any affected organ of state, the municipality's own strategic, legal and economic interests and the interests of the local community; and*

The use of the property for the development of a Junior High school will be of a far bigger benefit to the community, especially as it will alleviate the pressure on the two closest high schools and will provide opportunities to those learners who cannot be accommodated at the current high schools in Overstrand.

*(jj) compliance with the legislative regime applicable to the proposed transfer."*

The sale will be in line with all relevant legislation from both a Municipal and Provincial side. After obtaining the necessary in principle approval, a final transfer approval must still be obtained.

**Paragraph 12.2** *“Where the requirements stipulated in Chapter 3 of the MATR are met, then notwithstanding fact that the transfer or disposal may be in respect of immovable property which is required to provide the minimum level of basic services, such disposals need not be at market related value and do not require a public participation process described in the MATR in respect of non-exempted disposals.”*

As the property will be alienated to an organ of state and further as the purpose for which the property will be utilised is of great value and advantage to the community, the property may be alienated, and a public participation process need not to be followed. However, should the Department request that the sale be advertised, the cost will be for their account.

**Paragraph 28:** *“All costs pertaining to a transaction shall be borne by the successful bidder/purchaser, e.g. survey, advertisements, valuation, rezoning, relocation or provision of services where necessary, etc. The Municipality may, however, waive its right to claim the costs should it be to its advantage to bear the costs.”*

The Department will be held liable for all costs pertaining to this transaction.

**Paragraph 29:** *“Should existing services need to be relocated or secured by means of the registration of a servitude in favour of the Municipality as a result of the alienation of the immovable property, all related costs shall be for the account of the successful bidder/purchaser.”*

A servitude will have to be registered on the property to accommodate the current services thereon. This can be included in the deed of sale to be registered directly in the title deed.

**Paragraph 32:** *“Save with prior approval, the immovable property alienated may only be used for the purpose for which it was originally sold and purposes permitted by town planning scheme regulations pertaining to such purposes.”*

A condition to this effect will be included in the deed of sale.

**Paragraph 31:** *“Where immovable property is alienated for development, a condition, taking into consideration the nature of the development, might be included in the Deed of Sale stipulating that such development must be completed within two years from*

***date of registration. Likewise a condition may be included in the agreement to provide for forfeiture in the event that the development has not been completed within the required time period, unless a written extension has been granted by the Municipality.***

A clause to this effect can be included in the deed of sale should Council insist.

**Paragraph 32: “Save with prior approval, the immovable property alienated may only be used for the purpose for which it was originally sold and purposes permitted by town planning scheme regulations pertaining to such purposes.”**

A clause to this effect will be included in the deed of sale.

**B: Advertisement/Notification**

As the property is exempted in terms of Regulation 20 of the MATR and alienated to an organ of state to the advantage of the community, the alienation of the property does not have to follow a public participation process. However, should the public participation process be required, the outcome thereof will be brought to the attention of Council.

**Conclusion**

It is recommended that the direct alienation of Erf 279 Fisherhaven (3,9575 ha in extent), situated in School Street, Fisherhaven, to the Western Cape Government via its Department of Transport and Public Works (on behalf of the Western Cape Education Department), to develop a new Junior High School as part of the Rapid School Build Programme at a nominal purchase price of R100.00 (ONE HUNDRED RAND) (VAT included) be approved, subject to conditions.

**7. Financial Implications**

Erf 279 Fisherhaven is currently reflected in the Municipality’s Fixed asset register (Investment Property) at a value of R3,050,000.00 (THREE MILLION AND FIFTY THOUSAND RAND) (VAT included) as on 30 June 2022. As the proposed purchase price is R100.00 (ONE HUNDRED RAND) (VAT INCLUDED), a (loss) will be shown on the register in the financial year the sale is finalised. The value that the establishing a new junior high school will bring to the community can however not be expressed in financial value. Similarly further income will be earned on rates, taxes and services charges payable to the Municipality.

**8. Staff Implications**

None

## 9. Comments from other Departments, Divisions and Administrations

### Senior Manager: Expenditure and Assets: Mr J Vorster

Erf 279 Fisherhaven is currently reflected in the Fixed Asset Register for Investment Property at a value of R3,050,000.00 (THREE MILLION AND FIFTY THOUSAND RAND) (VAT included) as on 30 June 2022. The eventual alienation will have to be accounted for as a disposal in order to remove it from the Fixed Asset Register and to account for the (loss).

There is no objection as the application complies with the Administration of Immoveable Property Policy.

### Town Planner: Mr H Olivier

*“Erf 279, Fisherhaven was specifically created to serve for future school needs. It is zoned Community Zone 1.*

*It is to be noted that properties in Fisherhaven have Title Deed restrictions with regard to land uses. The Title Deed needs to be scrutinized to determine if there are any restrictive conditions prohibiting the proposed development.”*

Comment from Property Administration: Erf 279 Fisherhaven has a building line restriction and no restriction as to the proposed use. The title deed however refers to the conditions of establishment of Fisherhaven. The establishment conditions only refers to the following with reference to this property:

*“12. The following erven shall be reserved for the purposes stated :-*

*(c) Erven No. 279 and 634 for Educational purposes;*

*27. Additional conditions applying to Erven Nos. 279 and 634*

*Same as preamble of Condition No. 17 :-*

*(a) no building or structure or any portion thereof except boundary walls and fences shall be erected nearer than 25 feet to the street line which forms a boundary of this erf.*

*17. This erf shall be subject to the following further conditions provided especially that where, in the opinion of the Administrator only, after consultations with the Townships Board and Local Authority, it is expedient that the restriction in any such condition should at any time be suspended or relaxed, he may authorise the necessary suspension or relaxation subject to compliance with such conditions as he may impose”*

### Manager: Engineering Services: Mr R Andrew

*“If any of the application is approved the following comments need to be considered:*

- *The developer at his/her cost constructs the internal municipal civil and electrical services for the development as well as any link or bulk municipal services that need to be provided;*
- *Servitudes for municipal services must be registered in favour of the Council at the developer's cost in respect of all main services to be taken over by the Council and all existing municipal services located or crossing the property under consideration. Erf 279 Fisherhaven contains essential bulk sewer and electrical infrastructure.*
- *The municipality may request the following engineering reports as soon as the site is being developed: stormwater management plan, traffic impact study, capacity report for water and sewer (done by GLS Engineering Consultants).*
- *The developer must enter into a service level agreement with the Council (Engineering Services Department) regarding the provision and supply municipal services.*

**Senior Manager: Operational Services: Mr T Marx**

*Water availability - Domestic water system is in place and available for construction and usage by the proposed school.*

*Sewerage availability - There is an existing conventional sewerage pipeline running along Poplar Street towards the pumpstation on the corner of Poplar and School Street in order for the school to connect to without the need to build conservancy tanks.*

*Refuse Removal – Weekly schedule refuse removal is currently being performed by Operational staff in Fiserhaven and will be possible to service the school on that specific day (Mondays).*

*Stormwater – Currently only open stormwater channels along the borders of the property and if there is a need for additional stormwater management then the developer should make provision in his design.*

*Roads – Currently Poplar and Lagoon Road and Keurboom Street is low traffic bitumen roads and not build for high traffic volumes. School Street is still a gravel street and not tarred.”*

**Manager: Environmental Services: Ms P Aplon**

*“The Environmental Management Section has the following comments after a site visit was conducted on 4 May 2021.*

**THE SITE:**

*Erf 279 has intact portions of Hangklip Sand Fynbos and Erf 634 has intact portions of Hangklip Sand Fynbos and Elim Ferricrete Fynbos according to SANBI mapping. In terms of the National Environmental Management: Biodiversity Act, 2004 (Act 10 of 2004): National list of threatened ecosystems, Hangklip Sand Fynbos vegetation type is endangered and Elim Ferricrete Fynbos vegetation type is critically endangered.*

INTERPRETATION:NEMA regulations:

*Given the status of the vegetation on site, the activity would trigger listed activity 12 in terms of the NEMA EIA regulations and the following would normally apply: The clearance of an area of 300 square metres or more of indigenous vegetation except where such clearance of indigenous vegetation is required for maintenance purposes undertaken in accordance with a maintenance management plan.*

Western Cape:

*Within any critically endangered or endangered ecosystem listed in terms of section 52 of the NEMBA or prior publication of such a list, within an area that has been identified as critically endangered in the National Spatial Biodiversity Assessment 2004.*

*Based on correspondence from DEA&DP dated 10 May 2023, the proposed development would require an Environmental Authorization from the Department prior to commencement.”*

Environmental Management Overlay Zone:

*In August 2020, the municipality gazetted Environmental Overlay Zone regulations. Erf 279, Fisherhaven is located within the Coastal Protection EMOZ. The purpose of the EMOZ is managing the integrity of coastal ecosystems, ecosystem services, coastal dynamic processes and biodiversity within Coastal Reserves.*

*The regulations have 3 scheduled containing activities which are A: prohibited, B: requires Council consent and C: General regulations.*

*The establishment of a new campus in this zone does not constitute any additional applications in terms of the EMOZ regulations.*

*The recommendation is considering the above, this office has no office objection to this application. However, the following conditions should be set for site development:*

- *Given the critically endangered status of the intact fynbos, careful landscaping should form part of the site development plan.*
- *Treated water stored in domestic tanks must be sampled and tested to determine the water quality before irrigation takes place.*

**10. Annexures**

Annexure A1 & A2:	Locality maps
Annexure B:	Letter from Overstrand Municipality
Annexure C:	Examples of similar developments
Annexure D:	Services on the property

**RECOMMENDATION TO THE COUNCIL:**

1. that the direct alienation of Erf 279 Fisherhaven (3,9575 ha in extent) to the Western Cape Government via its Department of Transport and Public Works (on behalf of the Western Cape Education Department), at a nominal purchase price of R100.00 (ONE HUNDRED RAND) (VAT included) to develop a new Junior High School as part of the Rapid School Build Programme, **be approved in principle**;
2. that it be noted that it is not necessary to follow a competitive process for the alienation and transfer as this transaction is exempted in terms of Regulation 20 of the Municipal Asset Transfer Regulations (R. 878 of 2008);
3. that it be noted that a final transfer approval must still be obtained before the property may be transferred to the Department in the Deeds Office;
4. that it be noted that the municipal property herewith envisaged to be alienated is not required for the provision of basic municipal services in terms of the provisions of paragraph 5 of Council's Administration of Immovable Property Policy and Section 14 of the Local Government: Municipal Finance Management Act (Act 56 of 2003);
5. that it be noted that there are economic and community value to be received in exchange for the municipal property as a new school will be established for the community;
6. that the alienation of said Erf 279 Fisherhaven be subject to a suspensive condition that the Department obtains at own cost all required land use planning, environmental and related approvals;
7. that all the costs pertaining to the transaction, e.g. land use planning, environmental and related processes costs, the registration of the transfer of the property in the Deeds Office, and possibly the costs for the public participation, should they request that it be advertised, be borne by the Department;
8. that a condition be registered against the title deed of the property that the property may only be used for Educational Purposes;
9. that a servitude be registered in favour of the Municipality against the title deed of the property to secure the municipal services situated thereon; and
10. that a consent be issued to the Department:
  - (a) to apply for rights on the property and to submit all necessary applications including, but not limited to, any land use management, planning, environmental, heritage and any other development rights in terms the relevant legislation;

- (b) to submit courtesy building plans for the proposed development on the property;
- (c) to gain early occupation of the property before signature of a deed of sale and pending the finalisation of the alienation process in order to start the construction of the school, subject to all other required approvals; and
- (d) to apply for the necessary municipal services connections for the property.

**RESPONSIBLE OFFICIAL:**

**A LE ROUX**

**TARGET DATE FOR IMPLEMENTATION:**

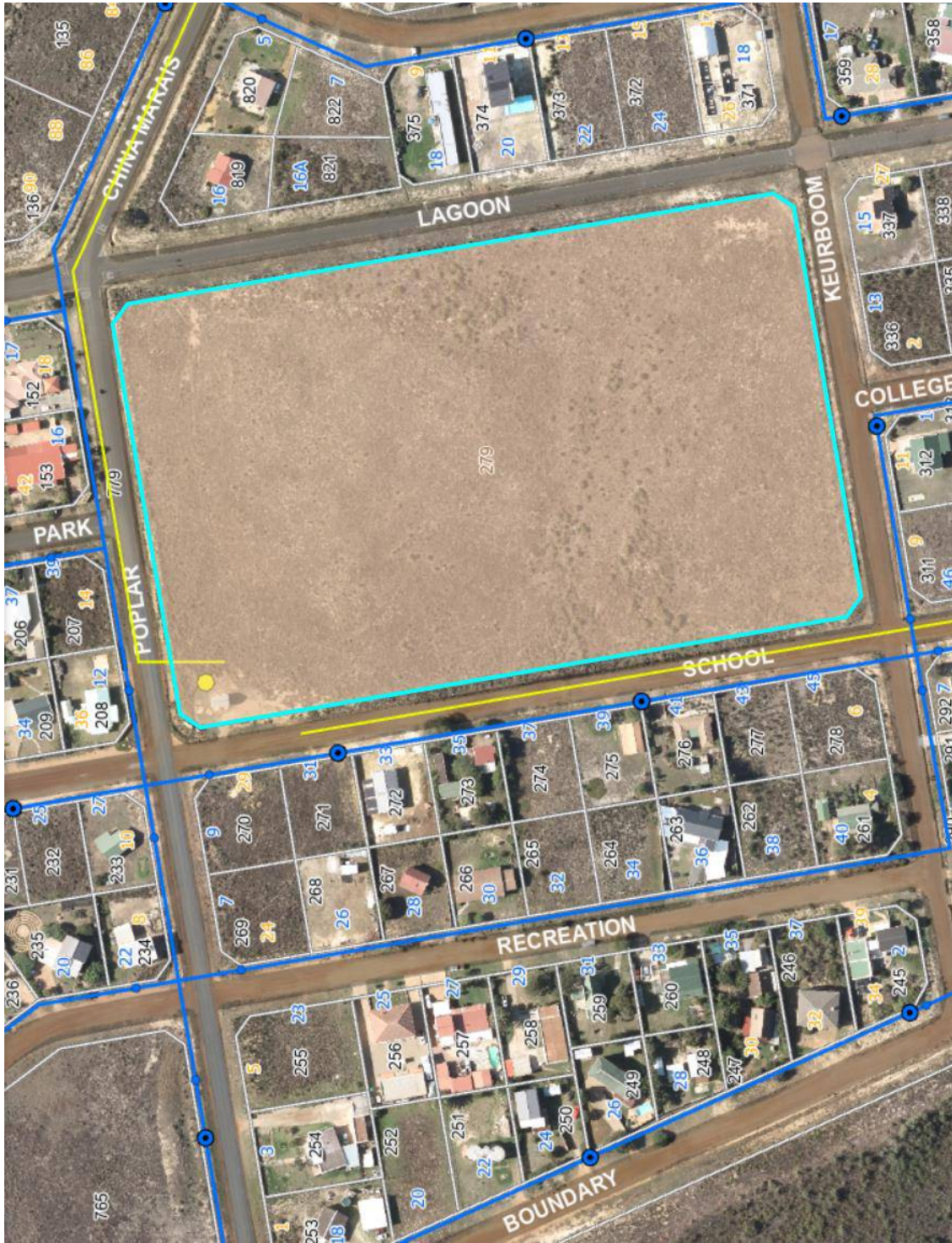
**30 JUNE 2023**

**TARGET DATE TO INFORM APPLICANT:**

**30 JUNE 2023**

**TARGET DATE TO INFORM OBJECTOR:**

**N/A**





Office of the Executive Mayor:

Kantoor van die Uitvoerende Burgemeester:

Navrae/Enquiries +27283138058

Date/Datum: 10 August 2022



Email: lucille.fester@westerncape.gov.za

For Att: Premier Alan Winde

RE: AMENDMENT OF THE IN PRINCIPLE AND TRANSFER APPROVAL OBTAINED ON 26 AUGUST 2020

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Honourable Premier Winde

AMENDMENT OF THE IN PRINCIPLE AND TRANSFER APPROVAL OBTAINED ON 26 AUGUST 2022 FOR THE DIRECT ALIENATION OF A PORTION OF REMAINDER ERF 2825 SANDBAAI (SITUATED IN LONG STREET, SANDBAAI) TO THE WESTERN CAPE GOVERNMENT VIA ITS DEPARTMENT OF TRANSPORT AND PUBLIC WORKS (DEPARTMENT OF EDUCATION) FOR THE CONSTRUCTION OF A NEW TECHNICAL SCHOOL

Council amended its decision taken at a normal council meeting held on 26 August 2020 that the abovementioned property be used for the purposes of building a technical school as follows, at a special council meeting held on 17 May 2022;

1. that conditions 1, 2 and 6 of Council Resolution dated 26 August 2020 be amended to read as follows:
  - (a) 1. That the direct alienation of a portion of Remainder Erf 2825 Sandbaai (±2,6 ha in extent) to the Western Cape Government via its Department of Transport and Public Works (on behalf of the Department of Education) at a nominal purchase price of R1,00 (ONE RAND) (VAT included) for community health purposes (excluding a technical school), be approved in principle;
  - (b) 2. That the transfer of a portion of Remainder Erf 2825 Sandbaai (±2.6 ha in extent) to the Western Cape Government via its Department of Transport and Public Works (on behalf of the Department of Education) at a nominal purchase price of R1,00 (ONE RAND)(VAT included) for community health purposes (excluding a technical school) be approved;
  - (c) 6. That a condition be registered against the title deed of the property that the property may only be used for community health purposes (excluding a technical school)
2. That, should the Western Cape Government via its Department of Transport and Public Works (on behalf of the Department of Education) not accept the amendment and subsequently cancel the agreement, the Municipality will be liable for costs incurred insofar the subdivision of the property and the work done by the State Attorney; and
3. That Council is prepared to make suitable land available in the Fisherhaven/Hawston are for the purposes of a technical high school.

**ANNEXURE B2/2**

The above amendment was necessitated after the adjacent property owners contacted the writer for intervention after a protracted effort and appeals to the previous Mayor and the then MEC Shafer were unsuccessful. The mentioned site is situated in close proximity to a number of gated estates for the elderly and genuine concerns were raised about the negative impact of a school on their quality of living. As the longer term vision of council is to expand the development of Hermanus towards the

Hawston/Fisherhaven area, as well as the fact that an industrial park is currently developed in Hawston, it makes sense to have a technical school in this area.

It is trusted that you will find the above in order.

Kind Regards

A handwritten signature in black ink, appearing to read 'Annelie Rabie', is written over a large, faint watermark of a whale.

Dr Annelie Rabie

Executive Mayor, Overstrand Municipality

**ANNEXURE C**



ANNEXURE D



STREET VIEW OF PUMP STATION



STREET VIEW OF ELEC SUBSTATION

**7. URGENT MATTERS SUBMITTED BY THE MUNICIPAL MANAGER (IF ANY)**

**8. CONSIDERATION OF NOTICES OF MOTIONS / QUESTIONS**

At the time of the closing of the agenda, no notices of motions/questions were received.

**9. CONSIDERATION OF MOTIONS OF EXIGENCY (IF ANY)**