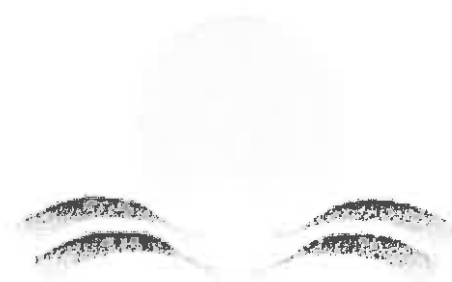


UGU DISTRICT MUNICIPALITY
("the Municipality")



BORROWING POLICY

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1. Definitions

“Act” means the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003).

“Disclosure statements” means a statement issued or to be issued by:

- a municipality which intends to incur debt by issuing municipal debt instruments; and
- a person who intends to incur debt by issuing securities backed by municipal debt.

“Financing agreement” means any loan agreement, lease, instalment, purchase arrangement under which a municipality undertakes to repay a long-term debt over a period of time.

“Lender” means a person who provides debt finance to the Municipality.

“Long term debt” means debt repayable by the Municipality over a period exceeding one (1) year.

“Municipal debt” means:

- (a) A monetary liability or obligation on a municipality by:
 - a financing agreement, note, debenture, bond or overdraft; and
 - the issuance of municipal debt instruments.
- (b) A contingent liability such as that created by guaranteeing a monetary liability or obligation of another.

“Municipality” means Ugu District Municipality

“Security” means any mechanism intended to secure the interest of a lender or investor and includes any of the mechanisms mentioned.

“Short term debt” means debt that is repayable over a period not exceeding one (1) year.

2. Purpose

The purpose of this Policy is to establish a borrowing framework for the Municipality and to set out the objectives, policies, statutory requirements and guidelines for the borrowing of funds, in order to:

- 2.1. Manage interest rate and credit risk exposure;
- 2.2. Maintain debt within specified limits and ensure adequate provision for the repayment of debt;
- 2.3. Ensure compliance with all Legislation and Council policy governing borrowing of funds.

3. Legislative Framework

All borrowings made by the Municipality shall be subject to the requirements of the Local Government: Municipal Finance Act, 2003 ("the MFMA") and the Municipal Regulations on Debt Disclosure ("the Disclosure Regulations") made there under and published under GN R 492 in Government Gazette 29966 of 15 June 2007.

4. Types of Debt

- 4.1. This Policy applies to the debt incurred by the Municipality through the issue of municipal debt instruments or in any other way.
- 4.2. Without derogating from the generality of the preceding subparagraph, this policy will apply:
 - 4.2.1. To any debt, whether short -term or long term;
 - 4.2.2. To any debt incurred pursuant to any financing agreement, which includes any of the following agreements under which the Municipality undertakes to repay a long-term debt over a period of time:
 - 4.2.2.1. Loan agreements;
 - 4.2.2.2. Leases;
 - 4.2.2.3. Instalment purchase contracts;
 - 4.2.2.4. Hire purchase arrangements;
 - 4.2.3. To any debt created by the issuance of municipal debt instruments, including:
 - 4.2.3.1. Any note;
 - 4.2.3.2. Bond; or
 - 4.2.3.3. Debenture; and

- 4.2.4. To any contingent liability such as that created by guaranteeing a monetary liability or obligation of another.

5. Principles Guiding Borrowing Practices

The following principle shall guide the borrowing practices of the Municipality, namely:

- 5.1. 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;
- 5.2. 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;
- 5.3. Prudence: Borrowings shall be made with care, skill, prudence and diligence. To this end, officials of the Municipality are required to:
- 5.3.1. adhere to this policy, and other procedures and guidelines;
 - 5.3.2. exercise due diligence;
 - 5.3.3. prepare all reports in a timely fashion;
 - 5.3.4. ensure strict compliance with all Legislation and Council policy.

6. Factors to be taken into account when borrowing

- 6.1. The Municipality shall take into account the following factors when deciding whether to incur debt:
- 6.1.1. the type and extent of benefits to be obtained from the borrowing;
 - 6.1.2. the length of time the benefits will be received;
 - 6.1.3. beneficiaries of the acquisition or development financed by the debt;
 - 6.1.4. the impact of interest and redemption payments on both current and forecast income;
 - 6.1.5. the current and future capacity of the Municipality's revenue base to pay for borrowings;

- 6.1.6. other current and projected sources of funds;
 - 6.1.7. likely movements in interest rates for variable rate borrowings;
 - 6.1.8. competing demands for funds;
 - 6.1.9. timing of money market interest rate movements and the long term rates on the interest rate curve.
- 6.2. The Municipality will, in general, seek to minimise its dependence on borrowings in order to minimise future revenue committed to debt servicing and redemption charges.

7. Sources of Borrowings

- 7.1. Subject to any particular determination of the Council of the Municipality, the Municipality may enter into financing agreements with:
- 7.1.1. Registered South African Banks;
 - 7.1.2. The Development Bank of Southern Africa;
 - 7.1.3. Vendors of goods acquired under instalment purchase contracts or hire purchase arrangements;
 - 7.1.4. Any other institution approved by the Council from time to time.
- 7.2. Unless the Council of the Municipality specifically determines otherwise, the Municipality shall not incur any debt by the issuance of any municipal debt instruments.

8. Short-term Debt

- 8.1. The Municipality may incur short –term debt only in accordance with and in the circumstances contemplated in Section 45 of the MFMA.
- 8.2. In particular, the provisions of section 45 (1) of the MFMA must be noted, these requiring that the Municipality may incur short –term debt only when necessary to bridge:
- 8.2.1. Shortfalls within a financial year during which the debt is incurred, in expectation of specific and realistic anticipated income to be received within that financial year;
or
 - 8.2.2. Capital needs within a financial year, to be repaid from specific funds to be received from enforceable allocations or long-term debt commitments.

8.3. Furthermore, as required by section 45 (4) of the MFMA, the Municipality must pay off short term debt within the financial year.

9. Overdraft Facility

9.1. Overdraft facilities are regulated by Section 45(3) of the MFMA.

10. Long Term Debt

10.1. The Municipality may incur long-term debt only in accordance with and in the circumstances contemplated in Section 46 of the MFMA.

10.2. Long-term debt may be incurred only for the purposes contemplated in Section 46(1) of the MFMA, namely:

10.2.1. Capital expenditure on property, plant or equipment to be used for the purpose of achieving the objects of local government, as set out in Section 152 of the Constitution; or

10.2.2. Re-financing existing long term debt, subject to section 46(5).

11. Council approval

Sections 45(2) and 46(2) require that short-term debt and long-term debt respectively may be incurred only if:

11.1. A resolution of the Council, signed by the Mayor, has approved the debt agreement;

11.2. The Accounting Officer has signed the agreement or other document which creates or acknowledges the debt.

12. Refinancing

12.1. Short-term debt may not be renewed or refinanced where that would have the effect of extending the short-term debt into a new financial year.

12.2. The Municipality may borrow in order to refinance long-term debt subject to the conditions contained in Section 46(5) of the MFMA.

13. Early repayment of loans

- 13.1. No loans will be repaid before due date unless there is a financial benefit to the Municipality.
- 13.2. The Municipality shall therefore assess the nature and extent of any benefits of early repayment before it makes any such early repayment.
- 13.3. Cognisance must be taken of any early repayment penalty clauses in the initial loan agreement, as part of the assessment.

14. Debt Repayment Period

- 14.1. As far as is practical, cognisance must be taken of the useful lives of the underlying assets to be financed by the debt for purposes of determining the duration of the debt.
- 14.2. Should it be established that it is cost effective to borrow the funds for a duration shorter than that of the life of the asset, the Municipality should endeavour to negotiate terms for the loan agreement on a shorter duration.

15. Provision for Redemption of Loans

- 15.1. The Municipality may set up sinking funds to facilitate loan repayments, especially when the repayment is to be met by a bullet payment on the maturity date of the loan.
- 15.2. Such sinking funds may be invested directly with the Lender's Bank.
- 15.3. 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.

16. Non-Repayment or Non-Servicing of Loan

- 16.1. The Municipality must honour all its loan obligations.
- 16.2. Failure to effect prompt payment may jeopardise the Municipality's credit rating and adversely affect the ability of the Municipality to raise loans in the future loans at favourable interest rates.

16.3. In addition to ensuring the timely payment of the loans, the Municipality must adhere to the covenants stipulated in the loan agreements, including, in particular, the following where applicable:

16.3.1. furnishing audited annual financial statements;

16.3.2. maintaining long-term credit rating;

16.3.3. reporting of material changes in financial position of the Municipality.

17. Borrowing for Investment Prohibited

The Municipality shall not under any circumstances borrow funds for the purposes of investing them.

18. Security

18.1. Section 48 of the MFMA provides that the Municipality may provide security for any of its debt obligations in any of the forms referred to in Section 48(2).

18.2. Such security shall be given only pursuant to a resolution of the Council, which resolution must comply with the provisions of Section 48(3), (4) and (5) of the MFMA.

19. Disclosure

19.1. Section 49 of the MFMA requires that any person involved in the borrowing of money by a municipality must, when interfacing with a prospective lender or when preparing documentation for consideration by a prospective investor Any Official involved in the securing of loans by the Municipality must, when interacting disclose all relevant information in that persons possession or within that person's knowledge that may be material to the decision of that lender or investor, and take reasonable care to ensure the accuracy of any information disclosed.

19.2. In addition the Disclosure Regulations establish detailed requirements for the disclosure of information to prospective lenders and investors. Regulations 2, 3, 4, 5, 15, 16 and 17 are of particular importance to the Municipality, given the nature of the borrowings which it intends to make.

20. Guarantees

The Municipality may issues guarantees only in accordance with the provisions of Section 50 of the MFMA.

21. Internal Control

The Accounting Officer shall ensure that mechanisms, procedures and systems are put in place to ensure that:

- 21.1. Duties are separated in order to prevent fraud, collusion and other misconduct;
- 21.2. loan agreements and contracts are kept in proper safe custody;
- 21.3. there is a clear delegation of duties relating to the borrowing process;
- 21.4. senior officials check and verify all transactions;
- 21.5. transactions and repayments are properly documented;
- 21.6. a Code of ethics and standards is established and adhered to;
- 21.7. procedures relating to the borrowing process are established.

22. National Treasury Reporting and Monitoring Requirements

The Municipality shall promptly submit all returns and reports relating to borrowings as required by National Treasury, including reports on the Municipality's external interest paid each month, and the quarterly itemization of all of its external borrowings.

23. Other Reporting and Monitoring Requirements

- 23.1. The Municipality shall on a monthly basis perform the following control and reporting functions relevant to borrowings:
 - 23.1.1. Reconciliation of bank accounts;
 - 23.1.2. Payment requisition verification and authorization;
 - 23.1.3. Completion of South African Reserve Bank returns;
 - 23.1.4. Maintain schedule of payment dates and amounts;
 - 23.1.5. Complete National Treasury Cash Flow returns;
 - 23.1.6. Submission of particulars of borrowings as required by Section 71 of MFMA;
 - 23.1.7. Perform analysis of ratios;
 - 23.1.8. Scrutinise loan agreements to ensure compliance with loan covenants.

23.2. The Municipality shall on a quarterly basis perform the following control and reporting functions relevant to borrowings:

23.2.1. Submit National Treasury Borrowings return

23.2.2. Prepare debt schedules for reporting to the Executive Committee.

24. Related Policies

This Policy must be read in conjunction with the following other policies of the Municipality:

24.1. Budget Process Policy;

24.2. Cash Management and Investment Policy;

24.3. Virement Policy.

25. Municipal Manager to Implement Policy

The Municipal Manager, as Accounting Officer of the Municipality, shall be responsible for implementing this Policy, provided that he or she may delegate in writing any of his or her powers under this Policy to any other official of the Municipality.

26. Effective Date

The Policy shall come to effect upon approval by Council.

27. Policy Adoption

This revised Policy replaces the current Policy; it has been considered and approved by the **COUNCIL OF UGU DISTRICT MUNICIPALITY** as follows:

Resolution No:.....

Approval Date:.....

Appendix A

DISCLOSURE REGULATIONS

WATER AND SANITATION TARIFF POLICY

UGU DISTRICT MUNICIPALITY



WATER and SANITATION TARIFF POLICY

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WATER and SANITATION TARIFF POLICY

VISION

A place where everyone benefits equally from socio-economic opportunities and services.

MISSION

To create an enabling environment for social and economic development resulting in the provision of quality drinking water and access to decent sanitation by ensuring community participation and co-ordination of the public and private players.

THE LEGAL CONTEXT

The Constitution provides that everyone is entitled to a healthy lifestyle and to water, and that is taken further in the Water Services Act which, in section 3(1), states that everyone has a right of access to a basic water supply and to basic sanitation, both collectively referred to as water services.

A basic water supply means access to the prescribed minimum standard of water supply services necessary for the reliable supply of a sufficient quantity and quality of water to households, including informal households, to support life and personal hygiene.

Basic sanitation means access to the prescribed minimum standard of services necessary for the safe, hygienic and adequate collection, removal, disposal or purification of human excreta, domestic wastewater and sewage from households, including informal households.

THE FUNDAMENTAL PRINCIPLE FOR PROVISION OF WATER SERVICES

The Ugu District Municipality will strive to provide water services to all persons who reside, work or visit its area of jurisdiction in a manner that is economically and financially sustainable. In other words, water services will be provided within a framework of fiscal discipline and a balanced budget.

THE COST OF WATER

The cost of water services to the consumer is largely determined by three factors:

- a) the cost of bulk water,
- b) the capital cost of the infrastructure required, and
- c) the cost of operating and maintaining the infrastructure.

By the application of efficient and cost effective measures, the Ugu District Municipality will be able to extend the provision of water services to the maximum number of people in fulfilment of its legislative mandate.

THE COST OF BULK WATER

The Ugu District Municipality will take ongoing measures to acquire bulk water supplies at the most economical cost without sacrificing quality. To this end it will constantly monitor the performance and costs of its suppliers and will, where appropriate, rationalize the acquisition of bulk water.



WATER and SANITATION TARIFF POLICY

THE CAPITAL COST OF INFRASTRUCTURE AND OF OPERATING AND MAINTENANCE

The cost of operating and maintaining a water services scheme, whether it be for the provisions of water supply services or sanitation services, is directly related to the type of infrastructure established for any such scheme. Consequently, if the fundamental principle for the provision of water services is to be applied, the nature and quality of any required infrastructure must be commensurate with:

- a) the ability of the Ugu District Municipality to afford such infrastructure, even on a loan basis,
- b) the ability of the community to whom water services are to be provided to pay the costs of the infrastructure and, subsequently, the operation and maintenance of the scheme through the imposition of tariffs.

TARIFFS AND CHARGES

The Water Services Act and the Ugu District Municipality's Water Services By-Laws set out the basis on which tariffs for water services are to be determined. Furthermore, the Water Services Act empower the Minister of Water Affairs to provide guidelines which must be followed in setting tariffs. The Ugu District Municipality will apply the provisions of the Act and the By-Laws, and adhere to the Minister's guidelines, and accepts as a principle that tariffs will always be kept to a minimum commensurate with the fundamental principle and the notion of cross subsidization and sharing set out in this policy document.

FREE BASIC WATER SERVICES

The Ugu District Municipality fully supports the National Government's Policy on providing free basic services to the poorer section of the community.

All consumers who are entitled to free basic services in terms of Ugu's basic services policy, will forfeit their right to the free basic services should their water account appear on the debt collection list.

BASIC WATER SERVICES AND COMMUNITY PARTICIPATION GENERALLY

Although the Water Services Act defines basic water services which are set out above in paragraph 3, the Ugu District Municipality believes that adequate and effective water services will contribute significantly to the health and quality of life of the people in its area of jurisdiction. Thus, as part of its mandate as a development agency, and as part of the integrated development plan for the municipality, the Ugu District Municipality will strive to bring water services to every corner of its area in a way which will not only provide basic water services as defined in the Act, but which will meaningfully contribute to the improvement of the health and quality of life of all people.

LOCAL MUNICIPALITIES

The National Constitution, as well as the legislation constituting local government and providing for its successful operation requires all levels of government to work co-operatively. The nature of local government in South Africa gives district and local municipality's jurisdiction over the same spatial area and the same people. In the interests of good governance and efficient service provision, district and local municipalities must work together for the mutual benefit of their common beneficiaries. The Ugu Municipality pledges itself to work closely with local municipalities in its area within the legislative framework applicable, in the provision of water services.

WATER and SANITATION TARIFF POLICY

WATER AND SANITATION TARIFFS

WATER TARIFFS

1. All consumers who fall in the group who qualify for Free Basic Water in terms of Ugu's Free Basic Services Policy will receive a credit for water usage of 200 litres per day allocated to that consumer.
2. Basic Charges be levied to all consumers in terms of the Water Services By-laws.
3. A special category for Industrial consumers using more than 350Kl per day be given a reduced tariff as per Service Level Agreement.
4. A stepped tariff based on the quota allocation shall be implemented as approved by Council from time to time.

In terms of the Municipal By-Laws Ugu will hold the owner liable for all debts incurred on the property in the event of any costs not being recovered from the tenant for Water and Sanitation charges

Public notice of every tariff and charges adopted or ratified by the authority shall be given and such tariff notice and charges shall apply to all applicable consumers from a date 30 days after the publication of such notice, provided that the expense of such public notice shall be borne by the authority or authorised provider responsible for the application of the tariffs and charges

MISCELLANEOUS CHARGES

As per existing tariff of charges

WATER SUPPLIED BY TANKER CHARGES

Water supplied by tankers to be charged as per tariffs approved by Council.

NB: Subject to availability during normal working hours.

SANITATION TARIFFS

The sanitation charges consist of the following components

- a) Conservancy Tanks – Residential and Commercial;
- b) Septic Tanks;
- c) Water Borne Sewerage.

CONSERVANCY TANKS

RESIDENTIAL and COMMERCIAL

The tariff for any conservancy tank customers shall comprise of a basic fixed charge, a consumption charge and a charge for each additional draw requested. Adhoc meaning any property not linked to the monthly conservancy tank charges (not basic conservancy tank charges). This tariff is not applicable to commercial properties where there is no mainline available.

Properties linked to monthly conservancy tank charges (not basic conservancy tank charges) will be entitled to one draw per month non-cumulative. Such monthly draw will only be done at least once per month or at



WATER and SANITATION TARIFF POLICY

the request of the Any draws requested and done on a public holiday; week-end and after 3pm on a week-day shall be levied an after-hours tariff for conservancy tank draws.

Any property where there is mainline availability but property is using a conservancy will be charged both for mainline; as if connected; and also as an adhoc conservancy tank customer in (a) above.

SEPTIC TANKS

Not serviced by Ugu District Municipality unless in emergency cases where a tariff will be charged at a cost plus 10%. (Except where a formal agreement is in place.)

WATERBORNE

Sewerage Availability Charge: To be raised where consumers can connect into sewer mains.

- a) Basic Sanitation Tariff
- b) Consumption charge as per tariff of charges

OTHER CHARGES

All sanitation related charges not mentioned will be at cost plus 10%

WATER AND SANITATION QUOTA ACQUISITION

The acquisition of quota charges for Water and Sanitation will be increased annually by the percentage determined by Council.

All quota applications will be assessed individually and amounts payable will be determined according to availability of capacity in the system at time of assessment.

The amounts payable will be as approved by Council annually.

In all cases the developer will be responsible to install the reticulation within the development according to Ugu standards.

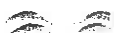
The acquisition of quota charges will be raised to install bulk services in addition to the laying of the reticulation: -

A developer may be required to pay Council all cost involved in extending any existing service based on cost plus 10%.

The above charges will be applicable to all developments

INTERNAL CHARGES FOR WATER AND SANITATION

The Water Services Section are to zero rate any Water and Sanitation charges for all Ugu buildings. For record purposes accounts are to be submitted to the respective General Managers.



WATER and SANITATION TARIFF POLICY

6. WATER SERVICES AVAILABILITY CHARGE

Payable on all properties including vacant properties as determined by Council from time to time.

Records of Approval

Top Management		
EXCO		
Revision 1		
BTS Task Team		
Top Management		
Extended Top Management		
LLF		
Corporate Services Portfolio		
EXCO		

UGU DISTRICT MUNICIPALITY

ASSETS MANAGEMENT POLICY

1. INTRODUCTION

Asset Management encompasses planning/demand management, acquisitions, use, maintenance, and disposal of assets. Ugu District Municipality should use assets to affect efficient and effective service delivery to the community within the Ugu District.

The purpose of the Asset Management Policy is to govern the management of assets owned by Ugu District Municipality (both operationally and financially) to ensure that they are managed, controlled, safeguarded, and used in an efficient and effective manner.

2. DEFINITIONS

- 2.1. Accounting Standards Board** means the board established in terms of section 87 of the Public Finance Management Act (PFMA). The section refers to the function of the board, which is to establish standards of Generally Recognised Accounting Practice (GRAP) as required by the Constitution of the Republic of South Africa
- 2.2. Assets** are resources controlled by an entity as the result of past events and from which future economic benefits or future service potential are expected to flow to the entity.
- 2.3. Asset Manager** is any official who has been delegated responsibility and accountability for the control, usage, physical and financial management of the municipality's assets in accordance with the council's standards, policies, procedures, and guidelines.
- 2.4. Infrastructure** means assets that usually display some or all of the following characteristics
 - 2.4.1.** they are part of a system or network;
 - 2.4.2.** they are specialised in nature and do not have alternative uses;
 - 2.4.3.** they are immovable; and
 - 2.4.4.** they may be subject to constraints on disposal
 - 2.4.5.** Examples of infrastructure assets include road networks, sewer systems, water
 - 2.4.6.** and power supply systems and communication networks
- 2.5. Investment properties**—are defined as properties that are acquired for economic and capital gains. Examples are leased office buildings and underdeveloped land acquired for the purpose of resale in future years.
- 2.6. Attractive items** are items of property, plant or equipment that are not significant enough for financial recognition but are attractive enough to warrant special safeguarding.
- 2.7. Capitalization** is the recognition of expenditure as an Asset in the Financial Asset Register.
- 2.8. Carrying amount** is the amount at which an asset is included in the balance sheet after deducting any accumulated depreciation thereon. is the amount at which an asset is recognised after deducting any accumulated depreciation and accumulated impairment losses
- 2.9. Cost** is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction.
- 2.10. Cost of acquisition"** is all the costs incurred in bring an item of plant, property or equipment to the required condition and location for its intended use.
- 2.11. Component** is a part of an asset with a significantly different useful life and significant cost in relation to the rest of the main asset. Component accounting requires that each such part should be separately accounted for and is treated separately for depreciation, recognition and derecognition purposes. It is also referred to as separately depreciable parts

- 2.12. Depreciation** is the systematic allocation of the depreciable amount of an asset over its useful life.
- 2.13. Depreciable amount** is the cost of an asset, or other amount of an asset, or other amount substituted for cost in the financial statements, less its residual value.
- 2.14. Economic Life** is either:
- 2.14.1.** the period over which an asset is expected to yield economic benefits or service potential to one or more users, or
 - 2.14.2.** the number of production or similar units expected to be obtained from the
 - 2.14.3.** asset by one or more users
- 2.15. Enhancement/Rehabilitation** is an improvement or augmentation of an existing asset (including Separately depreciable parts) beyond its originally recognised service potential for example, remaining useful life, capacity, quality, and functionality
- 2.16. Fair value** is the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction.
- 2.17. Financial asset register** is the controlled register recording the financial and other key details for all municipal assets recognized in accordance with this policy.is a record of information on each asset that supports the effective financial and technical management of the assets, and meets statutory requirements.
- 2.18. Financially Sustainable**, in relation to the provision of a municipal service, means the provision of a municipal service in a manner aimed at ensuring that the financing of that service from internal and external sources, including budgeted income, grants and subsidies for the service, is sufficient to cover the costs of—the initial capital expenditure required for the service; operating the service; and maintaining, repairing and replacing the physical assets used in the provision of the service 6
- 2.19. Property, plant, and equipment** are tangible assets that: *Are held by a municipality for use in the production of goods or supply of goods or services, for rental to others, for administrative purpose, and are expected to be used during more than one period.*
- 2.20. Recoverable amount** is the amount that the municipality expects to recover from the future use of an asset, including its residual value on disposal.is the higher of a cash-generating asset's or units net selling price and its value in use.
- 2.21. Recognition** is the process by which expenditure is included in the Financial Asset Register as an asset.
- 2.22. Recognition** is the process of incorporating in the statement of financial position or statement of financial performance an item that meets the definition of an element (of financial statements) and satisfies the criteria for recognition, namely:
- 2.22.1.** It is probable that any future economic benefit or service potential associated with the item will flow to or from the entity and
 - 2.22.2.** The item has a cost or value that can be measured reliably
- 2.23. Refurbishment/Maintenance** to an asset will restore or maintain the originally assessed future economic benefits or service potential that an entity can expect from an asset and is necessary for the planned life to be achieved
- 2.24. Residual value** is the net amount that the municipality expects to obtain for an asset at the end of its useful life after deducting the expected costs of disposal.is the estimated amount that an entity would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life

2.25. Remaining Useful Life is the time remaining (of the total estimated useful life) until an asset ceases to provide the required service level or economic usefulness

2.26. Service Potential is a tangible capital asset's output or service capacity, normally determined by reference to attributes such as physical output capacity, quality of output, associated operating costs and useful life

2.27. Stewardship is the act of taking care of and managing property, plant or equipment on behalf of another.

2.28. Useful life is either:

2.28.1. *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*

2.28.2. *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.*

3. POLICY OBJECTIVES

3.1. To ensure the effective and efficient control, utilization, safeguarding and management of Ugu District Municipality's property, plant, and equipment.

3.2. To ensure Senior managers are aware of their responsibilities in regards of infrastructure assets.

3.3. To set out the standards of physical management, recording and internal controls to ensure property, plant and equipment are safeguarded against inappropriate loss or utilisation.

3.4. To specify the process required before expenditure on property, plant and equipment occurs.

3.5. To prescribe the accounting treatment for property, plant and equipment in Ugu District Municipality including:

3.5.1. The criteria to be met before expenditure can be capitalised as an item of property, plant, and equipment,

3.5.2. The criteria for determining the initial cost of the different items of property, plant, and equipment,

3.5.3. The method of calculating depreciation for different items of property, plant, and equipment,

3.5.4. The criteria for capitalising subsequent expenditure on property, plant, and equipment,

3.5.5. The policy for scrapping and disposal of property, plant, and equipment,

3.5.6. The classification of property, plant, and equipment

4. PRESCRIPTIVE/LEGAL 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 systems act, 2000

4.1.3. Municipal Finance Management Act

4.2. This policy does not over rule the requirements to comply with other policies such as:

4.2.1. Supply Chain Management Policy

4.2.2. Asset Management Policy

4.2.3. Disposal Policy

4.2.4. Fleet Management Policy

4.2.5. Insurance Policy

4.2.6. Security Policy

4.2.7. Facilities Management Policy

4.3. This policy is informed by the four Standards of Generally Recognised Accounting Practice (GRAP), the following standards are components of fixed assets i.e.

- 4.3.1.** Property, Plant and Equipment, GRAP 17
- 4.3.2.** Inventories, GRAP 12
- 4.3.3.** Investment Property, GRAP 16 and
- 4.3.4.** Impairment of Non-cash generating assets, GRAP 21

4.4. The Chief Financial Officer will provide guidance or adjust this policy where an apparent conflict exists between this policy and other policies, legislation, or regulations

5. POLICY APPLICATION

5.1. This policy applies to all Ugu District Municipality's permanent and temporary employees: internal or external contractors (hereafter referred to as "Users" and "Third Parties") who utilise the Municipality's assets.

6. ROLES AND RESPONSIBILITIES

6.1. The Municipal Manager

- 6.1.1.** is responsible for the management of the assets of the municipality, including the safeguarding and the maintenance of those assets.
- 6.1.2.** Shall ensure that the municipality has and maintains a management, accounting and information system that accounts for the assets of the municipality;
- 6.1.3.** Shall ensure that the municipality's assets are valued in accordance with standards of generally recognized accounting practice
- 6.1.4.** Shall ensure that the municipality has and maintains a system of internal control of assets, including an asset register; and
- 6.1.5.** Shall ensure that the General Managers and their departments comply with this policy
- 6.1.6.** Shall ensure that all items of property plant and equipment are insured immediately at least against fire and theft, and that all municipal buildings are insured at least against fire and allied perils.
- 6.1.7.** Shall recommend to the Council of the Municipality, after consulting with the Chief Financial Officer, the basis of the insurance to be applied to each type of asset: either the carrying value or the replacement value of the assets concerned. Such recommendation shall take due cognisance of the budgetary resources of the Municipality.

6.2. The Chief Financial Officer.

- 6.2.1.** The CFO shall be the custodian of the fixed asset register of the Municipality;
- 6.2.2.** No amendments, deletions or additions to the fixed asset register shall be made other than by the Chief Financial Officer or by an official acting under the written instruction of the Chief Financial Officer.
- 6.2.3.** Appropriate systems system of financial management and internal control are established and carried out diligently around asset management;
- 6.2.4.** Shall ensure that the financial and other resources of the municipality are utilized effectively, efficiently, economically, and transparently;
- 6.2.5.** Shall ensure that any unauthorized, irregular, or fruitless or wasteful expenditure, and losses resulting from criminal or negligent conduct, are prevented;
- 6.2.6.** Shall provide the Auditor-General or his personnel, on request, with the financial records relating to assets belonging to Council as recorded in the Fixed Asset Register.
- 6.2.7.** Shall ensure that financial processes are established and maintained ensure the municipality's financial resources are optimally utilized through appropriate asset plan, budgeting, purchasing, maintenance and disposal decisions.
- 6.2.8.** Shall ensure that the municipal manager is appropriated advised on the exercise of powers and duties pertaining to the financial administration of assets;
- 6.2.9.** Shall ensure that this policy and any supporting procedures or guidelines are established, maintained, and effectively communicated

6.3. Asset Manager:

- 6.3.1. Shall ensure that complete asset registers kept, verified, and balanced regularly.
- 6.3.2. Shall ensure that all movable and immovable assets are properly bar coded and accounted for.
- 6.3.3. Shall ensure that quarterly physical verification for movable assets are conducted
- 6.3.4. Shall ensure that annual physical verification for immovable assets are conducted.
- 6.3.5. Shall ensure that adequate bar codes and equipment to exercise the function relating to asset management is available at all times.
- 6.3.6. Shall ensure that all assets are insured in accordance with the Insurance Policy.
- 6.3.7. Shall ensure that the Fixed Asset Register is balanced quarterly and annually with the general ledger and the Trial balance/financial statements.
- 6.3.8. Shall ensure that the relevant information relating to the calculation of depreciation is obtained from the departments and provided to the Budget Treasury Office department in the prescribed format.
- 6.3.9. Shall ensure that asset acquisitions are allocated to the correct asset code.
- 6.3.10. Shall ensure that, before accepting an obsolete or damaged asset, a completed asset disposal form, counter signed by the Asset Management Section, is presented.
- 6.3.11. Shall ensure that a verifiable record is kept of all obsolete, damaged, and unused asset or asset inventory items received from all the departments.
- 6.3.12. shall issue an asset control sheet which shall serve as a control register for all moveable assets of the Municipality. The responsible official shall sign the asset control sheet to confirm the receipt and custody of the list of assets in their offices.
- 6.3.13. Shall compile a list of the items to be auctioned in accordance with the Supply Chain Management (SCM) Policy.
- 6.3.14. Shall compile and circulate a list of unused movable assets to enable other departments to obtain items that are of use to them.
- 6.3.15. Shall ensure that the SCM unit is notified of any auctioning or disposing of written-off asset.

6.4. General Managers

- 6.4.1. Shall ensure that employees in their departments adhere to the approved Asset Management Policy.
- 6.4.2. Shall ensure that an assets coordinator with delegated authority has been nominated to implement and maintain physical control over assets in the department. The Asset Management Section must be notified of who the responsible person is. Although authority has been delegated the responsibility to ensure adequate physical control over each asset remains with the general manager.
- 6.4.3. Shall ensure that employees who contravenes the operational procedure or who use the municipal assets negligence and for their personal gain are disciplined accordingly.
- 6.4.4. shall be directly responsible for the physical safekeeping of any asset controlled or used by the Department in question.
- 6.4.5. In exercising this responsibility, shall adhere to any written directives issued by the Municipal Manager to the Department in question, or generally to all Departments, in regard to the control of or safekeeping of the Municipality's fixed assets.

6.5. General Manager responsible for Infrastructure Assets.

- 6.5.1. Shall ensure that a maintenance policy is approved and properly implemented.
- 6.5.2. Shall develop a maintenance plan for the infrastructure assets for their section.
- 6.5.3. Shall ensure that their departments had implemented operational procedures.
- 6.5.4. Shall ensure that assets are properly maintained in accordance with the maintenance policy.
- 6.5.5. Shall ensure that the assets of the council are not used for private gain.
- 6.5.6. Shall ensure that all their movable assets as reflected on the Fixed Asset Register and are bar coded where possible.
- 6.5.7. Shall ensure that the Asset Management Section is notified of any changes in the status of the assets under the department's control.

- 6.5.8. Shall certify in writing that they have assessed and identified impairment losses on all assets at year end.
- 6.5.9. Shall ensure that all obsolete and damaged asset items, accompanied by the relevant asset form and attached disposal forms, are handed in to the Asset Management Section without delay.
- 6.5.10. Shall ensure that the correct cost element and description are being used before authorizing any requisitions.
- 6.5.11. Shall assist during the annual physical verification of infrastructure assets including the land and building.
- 6.5.12. Shall develop an infrastructure assets management plan for their department such as Water supply, Sanitation, Solid waste, and other Properties.
- 6.5.13. Shall unbundled or componentized and assign estimated useful life to each component of all completed projects during the financial year and submit the componentized list to the Asset Management Unit for updating the asset register.
- 6.5.14. Shall sign and date declarations stating that the list of componentized assets for their departments is complete & accurate except for the discrepancies as reported to Asset Management Unit.

6.6. All Municipal Personnel

- 6.6.1. Shall ensure that assets assigned to them are utilized effectively, efficiently, economically, and transparently
- 6.6.2. Shall ensure that the assets of the municipal are not used for private gain
- 6.6.3. Shall notify the assets coordinators and assets management section of all obsolete, damaged, and stolen assets, without delay.
- 6.6.4. Shall make available the assets under their possession for verification by the assets management unit quarterly and annually.
- 6.6.5. Shall ensure that all assets under their possession are properly bar-coded.
- 6.6.6. Shall ensure that on termination of service they returned the assets to their supervisors and complete a termination assets clearance form.
- 6.6.7. Shall notify the asset coordinators and assets management unit of the movement and transfer of assets assigned to them by completing an assets transfer form.
- 6.6.8. Shall ensure that they comply with the operational procedures.

7. POLICY PRINCIPLES: ASSET MANAGEMENT PART

7.1. Pre-Acquisition Planning:

- 7.1.1. Before a capital project is included in the budget for approval, the senior manager of the relevant department must demonstrate that they have considered:
- 7.1.2. The projected cost over all the financial years until the project is operational;
- 7.1.3. The future operational costs and revenue on the project, including tax and tariff implications;
- 7.1.4. The financial sustainability of the project over its life including revenue generation and
- 7.1.5. The physical and financial stewardship of that asset through all stages in its life including acquisition, installation, maintenance, operations, disposal, and rehabilitation;
- 7.1.6. The inclusion of this capital project in the integrated development plan and future budgets:
- 7.1.7. The chief financial officer is accountable to ensure the senior manager of the relevant department receives all reasonable assistance, guidance, and explanation to enable them to achieve their planning requirements.

7.2. Approval to Acquire Property Plant and Equipment:

- 7.2.1. Money can only be spent on a capital project if:
 - 7.2.1.1. The money has been appropriated in the capital budget,
 - 7.2.1.2. The project, including the total cost, has been approved by the council,

- 7.2.1.3. The CFO confirms that funding is available for that specific project, and
- 7.2.1.4. Any contract that will impose financial obligations beyond two years after the budget year must be appropriately disclosed.
- 7.2.1.5. Acquisition of the Assets will then follow the normal process of the Supply Chain
- 7.2.1.6. Management Policy and Procedures

7.3. Funding of capital projects

Within the municipality's on-going financial, legislative, or administrative capacity, the chief financial officer will establish and maintain the funding strategies that optimise the municipality's ability to achieve its Strategic objectives as stated in the integrated development plan.

7.4. Disposal of property plant and equipment

- 7.4.1. The municipality may dispose of an asset in line with the Asset Disposal Policy

7.5. Establishment and Management of the Financial Asset Register

- 7.5.1. The Chief Financial Officer will establish and maintain the Asset Register containing key financial data on each item of Property, Plant or Equipment that satisfies the criterion for recognition. Asset Manager are responsible for establishing and maintaining any additional register or database required to demonstrate their physical management of their assets.
- 7.5.2. The Asset Manager is responsible to ensure that sufficient controls exist to substantiate the quantity, value, location and condition all assets in the registers.

7.6. Contents of the Financial Asset Register

- 7.6.1. The fixed asset register shall be maintained in the format determined by the Chief Financial Officer, which format shall comply with the requirements of Generally Recognised Accounting Practice (GRAP) and any other accounting requirements which may be prescribed.
- 7.6.2. The fixed asset register shall reflect at least the following information:
 - 7.6.2.1. A brief but identifiable description of each asset
 - 7.6.2.2. classification of each asset
 - 7.6.2.3. the date on which the asset was acquired for use
 - 7.6.2.4. the location of the asset
 - 7.6.2.5. the departments within which the assets will be utilized
 - 7.6.2.6. the responsible person for this asset
 - 7.6.2.7. the title deed number, in the case of fixed property
 - 7.6.2.8. the stand number, in the case of fixed property
 - 7.6.2.9. a unique identification number
 - 7.6.2.10. the original cost or fair value if no costs are available
 - 7.6.2.11. the (last) effective date of revaluation of the fixed assets subject to revaluation
 - 7.6.2.12. the revalued value of such fixed assets
 - 7.6.2.13. the valuer who did the (last) revaluation
 - 7.6.2.14. accumulated depreciation to date
 - 7.6.2.15. the carrying value of the asset
 - 7.6.2.16. whether this is a cash or non-cash generating asset
 - 7.6.2.17. the method and, where applicable, the rate of depreciation
 - 7.6.2.18. impairment losses
 - 7.6.2.19. impairment recovery
 - 7.6.2.20. the source of financing

- 7.6.2.21. whether the asset is required to perform basic municipal services;
- 7.6.2.22. the date on which the asset is disposed of
- 7.6.2.23. the disposal proceeds
- 7.6.2.24. the date on which the asset is retired from active use, and held for disposal
- 7.6.2.25. the residual value of each asset
- 7.6.2.26. measurement model

- 7.6.3. An asset shall be capitalised, that is, recorded in the fixed assets register, as soon as it is acquired. If the asset is constructed over a period of time, it shall be recorded as Work-In-Progress until it is available for use, where after it shall be appropriately capitalised as an asset.
- 7.6.4. An asset shall remain in the fixed assets register for as long as it is in physical existence. The fact that a fixed asset has been fully depreciated shall not in itself be a reason for writing off such an asset.

7.7. Physical Verification of all assets

- 7.7.1. The Asset Management Section shall conduct a physical verification quarterly for movable assets and annually for immovable assets.
- 7.7.2. The cooperation of all Municipal personnel shall be required in accomplishing the physical Verification task in attempt to minimize the time demanded of them.
- 7.7.3. The designated officials in the different Departments within municipality must execute the functions listed below:
 - 7.7.3.1. Ensure that the bar code number and location number are reflected on the asset movement form by the relevant official on the receipt of the asset. Where applicable, the serial number or registration number should be included
 - 7.7.3.2. Complete the asset movement form when transfers occur and forward the completed original form to Asset Management Section.
 - 7.7.3.3. Ensure that a completed asset disposal form is submitted when an asset item is disposed of after the necessary approval has been obtained.

7.8. Classification, aggregations & components

7.8.1. Classification of Assets

- 7.8.1.1. Assets that meet the definition and the recognition criteria shall be capitalized in the fixed assets register and be classified as follows
- 7.8.1.2. Property Plant and equipment if its meet the definition of property plant and equipment as per GRAP 17,
- 7.8.1.3. Intangibles assets if its meet the definition of an intangible assets as GRAP 102,
- 7.8.1.4. Investment properties if it's the definition of the investment properties as per GRAP 16

7.8.2. Major Component

- 7.8.2.1. The Asset Manager may, with agreement of the Chief Financial Officer, treat specified major Components of an item of property plant or equipment as a separate asset for the purposes of this Policy.
- 7.8.2.2. These major components may be defined by its physical parameters or its financial parameters.
- 7.8.2.3. In agreeing to these treatments, the CFO must be satisfied that these components:
 - 7.8.2.3.1. *Have significantly a different useful life or usage pattern to the main asset,*

- 7.8.2.3.2. *Align with the asset management plans,*
- 7.8.2.3.3. *The benefits justify the costs of separate identification,*
- 7.8.2.3.4. *It is probable that future economic benefits or potential service delivery associated with the asset will flow to the municipality,*
- 7.8.2.3.5. *The cost of the asset to the municipality can be measured reliably,*
- 7.8.2.3.6. *The municipality has gained control over the asset,*
- 7.8.2.3.7. *The asset is expected to be used during more than one financial year.*
- 7.8.2.4. Once a major component is recognized as a separate asset, it may be acquired, depreciated, and disposed of as if it were a separate asset.
- 7.8.2.5. All other replacements, renewals of refurbishments of components will be expensed.

8. POLICY PRINCIPLES: ACCOUNTING POLICY PART:

8.1. *Recognition of Assets*

The cost of an item of property, plant and equipment shall be recognised as an asset if, and only if:

- 8.1.1. it is probable that future economic benefits or service potential associated with the item will flow to the entity, and
- 8.1.2. the cost or fair value of the item can be measured reliably

8.2. *Measurement at recognition.*

- 8.2.1. An item of assets that qualifies for recognition as an asset shall be measured at its cost.
- 8.2.2. Where an asset is acquired at no cost, or for a nominal cost, its cost is its fair value as at the date of acquisition.

8.3. *Elements of cost*

The cost of an item of property, plant and equipment comprises:

- 8.3.1. Its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates.
- 8.3.2. Any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.
- 8.3.3. The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.
- 8.3.4. Examples of directly attributable costs are:
 - 8.3.4.1. Costs of employee benefits (as defined in the Standard of Generally Recognised Accounting Practice on *Employee Benefits*) arising directly from the construction or acquisition of the item of property, plant, and equipment,
 - 8.3.4.2. costs of site preparation,
 - 8.3.4.3. initial delivery and handling costs,
 - 8.3.4.4. installation and assembly costs,
 - 8.3.4.5. costs of testing whether the asset is functioning properly, after deducting tenet proceeds from selling any items produced while bringing the asset to that location and condition
 - 8.3.4.6. Professional fees.

8.4. *Measurement after recognition*

After recognition as an asset, an item of property, plant and equipment shall be carried at its cost less any accumulated depreciation and any accumulated impairment losses

- 8.4.1. Each part of an item of property, plant, and equipment with a cost that insignificant in relation to the total cost of the item shall be depreciated separately
- 8.4.2. The depreciation charge for each period shall be recognised in surplus or deficit unless it is included in the carrying amount of another asset.

- 8.4.3. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.
- 8.4.4. Depreciation of an asset ceases when the asset is derecognised.
- 8.4.5. Therefore, depreciation does not cease when the asset become idle or is retired from active use held for disposal unless the asset is fully depreciated.
- 8.4.6. The depreciable amount of an asset is determined after deducting its residual value.
- 8.4.7. The residual value for infrastructure assets, Heritage assets, community assets and intangible assets shall be zero at initial measurement.

8.5. Initial determination useful life

- 8.5.1. The asset management unit needs to determine the useful life of a particular item or class property, plant and equipment through the development of a strategic asset management plan that forecasts the expected useful life that asset. This should be developed as part of the Pre-Acquisition Planning that would consider the following factors:
 - 8.5.1.1.1. The operational, maintenance, renewal and disposal program that will optimize the expect long term costs of owning that asset,
 - 8.5.1.1.2. economic obsolescence because it is too expensive to maintain,
 - 8.5.1.1.3. functional obsolescence because it no longer meets the municipalities needs,
 - 8.5.1.1.4. technological obsolescence,
 - 8.5.1.1.5. social obsolescence due to changing demographics, and
 - 8.5.1.1.6. Legal obsolescence due to statutory constraints

8.6. Rate of depreciation

- 8.6.1. The Chief Financial Officer shall assign a useful operating life to each depreciable asset recorded on the Municipality's fixed asset register. In determining such a useful life the Chief Financial Officer shall adhere to the useful lives of assets set out in this Policy document. *Refer to Annexure A: Useful Lives*
- 8.6.2. In the case of an asset which is not listed in useful lives of assets, the Chief Financial Officer shall determine a useful operating life, if necessary in consultation with the Head of Department who shall control or use the asset in question, and shall be guided in determining such useful life by the likely pattern in which the asset's economic benefits or service potential will be consumed.

8.7. Review of useful life, depreciation method and the residual value

- 8.7.1. The useful life, depreciation method and the residual value applied to an asset shall be reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method, useful life and residual value shall be changed to reflect the changed pattern.
- 8.7.2. Such a change shall be accounted for as a change in an accounting estimate in accordance with Standard of GRAP 3 on Accounting Policies, Changes in Accounting Estimates, and Errors

8.8. Review of depreciation method

- 8.8.1. The depreciation method applied to an asset shall be reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method shall be changed to reflect the changed pattern. Such a change shall be accounted for as a change in an accounting estimate in accordance with Standard of GRAP 3 on Accounting Policies, Changes in Accounting Estimates, and Errors.

8.9. Alternative methods of depreciation in specific instances

- 8.9.1. The Chief Financial Officer may employ the sum-of-units method of depreciation in the case of assets which are physically wasted in providing economic benefits or delivering services.
- 8.9.2. The Chief Financial Officer shall only employ this method of depreciation if the Head of Department controlling or using the asset in question gives a written undertaking to the Municipal Manager to provide:
 - 8.9.2.1. estimates of statistical information required by the Chief Financial Officer to prepare estimates of depreciation expenses for each financial year; and
 - 8.9.2.2. actual statistical information, for each financial year.
- 8.9.3. The Head of Department concerned shall moreover undertake to provide such statistical information at the specific times stipulated by the Chief Financial Officer.
- 8.9.4. Where the Chief Financial Officer decides to employ the sum-of-units method of depreciation, and the requirements set out in the preceding paragraph have been adhered to, the Chief Financial Officer shall inform the Council of the Municipality of the decision in question.

8.10. *Subsequent expenditure on property plant and equipment*

- 8.10.1. Assets are often modified during their life. There are two main types of modification:
 - 8.10.1.1. **Enhancements / Rehabilitation:**
 - 8.10.1.1.1. This is where work is carried out on the asset that increases its service potential. Enhancements normally increase the service potential of the asset, and or may extend an asset's useful life and result in an increase in value.
 - 8.10.1.1.2. These expenses are not part of the life cycle of the asset. These costs normally become necessary during the life of an asset due to a change in use of the asset or technological advances.
 - 8.10.1.1.3. Disbursements of this nature relating to an asset, which has already been recognized in the financial statements, should be added to the carrying amount of that asset. The value of the asset is thus increased when it is probable that future economic benefits or service potential will flow to the Council over the remaining life of the asset.
 - 8.10.1.1.4. To be classified as capital spending, the expenditure must lead to at least one of the following economic effects:
 - 8.10.1.1.4.1. Modification of an item or plant to extend its useful life, including an increase in its capacity;
 - 8.10.1.1.4.2. Upgrading machine parts to achieve a substantial improvement in the quality of output;
 - 8.10.1.1.4.2.1. Adoption of new production processes enabling a substantial reduction in previously assessed operating costs;
 - 8.10.1.1.4.2.2. Extensions or modifications to improve functionality such as installing computer cabling or increasing the speed of a lift;
 - 8.10.1.1.4.3. Improve the performance of the asset
 - 8.10.1.1.5. Expenditure related to repairs or maintenance of property, plant and equipment are made to restore or maintain the future economic benefits or service potential that a municipality can expect from the asset.
 - 8.10.1.1.6. Refurbishment of works does not extend functionality or the life of the asset, but are necessary for the planned life to be achieved. In such cases, the value

of the asset is not affected, and the costs of the refurbishment are regarded as operating expense in the statement of financial performance.

8.10.1.2. Maintenance / Refurbishments

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

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

8.11. IMPAIRMENT OF ASSETS

8.11.1. The Municipality shall assess at each reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the Municipality shall estimate the recoverable service amount of the asset

8.11.2. Irrespective of whether there is any indication of impairment, the Municipality shall also test an intangible asset with an indefinite life or an intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount.

8.11.3. In assessing whether there is any indication that an asset may be impaired the Municipality shall consider as a minimum the following indications:

8.11.4. External indicators

8.11.4.1. Cessation or near cessation of the demand or need for services provided by the asset

8.11.4.2. Significant long term changes with an adverse effect on the on the Municipality have taken place during the period or will take place in the near future, in the technological, legal or government policy environment which the Municipality operates.

8.11.5. Internal indicators

8.11.5.1. Evidence is available of physical damage of an asset

8.11.5.2. Significant long term changes with an adverse effect on the entity have taken place during the period, or are expected to take place in the near future in the extent to which or manner in which the asset is used or expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs or plans to disposes of an asset before the previously expected date

8.11.5.3. A decision to halt the construction of the asset before it is complete or in a usable condition

8.11.5.4. Evidence is available from internal reporting that indicates that the service performance of an asset is or will be significantly worse than expected

8.11.6. The Chief Financial Officer shall amend the useful operating life assigned to any 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.

- 8.11.7.** If the value of property plant and equipment has been diminished to such an extent that it has no or a negligible further useful operating life or value such asset shall be fully depreciated in the financial year in which such diminution in value occurs.
- 8.11.8.** Similarly, if an item of property, plant and equipment has been lost, stolen or damaged beyond repair, it shall be fully depreciated in the financial year in which such event occurs, and if the asset has physically ceased to exist, it shall be written off the fixed asset register.
- 8.11.9.** Every General Manager 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 Chief Financial Officer, to the Internal Auditor, and – in cases of suspected theft or malicious damage – also to the South African Police Service.
- 8.11.10.** In all the foregoing instances, the additional depreciation expenses shall be debited to the Department or Vote controlling or using the asset in question.

8.12. Derecognition Of Assets

- 8.12.1.** 23.1 The carrying amount of an item of property plant and equipment shall be derecognised:
 - 8.12.1.1.** a) On disposal, or
 - 8.12.1.2.** b) When no future economic benefits or service potential are expected from its use or disposal
- 8.12.2.** The gain or loss arising from the derecognition of an item of property plant and equipment shall be included in surplus or deficit when the item is derecognised
- 8.12.3.** The gain or loss arising from the derecognition of an item of property, plant and equipment shall be determined as the difference between the net disposal proceeds if any and the carrying amount of an item.
- 8.12.4.** Every Head of Department shall report in writing to the Manager: Assets all assets controlled or used by the Department concerned which such Head of Department wishes to alienate by public auction. The Manager: Assets shall thereafter consolidate the requests received from the various Departments, and shall promptly report such consolidated information to the Disposal Committee of the Municipality, refer to Disposal Policy.
- 8.12.5.** Once the item of property, plant, and equipment is disposed, the Chief Financial Officer shall delete the relevant records from the fixed asset register.
- 8.12.6.** Transfer of assets to other Municipalities, Municipal Entities (whether or not under the Municipality's sole or partial control) or other organs of state shall take place in accordance with the above procedures, except that the process of alienation shall be by private treaty.

8.13. Other write-offs of assets

- 8.13.1.** The item of property, plant, and equipment even though fully depreciated shall be written off only on the recommendation of the Head of Department controlling or using the asset concerned, and with the approval of the Council of the Municipality.
- 8.13.2.** Every General Manager shall report to The Manager: Assets any items of property, plant, and equipment which such General Manager wishes to have written off, stating in full the reason for such recommendation. The Manager: Assets shall consolidate all such reports, and shall promptly submit a recommendation to the disposal committee on the assets to be written off.
- 8.13.3.** The only reasons for writing off property, plant and equipment other than the alienation of such assets, shall be the loss, theft, and destruction or material impairment of the asset in question.

- 8.13.4.** In every instance where a not fully depreciated asset is written off, the Chief Financial Officer shall immediately debit to such Department or Vote, as additional depreciation expenses, the full carrying value of the asset concerned

9. Financial Disclosure

- 9.1.** The financial statements shall disclose, for each class of property, plant, and equipment recognised in the financial statements:

- 9.1.1.** the measurement bases used for determining the gross carrying amount,
- 9.1.2.** the depreciation methods used,
- 9.1.3.** the useful lives or the depreciation rates used,
- 9.1.4.** the gross carrying amount and the accumulated depreciation (aggregated with accumulated impairment losses) at the beginning and end of the period, and
- 9.1.5.** a reconciliation of the carrying amount at the beginning and end of the period showing:
 - 9.1.5.1.** additions,
 - 9.1.5.2.** disposals,
 - 9.1.5.3.** acquisitions through business combinations,
 - 9.1.5.4.** increases or decreases resulting from revaluations and from impairment losses recognised or reversed directly in net assets under the Standard of GRAP on Impairment of Assets, impairment losses recognised in surplus or deficit in accordance with the Standard of GRAP on Impairment of Assets,
 - 9.1.5.5.** impairment losses reversed in surplus or deficit in accordance with the Standard of GRAP on Impairment of Assets,
 - 9.1.5.6.** depreciation,

- 9.2.** The financial statements shall also disclose for each class of property, plant, and equipment recognised in the financial statements:

- 9.2.1.** the existence and amounts of restrictions on title and property, plant and equipment pledged as securities for liabilities,
- 9.2.2.** the amount of expenditures recognised in the carrying amount of an item of property, plant, and equipment in the course of its construction,
- 9.2.3.** the amount of contractual commitments for the acquisition of property, plant, and equipment, and
- 9.2.4.** If it is not disclosed separately on the face of the statement of financial performance, the amount of compensation from third parties for items of property, plant and equipment that were impaired, lost or given up that is included in surplus or deficit.
- 9.2.5.** If items of property, plant and equipment are stated at revalue amounts, the following shall be disclosed:
 - 9.2.5.1.** the effective date of the revaluation,
 - 9.2.5.2.** whether an independent valour was involved,
 - 9.2.5.3.** the methods and significant assumptions applied in estimating the items' fair values,
 - 9.2.5.4.** the extent to which the items' fair values were determined directly by
 - 9.2.5.4.1.** reference to observable prices in an active market or recent market
 - 9.2.5.4.2.** transactions on arm's length terms or were estimated using other
 - 9.2.5.4.3.** valuation techniques,
 - 9.2.5.4.4.** for each revalue class of property, plant, and equipment, the carrying amount that would have been recognised had the assets been carried under the cost model, and
 - 9.2.5.4.5.** The revaluation surplus, indicating the change for the period and any restrictions on the distribution of the balance to owners of net assets.

- 9.2.6.** Financial statements shall also disclose the following for each class of property, plant, and equipment:

- 9.2.6.1. The carrying amount of temporarily idle property, plant, and equipment,
 - 9.2.6.2. The gross carrying amount of any fully depreciated property, plant and equipment that is still in use, and
 - 9.2.6.3. The carrying amount of property, plant and equipment retired from active use and held for disposal.
- 9.2.7. The financial statement shall disclose the following for each class of intangible assets, distinguishing between the internally generated intangible assets and other intangibles assets:
- 9.2.7.1. Whether the useful lives are indefinite or finite and, if finite, the useful
 - 9.2.7.2. Lives or the amortisation rates used.
 - 9.2.7.3. The amortisation methods used for intangible assets with finite useful lives.
 - 9.2.7.4. The gross carrying amount and any accumulated amortisation
 - 9.2.7.5. (Aggregated with accumulated impairment losses) at the beginning and end of the period.
 - 9.2.7.6. The line item(s) of the statement of financial performance in which any amortisation of intangible assets is included.
 - 9.2.7.7. A reconciliation of the carrying amount at the beginning and end of the period showing:
 - 9.2.7.7.1. additions, indicating separately those from internal development and those acquired separately;
 - 9.2.7.7.2. disposals;
 - 9.2.7.7.3. assets classified as held for sale or included in a disposal group classified as held for sale in accordance with the Standard of GRAP on Non-Current Assets Held for Sale and Discontinued Operations;
 - 9.2.7.7.4. increases or decreases during the period resulting from revaluations under paragraphs .78, .88 and .89 and from impairment losses recognised or reversed directly in net assets in accordance (if any) with the Standards of GRAP on Impairment of Assets;
 - 9.2.7.7.5. impairment losses recognised in surplus or deficit during the period in accordance (if any) with the Standards of GRAP on Impairment of Assets;
 - 9.2.7.7.6. impairment losses reversed in surplus or deficit during the period in accordance (if any) with the Standards of GRAP on Impairment of Assets);
 - 9.2.7.7.7. any amortisation recognised during the period; net exchange differences arising on the translation of the financial statements into the presentation currency, and on the translation of a foreign operation into the presentation currency of the entity; and
 - 9.2.7.7.8. Other changes in the carrying amount during the period.

10. MONITORING AND EVALUATION

- 10.1. This Policy shall be monitored and evaluated by the General Manager: Budget Treasury Office and regular monitoring reports submitted to the Management Committee Meeting, Finance Portfolio Committee, Executive Committee, and Full Council Meetings.

11. COMMENCEMENT OF THE POLICY

- 11.1. This Policy shall come into effect on the date of the adoption by the Ugu District Municipality Council.

12. AMENDMENT AND/OR ABOLITION

- 12.1. This policy may be amended or repealed by the Municipality through a Council Resolution.

13. COMPLIANCE AND ENFORCEMENT

- 13.1.** Violation or non-compliance with this policy will give a just cause for disciplinary steps to be taken.

14. POLICY REVIEW

- 14.1.** This Policy will be reviewed annually to ensure applicability and relevance.

15. APPEAL PROCESS/ GRIEVANCE PROCEDURE

- 15.1.** The policy must also state what will happen if one of the users thereof is not satisfied or there is a violation with the implementation process.

16. RECORDS OF APPROVAL

ANNEXURE A: ASSET USEFUL LIVES**1. INFRASTRUCTURE ASSETS**

The following is the list of infrastructure assets, with the estimated useful life in years indicated in brackets in each case.

1.1. WATER

- | | |
|--|------|
| 1.1.1. Mains | (20) |
| 1.1.2. Supply and reticulation networks | (20) |
| 1.1.3. Reservoirs and storage tanks | (20) |
| 1.1.4. Meters | (15) |
| 1.1.5. Rights (that is, the right to draw water from a particular source belonging to another party) | (20) |

1.2. SEWERAGE

- | | |
|----------------------------------|------|
| 1.2.1. Sewer mains | (20) |
| 1.2.2. Outfall sewers | (20) |
| 1.2.3. Sewage purification works | (20) |
| 1.2.4. Sewerage pumps | (15) |
| 1.2.5. Sludge machines | (15) |

1.3. PEDESTRIAN MALLS

- | | |
|-----------------|------|
| 1.3.1. Footways | (20) |
| 1.3.2. Kerbing | (20) |
| 1.3.3. Paving | (20) |

1.4. SECURITY MEASURES

- | | |
|-------------------------------|-----|
| 1.4.1. Access control systems | (5) |
| 1.4.2. Security systems | (5) |
| 1.4.3. Security fencing | (3) |

2. INVESTMENT ASSETS

2.1. It is not possible to provide an exhaustive list of investment assets, as the actual list will depend very much on the local circumstances of each municipality. However, the following will be among the most frequently encountered:

- | | |
|---|------|
| 2.1.1. Office parks (which have been developed by the municipality itself or jointly between the municipality and one or more other parties) | (30) |
| 2.1.2. Shopping centres (again developed along similar lines) | (30) |
| 2.1.3. Housing developments (that is, developments financed and managed by the municipality itself, with the sole purpose of selling or letting such houses for profit) | (30) |

3. BUILDINGS

3.1. The following is a list of buildings assets, again showing the estimated useful life in years in brackets:

- | | |
|------------------|------|
| 3.1.1. Abattoirs | (30) |
|------------------|------|

3.1.2. Asphalt plant	(30)
3.1.3. Cable stations	(30)
3.1.4. Caravan parks	(30)
3.1.5. Compacting stations	(30)
3.1.6. Hostels used to accommodate the public or tourists	(30)
3.1.7. Hostels for municipal employees	(30)
3.1.8. Housing schemes	(30)
3.1.9. Kilns	(30)
3.1.10. Laboratories	(30)
3.1.11. Fresh produce and other markets	(30)
3.1.12. Nurseries	(30)
3.1.13. Office buildings	(30)
3.1.14. Old age homes	(30)
3.1.15. Quarries	(30)
3.1.16. Tip sites	(30)
3.1.17. Training centres	(30)
3.1.18. Transport facilities	(30)
3.1.19. Workshops and depots	(30)

4. **OTHER ASSETS**

4.1. The following is a list of other assets, again showing the estimated useful life in years in brackets:

4.1.1. **OFFICE EQUIPMENT**

4.1.1.1. Computer hardware	(5)
4.1.1.2. Computer software	(3-5)
4.1.1.3. Office machines	(3-5)
4.1.1.4. Air conditioners	(5-7)

4.1.2. **FURNITURE AND FITTINGS**

4.1.2.1. Chairs	(7-10)
4.1.2.2. Tables and desks	(7-10)
4.1.2.3. Cabinets and cupboards	(7-10)
4.1.2.4. Bins and containers Household refuse bins	(5)
4.1.2.5. Bulk refuse containers	(10)
4.1.2.6. Emergency equipment Fire hoses	(5)
4.1.2.7. Other fire-fighting equipment	(15)
4.1.2.8. Emergency lights	(5)

4.1.3. **MOTOR VEHICLES**

4.1.3.1. Ambulances	(5-10)
4.1.3.2. Fire engines	(20)
4.1.3.3. Buses	(15)
4.1.3.4. Trucks and light delivery vehicles	(5-7)
4.1.3.5. Ordinary motor vehicles	(5-7)
4.1.3.6. Motor cycles	(3)

4.1.4. **PLANT AND EQUIPMENT**

4.1.4.1. Graders	(10-15)
4.1.4.2. Tractors	(10-15)
4.1.4.3. Mechanical horses	(10-15)
4.1.4.4. Farm equipment	(5)
4.1.4.5. Lawn mowers	(2)
4.1.4.6. Compressors	(5)
4.1.4.7. Laboratory equipment	(5)
4.1.4.8. Radio equipment	(5)
4.1.4.9. Firearms	(5)

4.1.4.10. Telecommunication equipment	(5)
4.1.4.11. Cable cars	(15)
4.1.4.12. Irrigation systems	(15)
4.1.4.13. Cremators	(15)
4.1.4.14. Lathes	(15)
4.1.4.15. Filling equipment	(15)
4.1.4.16. Conveyors	(15)
4.1.4.17. Feeders	(15)
4.1.4.18. Tippers	(15)
4.1.4.19. Pulverising mills	(15)
4.1.5. <u>OTHER</u>	
4.1.5.1. Aircraft	(15)
4.1.5.2. Watercraft	(15)

UGU DISTRICT MUNICIPALITY

ASSETS DISPOSAL POLICY

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15. INTRODUCTION

- 15.1.** The purpose of the Asset Disposal Policy is to provide a framework for the disposal of the municipality's assets that are not needed to provide the minimum level of basic municipal services and that are surplus to the municipality's requirements.
- 15.2.** Section 14 of the Municipal Finance Management Act (Act No. 56, 2003) states: "A municipality may not transfer ownership as a result of a sale or other transaction, or otherwise permanently dispose of any capital asset needed to provide a minimum level of basic municipal services.
- 15.3.** A municipality may transfer ownership or otherwise dispose of an asset, other than an asset mentioned above, only after the disposal committee meeting:
- 15.3.1.** Has decided on reasonable grounds that the asset is not needed to provide the minimum level of basic municipal services; and
 - 15.3.2.** Has considered the fair market value of the asset and the economic and community value to be received in exchange for the asset.

16. DEFINITIONS

- 2.1. Asset** means any resource controlled by the municipality, from which the municipality expects to derive economic benefits or use for service delivery to the general public over a period extending beyond one financial year.
- 2.2. Basic municipal service** means a municipal service that is necessary to ensure an acceptable and reasonable quality of life and which, if not provided, would endanger public health or safety or the environment.
- 2.3. Carrying amount** is the amount at which an asset is recognised after deducting any accumulated depreciation and accumulated impairment losses.
- 2.4. Council** means the Municipal Council of the Ugu District Municipality, its legal successors in title.
- 2.5. Disposal** means the alienation of an asset no longer needed by the municipality by means of a sale, a lease or a donation.
- 2.6. Fair value** of an asset is the amount obtainable from the sale of the asset in an arm's length transaction between willing parties less the selling costs.
- 2.7. Proceeds** are the sales value, trade-in value or proceeds received from insurance if the asset was damaged or stolen.
- 2.8. Profit on disposal:** when an asset is disposed for an amount higher than its carrying amount at the date of disposal.
- 2.9. Loss on disposal:** when an asset is disposed for an amount lower than its carrying amount at the date of disposal.

2.10. Obsolete or redundant assets will mean and include :

- 2.10.1.** assets which are not envisaged by the municipality to be required for the delivery of municipal Services;
- 2.10.2.** assets which have become uneconomical to repair, maintain, or operate excluding assets of symbolic importance or cultural significance;
- 2.10.3.** assets that have a negative impact on service delivery of the municipality, the environment, or the community,
- 2.10.4.** assets that no longer support a directorate's service objective due to a change in type of service being delivered or the delivery method
- 2.10.5.** assets where the use has become uneconomical to continue due to the limited availability of spares or the cost of replacement parts exceed the reasonable value of the item.
- 2.10.6.** assets where the technology has been outdated and which can no longer be used for the purpose originally intended.

17. POLICY OBJECTIVES

- 17.1.** The objectives of the Asset Disposal Policy are to:
 - 17.1.1.** Ensure that only assets that do not provide the minimum level of basic municipal services are disposed of.
 - 17.1.2.** Ensure that assets are not disposed when the disposal of the asset or the terms of the disposal of the asset could disadvantage the municipality or community financially or otherwise.
 - 17.1.3.** Ensure that all disposals are, in terms of section 14 (5) of the Municipal Finance Management Act (Act No. 56, 2003), fair, equitable transparent, competitive, and consistent with the Supply Chain Management Policy of the municipality.

18. PRESCRIPTIVE/LEGAL FRAMEWORK

- 18.1.** This policy must comply with all relevant legislative requirements including:
 - 18.1.1.** The constitution of the republic of south Africa, 1996
 - 18.1.2.** Municipal systems act, 2000
 - 18.1.3.** Municipal Finance Management Act
- 18.2.** This policy does not over rule the requirements to comply with other policies such as:
 - 18.2.1.** Supply Chain Management Policy
 - 18.2.2.** Asset Management Policy
 - 18.2.3.** Fleet Management Policy
 - 18.2.4.** Insurance Policy
 - 18.2.5.** Security Policy
 - 18.2.6.** Facilities Management Policy

19. POLICY APPLICATION

- 19.1.** This policy applies to all Ugu District Municipality's permanent and temporary employees: internal or external contractors who utilise the municipality's assets.

20. POLICY PRINCIPLES

20.1. PLANNING FOR AND IDENTIFICATION OF ASSETS TO BE DISPOSED

- 20.1.1. The assets unit within the Budget Treasury Office (in consultation with the user departments) are responsible for the strategic planning for the disposal of **surplus, redundant, or obsolete assets** that hinders the municipality from delivering services efficiently and effectively
- 20.1.2. Planning for disposals must be conducted by the assets unit within the Budget Treasury Office on an annual basis and revised on quarterly basis. The planning should involve a detailed assessment of assets identified as **surplus, redundant, or obsolete** by the assets unit within the Budget Treasury Office.
- 20.1.3. Planning for disposals of **surplus, redundant, or obsolete** by the assets unit within the Budget Treasury Office the means ensures that disruption to their service delivery is minimised and the returns from the assets is maximised by selecting the appropriate time in the assets life cycle to dispose.

20.2. ASSESSING ASSETS FOR DISPOSALS

- 20.2.1. The Disposal Committee is responsible for assessing the disposals proposed by the assets unit within the Budget Treasury Office. The Disposal Committee shall also consider the following factors:
 - 20.2.1.1. Whether there are net disposal benefits, either in financial or other forms.
 - 20.2.1.2. Whether there are secondary service obligations associated with the asset which dictates its retention.
 - 20.2.1.3. Whether a disposal can be carried out without adverse impacts on the physical environment.
- 20.2.2. In assessing the benefits of disposal, the advantages and disadvantages for the whole municipality must be considered.
- 20.2.3. Assets that have been identified as surplus may need to be retained due to heritage, social, environmental considerations, or any other requirements.
- 20.2.4. The symbolic importance and the cultural significance of assets should also be considered when assessing the disposal of the asset.
- 20.2.5. The Disposal Committee should consider the advantages of engaging experts where necessary.
- 20.2.6. When disposing of the asset, consideration must be given to the costs of continued ownership. Examples of cost of continued ownership include:
 - 20.2.6.1. Insurance
 - 20.2.6.2. Maintenance
 - 20.2.6.3. Storage costs
 - 20.2.6.4. Operating costs

20.2.6.5. Staffing costs

20.2.7. Disposals need not always be for a financial gain. Other opportunities and gains should also be taken into consideration, for example:

20.2.7.1. Swapping one asset for another

20.2.7.2. Construction of a facility for the municipality in return for the asset.

20.3. RECOMMEND ASSETS FOR DISPOSAL

20.3.1. Disposal Committee shall be responsible to meet as and when necessary to assess and consider disposal lists/items submitted by proposed by the assets unit within the Budget Treasury Office.

20.3.2. Disposal Committee shall make recommendation for disposal, inclusive of disposal method, to Council for approval.

20.4. OBTAIN APPROVAL FOR DISPOSAL

20.4.1. The recommended by the Disposal Committee shall be presented to Council

20.4.2. Council upon consideration of the recommendation shall approve the disposal of the assets in the manner as recommended.

20.4.3. The final approval of the disposal shall be conducted at a meeting in terms of the Municipal Finance Management Act (Act No. 56, 2003) and decisions taken shall be documented for future reference by the assets unit within the Budget Treasury Office.

20.5. METHODS TO DISPOSE OF THE ASSET

20.5.1. Disposal of an asset should be performed in a manner which satisfies the following objectives:

20.5.1.1.1. The disposal, where being effected, through a sale, should take place on an equitable basis. There should be an equal opportunity for all to purchase the asset. The best possible return for the municipality must be achieved.

20.5.1.1.2. Any adverse environmental impacts should be avoided.

20.5.2. The following methods of disposal could be used to achieve the objectives mentioned above:

20.5.2.1. AUCTION

20.5.2.1.1. The benefits of an auction are as follows:

20.5.2.1.1.1. Process is more straightforward.

20.5.2.1.1.2. Process is open to public scrutiny.

20.5.2.1.1.3. In some circumstances an auction may generate a higher price

20.5.2.2. DIRECT NEGOTIATIONS

20.5.2.2.1. Disposal of assets by direct negotiations with one possible interested party should be the exception rather than the rule.

20.5.2.2.2. When the sale by auction has failed due to lack of demand or unacceptable offers being received; and it has been established that further efforts to dispose of the asset by

auction are unlikely to succeed, direct possible negotiations with one possible interested party shall be allowed.

20.5.2.3. DONATION

20.5.2.3.1. The following types of organisations shall be considered for municipal assets to be donated to:

20.5.2.3.1.1. Registered welfare or Charitable Organisations

20.5.2.3.1.2. Schools catering for learners who are handicapped, or disabled, or are learners with special needs.

20.5.2.3.1.3. Schools within the jurisdiction of the District, as identified by the Office of the Mayor

20.5.2.3.2. Donation of municipal assets shall be applicable to the following assets:

20.5.2.3.2.1. Obsolete furniture and redundant equipment

20.5.2.3.2.2. Computer equipment

20.5.2.3.2.3. Motor vehicles

20.5.2.4. THEFT/LOSS/DAMAGE

20.5.2.4.1. Involuntary disposal of an assets may take place such as theft, loss or damage.

20.5.2.4.2. All stolen/lost/damaged asset shall be regarded as disposed and shall be reported to the disposal committee for consideration.

20.5.2.4.3. In the event of a stolen/lost/damaged asset, the affected staff member should, in accordance with the insurance policy, report the incident to the insurance unit within the assets unit.

20.5.2.4.4. Any insurance pay-outs pertaining to the stolen/lost/damaged shall be treated as proceeds

20.5.2.5. DESTRUCTION

20.5.2.5.1. Assets which cannot be disposed in any other method as stated above may be destroyed in any environmentally friendly method.

20.5.2.6. TRANSFER TO ANOTHER ORGAN OF STATE

20.5.2.6.1. An asset may be transferred to another state organ as a result of newly established municipal boundaries as per the Municipal Demarcation Act 27 of 1998. The demarcation process can result in assets of the municipality no longer being within the newly set boundaries of the municipality thus necessitating transfer.

20.5.2.6.2. A decision endorsed by council may be taken to transfer an asset to another organ of state to assist it in executing its duty to deliver services to the public.

20.5.2.7. OTHER METHOD OF DISPOSAL

20.5.2.7.1. Any other proposed method of disposal shall be communicated to the assets unit in the Budget Treasury

Office for submission to the disposal committee for approval.

20.6. ACCOUNTING FOR THE DISPOSED ASSET

- 20.6.1.** When an asset is disposed of the cost of the asset and the accumulated depreciation recorded in the statement of financial position need to be reversed to the statement of financial performance a profit and loss on disposal of asset account. This will result in a debit in the statement of financial performance equal to the asset's carrying value.
- 20.6.2.** The total proceeds to be received from the disposal of the asset need to be credited to the profit and loss on disposal of asset account. The account will now reflect a debit or credit amount in the statement of financial performance equal to the profit and loss on disposal equal to the result of the calculation.
- 20.6.3.** Note that depreciation will need to be calculated up to the date of disposal. If the disposal date is during a financial year, the depreciation needs to be calculated on a pro rata basis based on completed months of ownership or use. No depreciation is calculated for the asset after the disposal date.
- 20.6.4.** At the disposal date the asset being disposed of needs to be derecognised from the fixed asset register of the municipality.
- 20.6.5.** Other accounting and disclosure matters discussed in the Asset Management Policy Document of the municipality also need to be adhered to.

20.7. CALCULATION OF THE PROFIT AND LOSS ON DISPOSAL

- 20.7.1.** Profits and losses on the sale of property, plant and equipment are calculated as follows, and are disclosed in total in the financial statements:
 - 20.7.1.1. PROCEEDS** less **CARRYING VALUE** equals **PROFIT** (If proceeds greater than carrying value), or **LOSS** (If proceeds less than carrying value)

21. ROLES AND RESPONSIBILITIES

21.1. ACCOUNTING OFFICER

- 21.1.1.** Shall ensure that the municipality has and maintains a system of internal control of assets regarding the disposal of municipal assets; and
- 21.1.2.** Shall ensure that the General Managers and their departments comply with this policy
- 21.1.3.** Shall ensure that all items of property plant and equipment are insured immediately at least against fire and theft, and that all municipal buildings are insured at least against fire and allied perils.

21.2. GENERAL MANAGER (DEPARTMENTS)

- 21.2.1.** Shall ensure that employees in their departments adhere to the approved Asset Disposal Policy.
- 21.2.2.** Shall ensure that the asset manager is notified of all assets needing disposal in writing.
- 21.2.3.** Shall ensure that employees who contravenes the operational procedure or who use the municipal assets negligence and for their personal gain are disciplined accordingly.
- 21.2.4.** shall be directly responsible for the physical safekeeping of any asset controlled or used by the Department in question.
- 21.2.5.** In exercising this responsibility, shall adhere to any written directives issued by the Municipal Manager to the Department in question, or generally to all Departments, regarding the disposal of the Municipality's assets.

21.3. ASSET MANAGER

- 21.3.1.** Shall ensure that quarterly physical verification for movable assets are conducted where assets in need of disposal identified.
- 21.3.2.** Shall ensure that annual physical verification for immovable assets are conducted where assets in need of disposal identified.
- 21.3.3.** Shall liaise with user departments constantly regarding assets that needs to be disposed.
- 21.3.4.** Shall ensure that the disposal committee is notified in writing of all the assets that needs to be considered for disposal
- 21.3.5.** Shall be responsible for facilitating the disposal of the assets upon approval by council.

21.4. DISPOSAL COMMITTEE

- 21.4.1.** The primary duties of the Committee include but are not limited to the following: -
 - 21.4.1.1.** Assessing the disposals proposed by assets unit in the Budget Treasury Office. The Assets Disposal Committee shall consider the following factors in conducting its assessments:
 - 21.4.1.2.** Whether the capital asset may be required for the municipality's own use at a later stage.
 - 21.4.1.3.** Whether there are net disposal benefits, either in financial or other form.
 - 21.4.1.4.** Whether there is secondary service obligations associated with the asset which dictates its retention.
 - 21.4.1.5.** Whether a disposal can be carried out without adverse impacts on the physical environment.
 - 21.4.1.6.** Whether any conditions/ limitations are attached to the asset and the consequences of non-compliance with those conditions.
 - 21.4.1.7.** Consideration of the fair market value of the asset and the economic and community value.
 - 21.4.2.** Objectively evaluate the assets submitted for disposals and weigh disposal alternatives as per disposal procedure.
 - 21.4.3.** Review of the municipality's asset disposal process by
 - 21.4.3.1.** Monitoring asset disposal decisions to verify compliance with procedures;
 - 21.4.3.2.** Monitoring the implementation of asset disposal decisions

- 21.4.3.3.** Making recommendations to Policy Review Committee on amendments to Asset Management and Asset Disposal Committee.

21.5. ALL MUNICIPAL PERSONNEL:

- 21.5.1.** Shall ensure that assets assigned to them are utilized effectively, efficiently, economically, and transparently
- 21.5.2.** Shall notify the assets coordinators and assets management section of all obsolete, damaged, and stolen assets, without delay.
- 21.5.3.** Shall make available the assets under their possession for verification by the assets management unit quarterly and annually.
- 21.5.4.** Shall ensure that they comply with the operational procedures.

22. MONITORING AND EVALUATION

- 22.1.** This Policy shall be monitored and evaluated by the General Manager: Budget Treasury Office and regular monitoring reports submitted to the Management Committee Meeting, Finance Portfolio Committee, Executive Committee, and Full Council Meetings

23. COMMENCEMENT OF THE POLICY

- 23.1.** This Policy shall come into effect on the date of the adoption by the Ugu District Municipality Council.

24. AMENDMENT AND/OR ABOLITION

- 24.1.** This policy may be amended or repealed by the Municipality through a Council Resolution.

25. COMPLIANCE AND ENFORCEMENT

- 25.1.** Violation or non-compliance with this policy will give a just cause for disciplinary steps to be taken.

26. POLICY REVIEW

- 26.1.** This Policy will be reviewed annually to ensure applicability and relevance.

27. RECORDS OF APPROVAL

Meeting	Date	Resolution
Policy Review Committee	26 April 2017	Recommendation to MANCO
Finance Portfolio Committee		Recommended to EXCO
EXCO		Recommended to Council
Council		ADOPTED



Ugu District Municipality

INSURANCE POLICY

1. PREAMBLE

Whereas it is required of the accounting officer to take all reasonable steps to ensure that the Council has and implements crucial policies for effective financial and risk management.

And whereas the safeguarding of assets and the protection of Council against liabilities is very important and forms part of a proper assets management system as prescribed by Section 63 and needs annual revision in terms of Section 24(2) (c) (v) of the Municipal Finance Management Act 56 of 2003. Now therefore the Municipal Council of the Ugu District Municipality adopts the following Policy for Insurance Management.

2. PURPOSE

2.1 This document indicates the policy of Ugu District Municipality for insuring of municipal assets, and for insuring the municipality, its employees and Councillors against public liability claims and other losses.

3. BACKGROUND

3.1 Since 2004, when the Municipal Finance Management Act No 56 of 2003 (MFMA) was promulgated municipalities have been required to align the planning, management, reporting and auditing of their finances in accordance with the strict requirements of the MFMA and related legislation.

3.2 In terms of section 63 (1) of the Municipal Finance Management Act, the Municipal Manager is responsible for the safeguarding of municipal assets

3.3 It is the responsibility of the Accounting Officer or his/her delegates to ensure that all municipal assets are safeguarded against all risks that will result in loss. The Accounting Officer must take all reasonable steps to ensure that Ugu District Municipality has and implements budget related policies for effective financial and risk management.

3.4 Asset Management is one function in ensuring effective financial management. Section 63 of the Municipal Finance Management Act, Act 56 of 2003, places the responsibility of asset management on the Accounting Officer.

4. DEFINITIONS

4.1 Assets are resources controlled by an entity as the result of past events and from which future economic benefits or future service potential are expected to flow to the entity.

4.2 Asset Manager is any official who has been delegated responsibility and

accountability for the control, usage, physical and financial management of the municipality's assets in accordance with the council's standards, policies, procedures, and guidelines

4.3 Accident is an event or occurrence which is unforeseen and unintended. Accidental is an important concept of risk for insurance. The more unlikely the accident or the occurrence, the less expensive it is to insure.

4.4 Insurance Excess Amount is insurance in which the underwriter's liability does not arise until the loss exceeds a stated amount and then only on the excess above that amount

4.5 Book value or carrying value is the net worth of an asset that is recorded on the balance sheet. Book value is calculated by subtracting any accumulated depreciation from an asset's purchase price or historical cost

4.6 Insurability is acceptability to the company of an applicant for insurance

4.7 Insurance is an arrangement under which individuals, businesses, and other organizations or entities, in exchange for payment of a premium, are guaranteed compensation for losses resulting from certain perils under specified conditions.

4.8 Insured is A person or organization covered by an insurance policy.

4.9 Insurer is the party to the insurance contract who promises to pay losses or benefits. Also, any corporation engaged primarily in the business of furnishing insurance to the public

4.10 Insurance broker is an independent person or company that is not employed by an insurance company, that finds the best policy for someone who wants insurance

5. POLICY OBJECTIVE

5.1 The objectives of this policy are to set out a legislative framework in order to comply with asset management requirements, especially regarding the safe guarding and risk management thereof; Ensuring that the general public's rights and obligations when lodging a public liability claim is spelled-out; and Set out the role and responsibilities of Councillors and officials regarding safeguarding of assets and insurance processes.

5.2 In general, the object of this policy is to ensure sound and sustainable financial management within Ugu District Municipality.

6. PRESCRIPTIVE/LEGAL FRAMEWORK

6.1 This policy must comply with all relevant legislative requirements including:

6.1.1 The Constitution of the Republic of South Africa, 1996

6.1.2 Municipal Systems Act, 2000

6.1.3 Municipal Finance Management Act

7. POLICY APPLICATION

7.1 This policy applies to all Ugu District Municipality's permanent and temporary employees: internal or external contractors who utilise the Municipality's assets and are affected by the use of the municipality's assets.

8. RESPONSIBILITY FOR INSURANCE

4.1. APPOINTMENT OF INSURANCE BROKERS

4.1.1. There will be a call for bids to appoint a service provider to provide short term insurance services at least once every three years. The appointment of an insurance broker must be performed via the normal supply chain management processes and regulations of the Municipality.

4.1.2. Should circumstances change during the year, amendments, additions or deletions should be made to the Finance portfolio with the Insurance Company/Insurance Broker.

9. ASSETS TO BE INSURED

When considering the insurance of assets all movable and immovable assets should be considered. All assets to be insured should be comprehensively insured against perils such as theft, malicious damage, fire, storm, water damage etc. as well as community action, riots and public disorder.

9.1 It is the responsibility of the Assets Management Unit to ensure that all assets are disclosed at correct "book value" at reporting periods.

9.2 The insurance section within the Asset Management Unit will use such book values as replacement values, unless a different replacement value is determined by the insurer and the municipality.

9.3 Assets are to be insured at replacement value. Should it be considered necessary, a valuer should be used to arrive at a replacement value for each asset.

9.4 The following assets and risks should, after consideration of risk, be insured: -

9.4.1 Movable Assets such as Vehicles, plant and equipment, computer equipment, office equipment, cash in transit,

9.4.2 Immovable assets such as Buildings (as well as contents)

9.4.3 Infrastructure assets such as pump stations, treatment works, reservoirs etc

9.4.4 Liability: Public, Employer and Employees

9.5 The decision whether to insure an asset or not should be at the discretion of the Municipal Manager in consultation with the Chief Financial Officer.

10. ADDITIONS DURING THE YEAR

- 10.1** When new vehicles are purchased, buildings or structures erected or expanded which has an influence on the Finance portfolio of Council; each Department involved should send the information of new assets to be insured within 48 hours after the plant/property/equipment is recognised as an asset of the municipality.
- 10.2** New vehicles cannot be utilized during the period when the asset is acquired and an insurance confirmation is pending.

11. RECOVERY OF LOSS

- 11.1** Insurance Committee should be established in terms of to investigate losses. The Insurance Committee shall not institute or carryout duties of a disciplinary committee buy should only advise on the outcomes of its investigations.
- 11.2** The decision of the committee should be escalated to Human Resources department for disciplinary action and recovery of the loss where applicable.
- 11.3** The decision of the insurance committee shall determine the party liable for the payment of excess:
- 11.3.1** If an employee has been found to be liable for the loss/damage, the **excess and value** of the property loss/damage shall be recoverable from the said employee
- 11.3.2** If the third party is liable for the loss/damage, the **excess and value** of the property loss/damage shall be recoverable from the said third party
- 11.3.3** In any other circumstances, the Municipality shall be liable to pay the excess to ensure that the insurance broker settles the value of the property loss/damage
- 11.3.4** If an employee has been found to be liable for a claim being repudiated by the insurance company due to non-submission or late submission of required information, the **excess and value** of the property loss/damage shall be recoverable from the said employee

12. INSURANCE CLAIM PROCEDURES

- 12.1** The Municipal Manager or his/her delegate, shall develop such processes to ensure that insurance claims are submitted timeously, and in a format required by the Insurance Company/Insurance Broker
- 12.2** Head of departments must ensure that these processes are implemented

13. POLICY ON PERSONAL EFFECTS

- 13.1** It is expected that employees, in their own interests, will ensure that any valuable items of jewellery (including wrist watches) worn on duty, and/or personal equipment are adequately insured against loss or theft on their personal policies.
- 13.2** The carrying of unreasonably large amounts of cash, credit cards or other

easily stolen and rapidly convertible items should be avoided during working hours as far as is practicable.

13.3 No compensation will be paid for loss or damage to the following items:

- 13.3.1** Private cellular phone
- 13.3.2** Private Vehicle
- 13.3.3** Private Laptop
- 13.3.4** Any other private asset

14. PAYMENT OF EXCESSES BY EMPLOYEES

- 14.1** Where in the opinion of the General Manager and the Municipal Manager an employee's negligence led to the damage to, or loss of, an asset the excess and the value of the said property payable may be claimed from the employee concerned in terms of the Disciplinary Procedures.

15. MONITORING AND OVERSIGHT

- 15.1** The insurance clerk shall on request supply a claim register to the user departments
- 15.2** The Manager: Assets shall submit a claims report to the MANCO and Portfolio Committee on Finance and other leadership or oversight structures as and when directed to do so.

16. COMMENCEMENT OF THE POLICY

- 16.1** This Policy shall come into effect on the date of the adoption by the Ugu District Municipality Council.

17. POLICY IMPLEMENTATION

- 17.1** The Municipal Manager, in consultation with the CFO and General Managers will give effect to this policy.

18. POLICY AMENDMENT

- 18.1** This policy may be amended or repealed by the Municipality through a Council Resolution.

19. COMPLIANCE AND ENFORCEMENT

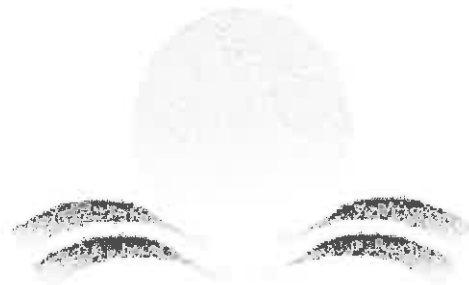
- 19.1** Violation or non-compliance with this policy will give a just cause for disciplinary steps to be taken.

20. POLICY REVIEW

- 20.1** This Policy will be reviewed annually to ensure applicability and relevance.

UGU DISTRICT MUNICIPALITY

“The Municipality”



VIREMENT POLICY

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Annexure: Virement Request Form

1. **DEFINITIONS**

In this Policy, unless the context otherwise indicates, a word or expression to which a meaning has been assigned in the Act, has the same meaning as in that Act.

"Accounting Officer" means the Municipal Manger of Ugu District Municipality,

"Chief Financial Officer" means the Chief Financial Officer of Ugu District Municipality

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

"Identified Savings", the original budget less all the expenditure incurred and committed orders on that account.

"Virement", means "a regulated transfer or re-allocation of money from one line item account to another, within the same vote especially public funds."

"Vote" means

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

2. OBJECTIVES OF THE POLICY

To introduce a Framework by which departmental budgets can be managed by Heads Of Department's to ensure effective financial management.

A virement represents a flexible mechanism to effect budgetary amendments within a municipal financial year.

3. LEGISLATIVE FRAMEWORK

- a. Chapter 4 of the Municipal Finance Management Act.
- b. The Municipal Budget and Reporting Regulations published in terms of Section 168 of the MFMA.
- c. All relevant budget related Circulars and notices issued by the National Treasury.

4. DETERMINATION OF VOTE

Chief Financial Officer shall determine the number and type of votes to be used and line items to be shown under each vote. In so doing, the Chief Financial Officer shall consider and properly reflect the organisational structure and shall comply with the prescribed budget format of National Treasury. The operating expenditure shall be classified as per the Government Financial Statistics classifications used in the prescribed National Treasury format.

5. AUTHORISATION OF VIREMENTS

- 5.1 A transfer of funds from one line item to another under this Policy may, subject to the provisions of this Policy, be authorised as follows:
 - a) If the amount does not exceed R1 000 000.00 the transfer may be authorised by the Chief Financial Officer of the Municipality or the Accounting Officer of the Municipality after consultation with the Chief Financial Officer;
 - b) If the amount exceeds R1 000 000.00 but does not exceed R5 000 000.00 the transfer may be authorised by the Accounting Officer after consultation with the Chief Financial Officer;
 - c) The Mayor may authorise expenses in an emergency or other exceptional circumstances and the adjustment budget must be passed during the adjustment period after the expenses were incurred.

- d) Notwithstanding the provisions of 5.1.a, a transfer of funds between cost or functional centres within a particular Vote/Department may not be authorised by the Chief Financial Officer but may only be authorised by:

- a) The Accounting Officer, if the amount does not exceed the amount of
R5 000 000.00

6. RESTRICTIONS ON AMOUNT OF VIREMENTS

- 6.1 Notwithstanding the provisions of section 5:

- 6.1.1 The total amount transferred from and to line items within a particular vote in any financial year may not exceed 40 % of the amount allocated to that vote;

- 6.1.2 The total amount transferred from and to line items in the entire budget in any financial year may not exceed 25 % of the total operating budget for that year;

- 6.2 A transfer which exceeds, or which would result in the exceeding of any of the limits referred to in 6.1 above may, however, be performed if the Council by resolution approves thereof.

- 6.3 No transfer of funds shall be made if such transfer would constitute a transgression or contravention of any statute, regulation or other law, any policy, directive or guideline binding upon the Municipality, or the avoidance by the Municipality of any obligation imposed upon it by contract or any other cause.

7. MANAGEABLE GROUPS OF REVENUE

All manageable revenue which is budgeted for under a department is the responsibility of each Head Of Department to ensure that it is collected.

Must report to the Chief Financial Officer and budget office any deviations that they become aware of which might affect the budgeted estimates.

Head Of Department's are responsible for all grants and donations which are budgeted for under their departments. They must report any deviations to the Chief Financial Officer or the budget office in writing. They must seek reasons for deviations from the responsible donor or the transferring sector departments.

If Head Of Department's become aware that budgeted revenue will not materialise or will not be collected, they must inform the Chief Financial Officer or the Budget Office to ensure that revenue will be adjusted downwards in the Adjustments Budget.

8. NON-MANAGEABLE GROUPS OF REVENUE AND EXPENDITURE

No funds Transfers can be made on these groups:-

- a) Depreciation,
- b) Finance Charges,
- c) Departmental Charges,
- d) Investment Income and
- e) Employee Related Costs

9. OPERATING BUDGET VIREMENTS

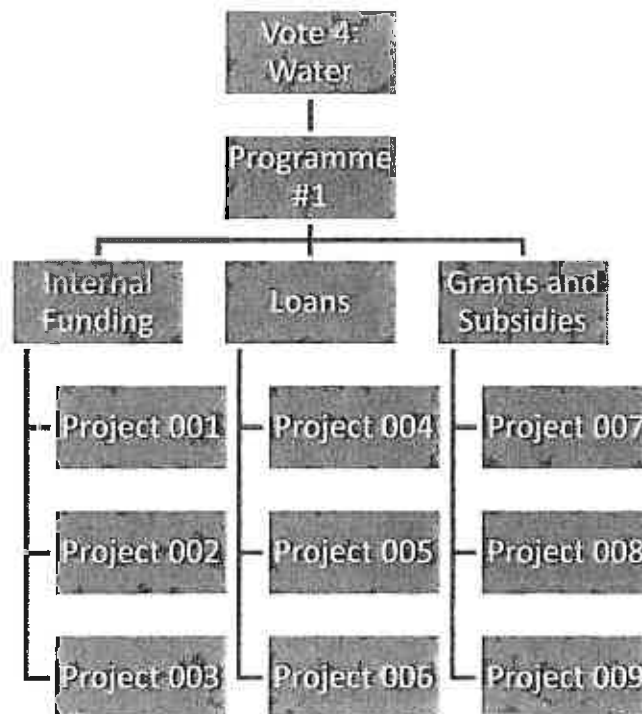
- 9.1 Operating budget virements can only be done on General Expenses, Contracted Services and Repairs and Maintenance items.

Funds transfer can take place within these groups provided the total approved budget allocation per vote is not exceeded. In order for an account to transfer funds from one item to another, there must be identified savings within the limitations of the approved budget for that group. These must be clearly stated in the formal funding requests submitted to the Chief Financial Officer and the Budget Office. Funds may not be transferred to new line items of the operating budget.

- 9.2 All requests for the transfer of funds must be in writing using the prescribed request forms in Appendix A and B, and must be properly authorised by the Manager and General Manager responsible for that vote and the Chief Financial Officer as per the set limits.
- 9.3 The prescribed request form shall include, but not limited to, provisions for the following:
- a) The name of the department concerned;
 - b) Descriptions of the line items from and to which the transfer is to be made;
 - c) The amount of the proposed transfer;
 - d) The cause of the saving in the line item from which the transfer is to be made;
 - e) The justification for the transfer;
 - f) A description of any consequences that such transfer may have for the Integrated Development Plan or the Service Delivery and Budget Implementation Plan.
- 9.4 Each Head Of Department is responsible for his/her own operational budget and must ensure that all expenditure is contained to the approved allocations by Council.

- 9.5 Movement of funds from different sectors and categories will be attended to in the normal Adjustments Budget process annually in February.

10. CAPITAL BUDGET VIREMENTS



- 10.1 Virements on the Capital budget allocations can be done from one project to another within the same vote and source of funding, i.e. from Water, CRR to Water CRR. Virements cannot be done to a new project which was not part of the approved capital budget. Any other transfer of funds or requests for new allocations must be done through an adjustments budget and approved by Council.
- 10.2 Virements can be done on conditional grant funded projects; provided that there is a written agreement by the said funder.
- 10.3 All requests must be in writing on the prescribed form in Appendix B and must be properly authorised by the responsible Manager, General Manager and the Chief Financial Officer.

11. REVIEW OF POLICY

This Policy will be reviewed once annually during the Annual Budget Process.

12. COMPLIANCE AND ENFORCEMENT

- a. Violation of or non-compliance with this Policy may give a just cause of disciplinary steps to be taken.

- b. It will be the responsibility of Accounting Officer to enforce compliance with this Policy.

13. EFFECTIVE DATE

This Policy shall come to effect upon approval by Council of Ugu District Municipality.

14. POLICY ADOPTION

This Policy has been considered and approved by the **COUNCIL OF UGU DISTRICT MUNICIPALITY** as follows:

Resolution No:.....

Approval Date:.....

UGU DISTRICT MUNICIPALITY

OTHER DEPARTMENTS - DRAFT CAPITAL BUDGET 2017/2018

P342

Capital Item	Department	Total Amount	SOURCE OF FUNDING	
			Internal Funds	Other Grants
COMPUTER EQUIPMENT				
mSCOA System Implementation (Phase 2)	020-060-000-000-000	R 3 000 000	3 000 000	
Generators x 2 (Connor, Harding)	ICT - CS	R 1 100 000	1 100 000	
Tape Library for Production Environment	ICT - CS	R 350 000	350 000	
Disaster Recovery Storage	ICT - CS	R 500 000	500 000	
Odometre for noise pollution	IED: Environmental Manag	R 300 000	300 000	
PM10 monitor	IED: Environmental Manag	R 350 000	350 000	
Replacement of assets from insurance pay outs	020-060-000-000-000	R 1 008 975	1 008 975	
FURNITURE AND EQUIPMENT				
Furniture (Beds, cupboards, chairs, equipment) for Disaster Fire tender building	DM - CS	R 200 000	200 000	
OHS Safety Equipment	HR - CS	R 200 000	200 000	
Chairs	AUX - CS	R 200 000	200 000	
Office desks	AUX - CS	R 150 000	150 000	
MOTOR VEHICLES				
Vehicle Fleet Replacement	FLEET - CS	R 10 000 000	10 000 000	
1 TLB's	FLEET - CS	R 1 250 000	1 250 000	
2 X WATER TANKER TRUCKS (1 x roll back)	FLEET - CS	R 3 500 000	3 500 000	
BUILDINGS AND STRUCTURES				
Property Transfers Project	010-010-000-000-000	R 1 000 000	1 000 000	
Disaster Management Building	DM - CS	R 8 000 000	8 000 000	
Oslo Beach Phase 3	AUX - CS	R 10 000 000	10 000 000	
Canteen & Toilet for Connor Street and ground floor	AUX - CS	R 500 000	500 000	
Fleet workshop & garage earthworks	AUX - CS	R 1 700 000	1 700 000	
Improvement various areas (including stores)	AUX - CS	R 8 500 000	8 500 000	
Total		R 51 808 975	51 808 975	0

UGU DISTRICT MUNICIPALITY

WATER - DRAFT CAPITAL BUDGET 2017/2018

Capital Item	Total Amount	OLD OR NEW PROJECTS	SOURCE OF FUNDING		
			Internal Funds	Other Grants	MIG Grant
MOTOR VEHICLES (5)					
1 x mini excavators with trailers area south	1 000 000		1 000 000		
WATER INFRASTRUCTURE					
M&E Replacement of aged infrastructure	7 000 000		7 000 000		
Static tanks and stands	1 000 000		1 000 000		
Safety Equipment water plants	1 500 000		1 500 000		
Equipment for Cleaning of Reservoirs	900 000		900 000		
WATER INFRASTRUCTURE (RBIG)					
WATER INFRASTRUCTURE (WSIG)					
Gamalakhe	5 000 000	Old		5 000 000	
Maphumulo C	15 000 000	Old		15 000 000	
NFW	30 372 000	Old		30 372 000	
WATER INFRASTRUCTURE (MIG)					
Kwaxolo Water Supply: Reticulation	R4 000 000	Old			4 000 000
KwaXolo bulk water supply project	R3 000 000	Old			3 000 000
Mhlabatshane Regional Water Supply Scheme	R10 000 000	Old			10 000 000
Untamvuna Water Works Raw Water Upgrade	R20 000 000	Old			20 000 000
Harding Weza Regional Bulk Water Supply Planning (Dam)	R35 000 000	Old			35 000 000
Harding Weza Regional Bulk Water Supply Planning (Bulk)	R7 500 000	Old			7 500 000
Umzimkhulu Bulk Water Augmentation Scheme Stage	R10 500 000	Old			10 500 000
Masinenge Bulk Water and Sanitation Project	R5 500 000	Old			5 500 000
Msikaba and Surrounds Water Supply Scheme	R5 000 000	Old			5 000 000
Unizinto Slum Clearance: Farm Isontl Low cost Housing Water and Sa	R10 000 000	Old			10 000 000
Water Pipeline Replacements	R33 500 000	Old			33 500 000
Mistake Farm Supply Scheme	R11 479 000	Old			11 479 000
Bulk Water and Sewer Infrastructure for Mazakhele, Harding	R1 500 000	Old			1 500 000
Vulamehlo Cross-Border Water Scheme	R5 000 000	Old			5 000 000
KwaLembe Bulk Water Extension	R2 500 000	Old			2 500 000
KwaNyuswa	R2 500 000	Old			2 500 000
Total	228 751 000		11 400 000	50 372 000	166 979 000

UGU DISTRICT MUNICIPALITY
SANITATION - DRAFT CAPITAL BUDGET 2017/2018

	Total Amount	OLD OR NEW PROJECTS	SOURCE OF FUNDING		
			Internal Funds	Other Grants	MIG Grant
SANITATION INFRASTRUCTURE					
M&E Replacement of aged infrastructure	R 7 500 000		7 500 000		
Safety Equipment sanitation plants	R 500 000		500 000		
Umbango WWTW ultrasonic flow meter	R 200 000		200 000		
Umbango WWTW Aerators	R 1 400 000		1 400 000		
Umbango WWTW dissolved oxygen probe	R 200 000		200 000		
Umbango WWTW Sludge wasting unit	R 800 000		800 000		
Umbango WWTW chlorine dosing system replacement	R 600 000		600 000		
Umbango WWTW Choline contact tank	R 1 200 000		1 200 000		
Umbango WWTW Upgrade scum removal system	R 200 000		200 000		
Margate WWTW Air blowers	R 1 200 000		1 200 000		
Margate WWTW dissolved oxygen probe	R 50 000		50 000		
Margate WWTW additional scum drying beds	R 200 000		200 000		
Margate WWTW standby chlorination system	R 150 000		150 000		
Margate WWTW weight balance scale	R 15 000		15 000		
Margate sewer pump station ventilation systems	R 200 000		200 000		
Shelly Beach WWTW Mechanical bar screens	R 300 000		300 000		
Shelly Beach WWTW Phase 1 aerator	R 500 000		500 000		
Shelly Beach WWTW dissolved oxygen probe	R 20 000		20 000		
Gamalakhe WWTW storm attenuation pond return pumps	R 200 000		200 000		
Gamalakhe WWTW scum board	R 500 000		500 000		
Gamalakhe WWTW humus pipeline replacement	R 200 000		200 000		
Ramsgate WWTW dissolved oxygen probe	R 50 000		50 000		
Ramsgate WWTW Axonic zone mixer	R 200 000		200 000		
Ramsgate WWTW Chlorination system	R 300 000		300 000		
Palm Beach WWTW replacement of aged handrails	R 100 000		100 000		
Palm Beach WWTW dissolved oxygen probes	R 50 000		50 000		
Red Desert WWTW replacement of aged handrails	R 20 000		20 000		
Red Desert WWTW dissolved oxygen probes	R 50 000		50 000		
Red Desert WWTW Sodium Hypo dosing facility	R 60 000		60 000		
Melville WWTW sodium hypo disinfection system	R 50 000		50 000		
Pennington WWTW mechanical cleaned screens	R 400 000		400 000		
Pennington WWTW Screen wash launder	R 20 000		20 000		
Pennington WWTW dissolved oxygen probes	R 20 000		20 000		
Pennington WWTW sodium hypo dosing unit	R 20 000		20 000		
Scottburgh WWTW PST 1 bridge	R 635 000		635 000		
Scottburgh WWTW penstock gates and sleeves	R 60 000		60 000		

Scottburgh WWTW MCC room elevation	R 100 000		100 000		
Scottburgh WWTW extension of bioreactor walls	R 200 000		200 000		
Scottburgh WWTW dissolved oxygen probe	R 50 000		50 000		
Scottburgh WWTW clarifier 1 bridge replacement	R 600 000		600 000		
Scottburgh WWTW standby pump	R 300 000		300 000		
Scottburgh WWTW flowmeter	R 50 000		50 000		
Scottburgh WWTW automated chlorine dosing system	R 300 000		300 000		
Scottburgh WWTW primary digester recirculation pipeline	R 10 000		10 000		
Scottburgh WWTW digested sludge standby pump	R 30 000		30 000		
Umzinto WWTW dissolved oxygen probe	R 50 000		50 000		
Umzinto WWTW flow proportion dosing unit	R 80 000		80 000		
KwaMbonwa WWTW division box	R 10 000		10 000		
KwaMbonwa WWTW dissolved oxygen probe	R 50 000		50 000		
SANITATION INFRASTRUCTURE (MIG)					
Malangen Low Cost Housing Project	10 000 000	Old			10 000 000
Sanitation Refurbishment Phase 1 – Port Edward to Park Rynie	10 000 000	Old			10 000 000
Umzinto Waste Water Treatment Works and Outfall Sewers Upgrade and Reticulation	10 000 000	Old			10 000 000
Pennington Waterborne Sanitation Project-Provision of Bulk Sewer & Reticulation	12 500 000	Old			12 500 000
Harding Sanitation Scheme: Phase 3	1 500 000	Old			1 500 000
Margate Sewer Pipeline Replacement	8 000 000	Old			8 000 000
Masinenge/uVongo Sanitation Project	3 500 000	Old			3 500 000
Bhobhoyi/Mkholombe Sanitation	2 000 000	Old			2 000 000
Park Rynie Sanitation	1 500 000	Old			1 500 000
KwaLatshoJa	2 500 000	Old			2 500 000
Total	R 81 500 000		20 000 000	-	61 500 000

R 362 059 975		83 208 975	50 372 000	228 479 000
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278 851 000

UGU BUDGET	R 362 059 975
TOURISM	R 165 329
DEVELOPMENT AGENCY	R 100 000
	R 362 325 304

UGU DISTRICT MUNICIPALITY
MUNICIPAL INFRASTRUCTURE GRANT 2017/2018 ALLOCATION

DETAILS	2017/2018	% Increase
National MIG Allocation	245 479 000	4.96%
Vat Recovered MIG		
Less : Allocated Expenditure	245 479 000	-1.54%
Capital – Sanitation		
Infrastructure Projects	61 500 000	15.45%
Capital – Water	166 979 000	-12.02%
Infrastructure Projects	166 979 000	-12.02%
Operational – Grants	17 000 000	172.15%
Vulamehlo VIP's	Opex – Conditional Grants	#DIV/0!
Umzumbe VIP's	Opex – Conditional Grants	#DIV/0!
Ezinqoleni VIP's	Opex – Conditional Grants	#DIV/0!
uMuziwabantu VIP's	Opex – Conditional Grants	#DIV/0!
Hibiscus Coast VIP's	Opex – Conditional Grants	200.00%
General Operational Expenditure (Prog. Mgt Costs)	2 000 000	60.44%
AVAILABLE	0	0.00%

UGU DISTRICT MUNICIPALITY
EQUITABLE SHARE 2017/2018 ALLOCATION

105% 106%

DETAILS	Revised 2015/2016	Draft 2016/2017	Draft 2017/2018	% Increase
National Equitable Share Allocation	-303 885 000	-320 856 000	-342 776 000	6.8%
Less : Allocated Expenditure	303 327 949	320 856 000	342 776 000	6.8%
<i>Cost of Supplying Free Basic Metered Water</i>				
Free Basic Water – Standpipes	22 206 747	23 317 084	24 716 109	6.0%
Equitable Share 2015/2016 – Water	42 118 204	42 840 966	42 840 966	0.0%
Water Tariff Subsidization	98 464 552	105 887 779	110 980 919	4.8%
Indigent Support	69 438 080	72 909 984	77 284 583	6.0%
Drought Relief and Emergency Water Supply	24 435 163	25 656 921	27 196 336	6.0%
	4 591 309	7 320 875	6 500 000	-11.2%
Water				
Equitable Share 2015/2016 – Sanitation	6 212 451	6 523 073	6 914 458	6.0%
Sanitation Service Subsidization	6 212 451	6 523 073	6 914 458	6.0%
Equitable Share 2015/2016 – Grants	134 325 995	142 287 097	157 323 548	10.6%
Tourism Marketing – Single Tourism Body	6 442 183	6 764 292	7 102 507	5.0%
Tourism Development	5 153 747	5 411 434	5 682 006	5.0%
Development Agency	5 250 000	5 512 500	5 788 125	5.0%
Disaster Management	3 761 856	5 463 948	5 791 785	6.0%
Fire Fighting	3 000 000	1 636 000	1 734 160	6.0%
Environmental Services	16 466 655	17 289 987	18 327 386	6.0%
Local Economic Development Projects	1 671 155	1 754 713	2 104 949	20.0%
Other Operational Expenditure	92 580 400	98 454 223	110 792 630	12.5%
AVAILABLE	-557 051	0	-0	-190%

UGU DISTRICT MUNICIPALITY

TARIFF OF CHARGES 2017/2018 WITH EFFECT FROM 1 JULY 2017 (EXCLUDING VAT)

1. COUNCIL'S CHARGES FOR WATER SUPPLIED TO CONSUMERS

- (a) All consumers with a private water connection will be liable for the payment of a basic cost irrespective if water is supplied or not. The basic cost shall be calculated by multiplying the quota of a consumer by the amount of the basic cost.
- (b) Charges for water supplied shall be calculated by multiplying the consumption of the consumer by the applicable tariff code, by category of consumer.
- (c) The following tariff and basic costs will be implemented on all accounts submitted on or after **1 July 2017** based on the quota as allocated to the meter.

CONSUMPTION CHARGE

1. Properties zoned as Special and General Residential -Category A AND E

	2017/2018	2016/2017	
0 to 6 Kl	Free	Free	
0 – 39kl	12.27	11.47	7.00%
39 – 51kl	19.57	18.29	7.00%
>51kl	22.05	20.61	7.00%

2. Multi unit residential - Estates AND OTHER bulk users

Total Monthly Quota as per Service Level Agreement- Category B

	2017/2018	2017/2017	
For water consumption	8.69	8.12	7.00%
For water drawn in excess of quota	22.10	20.65	7.00%

3. Commercial, Industrial or other- Category C

For water consumption up to quota	12.27	11.47	7.00%
For water drawn in excess of quota	24.52	22.94	7.00%

4. Special Category - Category D

Basic to be determined as per Service Level Agreement
Water Consumption determined as per Service Level Agreement

BASIC CHARGE**Category A to D**

- (d) A monthly basic charge per kilolitre quota (or part thereof) per day which cost shall be paid at Council's option by the consumer and/or legal owner of the property serviced by the meter – R156.81 (R **146.55** (2016/2017))
Consumers residing in areas currently categorised as rural areas by the municipality will receive a 75% rebate on the basic charge.

Category E

- (e) A monthly basic charge per kilolitre quota of **0.71 kilolitres** per day, which cost shall be paid at Council's option by the consumers residing in areas currently categorised as sub-economic by the municipality–**R105.41**(2016/2017: **R98.51**)

- (f) **Water and Sanitation Basic Charges- other**

Category	Adjusted billing to
Schools	One Basic per meter + Charge per Kilolitre
Religious institutions & non-profit organisations	One Basic per meter + Charge per Kilolitre
Industrial	Calculated Quota
Category E	Sub-economic
Category F	Indigent

2. **COUNCIL'S CHARGE FOR A NEW WATER AND SANITATION CONNECTION**

2.1 WATER

SIZE	2018/2017	2016/2017	% Increase
15 mm [Other]	3,011.26	2,814.26	7.00%
20 mm	5,454.71	5,097.86	7.00%
25 mm	7,073.93	6,611.15	7.00%
40 mm	11,064.66	10,340.80	7.00%
SIZE		Deposit Required	
50mm	Cost plus 10%	12000.00	
75mm	Cost plus 10%	13000.00	
100mm	Cost plus 10%	14000.00	
50mm combination	Cost plus 10%	16000.00	

2.2 SANITATION

SIZE	2017/2018	2016/2017	% Increase
110mm standard connection, 6m from the boundary of the property to be connected	1,919.27	1,793.71	7.00%
160mm Standard connection 6m from the boundary of the property to be connected	2,468.74	2,307.23	7.00%
SIZE	2017/2018	2016/2017	
110mm under gravel, situated more than 6m from boundary of the property to be connected	Cost plus 10%	Cost plus 10%	
160mm under gravel, situated more than 6m from boundary of the property to be connected	Cost plus 10%	Cost plus 10%	
110mm under tarmac road, situated more than 6m from boundary of the property to be connected	Cost plus 10%	Cost plus 10%	
160mm under tarmac road, situated more than 6m from boundary of the property to be connected	Cost plus 10%	Cost plus 10%	

3. COUNCIL'S CHARGES FOR MISCELLANEOUS SERVICES

	SERVICE	2017/2018	2016/2017	% INCREASE
1.	Testing water meters 15 mm and 20 mm	1,237.79	1,156.81	7.00%
2.	Reconnection/Requested Disconnection of supply	261.23	244.14	7.00%
3.	Reconnection of supply outside working hours	1,139.30	1,064.77	7.00%
4.	Restriction (Credit control)	267.59	250.08	7.00%
5.	Disconnection (Credit control)	624.37	583.52	7.00%
6.	Special meter readings	891.93	833.58	7.00%
7.	Inspection of leaks in terms of Section 23(c)	1,190.56	1,112.67	7.00%
8.	Any other service			
9.	For water drawn from an unmetered point of supply per hour or part thereof	909.79	850.27	7.00%
10.	For water drawn from a hydrant standpipe	12.27/kl	11.47/kl	7.00%
11.	Availability charge per fire hydrant standpipe	94.01 per month per fire hydrant	87.86 per month per fire hydrant	7.00%

12.	Water supplied by tanker less/equal to 6kl	1,286.61	1,202.44	7.00%
13.	Plan approval fee	283.06	264.54	7.00%
14.	Inspection Fee per visit	576.08	538.39	7.00%
15.	Clearance Certificates	297.51	278.05	7.00%
16.	Drainage Certificate Fee	233.93	218.63	7.00%
17.	Application in terms of New Planning Act	2,909.50	2,719.16	7.00%
18.	Town Planning Applications	283.06	264.54	7.00%
19.	Miscellaneous charges	Cost + 10%	Cost + 10%	7.00%
20.	Administration fee/ Town Planning related matters	229.15	214.16	7.00%
21.	Administration fee/ Town Planning related matters	576.08	538.39	7.00%

4. **WATER AVAILABILITY CHARGE** for the year 2017/2018 raised in terms of Section 10G(7) of the Local Government Transitional Act, and the regulations framed in terms of Section 47 of the Ordinance 27/63, the Council levy a uniform **WATER RATE** as set out hereunder, on all land subject to such rate, within local authority areas and townships within the defined areas of the former Lower South Coast and Umzinto Regional Water Services Corporations, for the financial year ending **30 June 2018**:

A UNIFORM CHARGE OF R1,881.78 (2016/2017: R1,758.67) PER YEAR PER RATED LOT IRRESPECTIVE OF AREA

The final date for payment of such charge shall be **30 NOVEMBER 2017**.

5. **COUNCIL'S CHARGES FOR SANITATION SERVICES**

		2017/2018	2016/2017	% INCREASE (DECREASE)
5.1	Waterborne Sanitation (All Areas) Residential Basic Charge (per unit / per property) Charge per kilolitre (water consumption) Conservancy with a Main line facility to Pay 2 x basic fee <u>Industrial/ Commercial</u> Basic Charge (per quota) Charge per kilolitre	269.16 3.82 538.30	269.16 3.57 538.30	0.00% 7.00% 0.00%
	For any sewage effluent delivered to the sewerage works for processing, per kilolitre or part thereof	28.67	26.79	7.00%
5.3	Conservancy Tank Clearances (All Ugu) Residential Basic Charge (per unit/ per property) Charge per kilolitre(water consumption) SINGLE RESIDENTIAL UNITS ▪ FIRST LOAD 100% OF APPROVED TARIFF - ▪ SECOND LOAD 70% OF APPROVED	269.16 3.82 398.49	269.16 3.57 372.42	0.00% 7.00% 7.00%

		2017/2018	2016/2017	% INCREASE (DECREASE)
	TARIFF-	278.94	260.69	7.00%
	▪ THIRD LOAD AND MORE 50% OF APPROVED	199.24	186.21	7.00%
	ON CONDITION THAT THERE IS A SPLIT OF GREY AND BLACK WATER As approved by a municipal inspector			
	Industrial/Commercial			
	Basic Charge(per quota)			
	Charge per kilolitre	269.16	269.16	0.00%
	<i>Conservancy tank customers will receive one load per month included in the basic charge tariff</i>	3.82	3.57	7.00%
5.4	Adhoc Vacuum tanker services (All Ugu) For each draw requested	543.78	508.21	7.00%
5.5	Removal of conservancy tank effluent: - - For the removal of conservancy effluent per load or part thereof after normal office hours (Monday to Friday). An applicant for the supply of a conservancy service shall pay a deposit equivalent to the rand value of the number of estimated additional monthly draws anticipated.	2,254.65	2,107.15	7.00%
5.6	1) Conservancy tank additional draws are performed on a cash basis, unless there is a consumer account reflecting an appropriate deposit. 2) Conservancy tank draws shall be performed within 48 hours of request and/or confirmation of receipt of monies. 3) It is the responsibility of the person requesting a draw to get a reference number for follow-up queries.	546.34 382.44 273.18	510.60 357.42 255.31	7.00% 7.00% 7.00%
5.7	Septic Tank Charge: - Umdoni Municipality - Per Draw Provided: i) The septic tank must be located and exposed by the owner. ii) The effluent in the septic tank must be liquefied by the owner. iii) The septic tank must be accessible for removal. This service is performed on a cash basis only.	1,433.12	1,339.36	7.00%
5.8	Leachate Removal Charge: - Umdoni Municipality - Per Draw	257.26	240.43	7.00%

6. Tariff of charges for GIS Copies of Maps – all prices excl vat

Size	Colour Copy		Black and White Copy		Standard photo Copy		% Increase / (Decrease)
	2017 / 2018	2016 / 2017	2017 / 2018	2016 / 2017	2017 / 2018	2016 / 2017	
AO	292.31	273.19	146.15	136.59		-	7.00%
A1	219.23	204.89	109.61	102.44		-	7.00%
A2	146.15	136.59	68.29	68.29		-	7.00%
A3	86.86	81.18	43.84	40.97	7.30	6.82	7.00%
A4	73.07	68.29	36.53	34.14	2.92	2.73	7.00%
Electronic Soft copy on CD	73.07	68.29				-	7.00%
Images (per MB)	59.66	55.76	36.53	34.14			7.00%

7.1 CAPITAL CONTRIBUTIONS FOR 2017/2018

Capital contribution shall be based on the actual demand and actual current cost that each development requires as calculated by a registered Civil Engineer and agreed to by Ugu Water Services Authority. The design shall be in terms of the Guidelines for Engineering Services and the National Building Regulations (SANS 0400).
Failing to submit an Engineers report the following will apply:

SANITATION**COST PER QUOTA**

OUTFALL SEWER/PUMPING MAIN		R 7 884.00
WASTE WATER TREATMENT WORKS		R 7 489.80
TOTAL		R 15 373.80
ONE QUOTA = 1000 LITERS		
WATER		COST PER QUOTA
NETWORK		
DAM		R 2 299.50
SUPPLY PIPELINE		R 2 089.26
PUMPSATION		R 2 969.64
RESERVOIR		R 2 233.80
WATER PURIFICATION WORKS		R 2 759.40
TOTAL		R 12 351.60
ONE QUOTA = 1000 LITERS		

CONTRIBUTIONS

		WATER QUOTA	SANITATION QUOTA
RESIDENTIAL 1			
SUB ECONOMIC (250 TO 400)		0.25	0.20
LOW (401 TO 700M ²)		0.60	0.50
MIDDLE (701 TO 900 M ²)		0.80	0.65
HIGH (901 TO 2000)		1.00	1.00
GRANNY FLAT		0.50	0.40
RESIDENTIAL 2 AND 3			
LOW (30 TO 60 M ²)		0.60	0.50
MIDDLE (61 TO 200 M ²)		0.80	0.65
HIGH (201 TO 500)		1.00	1.00
RESIDENTIAL 4 (HIGH RISE)		1.00	1.00
LOW (30 TO 50 M ²)		0.45	0.40
MIDDLE (51 TO 80 M ²)		0.60	0.50
HIGH (81 TO 200 M ²)		0.75	0.70
OFFICE /100M²		0.40	0.40
SHOPS/100M²		0.40	0.40
	WATER QUOTA		SANITATION QUOTA
CLINIC/BED		0.25	0.25
RETIREMENT VILLAGE/PERSON			
FRAIL CARE/PERSON		0.25	0.25
BEDSITTER/PERSON		0.25	0.25
UNITS/UNIT		0.50	0.50
HOSTELS/PUPIL		0.15	0.15
CRECHE/PUPIL		0.02	0.02
SCHOOLS/PUPIL		0.02	0.02
HOSPITAL/BED		0.25	0.25
RESTAURANT/SEAT		0.09	0.09
WAREHOUSE/ VEHICLE SHOWROOM(EXCL. OFFICE) /100 M²		0.20	0.20
INDUSTRIAL(EXCL.OFFICE) /100M²		0.40	0.40
CARAVAN PARK/SITE		0.60	0.5
CONFERENCE CENTRE/HALL / PER SEAT		0.09	0.09
GOLF ESTATE /HECTARE		5.00	0.00
SERVICE STATION/WORKSHOP/100M²		0.40	0.40
B&B AND GUESTHOUSE/LODGE/ROOM		0.60	0.50
HOTEL/ROOM		0.60	0.60
CHURCH/RELIGIOUS INSTITUTIONS		1.00	1.00
HALLS AND CLUB HOUSES		1.00	1.00
CAR WASH		7.68	7.68

QUOTA		
	WATER QUOTA	SANITATION QUOTA
RESIDENTIAL 1		
SUB ECONOMIC (250 TO 400)	0.20	0.20
LOW (401 TO 700M ²)	0.5	0.40
MIDDLE (701 TO 900 M ²)	0.7	0.6
HIGH (901 TO 2000)	1.0	1.0
GRANNY FLAT	0.5	0.4
RESIDENTIAL 2 AND 3		
LOW (30 TO 60 M ²)	0.6	0.50
MIDDLE (61 TO 200 M ²)	0.8	0.6
HIGH (201 TO 500)	1.00	1.00
RESIDENTIAL 4 (HIGH RISE)		
LOW (30 TO 50 M ²)	0.4	0.40
MIDDLE (51 TO 80 M ²)	0.6	0.50
HIGH (81 TO 200 M ²)	0.80	0.70
OFFICE / 100M²	0.4	0.40
SHOPS/ 100M²	0.4	0.40
		SANITATION QUOTA
CLINIC/ BED	0.2	0.2
RETIREMENT VILLAGE/ PERSON		
FRAIL CARE/ PERSON	0.2	0.2
BEDSITTER/ PERSON	0.2	0.2
UNITS/ UNIT	0.5	0.50
HOSTELS/ PUPIL	0.16	0.15
CRECHE/ PUPIL	0.02	0.02
SCHOOLS/ PUPIL	0.02	0.02
HOSPITAL/ BED	0.2	0.2
RESTAURANT/ SEAT	0.10	0.09
WAREHOUSE (EXCL. OFFICE) / 100 M²	0.1	0.10
INDUSTRIAL (EXCL. OFFICE) / 100M²	0.3	0.20
CARAVAN PARK/ SITE	0.4	0.4
CONFERENCE CENTRE/ SEAT	0.10	0.09
GOLF ESTATE / HECTARE	5.35	0.00
SERVICE STATION/ WORKSHOP/ 100M²	0.2	0.2
B&B AND GUESTHOUSE/ LODGE/ ROOM	0.5	0.4
HOTEL/ ROOM	0.5	0.4
CHURCH/ RELIGIOUS INSTITUTIONS	1.0	1.00

7.2 QUOTA

Quota can be bought at the rate (tariff) applicable when the development was constructed.

7.3 NUMBER OF BASIC CHARGES

Number of Basic charges shall be based on the actual number of units for each property. The number of basic charges shall be calculated as per the Guidelines for Engineering Services and based on the number of units, unit size and consumption per unit.

8. INDUSTRIAL EFFLUENT CHARGES

- The charges payable by the owner or occupier, as the case may be, of the manufacturing premises for the use of the Council's sewers in respect of the discharge and conveyance therein of trade effluent from the manufacturing premises, including the use of the Council's sewage purification works for purification of the trade effluent, shall be determined in accordance with the provisions of this by-law. Accounts will be rendered as soon as possible after each period of six months ending on 31st December, or 30th June of each year and shall apply to such periods. Where during any such six monthly period there has been a change of ownership or occupancy necessitating an apportionment of the amount due to the Council, the Council will apportion the amount between the parties concerned in a manner proportionate to the quantity of trade effluent discharged during the relevant respective periods of ownership or occupancy. Nothing herein shall be construed as preventing the Council from submitting accounts on a monthly basis should such practice be considered more expedient by the Council.

The General Manager: Water Services may base the trade effluent charge as described in paragraph (p) section (a), on the highest COD of one, or more samples collected from the trade effluent sampling point.

The charge to be levied by the General Manager: Water Services in respect to trade effluent discharged into its sewers from manufacturing premises shall be assessed in accordance with the following formula: -

$$R = A + ((\text{COD}/1000) \times B)$$

WHERE

- R is the rate in cents per kilolitre due to the Council.
- A is the basic carriage tariff expressed in cents per kilolitre, determined annually in advance by the Council. The value of A is R 6.05 (7.00%)
- B is the basic treatment tariff expressed in cents per kilogram of COD, determined annually in advance by the Council. The value of B is R0.57 (7.00%)
- COD is the chemical oxygen demand value expressed in milligram of COD per litre of effluent recorded in snap samples of effluent collected as and when deemed fit by the General Manager: Water Services.

The charges payable by the owner or occupier will also include any other charges as may be applicable.

- A copy of the methods of chemical analysis and testing procedures used to determine the COD for the purpose of calculating the charge equation described above shall be kept available by the General Manager: Water Services for inspection by the owner or occupier of any premises concerned. The method of chemical

analysis will in all respects follow the STANDARD METHODS FOR WATER ANALYSES published by the SOUTH AFRICAN BUREAU OF STANDARDS being SABS METHOD 1048 – CHEMICAL OXYGEN DEMAND OF WATER.

- In the absence of any direct measurement, the quality of trade effluent discharged into the Council's sewers from any particular manufacturing premises during any period shall be estimated and determined by the General Manager: Water Services by reference to the quantity of water consumed on such premises during such period. The quantity of water consumed on such premises shall be determined by reference to the Council's water meters in the case of water obtained from the Council and by meter or by calculation in the case of water obtained from any other source, including water emerging from material processed on the premises. In determining the quantity of trade effluent so discharged, due allowance shall be made for the quality of water which it is estimated is used for domestic purposes including gardening on such premises or any other purpose not resulting in the discharge of trade effluent and for water lost by reaction or evaporation during any processes on the manufacturing premises concerned and for water present in the final products or materials produced on such premises and, generally, the District Municipality shall take into consideration such matters as will enable it to estimate for the purpose of the by-laws the quantity of trade effluent discharged as aforesaid during any given period.

Industries linked to water borne sewer will be liable for the sanitation basic fee and charges per kilolitre as per charges set, over and above the industrial effluent charge, based on the calculated quota.

9. **ACCEPTANCE OF SEWAGE DELIVERED BY ROAD HAULAGE**

Description	2017/2018	2016/2017
	R	R
The charges for any sewage delivered for disposal to any Council facilities shall be assessed by an authorised officer in accordance with the prescribed tariff of charges:		
(a) Disposal of trade effluent from within the Council's area of jurisdiction delivered by private road tanker to Council facilities		
Per tanker load	R630.01	R588.79
(b) Disposal of trade effluent from without the Council's area of jurisdiction delivered by private road tanker to Council facilities		
Per tanker load	R1,130.31	R1,056.36
(c) Disposal of domestic effluent from within or without the Council's area of jurisdiction to Council facilities		
(i) delivered by private road tanker per kilolitre, measured as the nominal carrying capacity, of the tanker	R188.38	R176.06
(ii) delivered by private road haulage in drums per drum of capacity not exceeding 150 litres	R37.67	R35.21

10. **TARIFFS FOR INSTALLATION OF BASE TELECOMMUNICATION STATIONS**

The MONTHLY tariffs for the new installation and the renewal of existing leases of base telecommunication stations on municipal property shall be as per the below mentioned tariff of charges:

- R6,039.33 (R5,644.23) on property with an existing structure.
Tower erected on Municipal land (a Greenfield site)
- R3,019.66 (R2,822.11) for Co-Locators (Sub-leases)

Billed to the main lessee, applicable to new leases signed or renewed after 1 July 2012

-R1,207.87 (R1,128.85) for antennae's with no base stations

Dependant on technical criteria, frequency emissions and site size being no greater than 5m2

It should be noted that for a single installation, a lease agreement will be entered into with one service provider. In the event of co-use of telecommunications masts by cellular network providers, the primary service provider with whom the municipality entered into lease agreement will be responsible for the account.

11. OFFENCES AND PENALTIES

Any offences and/or penalties raised by the municipality shall be affected as per Part 7 (General Provisions), clause 34, of the Gazetted Water Services Bylaws, as adopted in terms of Section 21 of the Water Services Act, Act No. 108 of 1997.

12. SPORTFIELDS AND MULTI – COURTS TARIFFS 2016/2017

The municipal has leased out the Ugu Sports and Leisure Centre to Cyassound Holdings for a period of 5 years ending 28 February 2020. The tariffs for the use of the facility will be determined by the lessor until the expiry of the lease contract.

13. PROMOTION OF ACCESS TO INFORMATION ACT (PAIA) SCHEDULE OF FEES

(Act No. 2 of 2000)[Regulation 6]

A request for access to a record, as contemplated in Section 18(1) of the Act, must be made in the form of Form A – PAIA REQUEST FOR ACCESS TO RECORD.

1. FEE STRUCTURE

Fees chargeable for the records of Ugu District Municipality;

A.	REPRODUCTION FEES	
1.	For every photocopy of an A4 Size page or part thereof	R0.88
2.	For every printed copy of an A4 size page or part thereof held on a computer in electronic or machine readable form	R0.62
3.	For a copy in a computer readable form on;	
3.1	Compact Disc (CD)	R57.93
3.2	Digital Video Disk (DVD)	R57.93
4.		
4.1	For transcription of visual images for an A4 size page or part thereof	R31.86
4.2	For a copy of visual images	R91.70
5.		
5.1	For a transcription of an audio record, for an A4 size page or part thereof	R18.33
5.2	For a copy of an audio record	R24.62
6.	The request fee payable by every requested, other than a personal requestor referred to in	R50.66

	section 22(1) of the Act	
B.	ACCESS FEES	
	Access fees payable by a requester referred to in section 22(7) of the Act, unless exempted under section 22(8) of the Act	
1.	For every photocopy of an A4 Size page or part thereof	R0.88
2.	For every printed copy of an A4 size page or part thereof held on a computer in electronic or machine readable form	R0.62
3.	For a copy in a computer readable form on;	
3.1	Compact Disc (CD)	R57.93
3.2	Digital Video Disk (DVD)	R57.93
4.		
4.1	For transcription of visual images for an A4 size page or part thereof	R31.86
4.2	For a copy of visual images	R86.87
5.		
5.1	For a transcription of an audio record, for an A4 size page or part thereof	R17.38
5.2	For a copy of an audio record	R24.62
6.	To search for the record for disclosure, excluding the first hour, reasonably required time for such a search.	R21.71 per hour or part of an hour

COUNCIL'S TARIFF OF CHARGES FOR ATMOSPHERIC EMISSIONS LICENCE PROCESSING

- (a) All activities listed in terms of section 21 of the NEM-Air Quality Management Act (Act no. 39 of 2004) and Section 6 of Ugu District Municipality Air Quality Management by-law will be subject to the payment of an AEL processing fee.
- (b) The cost shall be calculated by using the AEL processing fee calculator which is prescribed by Ugu District Municipality with due consideration given to a myriad of factors.
- (c) The fee shall be implemented on all AEL applications submitted to the Air Quality Officer (AQO) for scrutiny and approval.

EXISTING AEL FEE BANDS

APPLICATION BANDS	BAND SIZE		FEE SCHEDULE (R)/YEAR
Band 1	0	13	4,808.90
Band 2	14	21	12,022.25
Band 3	22	40	19,235.60
Band 4	41	60	26,448.96
Band 5	61	80	72,133.52
Band 6	81	100	96,178.02

UGU DISTRICT MUNICIPALITY
NEW ATMOSPHERIC EMISSIONS LICENCE (AEL) FEES 2017/18 FOR POST 2013 (NEW) AELS

Number of 21 listed activities	New application	Review	Renewal	Transfer	Service fee (consideration of annual reports)	Penalty for late submission of annual report
1 unit of listed activities	20 000	10 000	10 000	10 000	5 000	10% of the outstanding amount
2 to 5 units of listed activities	50 000	25 000	10 000	10 000	12,500	10% of the outstanding amount
6 to 10 units of listed activities	100 000	50 000	10 000	10 000	25 000	10% of the outstanding amount
11 and more units of listed activities	400 000	200 000	10 000	10 000	200 000	10% of the outstanding amount

Ugu District Municipality

Quality Certificate

I **Dhanpalan Devaraj Naidoo, Municipal Manager of Ugu District Municipality** hereby certify that the annual budget 2017/2018 and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality

Name:

DHANPALAN DEVARAJ NAIDOO

Municipal Manager of Ugu District Municipality- DC21

Signature:

D. Naidoo

Date:

25/5/17

UGU DISTRICT MUNICIPALITY**EXTRACT FROM THE DRAFT MINUTES OF THE MEETING OF THE
UGU DISTRICT MUNICIPAL COUNCIL HELD ON 25 MAY 2017****9.4 Ugu South Coast Tourism Entity: Draft Budget 2017/18**

Ms Ludick took members through the item.

Following which,

It was

RESOLVED:

That the Draft Budget of the Ugu South Coast Tourism Entity for the financial year 2017/2018 be and is hereby **APPROVED**, as set out in the following schedules;

- Table D1 – Budget Summary;
- Table D2 – Budget Financial Performance;
- Table D3 - Capital Budget by Vote and Funding;
- Table D4 – Budget Financial Position;
- Table D5 – Budget Cash Flow; and
- Other Supporting Table (Table SD4-SD11).

CERTIFIED A TRUE COPY OF THE ORIGINAL



VP TSAKO

GENERAL MANAGER: CORPORATE SERVICES

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Municipal annual budgets and MTREF & supporting tables

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national treasury

 Department
National Treasury
REPUBLIC OF SOUTH AFRICA

Contact details:

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National Treasury
Tel: (012) 315-5534
Electronic documents: lgdocuments@treasury.gov.za
Queries on formats: lgdataqueries@treasury.gov.za

Ugu South Coast Tourism (Pty) Ltd - Table D1 Budget Summary

Description	2013/14	2014/15	2015/16	Current Year 2016/17			Medium Term Revenue and Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousands									
Financial Performance									
Property rates	-	-	-	-	-	-	-	-	-
Service charges	-	-	-	-	-	-	-	-	-
Investment revenue	118	342	480	468	613	613	613	643	676
Transfers recognised - operational	11 680	12 963	13 981	15 307	19 588	19 588	19 145	16 778	17 617
Other own revenue	878	937	772	2 975	4 268	4 268	1 775	3 542	2 345
Total Revenue (excluding capital transfers and contributions)	12 675	14 242	15 233	18 750	24 469	24 469	21 534	21 064	20 637
Employee costs	3 593	3 819	4 087	5 342	5 311	5 311	6 963	7 381	7 823
Remuneration of Board Members	108	154	156	234	234	234	638	676	717
Depreciation and debt impairment	230	26	18	50	-	-	-	-	-
Finance charges	-	-	-	2	1	1	1	1	1
Materials and bulk purchases	-	-	-	-	-	-	-	-	-
Transfers and grants	-	-	-	-	-	-	-	-	-
Other expenditure	7 380	7 521	7 870	12 583	18 669	18 669	14 767	12 833	11 914
Total Expenditure	11 312	11 520	12 130	18 210	24 214	24 214	22 368	20 890	20 455
Surplus/(Deficit)	1 363	2 722	3 103	540	255	255	(835)	174	182
Transfers recognised - capital	(73)	(209)	(57)	(540)	(255)	(255)	(165)	(174)	(182)
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	1 291	2 513	3 046	-	(0)	(0)	(1 000)	0	(0)
Taxation	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	1 291	2 513	3 046	-	(0)	(0)	(1 000)	0	(0)
Capital expenditure & funds sources									
Capital expenditure	143	209	41	540	255	255	165	174	182
Transfers recognised - capital	-	-	-	-	-	-	-	-	-
Public contributions & donations	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	143	209	41	540	255	255	165	174	182
Total sources of capital funds	143	209	41	540	255	255	165	174	182
Financial position									
Total current assets	5 383	12 581	15 390	11 243	11 078	11 078	6 205	9 805	9 315
Total non current assets	655	650	553	1 704	1 418	1 418	5 888	2 325	2 431
Total current liabilities	1 232	1 534	1 142	1 264	1 264	1 264	610	610	948
Total non current liabilities	-	-	-	-	-	-	-	-	-
Community wealth/Equity	4 806	11 698	14 801	11 683	11 233	11 233	11 483	11 520	10 799
Cash flows									
Net cash from (used) operating	(456)	3 376	2 850	1 349	13 080	13 080	(610)	(9 339)	(4 260)
Net cash from (used) investing	(137)	(209)	(41)	(540)	(1 376)	(1 376)	(165)	(174)	(182)
Net cash from (used) financing	-	-	-	-	-	-	-	-	-
Cash/cash equivalents at the year end	7 518	10 685	13 494	14 303	25 198	25 198	24 422	14 910	10 468

Ugu South Coast Tourism (Pty) Ltd - Table D2 Budgeted Financial Performance (revenue and expenditure)

[illegible]

Ugu South Coast Tourism (Pty) Ltd - Table D3 Capital Budget by vote and funding

Vote Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			Medium Term Revenue and Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousands	1									
Multi-Year expenditure										
<i>Insert programme/projects description</i>										
Capital multi-year expenditure sub-total	2	-	-	-	-	-	-	-	-	-
Single Year expenditure										
Intangibles		13	14	7	20	21	21	22	23	24
Computer Equipment		17	35	28	60	77	77	80	84	69
Office Furniture & Equipment		113	99	6	60	60	60	63	66	89
Vehicle					250	-	-			
Kiosks					150	97	97			
Container			61		-	-	-			
Signage						-	-			
Capital single-year expenditure sub-total	2	143	209	41	540	255	255	165	174	182
Total Capital Expenditure	4	143	209	41	540	255	255	165	174	182
Funded by:										
National Government										
Provincial Government										
Parent Municipality										
District Municipality										
Transfers recognised - capital		-	-	-	-	-	-	-	-	-
Public contributions & donations	6									
Borrowing	3									
Internally generated funds		143	209	41	540	255	255	165	174	182
Total Capital Funding	4	143	209	41	540	255	255	165	174	182

References

1. Municipalities may choose to appropriate for capital expenditure for three years or for one year (if one year appropriation projected expenditure required for yr2 and yr3).
2. Include capital component of PPP unitary payment.
3. Include finance leases and PPP capital funding component of unitary payment
4. Total Capital Funding must balance with Total Capital Expenditure
6. Include contributions from Public Entities; e.g. Eskom

check

Ugu South Coast Tourism (Pty) Ltd - Table D4 Budgeted Financial Position

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			Medium Term Revenue and Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousands										
ASSETS										
Current assets										
Cash		1 767	7	13	2 619	3 189	3 189	3 200	2 800	2 715
Call investment deposits			11 290	13 481	7 688	6 952	6 952	3 000	7 000	6 595
Consumer debtors					-	-	-			-
Other debtors		3 616	1 284	1 896	937	937	937	5	5	5
Current portion of long-term receivables					-	-	-			-
Inventory					-	-	-			-
Total current assets		5 383	12 581	15 390	11 243	11 078	11 078	6 205	9 805	9 315
Non current assets										
Long-term receivables	3				55	55	55	37	37	42
Investments					-	-	-	4 000		
Investment property					-	-	-			
Property, plant and equipment	1	532	626	530	1 436	1 151	1 151	1 616	2 030	2 131
Agricultural assets					-	-	-			
Biological assets					-	-	-			
Intangible assets		123	24	23	213	213	213	235	258	258
Total non current assets		655	650	553	1 704	1 418	1 418	5 888	2 325	2 431
TOTAL ASSETS		6 038	13 232	15 943	12 947	12 497	12 497	12 093	12 130	11 747
LIABILITIES										
Current liabilities										
Bank overdraft										
Borrowing										
Consumer deposits										
Trade and other payables		1 204	1 191	860	1 190	1 190	1 190	500	500	832
Provisions	3	28	343	282	74	74	74	110	110	116
Total current liabilities		1 232	1 534	1 142	1 264	1 264	1 264	610	610	948
Non current liabilities										
Borrowing										
Provisions	3									
Total non current liabilities		-	-	-	-	-	-	-	-	-
TOTAL LIABILITIES		1 232	1 534	1 142	1 264	1 264	1 264	610	610	948
NET ASSETS	2	4 806	11 698	14 801	11 683	11 233	11 233	11 483	11 520	10 799
COMMUNITY WEALTH/EQUITY										
Accumulated Surplus/(Deficit)		4 806	11 697	14 801	11 683	11 233	11 233	11 483	11 520	10 799
Reserves		0	0	0	0	0	0			0
Share capital					0		0	0	0	
TOTAL COMMUNITY WEALTH/EQUITY	2	4 806	11 698	14 801	11 683	11 233	11 233	11 483	11 520	10 799

Ugu South Coast Tourism (Pty) Ltd - Table D5 Budgeted Cash Flow

Description	Ref	2013/14	2014/15	2015/16	Current Year: 2016/17			Medium Term Revenue and Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousands										
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Ratepayers and other		981	727	715	940	2 518	2 518	1 610	1 636	1 679
Government - operating		11 190	13 172	14 039	15 847	19 843	19 843	19 311	18 785	17 799
Government - capital						-	-			
Interest		111	342	480	261	405	405	613	643	676
Dividends						-	-			
Payments	2									
Suppliers and employees		(12 738)	(10 866)	(12 383)	(15 697)	(9 684)	(9 684)	(22 144)	(23 251)	(24 413)
Finance charges		(0)	-	(0)	(2)	(2)	(2)	(1)	(7 151)	(1)
Dividends paid						-	-			
Transfers and Grants						-	-			
NET CASH FROM/(USED) OPERATING ACTIVITIES		(456)	3 376	2 850	1 345	13 060	13 060	(610)	(9 339)	(4 260)
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE		6	-	-						
Decrease (increase) in non-current debtors										
Decrease (increase) other non-current receivables										
Decrease (increase) in non-current investments										
Payments										
Capital assets		(143)	(209)	(41)	(540)	(1 376)	(1 376)	(165)	(174)	(182)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(137)	(209)	(41)	(540)	(1 376)	(1 376)	(165)	(174)	(182)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans										
Borrowing long term/refinancing										
Increase (decrease) in consumer deposits										
Payments										
Repayment of borrowing										
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	-	-	-	-	-	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD	1	(593)	3 167	2 809	809	11 704	11 704	(776)	(9 512)	(4 442)
Cash/cash equivalents at the year begin:	2	8 111	7 518	10 685	13 494	13 494	13 494	25 198	24 422	14 910
Cash/cash equivalents at the year end:	2	7 518	10 685	13 494	14 303	25 198	25 198	24 422	14 910	10 468

Performance target description	Unit of measurement	2013/14	2014/15	2015/16	Current Year 2016/17			Medium Term Revenue and Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Percentage of AG/ Internal Audit queries resolved per quarter	1							127 454	127 454	127 454
AFS adoption by deadline	2017/12/31							293 600	293 600	293 600
Percentage of annual Op. Task expenditure spent	90%							2 585 591	256550100%	256550100%
Percentage of annual capital expenditure spent	90%							155 329	165 329	165 329
Percentage of Grant Revenue received	100%							19 310 723	19 310 723	19 310 723
Percentage of Other revenue received	95%							2 222 917	2 222 917	2 222 917
Board fees paid on 25th of each month	12 monthly payments							638 100	638 100	638 100
S57 Salaries paid on 25th of each month	12 monthly payments							3 510 657	3 510 657	3 510 657
Staff Salaries paid by 25th of each month	12 monthly payments							3 452 165	3 452 165	3 452 165
Number of training courses	5 courses							80 383		
Number of branded promotional tools	1							242 600		
Annual application by deadline	2018/04/30							286 007		
Number of images	100							50 000		
Number of videos	15							50 000		
Number of broadcasts								61 600		
Local community radio broadcasts per year	24							68 150		
Number of inserts or activations	30							309 600		
Number of inserts or activations	8							184 800		
Number of billboards utilised	6							79 000		
Number of events	17							406 993		
Number of signs	10							169 814		
Newsletters released with dates	4							27 720		
Report by deadline	End Dec 2017 and End June 2018									
Launch of new website by deadline	2016/6/30							450 000		
In Season Events	4							498 713		
International- oriented events	4							4 886 967		
South -African oriented events	12							448 000		
Liqui District Tourism oriented events	8							500 000		
Developmental events support	12							352 200		
Area Committee compliance	12							300 000		
Schools Information Sessions	28							240 000		
Updated presentations to prospective tourism practitioners	10							100 000		
Emergent tourism practitioners	18							420 000		
Graduates for the tourism sector	12							342 600		
Emergent businesses within Southern Explorer	20							265 007		
Tourism Scholarship	1							30 000		
Umzumbe River Trails	4							500 000		
KwaXolo Caves	4							50 000		
Nalazi Masei Heritage Project	4							50 000		
Implementation Plan: Kwa Nzinawe Development Plan	2							50 000		
Implementation Plan: Nyandazulu Development Plan	2							50 000		
Implementation Plan: Onibi/Pedstock/Ezing corridor Development Plan	1							50 000		
Implementation Plan: Gametake	1							50 000		
Product Audit Umuzwabantu	2017/12/31							30 000		

Ugu South Coast Tourism (Pty) Ltd - Supporting Table SD2 Financial and non-financial indicators

Description of indicator	Basis of calculation	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			Medium Term Revenue and Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<u>Borrowing Management</u>											
Borrowing to Asset Ratio	Total Long-term Borrowing/ Total Assets		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Capital Charges to Operating Expenditure	Finance charges & Depreciation / Operating Expenditure		0%	0%	0%	0%	0%	0%	0%	0%	0%
Borrowed funding of capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<u>Safety of Capital</u>											
Debt to Equity	Loans, Accounts Payable, Overdraft & Tax Provider: / Funds & Reserves		25.1%	10.2%	5.8%	10.2%	10.6%	10.6%	4.4%	4.3%	7.7%
Gearing	Long Term Borrowing / Funds & Reserves		0%	0%	0%	0%	0%	0%	0%	0%	0%
<u>Liquidity</u>											
Current Ratio	Current assets / current liabilities		4.37	8.20	13.47	8.89	8.76	8.76	10.17	16.07	9.83
Current Ratio adjusted for debtors	Current assets/current liabilities less debtors > 90 days		4.37	8.20	13.47	8.89	8.76	8.76	10.17	16.07	9.83
Liquidity Ratio	Monetary Assets / Current Liabilities		1.43	7.36	11.81	8.15	8.02	8.02	10.16	16.07	9.82
<u>Revenue Management</u>											
Annual Debtors Collection Rate (Payment Level: %)	Last 12 Mths Receipts / Last 12 Mths Billing			112%	100%	100%	39%	63%	63%	100%	47%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue		29%	9%	12%	5%	4%	4%	0%	0%	0%
Longstanding Debtors Reduction Due To Recovery	Debtors > 12 Mths Recovered / Total Debtors > 12 Months Old										
<u>Creditors Management</u>											
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA s 65(e))										
<u>Funding of Provisions</u>											
Percentage Of Provisions Not Funded	Unfunded Provisions/Total Provisions										
<u>Other Indicators</u>											
Electricity Distribution Losses	% Volume (Total units purchased + generated less total units sold)/Total units purchased + generated	1									
Water Distribution Losses	% Volume (Total units purchased + own source less total units sold)/Total units purchased + own source	2									
Employee costs	Employee costs/Total Revenue - capital revenue		28.3%	26.8%	26.8%	28%	22%	22%	32%	35%	36%
Repairs & Maintenance	R&M/Total Revenue - capital revenue		0.0%	0.0%	0.0%	0%	0%	0%	0%	0%	0%
Interest & Depreciation	I&D/Total Revenue - capital revenue		0.3%	0.2%	0.1%	0%	0%	0%	0%	0%	0%
<u>Financial viability indicators</u>											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)			48 617.6	758.6	1 843.6	2 937.2	9 252.3	0.3	7 460.1	-
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services		0%	0.0%	0.0%	0%	0%	0%	0%	0%	0%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure		27%	1.7	1.9	1.0	0.7	0.7	0.5	0.8	0.8

Ugu South Coast Tourism (Pty) Ltd - Supporting Table SD3 Budgeted Investment Portfolio

Investments by maturity Name of institution & Investment ID R thousands	Ref	Budget Year 2017/18						
		Period of investment	Type of investment	Expiry date of investment	Market value		Interest	
		Months			Begin	End	Fully accrued	Yield %
	1				-	-	-	

Ugu South Coast Tourism (Pty) Ltd - Supporting Table SD4 Board member allowances and staff benefits

Summary of Employee and Board Member remuneration	Ref	2013/14	2014/15	2015/16	Current Year: 2016/17			Medium Term Revenue and Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousands		A	B	C	D	E	F	G	H	I
Remuneration										
Board Members of Entities										
Basic Salaries		57			-	-	-			-
Pension Contributions						-	-			-
Medical Aid Contributions						-	-			-
Motor vehicle allowance					25	25	25	-	-	-
Cell phone allowance					-	-	-			-
Housing allowance					-	-	-			-
Other benefits and allowances		1	2	2	2	2	2	40	43	45
In-kind benefits					-	-	-			-
Board Fees			154	156	207	207	207	598	634	672
Sub Total - Board Members of Entities		58	155	157	234	234	234	638	676	717
% increase			0	0	0	0	0	0	0	6.0%
Senior Managers of Entities										
Basic Salaries		1 599	1 613	1 384	1 622	2 038	2 038	3 094	3 280	3 477
Pension Contributions					-	-	-			-
Medical Aid Contributions					-	-	-			-
Motor vehicle allowance					-	-	-			-
Cell phone allowance		46	46	36	33	49	49	65	69	73
Housing allowance					-	-	-			-
Performance Bonus		207			21	34	34	309	328	348
Other benefits or allowances		22	258	148	162	162	162	42	44	47
In-kind benefits					-	-	-			-
Sub Total - Senior Managers of Entities		1 875	1 917	1 568	1 839	2 282	2 282	3 511	3 721	3 945
% increase			0	(9)	0	0	0	0	0	6.0%
Other Staff of Entities										
Basic Salaries		2 794	1 413	1 866	2 664	2 258	2 258	2 427	2 573	2 727
Pension Contributions		77	56	83	111	102	102	194	205	218
Medical Aid Contributions		144	129	171	200	207	207	293	311	329
Motor vehicle allowance					-	-	-			-
Cell phone allowance					12	12	12	24	25	27
Housing allowance			19	23	32	15	15	23	24	26
Overtime		111	167	201	254	204	204	234	248	263
Performance Bonus			85	122	183	169	169	198	210	222
Other benefits or allowances		130	31	52	47	61	61	59	63	66
In-kind benefits					-	-	-			-
Sub Total - Other Staff of Entities		3 257	1 901	2 517	3 503	3 028	3 028	3 452	3 659	3 879
% increase			(9)	0	0	0	0	0	0	6.0%
Total Municipal Entities remuneration		5 489	3 973	4 243	5 576	5 545	5 545	7 601	8 057	8 540

u South Coast Tourism (Pty) Ltd - Supporting Table SD5 Summary of personnel numbers

Summary of Personnel Numbers	Ref	2015/16			Current Year 2016/17			Budget Year 2017/18		
		Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
municipal Council and Boards of Municipal Entities										
Councillors (Political Office Bearers plus Other Councillors)										
Board Members of municipal entities	3	14		13	14		11	14		11
municipal entity employees	4									
CEO and Senior Managers	2	4		2	3	—	3	4		4
Other Managers	6									
Professionals		—	—	—	—	—	—	—	—	—
Finance										
Spatial/town planning										
Information Technology										
Roads										
Electricity										
Water										
Sanitation										
Refuse										
Other										
Technicians		—	—	—	—	—	—	—	—	—
Finance										
Spatial/town planning										
Information Technology										
Roads										
Electricity										
Water										
Sanitation										
Refuse										
Other										
Clerks (Clerical and administrative)		13	13	11	15	15	—	15	15	
Service and sales workers										
Skilled agricultural and fishery workers										
Craft and related trades										
Plant and Machine Operators										
Elementary Occupations										
Total Personnel Numbers		31	13	26	32	15	14	33	15	15
% increase			(58.1%)	100.0%	23.1%	(42.3%)	(46.2%)	135.7%	(54.5%)	—
total entity employees headcount	5									
Finance personnel headcount	7	1		1	3	2	1	3	2	1
Human Resources personnel headcount	7	1		1	1		1	2	1	1

References

Full Time Equivalent (FTE). E.g. One full time person = 1FTE. A person working half time (say 4 hours out of 8) = 0.5FTE.

Section 57 of the Systems Act

include only in Consolidated Statements

include municipal entity employees in Consolidated Statements

include headcount (number of persons, Not FTE) of managers and staff only (exclude councillors)

managers who provide the direction of a critical technical function

Total number of employees working on these functions

Ugu South Coast Tourism (Pty) Ltd - Supporting Table SD6 Budgeted monthly cash and revenue/expenditure

Description	Budget Year 2017/18												Medium Term Revenue and Expend Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousands															
Revenue By Source															
Service charges	1 794	1 794	1 794	1 794	1 794	1 794	1 794	1 794	1 794	1 794	1 794	1 794	21 534	21 064	-
Rental of facilities and equipment	0											(0)			
Other revenue	1 794	1 794	1 794	1 794	1 794	1 794	1 794	1 794	1 794	1 794	1 794	1 794	21 534	21 064	-
Gains on disposal of PPE															
Total Revenue	1 794	1 794	1 794	1 794	1 794	1 794	1 794	1 794	1 794	1 794	1 794	1 794	21 534	21 064	-
Expenditure By Type															
Employee related costs	580	580	580	580	580	580	580	580	580	580	580	580	6 963	7 381	-
Remuneration of Board Members	53	53	53	53	53	53	53	53	53	53	53	53	638	676	-
Debt Impairment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Collection costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation & asset impairment	19	19	19	19	19	19	19	19	19	19	19	19	225	236	-
Finance charges	0	0	0	0	0	0	0	0	0	0	0	0	1	1	-
Bulk purchases	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other materials	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contracted services	4	4	4	4	4	4	4	4	4	4	4	4	43	45	-
Transfers and grants	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other expenditure	1 208	1 208	1 208	1 208	1 208	1 208	1 208	1 208	1 208	1 208	1 208	1 208	14 469	12 552	-
Loss on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditure	1 864	1 864	1 864	1 864	1 864	1 864	1 864	1 864	1 864	1 864	1 864	1 864	22 368	20 890	-
Capital expenditure															
Capital assets	14	14	14	14	14	14	14	14	14	14	14	14	165	174	-
Total capital expenditure	14	14	14	14	14	14	14	14	14	14	14	14	165	174	-
Cash flow															
Ratepayers and other	134	134	134	134	134	134	134	134	134	134	134	134	1 610	1 636	-
Grants	1 609	1 609	1 609	1 609	1 609	1 609	1 609	1 609	1 609	1 609	1 609	1 609	19 311	18 785	-
Interest	51	51	51	51	51	51	51	51	51	51	51	51	613	643	-
Suppliers, employees and other	(1 845)	(1 845)	(1 845)	(1 845)	(1 845)	(1 845)	(1 845)	(1 845)	(1 845)	(1 845)	(1 845)	(1 845)	(22 144)	(23 251)	-
Finance charges	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(1)	(7 151)	-
Dividends paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES	(51)	(51)	(51)	(51)	(51)	(51)	(51)	(51)	(51)	(51)	(51)	(51)	(610)	(9 339)	-
Decrease (Increase) other non-current receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (Increase) in non-current investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital assets															
NET CASH FROM/(USED) INVESTING ACTIVITIES	(14)	(14)	(14)	(14)	(14)	(14)	(14)	(14)	(14)	(14)	(14)	(14)	(165)	(174)	-
Borrowing long term/refinancing/short term	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Repayment of borrowing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase in consumer deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD	(51)	(65)	(65)	(65)	(65)	(65)	(65)	(65)	(65)	(65)	(65)	(78)	(776)	(9 512)	-

Ugu South Coast Tourism (Pty) Ltd - Supporting Table SD7a Capital expenditure on new assets by asset class

[illegible]

Ugu South Coast Tourism (Pty) Ltd - Supporting Table SD7b Capital expenditure on renewal of existing assets by asset class

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			Medium Term Revenue and Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousands	1									
Capital expenditure on renewal of existing assets by asset category										
Infrastructure		-	-	-	-	-	-	-	-	-
Infrastructure - Road transport		-	-	-	-	-	-	-	-	-
Roads, Pavements & Bridges		-	-	-	-	-	-	-	-	-
Storm water		-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Generation		-	-	-	-	-	-	-	-	-
Transmission & Reticulation		-	-	-	-	-	-	-	-	-
Street Lighting		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Dams & Reservoirs		-	-	-	-	-	-	-	-	-
Water purification		-	-	-	-	-	-	-	-	-
Reticulation		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Reticulation		-	-	-	-	-	-	-	-	-
Sewerage purification		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Waste Management		-	-	-	-	-	-	-	-	-
Transportation	2	-	-	-	-	-	-	-	-	-
Gas		-	-	-	-	-	-	-	-	-
Other	3	-	-	-	-	-	-	-	-	-
Community		-	-	-	-	-	-	-	-	-
Parks & gardens		-	-	-	-	-	-	-	-	-
Sportsfields & stadia		-	-	-	-	-	-	-	-	-
Swimming pools		-	-	-	-	-	-	-	-	-
Community halls		-	-	-	-	-	-	-	-	-
Libraries		-	-	-	-	-	-	-	-	-
Recreational facilities		-	-	-	-	-	-	-	-	-
Fire, safety & emergency		-	-	-	-	-	-	-	-	-
Security and policing		-	-	-	-	-	-	-	-	-
Buses		-	-	-	-	-	-	-	-	-
Clinics		-	-	-	-	-	-	-	-	-
Museums & Art Galleries		-	-	-	-	-	-	-	-	-
Cemeteries		-	-	-	-	-	-	-	-	-
Social rental housing		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Buildings		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Housing development		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Other assets		-	-	-	-	-	-	-	-	-
General vehicles		-	-	-	-	-	-	-	-	-
Specialised vehicles		-	-	-	-	-	-	-	-	-
Plant & equipment		-	-	-	-	-	-	-	-	-
Computers - hardware/equipment		-	-	-	-	-	-	-	-	-
Furniture and other office equipment		-	-	-	-	-	-	-	-	-
Abattoirs		-	-	-	-	-	-	-	-	-
Markets		-	-	-	-	-	-	-	-	-
Civic Land and Buildings		-	-	-	-	-	-	-	-	-
Other Buildings		-	-	-	-	-	-	-	-	-
Other Land		-	-	-	-	-	-	-	-	-
Surplus Assets - (Investment or Inventory)		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Agricultural assets		-	-	-	-	-	-	-	-	-
List sub-class		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
List sub-class		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
Computers - software & programming		-	-	-	-	-	-	-	-	-
Other (list sub-class)		-	-	-	-	-	-	-	-	-
Total capital expenditure on renewal of existing assets	1	-	-	-	-	-	-	-	-	-
Specialised vehicles		-	-	-	-	-	-	-	-	-
Refuse		-	-	-	-	-	-	-	-	-
Fire		-	-	-	-	-	-	-	-	-
Conservancy		-	-	-	-	-	-	-	-	-
Ambulances		-	-	-	-	-	-	-	-	-

References

1. Total Capital Expenditure on renewal of existing assets by asset category must reconcile to total capital expenditure shown in capital budget less Total Capital Expenditure on new assets

check balance

Ugu South Coast Tourism (Pty) Ltd - Supporting Table SD7c Expenditure on repairs and maintenance by asset class

Expenditure on repairs and maintenance by asset class										
Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			Medium Term Revenue and Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousands	1									
Expenditure on repairs and maintenance by asset category										
Infrastructure		-	-	-	-	-	-	-	-	-
Infrastructure - Road transport		-	-	-	-	-	-	-	-	-
Roads, Pavements & Bridges		-	-	-	-	-	-	-	-	-
Storm water		-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Generation		-	-	-	-	-	-	-	-	-
Transmission & Reticulation		-	-	-	-	-	-	-	-	-
Street Lighting		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Dams & Reservoirs		-	-	-	-	-	-	-	-	-
Water purification		-	-	-	-	-	-	-	-	-
Reticulation		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Reticulation		-	-	-	-	-	-	-	-	-
Sewerage purification		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Waste Management		-	-	-	-	-	-	-	-	-
Transportation		-	-	-	-	-	-	-	-	-
Gas		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Community		-	-	-	-	-	-	-	-	-
Parks & gardens		-	-	-	-	-	-	-	-	-
Sportsfields & stadia		-	-	-	-	-	-	-	-	-
Swimming pools		-	-	-	-	-	-	-	-	-
Community halls		-	-	-	-	-	-	-	-	-
Libraries		-	-	-	-	-	-	-	-	-
Recreational facilities		-	-	-	-	-	-	-	-	-
Fire, safety & emergency		-	-	-	-	-	-	-	-	-
Security and policing		-	-	-	-	-	-	-	-	-
Buses		-	-	-	-	-	-	-	-	-
Clinics		-	-	-	-	-	-	-	-	-
Museums & Art Galleries		-	-	-	-	-	-	-	-	-
Cemeteries		-	-	-	-	-	-	-	-	-
Social rental housing		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Buildings		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Housing development		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Other assets		-	65	49	397	289	289	271	307	322
General vehicles		-	37	32	45	45	45	47	49	52
Specialised vehicles		-	-	-	-	-	-	-	-	-
Plant & equipment		-	-	-	-	-	-	-	-	-
Computers - hardware/equipment		-	-	-	-	-	-	-	-	-
Furniture and other office equipment		-	28	17	13	13	13	14	15	15
Abattoirs		-	-	-	-	-	-	-	-	-
Markets		-	-	-	-	-	-	-	-	-
Civic Land and Buildings		-	-	-	-	-	-	-	-	-
Other Buildings		-	-	-	339	231	231	210	243	255
Other Land		-	-	-	-	-	-	-	-	-
Surplus Assets - (Investment or inventory)		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Agricultural assets		-	-	-	-	-	-	-	-	-
List sub-class		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
List sub-class		-	-	-	-	-	-	-	-	-
Intangibles		-	16	16	38	38	38	38	40	42
Computers - software & programming		-	16	16	38	38	38	38	40	42
Other (list sub-class)		-	-	-	-	-	-	-	-	-
Total expenditure on repairs and maintenance		-	81	64	435	327	327	309	347	364
Specialised vehicles		-	-	-	-	-	-	-	-	-
Refuse		-	-	-	-	-	-	-	-	-
Fire		-	-	-	-	-	-	-	-	-
Conservancy		-	-	-	-	-	-	-	-	-
Ambulances		-	-	-	-	-	-	-	-	-

Ugu South Coast Tourism (Pty) Ltd - Supporting Table SD8 Future financial implications of the capital expenditure budget

Vote Description	Ref	Medium Term Revenue and Expenditure Framework			Forecasts			
		Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20	Forecast 2020/21	Forecast 2021/22	Forecast 2022/23	Present value
R thousands								
<u>Capital expenditure</u>	1							
Total capital expenditure		-	-	-	-	-	-	-
<u>Future operational costs by vote</u>	2							
<i>Summarise future operational costs by program</i>								
Total future operational costs		-	-	-	-	-	-	-
<u>Future revenue by source</u>	3							
<i>Summarise future revenue implications by revenue source</i>								
Total future revenue		-	-	-	-	-	-	-
Net Financial Implications		-	-	-	-	-	-	-

[illegible]

Ugu South Coast Tourism (Pty) Ltd - Supporting Table SD10 Long term contracts

R thousands	Description	Ref	Preceding Years	Current Year 2016/17	Medium Term Revenue and Expenditure Framework			Forecast 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25	Forecast 2025/26	Forecast 2026/27	Total Col Valu
					Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20								
1	Revenue Obligation By Contract - Operating	1	Total	Original Budget				Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate
2	Contract 1	2													
	Contract 2														
	Contract 3 etc														
	Total Operating Revenue Implication														
2	Expenditure Obligation By Contract - Operating	2													
	WOZANI AFRICA BEACH CONTRACT		366	462	490	515	540								
	HARLEY DAVIDSON - MEA		884	625	669										
	Southern Explorer			477	500	530	562								
	Total Operating Expenditure Implication		1 250	1 564	1 659	1 045	1 102								
2	Expenditure Obligation By Contract - Capital	2													
	Contract 1														
	Contract 2														
	Contract 3 etc														
	Total Capital Expenditure Implication														
	Total Expenditure Implication		1 250	1 564	1 659	1 045	1 102								

Ugu South Coast Tourism (Pty) Ltd - Supporting Table SD11 External mechanisms

External mechanism Name of organisation R thousands	Ref	Period of agreement 1	Service provided	Expiry date of service delivery agreement or contract	Monetary value of agreement 2
		Years/months			



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Quality Certificate

I Justin Mackrory, Chief Executive Officer of Ugu – South Coast Tourism (Pty) Ltd hereby certify that the Draft Annual Budget 2017 / 2018 and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the Annual Budget and supporting documentation are consistent with the Tourism Strategy of the company.

JUSTIN MACKRORY
 Chief Executive Officer

Date: 24 May 2017



UGU DISTRICT MUNICIPALITY

**EXTRACT FROM THE DRAFT MINUTES OF THE MEETING OF THE
UGU DISTRICT MUNICIPAL COUNCIL HELD ON 25 MAY 2017**

5.4 Ugu South Coast Development Agency – Draft Budget 2017/2018

Mr Duma took members through the item.

Following which,

It was

RESOLVED:

That the Ugu South Coast Development Agency – Draft Budget 2017/2018 be and is hereby **APPROVED**, as set out in the following schedules;

- Table D1 – Budget Summary;
- Table D2 – Budget Financial Performance;
- Table D3 - Capital Budget by Vote and Funding;
- Table D4 – Budget Financial Position;
- Table D5 – Budget Cash Flow; and
- Other Supporting Tables (Table SD4-SD11).

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VP TSAKO

GENERAL MANAGER: CORPORATE SERVICES

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Ugu South Coast Development Agency - Table D1 Budget Summary

Description	2013/14	2014/15	2015/16	Current Year 2016/17			Medium Term Revenue and Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousands									
Financial Performance									
Property rates	-	-	-	-	-	-	-	-	-
Service charges	-	-	-	-	-	-	-	-	-
Investment revenue	194	65	-	50	100	100	200	212	225
Transfers recognised - operational	6 491	5 897	-	6 850	9 378	9 378	9 688	10 269	10 886
Other own revenue	4	21	-	-	15	15	3 550	3 763	3 989
Total Revenue (excluding capital transfers and contributions)	6 689	5 984	-	6 900	9 493	9 493	13 438	14 244	15 099
Employee costs	1 926	2 565	-	3 157	4 616	4 616	4 800	5 088	5 333
Remuneration of Board Members	227	316	-	265	409	409	856	907	961
Depreciation and debt impairment	24	-	-	-	-	-	-	-	-
Finance charges	-	-	-	-	-	-	-	-	-
Materials and bulk purchases	-	-	-	-	-	-	-	-	-
Transfers and grants	-	-	-	-	-	-	-	-	-
Other expenditure	1 759	5 934	-	2 736	4 404	4 404	7 552	8 005	8 485
Total Expenditure	3 937	8 815	-	6 158	9 429	9 429	13 208	14 000	14 840
Surplus/(Deficit)	2 752	(2 831)	-	742	64	64	231	244	259
Transfers recognised - capital	(109)	(103)	-	-	28	28	100	106	112
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	2 643	(2 934)	-	742	92	92	331	350	371
Taxation	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	2 643	(2 934)	-	742	92	92	331	350	371
Capital expenditure & funds sources									
Capital expenditure	109	103	-	30	133	133	100	106	112
Transfers recognised - capital	109	103	-	30	133	133	100	106	112
Public contributions & donations	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	-	-	-	-	-	-	-	-	-
Total sources of capital funds	109	103	-	30	133	133	100	106	112
Financial position									
Total current assets	4 135	1 730	-	1 159	3 659	3 659	4 157	2 180	1 689
Total non current assets	147	226	-	219	352	352	331	348	365
Total current liabilities	-	222	-	227	227	227	423	250	263
Total non current liabilities	-	-	-	-	-	-	-	-	-
Community wealth/Equity	4 282	1 733	-	1 151	3 784	3 784	4 065	2 277	1 791
Cash flows									
Net cash from (used) operating	2 872	(2 728)	-	742	36	36	(1 085)	(3 386)	(3 603)
Net cash from (used) investing	145	324	-	(30)	(133)	(133)	(100)	3 394	3 612
Net cash from (used) financing	-	-	-	-	-	-	-	-	-
Cash/cash equivalents at the year end	3 856	1 452	1 452	2 165	1 356	1 356	171	179	189

Ugu South Coast Development Agency - Table D2 Budgeted Financial Performance (revenue and expenditure)

[illegible]

Ugu South Coast Development Agency - Table D3 Capital Budget by vote and funding

Vote Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			Medium Term Revenue and Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousands	1									
Multi-Year expenditure										
<i>Insert programme/projects description</i>										
Capital multi-year expenditure sub-total	2	-	-	-	-	-	-	-	-	-
Single Year expenditure										
Computer Equipment		41	15		20	73	73	50	53	56
Office Furniture & Equipment		68	88		10	60	60	50	53	56
Capital single-year expenditure sub-total	2	109	103	-	30	133	133	100	106	112
Total Capital Expenditure	4	109	103	-	30	133	133	100	106	112
Funded by:										
National Government										
Provincial Government										
Parent Municipality		109	103		30	133	133	100	106	112
District Municipality										
Transfers recognised - capital		109	103	-	30	133	133	100	106	112
Public contributions & donations	6									
Borrowing	3									
internally generated funds										
Total Capital Funding	4	109	103	-	30	133	133	100	106	112

References

1. Municipalities may choose to appropriate for capital expenditure for three years or for one year (if one year appropriation projected expenditure required for yr2 and yr3).
2. include capital component of PPP unitary payment.
3. include finance leases and PPP capital funding component of unitary payment
4. Total Capital Funding must balance with Total Capital Expenditure
6. Include contributions from Public Entities; e.g. Eskom

check

Ugu South Coast Development Agency - Table D4 Budgeted Financial Position

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			Medium Term Revenue and Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousands										
ASSETS										
Current assets										
Cash		567	114		119	119	119	51	53	56
Call investment deposits		3 568	1 616		1 040	3 540	3 540	120	127	133
Consumer debtors										
Other debtors								3 986	2 000	1 500
Current portion of long-term receivables										
Inventory										
Total current assets		4 135	1 730	-	1 159	3 659	3 659	4 157	2 180	1 689
Non current assets										
Long-term receivables	3									
Investments										
Investment property										
Property, plant and equipment	1	143	198		197	329	329	308	324	340
Agricultural assets										
Biological assets										
Intangible assets		4	28		23	23	23	23	24	25
Total non current assets		147	226	-	219	352	352	331	348	365
TOTAL ASSETS		4 282	1 956	-	1 378	4 011	4 011	4 488	2 527	2 054
LIABILITIES										
Current liabilities										
Bank overdraft										
Borrowing										
Consumer deposits										
Trade and other payables		-	222		-	-	-	185		
Provisions	3				227	227	227	238	250	263
Total current liabilities		-	222	-	227	227	227	423	250	263
Non current liabilities										
Borrowing										
Provisions	3									
Total non current liabilities		-	-	-	-	-	-	-	-	-
TOTAL LIABILITIES		-	222	-	227	227	227	423	250	263
NET ASSETS	2	4 282	1 733	-	1 151	3 784	3 784	4 065	2 277	1 791
COMMUNITY WEALTH/EQUITY										
Accumulated Surplus/(Deficit)		4 282	1 733		1 151	3 784	3 784	4 065	2 277	1 791
Reserves										
Share capital										
TOTAL COMMUNITY WEALTH/EQUITY	2	4 282	1 733	-	1 151	3 784	3 784	4 065	2 277	1 791

Ugu South Coast Development Agency - Table D4 Budgeted Financial Position

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			Medium Term Revenue and Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousands										
ASSETS										
Current assets										
Cash		567	114		119	119	119	51	53	56
Call investment deposits		3 568	1 616		1 040	3 540	3 540	120	127	133
Consumer debtors										
Other debtors								3 986	2 000	1 500
Current portion of long-term receivables										
Inventory										
Total current assets		4 135	1 730	-	1 159	3 659	3 659	4 157	2 180	1 689
Non current assets										
Long-term receivables	3									
Investments										
Investment property										
Property, plant and equipment	1	143	198		197	329	329	308	324	340
Agricultural assets										
Biological assets										
Intangible assets		4	28		23	23	23	23	24	25
Total non current assets		147	226	-	219	352	352	331	348	365
TOTAL ASSETS		4 282	1 956	-	1 378	4 011	4 011	4 488	2 527	2 054
LIABILITIES										
Current liabilities										
Bank overdraft										
Borrowing										
Consumer deposits										
Trade and other payables		-	222		-	-	-	185		
Provisions	3				227	227	227	238	250	263
Total current liabilities		-	222	-	227	227	227	423	250	263
Non current liabilities										
Borrowing										
Provisions	3									
Total non current liabilities		-	-	-	-	-	-	-	-	-
TOTAL LIABILITIES		-	222	-	227	227	227	423	250	263
NET ASSETS	2	4 282	1 733	-	1 151	3 784	3 784	4 065	2 277	1 791
COMMUNITY WEALTH/EQUITY										
Accumulated Surplus/(Deficit)		4 282	1 733		1 151	3 784	3 784	4 065	2 277	1 791
Reserves										
Share capital										
TOTAL COMMUNITY WEALTH/EQUITY	2	4 282	1 733	-	1 151	3 784	3 784	4 065	2 277	1 791

Ugu South Coast Development Agency - Table D5 Budgeted Cash Flow

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			Medium Term Revenue and Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousands										
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Ratepayers and other		4	21		-	15	15	3 550	3 763	3 989
Government - operating		6 600	6 000		6 850	9 350	9 350	9 588	10 163	10 773
Government - capital						-	-			
Interest		194	65		50	100	100	200	212	225
Dividends						-	-			
Payments	2									
Suppliers and employees		(3 926)	(8 815)		(6 158)	(9 429)	(9 429)	(13 208)	(17 524)	(18 589)
Finance charges										
Dividends paid										
Transfers and Grants								(1 216)		
NET CASH FROM/(USED) OPERATING ACTIVITIES		2 872	(2 728)	-	742	36	36	(1 085)	(3 386)	(3 603)
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE										
Decrease (increase) in non-current debtors										
Decrease (increase) other non-current receivables										
Decrease (increase) in non-current investments		254	427						3 500	3 500
Payments										
Capital assets		(109)	(103)		(30)	(133)	(133)	(100)	(106)	112
NET CASH FROM/(USED) INVESTING ACTIVITIES		145	324	-	(30)	(133)	(133)	(100)	3 394	3 612
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans										
Borrowing long term/refinancing										
Increase (decrease) in consumer deposits										
Payments										
Repayment of borrowing										
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	-	-	-	-	-	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD	1	3 017	(2 404)	-	712	(96)	(96)	(1 185)	8	10
Cash/cash equivalents at the year begin:	2	840	3 856	1 452	1 452	1 452	1 452	1 356	171	179
Cash/cash equivalents at the year end:	2	3 856	1 452	1 452	2 165	1 356	1 356	171	179	189

[illegible][illegible]

Ugu South Coast Development Agency - Supporting Table SD2 Financial and non-financial indicators

Description of Indicator	Basis of calculation	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			Medium Term Revenue and Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Borrowing Management											
Borrowing to Asset Ratio	Total Long-term Borrowing/ Total Assets		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Capital Charges to Operating Expenditure	Finance charges & Depreciation / Operating Expenditure		0%	0%	0%	0%	0%	0%	0%	0%	0%
Borrowed funding of capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Safety of Capital											
Debt to Equity	Loans, Accounts Payable, Overdraft & Tax Provision / Funds & Reserves		0.0%	12.8%	0.3%	0.0%	0.0%	0.0%	4.5%	0.0%	0.0%
Gearing	Long Term Borrowing / Funds & Reserves		0%	0%	0%	0%	0%	0%	0%	0%	0%
Liquidity											
Current Ratio	Current assets / current liabilities		0.00	7.79	0.00	5.10	16.11	16.11	9.82	8.71	6.42
Current Ratio adjusted for debtors	Current assets/current liabilities less debtors > 90 days		0.00	7.79	0.00	5.10	16.11	16.11	9.82	8.71	6.42
Liquidity Ratio	Monetary Assets / Current Liabilities		0.00	7.79	0.00	5.10	16.11	16.11	0.40	0.72	0.72
Revenue Management											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts / Last 12 Mths Billing			100%	100%	0%	0%	100%	100%	100%	100%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue		0%	0%	0%	0%	0%	0%	30%	14%	10%
Longstanding Debtors Reduction Due To Recovery	Debtors > 12 Mths Recovered / Total Debtors > 12 Months Old										
Creditors Management											
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA s 65(e))										
Funding of Provisions											
Percentage Of Provisions Not Funded	Unfunded Provisions/Total Provisions										
Other Indicators											
Electricity Distribution Losses	% Volume (Total units purchased + generated less total units sold)/Total units purchased + generated	1									
Water Distribution Losses	% Volume (Total units purchased + own source less total units sold)/Total units purchased + own source	2									
Employee costs	Employee costs/Total Revenue - capital revenue		28.3%	42.1%	0.0%	46%	48%	49%	36%	36%	36%
Repairs & Maintenance	R&M/Total Revenue - capital revenue		0.0%	0.0%	0.0%	0%	0%	0%	0%	0%	0%
Interest & Depreciation	I&D/Total Revenue - capital revenue		0.0%	0.0%	0.0%	0%	0%	0%	0%	0%	0%
Financial viability indicators											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year										
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services		0%	0.0%	0.0%	0%	0%	0%	0%	0%	0%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure		176%	0.3		0.3	0.7	0.7	0.0	0.0	0.0

Ugu South Coast Development Agency - Supporting Table SD3 Budgeted Investment Portfolio

Investments by maturity Name of institution & investment ID R thousands	Ref	Budget Year 2017/18						
		Period of investment	Type of investment	Expiry date of investment	Market value		Interest	
		Months			Begin	End	Fully accrued	Yield %
			Fixed deposit		3 540	3 717		
	1				3 540	3 717	-	

Ugu South Coast Development Agency - Supporting Table SD4 Board member allowances and staff benefits

Summary of Employee and Board Member remuneration	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			Medium Term Revenue and Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
		A	B	C	D	E	F	G	H	I
R thousands										
Remuneration										
Board Members of Entities										
Basic Salaries										
Pension Contributions										
Medical Aid Contributions										
Motor vehicle allowance										
Cell phone allowance										
Housing allowance										
Other benefits and allowances										
In-kind benefits										
Board Fees										
	1	227	316		265	410	410	856	907	961
Sub Total - Board Members of Entities		227	316	-	265	410	410	856	907	961
% Increase			0		#DIV/0!	#DIV/0!	#DIV/0!	0	0	6.0%
Senior Managers of Entities										
Basic Salaries		1 529	1 980		2 328	3 336	3 336	3 600	4 028	4 270
Pension Contributions						-	-			
Medical Aid Contributions						-	-			
Motor vehicle allowance						-	-			
Cell phone allowance						(0)	(0)			
Housing allowance						-	-			
Performance Bonus						-	-			
Other benefits or allowances						-	-			
In-kind benefits						-	-			
	1	1 529	1 980	-	2 328	3 335	3 335	3 600	4 028	4 270
Sub Total - Senior Managers of Entities		1 529	1 980	-	2 328	3 335	3 335	3 600	4 028	4 270
% Increase			0		#DIV/0!	#DIV/0!	#DIV/0!	0	0	6.0%
Other Staff of Entities										
Basic Salaries		397	585		830	877	877	800	848	899
Pension Contributions										
Medical Aid Contributions										
Motor vehicle allowance										
Cell phone allowance										
Housing allowance										
Overtime										
Performance Bonus										
Other benefits or allowances										
In-kind benefits										
	1	397	585	-	830	877	877	800	848	899
Sub Total - Other Staff of Entities		397	585	-	830	877	877	800	848	899
% Increase			0		#DIV/0!	#DIV/0!	#DIV/0!	(0)	0	6.0%
Total Municipal Entities remuneration		2 153	2 881	-	3 422	4 622	4 622	5 456	5 783	6 130

Ugu South Coast Development Agency - Supporting Table SD5 Summary of personnel numbers

Summary of Personnel Numbers		2015/16			Current Year 2016/17			Budget Year 2017/18		
Number	Ref	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities										
Councillors (Political Office Bearers plus Other Councillors)										
Board Members of municipal entities	3									
Municipal entity employees	4									
CEO and Senior Managers	2				5		3	5		3
Other Managers	6									
Professionals		-	-	-	3	2	-	3	2	-
Finance					3	2		3	2	
Spatial/Town planning										
Information Technology										
Roads										
Electricity										
Water										
Sanitation										
Refuse										
Other										
Technicians		-	-	-						
Finance										
Spatial/Town planning										
Information Technology										
Roads										
Electricity										
Water										
Sanitation										
Refuse										
Other										
Clerks (Clerical and administrative)					3	3		3	3	
Service and sales workers										
Skilled agricultural and fishery workers										
Craft and related trades										
Plant and Machine Operators										
Elementary Occupations										
Total Personnel Numbers		-	-	-	11	5	3	11	5	3
% Increase								266.7%	(54.5%)	(40.0%)
Total entity employees headcount	5									
Finance personnel headcount	7									
Human Resources personnel headcount	7									

References

1. Full Time Equivalent (FTE). E.g. One full time person = 1FTE. A person working half time (say 4 hours out of 8) = 0.5FTE.
2. s57 of the Systems Act
3. Include only in Consolidated Statements
4. Include municipal entity employees in Consolidated Statements
5. Include headcount (number of persons, Not FTE) of managers and staff only (exclude councillors)
6. Managers who provide the direction of a critical technical function
7. Total number of employees working on these functions

Ugu South Coast Development Agency - Supporting Table SD6 Budgeted monthly cash and revenue/expenditure

Description	Budget Year 2017/18												Medium Term Revenue and Expend Framework	
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19
R thousands														
Revenue By Source														
Service charges														
Rental of facilities and equipment														
Other revenue	1 112	1 112	1 112	1 112	1 112	1 112	1 112	1 112	1 112	1 112	1 112	1 112	13 338	14 138
Grants on disposal of PPE														
Total Revenue	1 112	1 112	1 112	1 112	1 112	1 112	1 112	1 112	1 112	1 112	1 112	1 112	13 338	14 138
Expenditure By Type														
Employee related costs	400	400	400	400	400	400	400	400	400	400	400	400	4 800	5 088
Remuneration of Board Members	71	71	71	71	71	71	71	71	71	71	71	71	856	907
Debt impairment														
Collection costs														
Depreciation & asset impairment	5	5	5	5	5	5	5	5	5	5	5	5	65	69
Finance charges														
Bulk purchases														
Other materials														
Contracted services														
Transfers and grants														
Other expenditure	624	624	624	624	624	624	624	624	624	624	624	624	7 487	7 936
Loss on disposal of PPE														
Total Expenditure	1 101	1 101	1 101	1 101	1 101	1 101	1 101	1 101	1 101	1 101	1 101	1 101	13 208	14 000
Capital expenditure														
Capital assets														
Total capital expenditure														
Cash flow														
Ratepayers and other														
Grants	799	799	799	799	799	799	799	799	799	799	799	799	3 550	3 763
Interest	17	17	17	17	17	17	17	17	17	17	17	17	9 588	10 163
Suppliers, employees and other	(1 101)	(1 101)	(1 101)	(1 101)	(1 101)	(1 101)	(1 101)	(1 101)	(1 101)	(1 101)	(1 101)	(1 101)	200	212
Finance charges													(13 208)	(17 524)
Dividends paid														
NET CASH FROM/(USED) OPERATING ACTIVITIES	(285)	(285)	(285)	(285)	(285)	(285)	(285)	(285)	(285)	(285)	(285)	(285)	131	(3 386)
Decrease (increase) other non-current receivables														
Decrease (increase) in non-current investments														
Proceeds on disposal of PPE														
Capital assets														
NET CASH FROM/(USED) INVESTING ACTIVITIES	-	-	-	-	-	-	-	-	-	-	-	(100)	(100)	(106)
Borrowing long term/financing/short term														
Repayment of borrowing														
Increase in consumer deposits														
NET CASH FROM/(USED) FINANCING ACTIVITIES	-	-	-	-	-	-	-	-	-	-	-	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD	(285)	(285)	(285)	(285)	(285)	(285)	(285)	(285)	(285)	(285)	(285)	3 165	31	8

Ugu South Coast Development Agency - Supporting Table SD7a Capital expenditure on new assets by asset class

Supporting Table 2016 Capital Expenditure on new assets by asset class										
Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			Medium Term Revenue and Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousands	1									
Capital expenditure on new assets by asset category										
Infrastructure		-	-	-	-	-	-	-	-	-
Infrastructure - Road transport		-	-	-	-	-	-	-	-	-
Roads, Pavements & Bridges		-	-	-	-	-	-	-	-	-
Storm water		-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Generation		-	-	-	-	-	-	-	-	-
Transmission & Reticulation		-	-	-	-	-	-	-	-	-
Street Lighting		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Dams & Reservoirs		-	-	-	-	-	-	-	-	-
Water purification		-	-	-	-	-	-	-	-	-
Reticulation		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Reticulation		-	-	-	-	-	-	-	-	-
Sewerage purification		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Waste Management		-	-	-	-	-	-	-	-	-
Transportation	2	-	-	-	-	-	-	-	-	-
Gas	3	-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Community		-	-	-	-	-	-	-	-	-
Parks & gardens		-	-	-	-	-	-	-	-	-
Sportsfields & stadia		-	-	-	-	-	-	-	-	-
Swimming pools		-	-	-	-	-	-	-	-	-
Community halls		-	-	-	-	-	-	-	-	-
Libraries		-	-	-	-	-	-	-	-	-
Recreational facilities		-	-	-	-	-	-	-	-	-
Fire, safety & emergency		-	-	-	-	-	-	-	-	-
Security and policing		-	-	-	-	-	-	-	-	-
Buses		-	-	-	-	-	-	-	-	-
Clinics		-	-	-	-	-	-	-	-	-
Museums & Art Galleries		-	-	-	-	-	-	-	-	-
Cemeteries		-	-	-	-	-	-	-	-	-
Social rental housing		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Buildings		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Housing development		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Other assets		109	103	-	30	133	133	100	106	112
General vehicles		-	-	-	-	-	-	-	-	-
Specialised vehicles		-	-	-	-	-	-	-	-	-
Plant & equipment		-	-	-	-	-	-	-	-	-
Computers - hardware/equipment		41	15	-	20	73	73	50	53	56
Furniture and other office equipment		68	88	-	10	60	60	50	53	56
Abattoirs		-	-	-	-	-	-	-	-	-
Markets		-	-	-	-	-	-	-	-	-
Civic Land and Buildings		-	-	-	-	-	-	-	-	-
Other Buildings		-	-	-	-	-	-	-	-	-
Other Land		-	-	-	-	-	-	-	-	-
Surplus Assets - (Investment or Inventory)		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Agricultural assets		-	-	-	-	-	-	-	-	-
List sub-class		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
List sub-class		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
Computers - software & programming		-	-	-	-	-	-	-	-	-
Other (list sub-class)		-	-	-	-	-	-	-	-	-

Ugu South Coast Development Agency - Supporting Table SD7b Capital expenditure on renewal of existing assets by asset class

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			Medium Term Revenue and Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousands	1									
Capital expenditure on renewal of existing assets by asset category										
Infrastructure										
Infrastructure - Road transport										
Roads, Pavements & Bridges										
Storm water										
Infrastructure - Electricity										
Generation										
Transmission & Reticulation										
Street Lighting										
Infrastructure - Water										
Dams & Reservoirs										
Water purification										
Reticulation										
Infrastructure - Sanitation										
Reticulation										
Sewerage purification										
Infrastructure - Other										
Waste Management										
Transportation	2									
Gas	3									
Other										
Community										
Parks & gardens										
Sportfields & stadia										
Swimming pools										
Community halls										
Libraries										
Recreational facilities										
Fire, safety & emergency										
Security and policing										
Buses										
Clinics										
Museums & Art Galleries										
Cemeteries										
Social rental housing										
Other										
Heritage assets										
Buildings										
Other										
Investment properties										
Housing development										
Other										
Other assets										
General vehicles										
Specialised vehicles										
Plant & equipment										
Computers - hardware/equipment										
Furniture and other office equipment										
Abattoirs										
Markets										
Civic Land and Buildings										
Other Buildings										
Other Land										
Surplus Assets - (Investment or Inventory)										
Other										
Agricultural assets										
List sub-class										
Biological assets										
List sub-class										
Intangibles										
Computers - software & programming										
Other (list sub-class)										
Total capital expenditure on renewal of existing assets	1									
Specialised vehicles										
Refuse										
Fire										
Conveyancy										
Ambulances										

References

1. Total Capital Expenditure on renewal of existing assets by asset category must reconcile to total capital expenditure shown in capital budget less Total Capital Expenditure on new assets

check balance

Ugu South Coast Development Agency - Supporting Table SD7c Expenditure on repairs and maintenance by asset class

Description	Ref.	Current Year 2016/17					Medium Term Revenue and Expenditure Framework			
		2013/14 Audited Outcome	2014/15 Audited Outcome	2015/16 Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousands	1									
Expenditure on repairs and maintenance by asset category										
Infrastructure		-	-	-	-	-	-	-	-	-
Infrastructure - Road transport		-	-	-	-	-	-	-	-	-
Roads, Pavements & Bridges		-	-	-	-	-	-	-	-	-
Storm water		-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Generation		-	-	-	-	-	-	-	-	-
Transmission & Reticoiation		-	-	-	-	-	-	-	-	-
Street Lighting		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Dams & Reservoirs		-	-	-	-	-	-	-	-	-
Water purification		-	-	-	-	-	-	-	-	-
Reticoiation		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Reticoiation		-	-	-	-	-	-	-	-	-
Sewerage purification		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Waste Management		-	-	-	-	-	-	-	-	-
Transportation		-	-	-	-	-	-	-	-	-
Gas		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Community		-	-	-	-	-	-	-	-	-
Parks & gardens		-	-	-	-	-	-	-	-	-
Sportsfields & stadia		-	-	-	-	-	-	-	-	-
Swimming pools		-	-	-	-	-	-	-	-	-
Community halls		-	-	-	-	-	-	-	-	-
Libraries		-	-	-	-	-	-	-	-	-
Recreational facilities		-	-	-	-	-	-	-	-	-
Fire, safety & emergency		-	-	-	-	-	-	-	-	-
Security and polking		-	-	-	-	-	-	-	-	-
Buses		-	-	-	-	-	-	-	-	-
Clinics		-	-	-	-	-	-	-	-	-
Museums & Art Galleries		-	-	-	-	-	-	-	-	-
Cemeteries		-	-	-	-	-	-	-	-	-
Social rental housing		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Buildings		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Housing development		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Other assets		-	-	-	-	-	-	-	-	-
General vehicles		-	-	-	-	-	-	-	-	-
Specialised vehicles		-	-	-	-	-	-	-	-	-
Plant & equipment		-	-	-	-	-	-	-	-	-
Computers - hardware/equipment		-	-	-	-	-	-	-	-	-
Furniture and other office equipment		-	-	-	-	-	-	-	-	-
Abattoirs		-	-	-	-	-	-	-	-	-
Markets		-	-	-	-	-	-	-	-	-
Civil Land and Buildings		-	-	-	-	-	-	-	-	-
Other Buildings		-	-	-	-	-	-	-	-	-
Other Land		-	-	-	-	-	-	-	-	-
Surplus Assets - (Investment or inventory)		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Agricultural assets		-	-	-	-	-	-	-	-	-
List sub-class		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
List sub-class		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
Computers - software & programming		-	-	-	-	-	-	-	-	-
Other (list sub-class)		-	-	-	-	-	-	-	-	-
Total expenditure on repairs and maintenance		-	-	-	-	-	-	-	-	-
Specialised vehicles		-	-	-	-	-	-	-	-	-
Refuse		-	-	-	-	-	-	-	-	-
Fire		-	-	-	-	-	-	-	-	-
Conservancy		-	-	-	-	-	-	-	-	-
Ambulances		-	-	-	-	-	-	-	-	-

Ugu South Coast Development Agency - Supporting Table SD8 Future financial implications of the capital expenditure budget

Vote Description	Ref	Medium Term Revenue and Expenditure Framework			Forecasts			
		Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20	Forecast 2020/21	Forecast 2021/22	Forecast 2022/23	Present value
R thousands								
Capital expenditure								
<i>List program summary</i>	1							
Total capital expenditure		-	-	-	-	-	-	-
Future operational costs by vote								
<i>Summarise future operational costs by program</i>	2							
Total future operational costs		-	-	-	-	-	-	-
Future revenue by source								
<i>Summarise future revenue implications by revenue source</i>	3							
Total future revenue		-	-	-	-	-	-	-
Net Financial Implications		-	-	-	-	-	-	-

[illegible]

Ugu South Coast Development Agency - Supporting Table SD11 External mechanisms

External mechanism Name of organisation R thousands	Ref	Period of agreement 1	Service provided	Expiry date of service delivery agreement or contract	Monetary value of agreement 2
		Years/months			
					-



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19 May 2017

Your Ref : Ugu South Coast Development Agency

Contact : Finance Manager

QUALITY CERTIFICATE

I, Mandla Mabece, the Chief Executive Officer of the Ugu South Coast Development Agency, hereby certify that the Draft Budget for 2017/18 and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and Regulations made under the Act,

M. Mabece

CHIEF EXECUTIVE OFFICER OF UGU SOUTH COAST DEVELOPMENT AGENCY