EXECUTIVE SUMMARY OF ANNUAL BUDGET OF

UGU DISTRICT MUNICIPALITY

2022/23 TO 2024/25
MEDIUM TERM REVENUE AND EXPENDITURE FORECASTS

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Abbreviations and Acronyms

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

Part 1 – Annual Budget

1.1 Mayor's Report

Refer to attached Mayor's Speech

1.2 Council Resolutions

Refer to attached Council Resolution

1.3 Executive Summary

MFMA CIRCULARS APPLICABLE TO THE COMPILATION OF THE BUDGET 2021/22 MTREF:

Municipal Budget Circular 115 for the 2022/23 MTREF 04 March 2022:
This budget circular is a follow-up to the one issued in March 2022. The budget circular guides municipalities with their preparation of the 2022/23 Medium Term Revenue and Expenditure Framework (MTREF) and, as with previous annual budget circulars, it should be read within this context. This Circular is linked to the Municipal Budget and Reporting Regulations (MBRR) and the municipal Standard Chart of Accounts (mSCOA); and strives to support municipalities' budget preparation processes so that the minimum requirements are achieved. The key focus of this Circular is the grant allocations per the 2022/23 Budget Review and the 2022/23 Division of Revenue Bill.

MUNICIPAL BUDGET CIRCULAR 82 FOR THE COST CONTAINMENT MEASURES 30 MARCH 2016:
The national government has been aware of the need to contain costs and Cabinet resolved that all spheres of government, including municipalities and municipal entities must implement measures to contain operational costs and eliminate all non-essential expenditure. In the 2016 State of the Nation Address, cost containment measures were re-emphasised. It was highlighted that excessive and wasteful expenditure has to be reduced, and that increased action be taken to manage unnecessary expenditure. The following measures were among those announced:

- Curtailment of overseas trips;
- The submission of strong motivation to MM's, Mayors and, where necessary, oversight mechanisms at local, provincial and national spheres of Government by those requesting permission to travel either locally or abroad: i.e. their detailed report including research which argues the necessity of the trip and the benefit the country will achieve in undertaking the journey;
- The institutionalization of further restrictions on conferences, catering, entertainment, and social functions.

CHALLENGES EXPERIENCED DURING THE COMPILATION OF THE BUDGET 2021/22 MTREF:

The main challenges experienced during the compilation of the Budget 2022/23 MTREF can be summarized as follows:

- The ongoing difficulties in the national and local economy exacerbated by the global COVID-19 Pandemic;
- Aging and poorly maintained water and sanitation infrastructure;
- The need to reprioritize projects and expenditure within the existing resource envelope given the cash flow realities and the dire cash position of the municipality;
- The increased cost of producing water (due to tariff increases from Umgeni and Eskom as well as other direct costs), which is placing upward pressure on service tariffs to residents. That being a reality the municipality's stance is that continuous high tariff increases are not sustainable - as there will be point where services will no-longer be affordable;

- The effects of the COVID-19 pandemic on the general economy affecting the customers affordability of services and ultimately collections
- Wage increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies;

BUDGET PRINCIPLES AND GUIDELINES DIRECTLY INFORMED THE COMPILATION OF THE BUDGET 2022/23 MTREF

The following budget principles and guidelines directly informed the compilation of the 2022/23 Final Budget:

- The 2022/23 Budget priorities and targets, as well as the base line allocations contained in that Final Budget were adopted as the upper limits for the new baselines for the 2022/23 Final budget;
- The 2023 Division of Revenue Bill issued in March 2022;
- The Provincial Treasury hereby publishes transfers to municipalities in terms of Section 29(2) of the Division of Revenue Act, 2022.There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazette as required by the annual Division of Revenue Act;
- Section 18(1) of the MFMA states that an annual budget may only be funded from:
  - Realistically anticipated revenues to be collected;
  - Cash-backed accumulated funds from previous years' surpluses not Committed for other purposes; and
  - Borrowed funds, but only for the capital budget referred to in section 17(2).
- A credible budget is a budget that:
  - Funds only activities consistent with the revised IDP and vice versa ensuring the IDP is realistically achievable given the financial constraints of the municipality;
  - Is achievable in terms of agreed service delivery and performance targets;
    - Contains revenue and expenditure projections that are consistent with current and past performance and supported by documented evidence of future assumptions;
    - Does not jeopardize the financial viability of the municipality (ensures that the financial position is maintained within generally accepted prudential limits and that obligations can be met in the short, medium and long term); and
    - Provides managers with appropriate levels of delegation sufficient to meet their financial management responsibilities.

In view of the aforementioned, the following table is a consolidated overview of the proposed 2022/23 Medium-term Revenue and Expenditure Framework:

Table 1 Consolidated Overview of the 2021/22 MTREF

DC21 Ugu - Table A1 Budget Summary

Description	2018/19	2019/20	2020/21	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
R thousands	Audited	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Total Revenue (excluding capital transfers ar	###	1,024,509	1,069,901	1,203,406	1,099,951	1,099,951	1,019,031	1,234,623	1,256,858	1,334,855
Total Expenditure	###	1,474,964	1,296,092	1,349,217	1,248,710	1,248,710	1,103,095	1,343,805	1,253,936	1,253,408
Surplus/(Deficit)	###	(450,456)	(226,191)	(145,811)	(148,759)	(148,759)	(84,064)	(109,182)	2,921	81,447
Transfers and subsidies - capital (monetary a	###	306,065	242,335	285,098	289,096	289,096	251,147	285,505	350,855	369,141
Surplus/(Deficit) after capital transfers & con	###	(144,390)		139,286	140,336	140,336	167,084	176,324	353,776	450,588
Surplus/(Deficit) for the year	###	(144,390)	–	139,286	140,336	140,336	167,084	176,324	353,776	450,588

Total operating revenue has grown by 12% per cent for the 2022/23 financial year when compared to the 2021/22 Adjustments Budget. For the two outer years, operational revenue will increase by 2 per cent respectively, equating to a total revenue growth of R100 million over the MTREF when compared to the 2022/23 financial year.

Total operating expenditure for the 2022/23 financial year has been appropriated at R1.343 billion and translates into a budgeted deficit of R109 million. When compared to the 2021/22 Adjustments Budget, operational expenditure has grown by 8 per cent in the 2021/22 budget and drop by 7 per cent in the 2023/24 and be kept stagnant in the 2024/25, this is to be achieved through radical cost containment. The municipality will then start yielding operating surplus for the two outer years steadily increases to R2 million and then stabilize at R81 million. This deficit is as a result of non-cash items being Depreciation & Asset impairment as well as Debt impairment which had been understated in the 2022/23 financial year. These non-cash items were budgeted at R471 million this increased by 49 per cent from R316 million in the 2021/22 financial year. For the two outer years these non-cash items will decrease by 14 per cent in 2023/24 and increase by 5 per cent in 2024/25.

The capital budget of R285 million for 2022/23 is 15 per cent more when compared to the 2021/22 Adjustment Budget as gazetted in the Government Gazette No. 45903 of 11 February 2022.The capital programme increases to R350 million in the 2023/24 financial year and then evens out in 2024/25 to R369 million.

1.4 Operating Revenue Framework

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

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

- National Treasury's guidelines and macroeconomic policy;
- Growth in the District and continued economic development;
- Efficient revenue management, which aims to ensure a 95% and above annual collection rate for water and sanitation service charges;
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement per service;
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services;
- The revenue and
- Tariff policies of the district.

The following table is a summary of the 2022/23 MTREF (classified by main revenue source):

Table 2 Summary of revenue classified by main revenue source

DC21 Ugu - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Revenue By Source											
Property rates	2	(209)	–	–	–	–	–	–	–	–	–
Service charges - electricity revenue	2	–	–	–	–	–	–	–	–	–	–
Service charges - water revenue	2	301,867	369,638	332,056	414,793	330,810	330,810	313,566	412,756	433,394	455,064
Service charges - sanitation revenue	2	93,028	104,894	108,796	87,084	119,167	119,167	95,951	108,623	114,054	119,757
Service charges - refuse revenue	2	–	–	–	–	–	–	–	–	–	–
Rental of facilities and equipment		2,205	2,070	2,504	3,500	4,468	4,468	1,377	4,722	4,958	5,206
Interest earned - external investments		7,235	10,259	6,483	12,540	6,263	6,263	6,838	7,821	8,212	8,623
Interest earned - outstanding debtors		33,374	7,261	43,564	–	35,463	35,463	41,976	37,768	39,656	41,639
Dividends received		–	–	–	–	–	–	–	–	–	–
Fines, penalties and forfeits		–	–	(4)	–	–	–	–	–	–	–
Licences and permits		52	17	23	–	–	–	–	–	–	–
Agency services		–	–	–	–	–	–	–	–	–	–
Transfers and subsidies		680,584	513,637	568,695	593,848	596,924	596,924	549,567	655,132	648,391	695,964
Other revenue	2	4,812	3,259	6,446	91,640	6,856	6,856	9,756	7,700	8,085	8,489
Gains		17,952	13,474	1,339	–	–	–	–	100	106	112
Total Revenue (excluding capital transfers and contributions)		1,140,899	1,024,509	1,069,901	1,203,406	1,099,951	1,099,951	1,019,031	1,234,623	1,256,858	1,334,855

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

Revenue generated from water and sanitation services charges forms a significant percentage of the revenue basket for the Ugu District Municipality. Water and sanitation service charge revenues comprise 90% of the total revenue mix excluding operating and capital transfers.

In the 2021/22 financial year, revenue from water and sanitation service charges totaled R449 million. This increased to R521 million in the 2022/23 financial year, then increases to R547 million and R574 million in the respective financial years of the MTREF This growth can be mainly attributed to the increased share that the water and sanitation contributes to the total revenue mix, which in turn is due to rapid increases in the Eskom tariffs and Umgeni tariffs for bulk water. These increases have been articulated below under the "**Sale of water and sanitation and impact of Tariff Increases**" paragraph.

As part of operating revenue, the municipality will receive Equitable share to the value of R585 million this is utilised for the operations of the municipality. There was also an allocation of R1.950 million for FMG; R3.3 million for EPWP which is aimed at capacity building with the municipality.

A grant in kind has been allocated to the municipality which shall not be directly transferred into the municipal bank accounts but has been made "in kind". This is the Municipal systems improvements grant to the value of R3.03 million, aimed at capacity building with the municipality. This has not therefore been included as part of the revenue available to the municipality.

A further R20.5 million has been appropriated by the Provincial department for beaches which will be paid out to local municipality as per the conditions to be communicated and agreed upon.

The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term:

Table 3 Operating Transfers and Grant Receipts

DC21 Ugu - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		679,543	511,369	563,550	655,422	595,788	595,788	655,132	648,391	695,964
Local Government Equitable Share		435,877	462,844	557,282	521,339	523,227	523,227	585,146	629,020	675,761
Integrated National Electrification Programme G		–	–	–	–	–	–	–	–	–
Expanded Public Works Programme Integrate		3,250	4,523	4,468	3,611	3,611	3,611	3,319	–	–
Local Government Financial Management Gra		1,865	1,865	1,800	1,750	1,750	1,750	1,950	1,950	1,950
Public Transport Network Grant		–	–	–	–	–	–	–	–	–
Municipal Disaster Relief Grant		–	745	–	–	–	–	–	–	–
Rural Road Asset Management Systems Gra		2,663	2,821	–	2,721	2,721	2,721	2,848	2,859	2,963
Infrastructure Skills Development Grant		–	–	–	–	–	–	–	–	–
Integrated City Development Grant		–	–	–	–	–	–	–	–	–
Electricity Demand Side Management		–	–	–	–	–	–	–	–	–
Neighbourhood Development Partnership Gra		–	–	–	–	–	–	–	–	–
Specify (Add grant description)		–	–	–	–	–	–	–	–	–
Municipal Infrastructure Grant		235,888	–	–	42,776	64,478	64,478	61,869	14,562	15,290
Municipal Disaster Recovery Grant		–	38,571	–	–	–	–	–	–	–
RSC Levy Replacement		–	–	–	83,225	–	–	–	–	–
Municipal Water Infrastructure Grant		–	–	–	–	–	–	0	–	–
Municipal Systems Improvement Grant		–	–	–	–	–	–	–	–	–
Other transfers/grants [insert description]		–	–	–	–	–	–	–	–	–
Provincial Government:		400	2,027	2,700	638	–	–	–	–	–
Specify (Add grant description)		–	–	–	–	–	–	–	–	–
Parent Municipality		–	–	–	–	–	–	–	–	–
Infrastructure		–	2,000	2,700	–	–	–	–	–	–
Capacity Building and Other		–	27		–	–	–	–	–	–
Development Planning and Shared Services		400	–	–	–	–	–	–	–	–
Unspecified		–	–	–	638	–	–	–	–	–
		–	–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–
Other transfers/grants [insert description]		–	–	–	–	–	–	–	–	–
District Municipality:		–	–	–	18,416	–	–	–	–	–
Specify (Add grant description)		–	–	–	–	–	–	–	–	–
Monetary Allocations		–	–	–	18,416	–	–	–	–	–
		–	–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–
Other capital transfers/grants [insert		–	–	–	–	–	–	–	–	–
Other grant providers:		641	241	2,445	2,597	1,137	1,137	–	–	–
Specify (Add grant description)		–	–	–	–	–	–	–	–	–
Development Bank of South Africa		(181)	(139)	–	–	–	–	–	–	–
KwazuluNatal Provincial Planning and Development Commission			56	47	–	–	–	–	–	–
Unspecified		822	324	2,398	2,597	1,137	1,137	–	–	–
Other capital transfers/grants [insert		–	–	–	–	–	–	–	–	–
Total Operating Transfers and Grants	5	680,584	513,637	568,695	677,072	596,924	596,924	655,132	648,391	695,964

Rational for the setting of tariffs:

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

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. Municipalities must justify in their budget documentation all increases in excess of the 6 per

cent upper boundary of the South African Reserve Bank's inflation target. Excessive increases are likely to be counterproductive, resulting in higher levels of non-payment.

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

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

1.4.1 **Sale of Water and Impact of Tariff Increases**

South Africa faces challenges with regard to water supply associated with demand growth outstripping supply. Consequently, National Treasury is encouraging all municipalities to carefully review the level and structure of their water tariffs to ensure:

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

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

Better maintenance of infrastructure, new dam construction and cost-reflective tariffs will ensure that the supply challenges are managed in future to ensure sustainability. Umgeni Water has increased its bulk tariffs with 3% from 1 July 2022, which increase contributes to approximately 52% of the district's water input cost.
A tariff increases of **6.5%** from 1 July 2022 for water is proposed. This is based on input cost assumptions of 3% increase in the cost of bulk water (uMgeni Water) and the 9.61% increase in the cost of electricity (Eskom), the cost of employee costs increased at 5.5% and the other inputs (chemicals, fuel etc.) increasing by 5.7% with the CPI range. This would then translate to a surplus generated on the water service charges of a minimum 5.95% when compared to the current cost of water which is estimated at R17.30. In addition, 6 kℓ water per 30-day period will again be granted free of charge to indigent residents.

Below is an illustration of how the cost producing water was arrived at:

No	Cost Driver	Cost per Kl
1	Umgeni Tariff	R 9.73
2	Cost of producing own water	R 3.84
3	Cost of extracting Raw Water vol.	R 0.03
4	Raw Water Energy (kwh) charge	R 1.02
5	Other Indirect Operational Cost Charge	R 2.67
		R 17.30

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

	CATEGORY FOR WATER TARIFFS	CURRENT TARIFFS 2021/2022 (Rand per kℓ)	PROPOSED TARIFFS 2022/2023 (Rand per kℓ)	PROPOSED % INCREASE
RESIDENTIAL: INDIGENTS CUSTOMERS				
a	0 to 6 Kl	Free	Free	Indigent only
b	7 – 39kl	R17.54	18.68	6.50%
c	40 – 51kl	R27.96	29.78	6.50%
d	>52kl	R31.50	33.55	6.50%
RESIDENTIAL: NON-INDIGENTS CUSTOMERS				
a	0 – 39kl	R17.54	18.68	6.50%
b	40 – 51kl	R27.96	29.78	6.50%
c	>52kl	R31.50	33.55	6.50%
MULTI-UNIT RESIDENTIAL - ESTATES AND OTHER BULK USERS				
a	For water consumption	R15.98	17.54	Break-even: Adjusted to normal residential tariff
b	For water drawn in excess of quota	R31.58	33.63	6.50%
COMMERCIAL, INDUSTRIAL OR OTHER				
a	For water consumption up to quota	R16.98	18.08	Business and government charged R1 more than Residential which is R1 above break-even
b	For water drawn in excess of quota	R35.03	37.31	6.50%

Water Tariff Benchmarking:

In a bid to ensure that the tariff increase is reasonable and is also consistent with other Districts within the province a sample of the districts were evaluated and the below was noted to be the tariffs proposed to their council for approval:

No	Name of the municipality	Proposed Tariff Increase
1	Harry Gwala District Municipality	6.0%
2	uMgungundlovu District Municipality	7.5%
3	uThukela District Municipality	8.1%
	Average tariff increase	7.2%

This therefore justifies Ugu District Municipality's proposed tariff increase of 6.5% to cater for affordability of our customers.

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

Monthly consumption	CURRENT TARIFFS	Current amount payable	PROPOSED TARIFFS	Proposed amount payable	Difference (Increase)	Percentage change
kℓ	R	R	R	R	R	
20	R17.54	R350.80	18.68	R373.60	R22.80	6.5%
30	R17.54	R526.20	18.68	R560.40	R34.20	6.5%
40	R27.96	R1 118.40	29.78	R1 191.10	R72.80	6.5%
50	R27.96	R1 398.00	29.78	R1 488.87	R91.00	6.5%
80	R31.50	R2 520.00	33.55	R2 683.80	R164.00	6.5%
100	R31.50	R3 150.00	33.55	R3 354.75	R205.00	6.5%

The tariff structure of the 2021/22 financial year has not been changed. The tariff structure is designed to charge higher levels of consumption a higher rate, steadily increasing to a rate of R29.78 per kilolitre for consumption in excess of 39kℓ per 30day period.

1.4.2 Sanitation and Impact of Tariff Increases

A tariff increase of 6.5% for sanitation from 1 July 2022 is proposed. This is based on the input cost assumptions related to water. The following factors also contribute to the proposed tariff increase:

- Sanitation charges are calculated according to the percentage water discharged as indicated in the table below;
- The total revenue expected to be generated from rendering this service amounts to R85.2 million for the 2022/23 financial year.

The following table compares the current and proposed tariffs:

CATEGORY	CURRENT TARIFFS 2021/2022	PROPOSED TARIFFS 2022/2023	PROPOSED % INCREASE
Sanitation (All Areas)			
All catergories			
Charge per kilolitre (water consumption)	R5.45	R5.80	6.50%

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

Monthly consumption	CURRENT TARIFFS	Current amount payable	PROPOSED TARIFFS	Proposed amount payable	Difference (Increase)	Percentage change
kℓ	R	R	R	R	R	
20	R5.45	R109.06	R5.80	R116.15	R6.40	6.5%
30	R5.45	R163.58	R5.80	R174.21	R10.42	6.5%
40	R5.45	R218.11	R5.80	R232.29	R13.89	6.5%
50	R5.45	R272.64	R5.80	R290.36	R17.36	6.5%
80	R5.45	R436.22	R5.80	R464.57	R27.78	6.5%
100	R5.45	R545.28	R5.80	R580.72	R34.72	6.5%

In order to continue to realise the revenue billed which is locked in the debtors' book there are strategies in place to enhance collection.

1.5 Operating Expenditure Framework

The District's expenditure framework for the 2012/22 budget and MTREF is informed by the following:

- The asset renewal strategy and the repairs and maintenance plan;
- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- The capital programme is aligned to the asset renewal strategy and backlog eradication plan;
- The repairs and maintenance are aligned to a maintenance plan
- Operational gains and efficiencies will be directed to funding the capital budget and other core services; and
- Strict adherence to the principle of no project plans no budget. If there is no business plan no funding allocation can be made.
- The principles of cost containment as per the Municipal Budget Circular 82 For the Cost Containment Measures 30 March 2016

The following table is a high-level summary of the 2022/23 budget and MTREF (classified per main type of operating expenditure):

Table 4 Summary of operating expenditure by standard classification item

Expenditure By Type											
Employee related costs	2	388,283	400,292	404,030	403,418	381,517	381,517	383,507	414,993	424,093	426,099
Remuneration of councillors		9,441	10,495	9,719	10,650	10,650	10,650	8,956	11,758	12,346	12,964
Debt impairment	3	19,166	103,375	48,127	95,011	93,240	93,240	23,667	154,905	73,500	77,175
Depreciation & asset impairment	2	261,277	221,793	219,780	220,272	223,565	223,565	187,464	317,000	332,850	349,493
Finance charges		10,667	17,564	17,688	12,644	20,296	20,296	18,864	13,892	13,476	13,198
Bulk purchases - electricity	2	251	–	–	–	–	–	–	–	–	–
Inventory consumed	8	144,417	152,749	166,135	146,117	149,998	149,998	132,326	153,492	138,887	127,817
Contracted services		206,755	191,032	213,275	158,502	159,805	159,805	151,019	111,587	94,841	83,649
Transfers and subsidies		162	44,098	17,914	20,070	20,070	20,070	9,191	21,650	22,733	23,870
Other expenditure	4, 5	286,786	259,592	191,504	262,330	182,569	182,569	188,101	144,526	141,210	139,143
Losses		53,379	73,974	7,922	20,204	7,000	7,000	0	–	–	–
Total Expenditure		1,380,583	1,474,964	1,296,092	1,349,217	1,248,710	1,248,710	1,103,095	1,343,805	1,253,936	1,253,408

The budgeted allocation for employee related costs for the 2022/23 financial year totals R414 million, which equals 31 per cent of the total operating expenditure. The salary increases have been factored into this budget at a percentage increase of 4.8 per cent for the 2022/23 financial year. An annual increase of 5 per cent has been included in the two outer years of the MTREF. Salaries have increased from the adjusted budget figure of R381 million to R414 million to cater for prioritised vacancies to the value of R20 million as well as the 4.8% increase. It must be noted that the adjustment budget figure had taken into account the resolution by council to halt the filling of position and reducing the salaries budget by the figure set aside for vacant positions. A resolution taken by council to cap overtime at the legislated 40 hours was considered in the calculation of the salaries budget for 2022/23 financial year

The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The gazette on the Public Office Bearers Act was not available at the stage preparing this Final budget. The budget for the councillor's allowance includes other costs like the travelling claims (km), which are not gazetted on the Remuneration of Public Office Bearers Act.

The provision of debt impairment was determined based on the Debt Write-off Policy of the District. For the 2022/23 financial year this amount equates to R154 million and drops to R77 million by 2024/25. While this expenditure is considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget

appropriations in this regard total R317 million for the 2022/23 financial and equates to 24 per cent of the total operating expenditure. Note that the implementation of GRAP 17 accounting standard has meant bringing a range of assets previously not included in the assets register onto the register. In the previous years the district had been conservative in budgeting for depreciation and thus providing for unrealistic figures. There is also provision for R85 million for the impairment of assets affected by the KZN floods which explains the reason for the increase in depreciation and asset impairment compared to prior years.

Finance charges consist primarily of the repayment of interest on long-term borrowing (cost of capital). Finance charges make up 1 per cent (R13 million) of operating expenditure excluding annual redemption for 2022/23 and increases to R15 million by 2024/25. This is due to historic loans and the district has no plans to take up any new loans in the upcoming years.

Bulk purchases are directly informed by the purchase of water from uMgeni Water, in the 2022/23 has been factored under Inventory Consumed as a result of changes in the mSCOA requirements which seek to achieve compliance with GRAP. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions.

Other materials, also under Inventory Consumed, comprise of amongst others the purchase of fuel, diesel, materials for maintenance, cleaning materials and chemicals. In line with the District's repairs and maintenance plan this group of expenditure has been prioritised to ensure sustainability of the District's infrastructure.

Contracted services have been identified as a cost saving area for the District. As part of the compilation of the 2022/23 MTREF this group of expenditure was critically evaluated, and operational efficiencies were enforced. In the 2022/23 financial year, this group of expenditure totals R111 million which has considered an array of repairs and maintenance expenditure for the District's infrastructure. For the two outer years decreased by 15 per cent and 12 per cent, respectively.

Other expenditure comprises of various line items relating to the daily operations of the municipality. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved. Decrease has been limited to 21 per cent for 2022/23 and curbed at 2 per cent for the two outer years, indicating that significant cost savings have been already realized considering that these costs were R262 in the 2021/22 original budget.

The following table gives a breakdown of the main expenditure categories for the 2022/23 financial year:

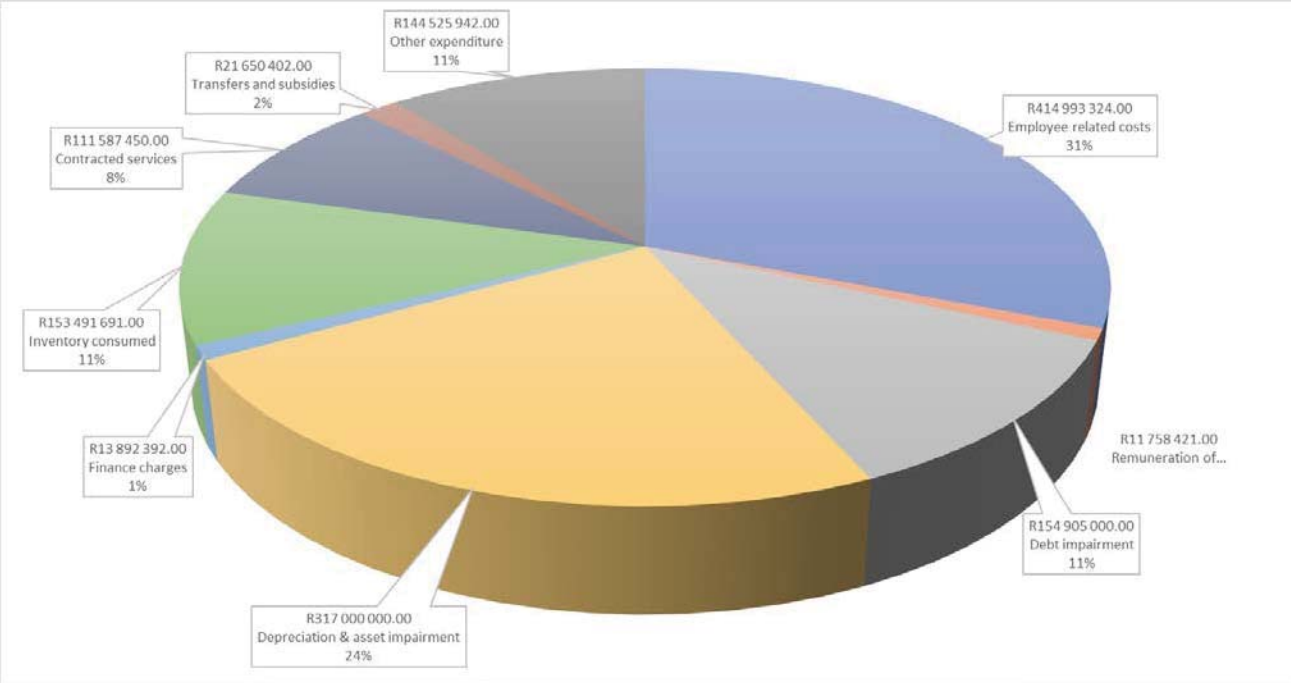

Figure 1 Main operational expenditure categories for the 2022/23 financial year

1.5.1 Priority given to repairs and maintenance

Aligned to the priority being given to preserving and maintaining the District's current infrastructure, the 2022/23 budget and MTREF provide for extensive growth in the area of asset maintenance, as informed by the asset renewal strategy and repairs and maintenance plan of the District. In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services. Considering these cost drivers, the following table is a consolidation of all the expenditures associated with repairs and maintenance:

Table 5 Operational repairs and maintenance

Repairs and maintenance expenditure	Current Year 2021/22	2022/23 Medium Term Revenue & Expenditure Framework		
R thousand	Adjusted Budget	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Contracted services	R59 141 279.00	R91 000 200.00	R96 187 212.00	R101 669 887.00
Employee related costs	R60 272 483.50	R63 708 015.06	R66 893 415.81	R70 238 086.60
Total Repairs and maintenance expenditure	R119 413 762.50	R154 708 215.06	R163 080 627.81	R171 907 973.60
Property, plant and equipment	R3 737 248 656.00	R3 701 300 550.00	R3 886 365 577.50	R4 080 683 856.38
R&M as a % of PPE	3%	4%	4%	4%

The municipality is unable to provide adequate funds for Repairs and Maintenance in the budget due it's the negative cash flow position. The municipality has adopted a Financial Recovery plan to address the negative cash flow position and prioritise the implementation of existing asset maintenance plan.

During the compilation of the 2022/23 MTREF operational repairs and maintenance was identified as a strategic imperative owing to the aging of the District's infrastructure and historic deferred maintenance. To this end, contracted services amounted to R91 million in 2022/23 financial year, from R59 million in the 2021/22 financial year. This allocation is lower than desired due to the cash flow challenges faced by the District. The above costs excludes employee related costs to the value of R63 million attributed to employees directly linked to repairs and maintenance conducted in-house. This thus translates to R154 million costs associated with repairs and

maintenance, which translates to 4 per cent of Property, Plant and Equipment carrying amount. This is 4 per cent shy of the norm

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

Table 6 Repairs and maintenance per asset class

DC21 Ugu - Supporting Table SA34c Repairs and maintenance expenditure by asset class

Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Repairs and maintenance expenditure by Asset Class/Sub-class										
Infrastructure		114,674,451	46,021,066	61,830,422	46,972,866	42,101,004	42,101,004	34,818,000	23,703,060	16,272,120
Investment properties		0	220,940	165,690	920,000	1,120,000	1,120,000	100,000	97,000	95,000
Other assets		698,190	682,325	2,830,633	5,021,000	5,721,000	5,721,000	2,650,000	2,570,500	2,517,500
Intangible Assets		6,158,314	3,665,370	2,078,679	2,744,813	3,094,344	3,094,344	3,263,500	3,165,595	3,100,325
Furniture and Office Equipment		0	156,000	0	0	0	0	0	0	0
Machinery and Equipment		1,863,880	48,436,406	575,163	1,400,000	1,100,000	1,100,000	1,000,000	810,000	683,000
Transport Assets		44,513,764	14,828,054	14,246,508	10,009,951	12,160,000	12,160,000	0	0	0

For the 2022/23 financial year, R34 million of total repairs and maintenance will be spent on Infrastructure assets. Water Supply and wastewater infrastructure has received a significant proportion of the total repairs and maintenance with the remaining R6 million allocated to Machinery and Equipment and Transport assets. The R44 million of employee related costs is largely spent towards water and wastewater infrastructure.

1.5.2 Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the District's Indigent Policy. The target is to register 5 000 or more indigent households during the 2022/23 financial year, a process reviewed annually.

The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act.

An additional amount of R93 million from the Equitable Share will be spent to ensure that we continue to provide our people with free basic water via the communal standpipes. The National Government equitable share grant for an amount of R59 million will be spent towards the cost of supplying free basic metered water. In respect of water provision, an allocation of R15 million indigent support has been set aside to provide 6kl of water to deserving and qualifying households, whose total gross monthly income of all me mbers of the household must not exceed two old age pension grants. And a further additional amount of R162 million is allocated to subsidise the water tariff, this is due to the difficult economic conditions that our people within the District are facing.

1.6 Capital expenditure

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

Table 7 2022/23 Medium-term capital budget per vote

Capital Expenditure - Functional											
Governance and administration		(1,530,352)	349,596	6,320,897	36,450	30,610	30,610	20,242	24,983	–	–
Executive and council		–	–	–	–	–	–	–	–	–	–
Finance and administration		(1,530,352)	349,596	6,320,897	36,450	30,610	30,610	20,242	24,983	–	–
Internal audit		–	–	–	–	–	–	–	–	–	–
Community and public safety		–	–	–	–	–	–	–	–	–	–
Community and social services		–	–	–	–	–	–	–	–	–	–
Sport and recreation		–	–	–	–	–	–	–	–	–	–
Public safety		–	–	–	–	–	–	–	–	–	–
Housing		–	–	–	–	–	–	–	–	–	–
Health		–	–	–	–	–	–	–	–	–	–
Economic and environmental services		–	224	457	–	–	–	–	–	–	–
Planning and development		–	224	457	–	–	–	–	–	–	–
Road transport		–	–	–	–	–	–	–	–	–	–
Environmental protection		–	–	–	–	–	–	–	–	–	–
Trading services		1,365,781	2,229,466	2,360,348	297,098	283,796	283,796	222,196	290,005	299,781	314,770
Energy sources		–	–	–	–	–	–	–	–	–	–
Water management		(478,405)	360,378	384,048	212,593	170,781	170,781	133,526	194,135	199,117	209,072
Waste water management		1,844,185	1,869,088	1,976,300	84,505	113,014	113,014	88,670	95,870	100,664	105,697
Waste management		–	–	–	–	–	–	–	–	–	–
Other		–	–	–	140	–	–	(1)	–	–	–
Total Capital Expenditure - Functional	3	(164,571)	2,579,286	8,681,702	333,687	314,406	314,406	242,437	314,988	299,781	314,770
Funded by:											
National Government		(504,860)	386,593	425,221	295,098	258,916	258,916	218,880	285,505	299,781	314,770
Provincial Government		–	12,174	12,174	–	6,400	6,400	2,830	–	–	–
District Municipality		–	–	–	–	–	–	–	–	–	–
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions)		–	–	–	–	–	–	–	–	–	–
Transfers recognised - capital	4	(504,860)	398,766	437,395	295,098	265,316	265,316	221,710	285,505	299,781	314,770
Borrowing	6	–	–	–	–	–	–	–	–	–	–
Internally generated funds		10,647	8,164,167	8,244,307	38,450	49,089	49,089	20,728	29,483	–	–
Total Capital Funding	7	(494,213)	8,562,934	8,681,702	333,548	314,406	314,406	242,438	314,988	299,781	314,770

An allocation of R330 million has been made for infrastructure related expenditure, this amount is made of MIG CPEX to the value of R215.5 million and WSIG to the value of R70 million. An allocation of R29 million has been made available to fund certain critical capital expenditure from internally generated funds.

1.6.1 Municipal Infrastructure Grant (MIG)

As per the DoRA allocation MIG has been gazetted at R277 million in the 2022/23 financial year for infrastructure related expenditure. This amount is split between R215.5 million CAPEX and R62 million OPEX.

The MIG CAPEX has considered MIG registered projects that shall be implemented in the 2022/23 financial and beyond and new projects that are being planned for. The following water and sanitation projects across the district will be implemented with the intention to provide the much-needed relief to the lives of residents:

No	Project Name	Category	Budget
1	Upgrading of Bulk Water Supply from Bhobhoyi WTW to Umzimkhulu Reservoirs	Water	R1 000 000.00
2	Kwalatshoda Water & Sanitation	Water & Sanitation	R1 500 000.00
3	Park Rynie Sanitation	Sanitation	R1 500 000.00
4	Upgrade of Greenfields Waterborne Sanitation and Sewer Reticulation	Sanitation	R1 500 000.00
5	Mkholombe Sanitation	Sanitation	R1 500 000.00
6	Merlowood Mixed Income Housing	Water & Sanitation	R1 500 000.00
7	Umzinto Slum Clearance: Farm Isonti Low cost Housing Water and Sanitation Scheme	Water	R2 000 000.00
8	Harding Weza Bulk Regional Scheme	Water	R2 000 000.00
9	Umzinto Waste Water Treatment Works and Outfall Sewers Upgrade and Rehabilitation	Sanitation	R2 000 000.00
10	Upgrade of Umbango Waste Water Treatment Works	Sanitation	R2 000 000.00
11	Upgrading of of Umzimkhulu Northern Systems Bulk Water Supply	Water	R2 000 000.00
12	Mthamvuna Abstraction and Water Treatment Upgrade (Planning)	Water	R2 368 000.00
13	Upgrade of Melville Waste Water Treatment Works	Sanitation	R2 684 415.97
14	Mabheleni East Water Project	Water	R3 000 000.00
15	Mistake Farm Supply Scheme	Water	R3 000 000.00
16	Vulamehlo Cross-Border Water Supply Scheme	Water	R3 000 000.00
17	Upgrade of Mazakhele and Harding Sanitation Phase-3 Waterborne Sanitation and Sewer Reticulation	Sanitation	R3 000 000.00
18	Kwaxolo Water Supply - Bulk Supply (AFA) MIS 229750	Water	R3 500 000.00
19	Umzimkhulu Permanent Reinforced Concrete Berm	Water	R5 000 000.00
20	Water Pipeline Replacement	Water	R10 000 000.00
21	Pennington Waterborne Sanitation Project-Provision of Bulk Sewer & Reticulation Infrastructure (AFA) MIS 370289 - Phase 3	Sanitation	R14 000 000.00
22	Msikaba and Surrounds Water Supply Scheme	Water	R15 000 000.00
23	Umzimkhulu Bulk Water Augmentation Scheme - Phase 2	Water	R15 000 000.00
24	Springs and Boreholes Project	Water	R20 000 000.00
25	Margate Sanitation and Sewer Reticulation	Sanitation	R24 000 000.00
26	KwaLembe Water Supply Scheme Extension	Water	R36 266 884.48
27	Malangeni Low Cost Housing Project Stage 2	Water & Sanitation	R37 185 999.55
	Total Commitment		R215 505 300.00

The MIG OPEX caters for the R48 million on VIP toilets across the district and R14 million top slice. The MIG Top Slice relates to costs necessary for the running of the Project Management Unit within the Water Services Department predominantly PMU section Salaries.

1.6.2 Water Services Infrastructure Grant

The expenditure on WSIG allocated at R70 million in the 2022/23 financial year is aimed at reducing non-revenue water through enhancing the performance of the municipality's infrastructure. Therefore, expenditure on WSIG is, but not limited to, predominantly on the refurbishment of key infrastructure and the replacement of major pipeline. This grant is being used by the municipality to supplement the provision of funds for repairs and maintenance.

1.6.3 Internally Funded Capex

The R44 million allocated for CAPEX from internally generated funds is aimed at the following:

- R10 million for the acquisition of service delivery vehicles;
- R1.7 million for the purchase of ICT servers
- R16.million has been allocated for Oslo Phase 3 building project.

- R17 million was set aside for the replacement of mechanical and electrical infrastructure components as well as infrastructure refurbishments.

1.6.4 Future operational cost of new infrastructure

The future operational costs and revenues associated with the capital programme have been included in Table 61 MBRR SA35. It needs to be noted that as part of the 2022/23 MTREF, this expenditure has been factored into the two outer years of the operational budget.

1.7 Annual Budget Tables - Parent Municipality

The following eighteen pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2022/23 budget and MTREF as approved by the Council. Each table is accompanied by *explanatory notes* on the facing page.

Table 8 MBRR Table A1 - Budget Summary

DC21 Ugu - Table A1 Budget Summary

Description	2018/19	2019/20	2020/21	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
R thousands	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Financial Performance										
Property rates	(209)	–	–	–	–	–	–	–	–	–
Service charges	394,895	474,533	440,852	501,878	449,977	449,977	409,517	521,380	547,449	574,821
Investment revenue	7,235	10,259	6,483	12,540	6,263	6,263	6,838	7,821	8,212	8,623
Transfers recognised - operational	680,584	513,637	568,695	593,848	596,924	596,924	549,567	655,132	648,391	695,964
Other own revenue	58,393	26,081	53,872	95,140	46,787	46,787	53,109	50,290	52,806	55,447
Total Revenue (excluding capital transfers and contributions)	1,140,899	1,024,509	1,069,901	1,203,406	1,099,951	1,099,951	1,019,031	1,234,623	1,256,858	1,334,855
Employee costs	388,283	400,292	404,030	403,418	381,517	381,517	383,507	414,993	424,093	426,099
Remuneration of councillors	9,441	10,495	9,719	10,650	10,650	10,650	8,956	11,758	12,346	12,964
Depreciation & asset impairment	261,277	221,793	219,780	220,272	223,565	223,565	187,464	317,000	332,850	349,493
Finance charges	10,667	17,564	17,688	12,644	20,296	20,296	18,864	13,892	13,476	13,198
Inventory consumed and bulk purchases	144,668	152,749	166,135	146,117	149,998	149,998	132,326	153,492	138,887	127,817
Transfers and grants	162	44,098	17,914	20,070	20,070	20,070	9,191	21,650	22,733	23,870
Other expenditure	566,086	627,973	460,827	536,047	442,614	442,614	362,787	411,018	309,552	299,968
Total Expenditure	1,380,583	1,474,964	1,296,092	1,349,217	1,248,710	1,248,710	1,103,095	1,343,805	1,253,936	1,253,408
Surplus/(Deficit)	(239,684)	(450,456)	(226,191)	(145,811)	(148,759)	(148,759)	(84,064)	(109,182)	2,921	81,447
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	55,000	306,065	242,335	285,098	289,096	289,096	251,147	285,505	350,855	369,141
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions) & Transfers and subsidies - capital (in-kind - all)	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions	(184,684)	(144,390)		139,286	140,336	140,336	167,084	176,324	353,776	450,588
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year	(184,684)	(144,390)	–	139,286	140,336	140,336	167,084	176,324	353,776	450,588
Capital expenditure & funds sources										
Capital expenditure	(164,571)	2,579,286	8,681,702	333,687	314,406	314,406	242,437	314,988	299,781	314,770
Transfers recognised - capital	(504,860)	398,766	437,395	295,098	265,316	265,316	221,710	285,505	299,781	314,770
Borrowing	–	–	–	–	–	–	–	–	–	–
Internally generated funds	10,647	8,164,167	8,244,307	38,450	49,089	49,089	20,728	29,483	–	–
Total sources of capital funds	(494,213)	8,562,934	8,681,702	333,548	314,406	314,406	242,438	314,988	299,781	314,770
Financial position										
Total current assets	42,876	399,726	522,350	721,268	515,823	515,823	740,953	513,543	537,504	556,828
Total non current assets	(247,066)	3,689,208	3,613,077	3,483,571	3,747,301	3,747,301	3,785,219	3,731,120	3,886,878	4,081,389
Total current liabilities	207,609	758,729	803,870	375,664	363,778	363,778	792,736	340,224	318,260	305,376
Total non current liabilities	(3,759)	72,436	73,194	77,357	71,112	71,112	73,443	306,973	246,115	185,390
Community wealth/Equity	(223,385)	3,402,047	3,242,053	3,612,533	3,688,705	3,688,705	3,829,045	3,597,467	3,821,655	4,073,001
Cash flows										
Net cash from (used) operating	22,132	81,091	58,077	378,964	7,283	7,283	8,285	490,796	596,418	728,532
Net cash from (used) investing	(936)	(4,306)	10	(329,463)	(343,638)	(343,638)	(237,371)	(314,988)	(330,851)	(347,393)
Net cash from (used) financing	–	–	–	–	(10,925)	(10,925)	–	–	–	–
Cash/cash equivalents at the year end	(2,732)	75,813	57,129	129,525	(267,799)	(267,799)	(229,061)	255,289	520,856	901,995
Cash backing/surplus reconciliation										
Cash and investments available	(13,203)	82,393	78,423	301,471	(93,424)	(93,424)	129,156	69,285	72,460	78,816
Application of cash and investments	167,135	571,625	585,301	16,816	94,411	94,411	3,334	(89,512)	(101,852)	(99,533)
Balance - surplus (shortfall)	(180,338)	(489,232)	(506,878)	284,655	(187,835)	(187,835)	125,822	158,797	174,312	178,350
Asset management										
Asset register summary (WDV)	234,208	3,294,263	3,250,709	3,267,678	3,557,227	3,557,227	3,557,227	3,458,896	3,601,042	3,781,261
Depreciation	244,424	208,964	215,269	220,272	223,565	223,565	223,565	317,000	332,850	349,493
Renewal and Upgrading of Existing Assets	1,564,269	2,265,076	8,305,440	89,009	79,817	79,817	79,817	100,000	105,000	110,250
Repairs and Maintenance	167,942	114,010	81,727	67,069	65,296	65,296	65,296	41,832	30,346	22,668
Free services										
Cost of Free Basic Services provided	30	96	5,355	72,336	49,586	49,586	59,431	59,431	62,403	65,523
Revenue cost of free services provided	–	–	5,355	21,697	21,245	21,245	–	–	–	–
Households below minimum service level										
Water:	–	0	0	0	0	0	0	0	0	0
Sanitation/sewerage:	–	–	–	–	–	–	–	–	–	–
Energy:	–	–	–	–	–	–	–	–	–	–
Refuse:	–	–	–	–	–	–	–	–	–	–

Explanatory notes to MBRR Table A1 - Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the District's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
    a. The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
    b. Capital expenditure is balanced by capital funding sources, of which
        i. Transfers recognised is reflected on the Financial Performance Budget;
        ii. Borrowing is incorporated in the net cash from financing on the Cash Flow Budget
        iii. Internally generated funds is financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.
4. The Cash backing/surplus reconciliation shows that in previous financial years the municipality was not paying much attention to managing this aspect of its finances, and consequently many of its obligations are not cash-backed. This places the municipality in a very vulnerable financial position, as the recent slow-down in revenue collections highlighted. Consequently Council has taken a deliberate decision to ensure adequate cash-backing for all material obligations in accordance with the recently adopted Funding and Reserves Policy. This cannot be achieved in one financial year. But over the MTREF there is progressive improvement in the level of cash-backing of obligations. It is anticipated that the goal of having all obligations cash-back will be achieved by 2024/25, when a small surplus is reflected.
5. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The section of Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to increase. In addition, the municipality continues to make progress in addressing service delivery backlogs. It is anticipated that by 2024/25the water backlog will have been very nearly eliminated.

Table 9 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

DC21 Ugu - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)

Functional Classification Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Revenue - Functional										
Governance and administration		536,488	659,781	699,608	255,787	534,776	534,776	617,688	659,608	707,781
Executive and council		3,650	4,523	4,468	3,611	3,611	3,611	3,319	–	–
Finance and administration		532,838	655,258	695,140	252,176	531,165	531,165	614,369	659,608	707,781
Internal audit		–	–	–	–	–	–	–	–	–
Community and public safety		–	745	–	17,282	16,923	16,923	–	–	–
Community and social services		–	745	–	17,282	16,923	16,923	–	–	–
Sport and recreation		–	–	–	–	–	–	–	–	–
Public safety		–	–	–	–	–	–	–	–	–
Housing		–	–	–	–	–	–	–	–	–
Health		–	–	–	–	–	–	–	–	–
Economic and environmental services		235,795	4,134	2,879	76,240	49,501	49,501	1,438	1,510	1,586
Planning and development		235,743	4,117	2,856	56,752	49,024	49,024	1,438	1,510	1,586
Road transport		–	–	–	–	–	–	–	–	–
Environmental protection		52	17	23	19,488	477	477	–	–	–
Trading services		423,616	665,914	609,750	1,120,563	787,848	787,848	901,002	946,595	994,629
Energy sources		–	–	–	–	–	–	–	–	–
Water management		330,588	561,019	500,958	978,265	609,185	609,185	792,378	832,540	874,871
Waste water management		93,028	104,894	108,792	142,297	178,662	178,662	108,623	114,054	119,757
Waste management		–	–	–	–	–	–	–	–	–
Other	4	–	–	–	18,632	–	–	–	–	–
Total Revenue - Functional	2	1,195,899	1,330,574	1,312,236	1,488,503	1,389,047	1,389,047	1,520,128	1,607,712	1,703,995
Expenditure - Functional										
Governance and administration		472,960	538,785	407,497	611,700	585,117	585,117	650,149	583,738	586,241
Executive and council		59,486	105,096	64,551	62,875	65,127	65,127	44,737	46,715	48,827
Finance and administration		413,406	433,639	340,190	548,395	519,308	519,308	604,912	536,539	536,939
Internal audit		68	50	2,756	430	682	682	500	485	475
Community and public safety		15,517	40,161	6,655	8,595	4,176	4,176	4,435	4,302	4,213
Community and social services		11,903	38,891	6,576	8,245	3,856	3,856	4,235	4,108	4,023
Sport and recreation		–	–	–	–	–	–	–	–	–
Public safety		2,662	1,238	–	–	–	–	–	–	–
Housing		–	–	–	–	–	–	–	–	–
Health		953	32	79	350	320	320	200	194	190
Economic and environmental services		46,043	106,637	41,029	76,408	46,443	46,443	41,987	42,870	43,980
Planning and development		45,764	144,694	40,841	57,624	45,267	45,267	41,237	42,142	43,267
Road transport		0	0	–	–	–	–	–	–	–
Environmental protection		279	(38,057)	188	18,784	1,176	1,176	750	728	713
Trading services		846,063	789,381	840,910	634,856	612,974	612,974	647,233	623,026	618,974
Energy sources		63,033	–	–	–	–	–	–	–	–
Water management		661,179	707,904	745,998	522,099	519,310	519,310	500,402	477,459	472,775
Waste water management		121,851	81,478	94,912	112,758	93,664	93,664	146,831	145,567	146,199
Waste management		–	–	–	–	–	–	–	–	–
Other	4	–	–	–	17,657	–	–	–	–	–
Total Expenditure - Functional	3	1,380,583	1,474,964	1,296,092	1,349,217	1,248,710	1,248,710	1,343,805	1,253,936	1,253,408
Surplus/(Deficit) for the year		(184,684)	(144,390)	16,144	139,286	140,336	140,336	176,324	353,776	450,588

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

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms if each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
2. Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4.
3. Note that as a general principle the revenues for the Trading Services should exceed their expenditures. The table highlights that this is the case for Water and Waste water functions. As already noted above, the

municipality will be undertaking a detailed study of this function to explore ways of improving efficiencies and provide a basis for re-evaluating the function's tariff structure.

4. Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources reflected under the Corporate Services.

Table 10 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

DC21 Ugu - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Revenue by Vote	1									
Vote 1 - Executive and Council		3,650	4,523	4,468	3,611	3,611	3,611	3,319	–	–
Vote 2 - Finance and Administration		532,838	655,258	695,140	252,176	531,165	531,165	614,369	659,608	707,781
Vote 3 - Internal Audit		–	–	–	–	–	–	–	–	–
Vote 4 - Community and Social Services		–	745	–	17,282	16,923	16,923	–	–	–
Vote 5 - Sport and Recreation		–	–	–	–	–	–	–	–	–
Vote 6 - Public Safety		–	–	–	–	–	–	–	–	–
Vote 7 - Other		–	–	–	18,632	–	–	–	–	–
Vote 8 - Health		–	–	–	–	–	–	–	–	–
Vote 9 - Planning and Development		235,743	4,117	2,856	56,752	49,024	49,024	1,438	1,510	1,586
Vote 10 - Road Transport		–	–	–	–	–	–	–	–	–
Vote 11 - Environmental Protection		52	17	23	19,488	477	477	–	–	–
Vote 12 - Energy Sources		–	–	–	–	–	–	–	–	–
Vote 13 - Water Management		330,588	561,019	500,958	978,265	609,185	609,185	792,378	832,540	874,871
Vote 14 - Waste Water Management		93,028	104,894	108,792	142,297	178,662	178,662	108,623	114,054	119,757
Vote 15 - Waste Management		–	–	–	–	–	–	–	–	–
Total Revenue by Vote	2	1,195,899	1,330,574	1,312,236	1,488,503	1,389,047	1,389,047	1,520,128	1,607,712	1,703,995
Expenditure by Vote *to be appropriated*	1									
Vote 1 - Executive and Council		59,486	105,096	64,551	62,875	65,127	65,127	44,737	46,715	48,827
Vote 2 - Finance and Administration		344,630	348,657	279,496	487,524	488,311	488,311	585,987	517,682	518,108
Vote 3 - Internal Audit		43,845	49,422	39,268	41,349	31,652	31,652	19,424	19,342	19,306
Vote 4 - Community and Social Services		11,903	38,891	6,576	8,245	3,856	3,856	4,235	4,108	4,023
Vote 5 - Sport and Recreation		–	–	–	–	–	–	–	–	–
Vote 6 - Public Safety		27,118	35,918	24,139	18,000	–	–	–	–	–
Vote 7 - Other		543	930	44	19,609	27	27	–	–	–
Vote 8 - Health		953	32	79	350	320	320	200	194	190
Vote 9 - Planning and Development		45,764	144,694	40,841	57,624	45,267	45,267	41,237	42,142	43,267
Vote 10 - Road Transport		0	0	–	–	–	–	–	–	–
Vote 11 - Environmental Protection		279	(38,057)	188	18,784	1,176	1,176	750	728	713
Vote 12 - Energy Sources		63,033	–	–	–	–	–	–	–	–
Vote 13 - Water Management		661,179	707,904	745,998	522,099	519,310	519,310	500,402	477,459	472,775
Vote 14 - Waste Water Management		121,851	81,478	94,912	112,758	93,664	93,664	146,831	145,567	146,199
Vote 15 - Waste Management		–	–	–	–	–	–	–	–	–
Total Expenditure by Vote	2	1,380,583	1,474,964	1,296,092	1,349,217	1,248,710	1,248,710	1,343,805	1,253,936	1,253,408
Surplus/(Deficit) for the year	2	(184,684)	(144,390)	16,144	139,286	140,336	140,336	176,324	353,776	450,588

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

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

Table 20 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)

DC21 Ugu - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Revenue By Source											
Property rates	2	(209)	–	–	–	–	–	–	–	–	–
Service charges - electricity revenue	2	–	–	–	–	–	–	–	–	–	–
Service charges - water revenue	2	301,867	369,638	332,056	414,793	330,810	330,810	313,566	412,756	433,394	455,064
Service charges - sanitation revenue	2	93,028	104,894	108,796	87,084	119,167	119,167	95,951	108,623	114,054	119,757
Service charges - refuse revenue	2	–	–	–	–	–	–	–	–	–	–
Rental of facilities and equipment		2,205	2,070	2,504	3,500	4,468	4,468	1,377	4,722	4,958	5,206
Interest earned - external investments		7,235	10,259	6,483	12,540	6,263	6,263	6,838	7,821	8,212	8,623
Interest earned - outstanding debtors		33,374	7,261	43,564	–	35,463	35,463	41,976	37,768	39,656	41,639
Dividends received		–	–	–	–	–	–	–	–	–	–
Fines, penalties and forfeits		–	–	(4)	–	–	–	–	–	–	–
Licences and permits		52	17	23	–	–	–	–	–	–	–
Agency services		–	–	–	–	–	–	–	–	–	–
Transfers and subsidies		680,584	513,637	568,695	593,848	596,924	596,924	549,567	655,132	648,391	695,964
Other revenue	2	4,812	3,259	6,446	91,640	6,856	6,856	9,756	7,700	8,085	8,489
Gains		17,952	13,474	1,339	–	–	–	–	100	106	112
Total Revenue (excluding capital transfers and contributions)		1,140,899	1,024,509	1,069,901	1,203,406	1,099,951	1,099,951	1,019,031	1,234,623	1,256,858	1,334,855
Expenditure By Type											
Employee related costs	2	388,283	400,292	404,030	403,418	381,517	381,517	383,507	414,993	424,093	426,099
Remuneration of councillors		9,441	10,495	9,719	10,650	10,650	10,650	8,956	11,758	12,346	12,964
Debt impairment	3	19,166	103,375	48,127	95,011	93,240	93,240	23,667	154,905	73,500	77,175
Depreciation & asset impairment	2	261,277	221,793	219,780	220,272	223,565	223,565	187,464	317,000	332,850	349,493
Finance charges		10,667	17,564	17,688	12,644	20,296	20,296	18,864	13,892	13,476	13,198
Bulk purchases - electricity	2	251	–	–	–	–	–	–	–	–	–
Inventory consumed	8	144,417	152,749	166,135	146,117	149,998	149,998	132,326	153,492	138,887	127,817
Contracted services		206,755	191,032	213,275	158,502	159,805	159,805	151,019	111,587	94,841	83,649
Transfers and subsidies		162	44,098	17,914	20,070	20,070	20,070	9,191	21,650	22,733	23,870
Other expenditure	4, 5	286,786	259,592	191,504	262,330	182,569	182,569	188,101	144,526	141,210	139,143
Losses		53,379	73,974	7,922	20,204	7,000	7,000	0	–	–	–
Total Expenditure		1,380,583	1,474,964	1,296,092	1,349,217	1,248,710	1,248,710	1,103,095	1,343,805	1,253,936	1,253,408
Surplus/(Deficit)		(239,684)	(450,456)	(226,191)	(145,811)	(148,759)	(148,759)	(84,064)	(109,182)	2,921	81,447
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		55,000	306,065	242,335	285,098	289,096	289,096	251,147	285,505	350,855	369,141
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions)	6	–	–	–	–	–	–	–	–	–	–
Transfers and subsidies - capital (in-kind - all)		–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions		(184,684)	(144,390)	16,144	139,286	140,336	140,336	167,084	176,324	353,776	450,588
Taxation		–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after taxation		(184,684)	(144,390)	16,144	139,286	140,336	140,336	167,084	176,324	353,776	450,588
Attributable to minorities		–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) attributable to municipality		(184,684)	(144,390)	16,144	139,286	140,336	140,336	167,084	176,324	353,776	450,588
Share of surplus/ (deficit) of associate	7	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year		(184,684)	(144,390)	16,144	139,286	140,336	140,336	167,084	176,324	353,776	450,588

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

1. Total revenue is R1.234 billion in 2022/23 and escalates to R1.256 billion by 2024/25. This represents a year-on-year increase of 2 per cent for the 2023/24 financial year and 6 per cent for the 2024/25 financial year.
2. Revenue to be generated from service charges water and sanitation is R521 million in the 2022/23 financial year and increases to R574 million by 2024/25 which represents 42 per cent of the operating revenue base of the district and therefore remains a significant funding source for the municipality. It remains relatively

constant over the medium-term and tariff increases have been factored in at 6.5 per cent per cent for each of the respective financial years of the MTREF.

3. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government. It needs to be noted that in real terms the grants receipts from national government are growing rapidly over the MTREF by 2.5 per cent and the outer years allocation is as per DORA. The percentage share of this revenue source declines due to the more rapid relative growth in service charge revenues.
4. Bulk purchases – Water / Inventory Consumed have significantly increased over the 2022/23 to 2024/25 period escalating from R153 million to R169 million. These increases can be attributed to the substantial increase in the cost of bulk water from uMgeni Water.
5. Employee related costs and bulk purchases are the main cost drivers within the municipality and alternative operational gains and efficiencies will have to be identified to lessen the impact of wage and bulk tariff increases in future years.

Table 21 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

Vote Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Capital expenditure - Vote											
Multi-year expenditure *to be appropriated*	2										
Vote 1 - Executive and Council		–	–	–	–	–	–	–	–	–	–
Vote 2 - Finance and Administration		(1,530,352)	349,596	6,320,897	–	–	–	–	–	–	–
Vote 3 - Internal Audit		–	–	–	–	–	–	–	–	–	–
Vote 4 - Community and Social Services		–	–	–	–	–	–	–	–	–	–
Vote 5 - Sport and Recreation		–	–	–	–	–	–	–	–	–	–
Vote 6 - Public Safety		–	–	–	–	–	–	–	–	–	–
Vote 7 - Other		–	–	–	–	–	–	–	–	–	–
Vote 8 - Health		–	–	–	–	–	–	–	–	–	–
Vote 9 - Planning and Development		–	224	457	–	–	–	–	–	–	–
Vote 10 - Road Transport		–	–	–	–	–	–	–	–	–	–
Vote 11 - Environmental Protection		–	–	–	–	–	–	–	–	–	–
Vote 12 - Energy Sources		–	–	–	–	–	–	–	–	–	–
Vote 13 - Water Management		(478,405)	360,378	384,048	–	–	–	–	–	–	–
Vote 14 - Waste Water Management		1,844,185	1,869,088	1,976,300	–	–	–	–	–	–	–
Vote 15 - Waste Management		–	–	–	–	–	–	–	–	–	–
Capital multi-year expenditure sub-total	7	(164,571)	2,579,286	8,681,702	–	–	–	–	–	–	–
Single-year expenditure *to be appropriated*	2										
Vote 1 - Executive and Council		–	–	–	–	–	–	–	–	–	–
Vote 2 - Finance and Administration		–	–	–	36,450	30,610	30,610	20,242	24,983	–	–
Vote 3 - Internal Audit		–	–	–	–	–	–	–	–	–	–
Vote 4 - Community and Social Services		–	–	–	–	–	–	–	–	–	–
Vote 5 - Sport and Recreation		–	–	–	–	–	–	–	–	–	–
Vote 6 - Public Safety		–	–	–	–	–	–	–	–	–	–
Vote 7 - Other		–	–	–	140	–	–	(1)	–	–	–
Vote 8 - Health		–	–	–	–	–	–	–	–	–	–
Vote 9 - Planning and Development		–	–	–	–	–	–	–	–	–	–
Vote 10 - Road Transport		–	–	–	–	–	–	–	–	–	–
Vote 11 - Environmental Protection		–	–	–	–	–	–	–	–	–	–
Vote 12 - Energy Sources		–	–	–	–	–	–	–	–	–	–
Vote 13 - Water Management		–	–	–	212,593	170,781	170,781	133,526	194,135	199,117	209,072
Vote 14 - Waste Water Management		–	–	–	84,505	113,014	113,014	88,670	95,870	100,664	105,697
Vote 15 - Waste Management		–	–	–	–	–	–	–	–	–	–
Capital single-year expenditure sub-total		–	–	–	333,687	314,406	314,406	242,437	314,988	299,781	314,770
Total Capital Expenditure - Vote		(164,571)	2,579,286	8,681,702	333,687	314,406	314,406	242,437	314,988	299,781	314,770
Capital Expenditure - Functional											
Governance and administration		(1,530,352)	349,596	6,320,897	36,450	30,610	30,610	20,242	24,983	–	–
Executive and council		–	–	–	–	–	–	–	–	–	–
Finance and administration		(1,530,352)	349,596	6,320,897	36,450	30,610	30,610	20,242	24,983	–	–
Internal audit		–	–	–	–	–	–	–	–	–	–
Community and public safety		–	–	–	–	–	–	–	–	–	–
Community and social services		–	–	–	–	–	–	–	–	–	–
Sport and recreation		–	–	–	–	–	–	–	–	–	–
Public safety		–	–	–	–	–	–	–	–	–	–
Housing		–	–	–	–	–	–	–	–	–	–
Health		–	–	–	–	–	–	–	–	–	–
Economic and environmental services		–	224	457	–	–	–	–	–	–	–
Planning and development		–	224	457	–	–	–	–	–	–	–
Road transport		–	–	–	–	–	–	–	–	–	–
Environmental protection		–	–	–	–	–	–	–	–	–	–
Trading services		1,365,781	2,229,466	2,360,348	297,098	283,796	283,796	222,196	290,005	299,781	314,770
Energy sources		–	–	–	–	–	–	–	–	–	–
Water management		(478,405)	360,378	384,048	212,593	170,781	170,781	133,526	194,135	199,117	209,072
Waste water management		1,844,185	1,869,088	1,976,300	84,505	113,014	113,014	88,670	95,870	100,664	105,697
Waste management		–	–	–	–	–	–	–	–	–	–
Other		–	–	–	140	–	–	(1)	–	–	–
Total Capital Expenditure - Functional	3	(164,571)	2,579,286	8,681,702	333,687	314,406	314,406	242,437	314,988	299,781	314,770
Funded by:											
National Government		(504,860)	386,593	425,221	295,098	258,916	258,916	218,880	285,505	299,781	314,770
Provincial Government		–	12,174	12,174	–	6,400	6,400	2,830	–	–	–
District Municipality		–	–	–	–	–	–	–	–	–	–
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions)		–	–	–	–	–	–	–	–	–	–
Transfers recognised - capital	4	(504,860)	398,766	437,395	295,098	265,316	265,316	221,710	285,505	299,781	314,770
Borrowing	6	–	–	–	–	–	–	–	–	–	–
Internally generated funds		10,647	8,164,167	8,244,307	38,450	49,089	49,089	20,728	29,483	–	–
Total Capital Funding	7	(494,213)	8,562,934	8,681,702	333,548	314,406	314,406	242,438	314,988	299,781	314,770

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

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations. In relation to multi-year appropriations, for 2022/23 has been allocated of the total R314 million capital budgets. This allocation scales down to R299 million in 2023/24 and to escalates to R314 million in 2024/25 owing primarily to the fact that water and sanitation backlogs remain an issue and thus the need to increase access to water and sanitation continues to be a priority.
3. The capital programme is funded from capital and provincial grants and transfers and internally generated funds from current year surpluses. For 2022/23, capital transfers totals R285 million (91 per cent) and escalates to R314 million by 2024/25 (100 per cent). Internally generated funding totaling R29 million, R0 and R0 for each of the respective financial years of the MTREF. These funding sources are further discussed in detail in 2.6 (Overview of Budget Funding).

Table 22 MBRR Table A6 - Budgeted Financial Position

DC21 Ugu - Table A6 Budgeted Financial Position

Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
ASSETS											
Current assets											
Cash		(37,921)	3,814	2,251	301,471	(93,424)	(93,424)	(2,603)	69,285	72,460	78,816
Call investment deposits	1	24,718	78,579	76,172	–	–	–	131,784	–	–	–
Consumer debtors	1	(200,986)	317,978	431,899	342,843	454,894	454,894	531,013	342,873	320,237	291,785
Other debtors		253,903	(11,626)	(1,147)	51,512	133,161	133,161	56,740	77,458	81,331	85,397
Current portion of long-term receivables		70	3,197	3,091	12,502	8,504	8,504	3,261	8,504	8,929	9,375
Inventory	2	3,093	7,784	10,084	12,939	12,688	12,688	20,759	15,423	54,547	91,454
Total current assets		42,876	399,726	522,350	721,268	515,823	515,823	740,953	513,543	537,504	556,828
Non current assets											
Long-term receivables		20,795	6,366	6,356	2,272	2,272	2,272	635	2,272	2,385	2,505
Investments		–	0	0	–	–	–	(24)	–	–	–
Investment property		–	32,867	34,206	43,216	33,206	33,206	34,206	22,610	23,899	25,261
Investment in Associate		–	–	–	–	–	–	–	–	–	–
Property, plant and equipment	3	(264,690)	3,642,652	3,567,685	3,431,726	3,708,016	3,708,016	3,746,046	3,702,801	3,856,984	4,049,833
Biological		–	–	–	–	–	–	–	–	–	–
Intangible		(3,171)	7,322	4,830	6,357	3,807	3,807	4,356	3,438	3,610	3,790
Other non-current assets		–	0	0	–	–	–	0	–	–	–
Total non current assets		(247,066)	3,689,208	3,613,077	3,483,571	3,747,301	3,747,301	3,785,219	3,731,120	3,886,878	4,081,389
TOTAL ASSETS		(204,190)	4,088,934	4,135,427	4,204,839	4,263,124	4,263,124	4,526,172	4,244,664	4,424,382	4,638,217
LIABILITIES											
Current liabilities											
Bank overdraft	1	–	–	–	–	–	–	–	–	–	–
Borrowing	4	1,727	7,986	9,853	14,508	–	–	8,529	10,925	11,472	12,045
Consumer deposits		579	21,752	21,888	–	21,888	21,888	21,924	21,888	22,982	24,132
Trade and other payables	4	203,346	665,538	704,496	325,965	297,698	297,698	691,975	263,218	237,404	220,477
Provisions		1,958	63,453	67,634	35,191	44,192	44,192	70,308	44,192	46,402	48,722
Total current liabilities		207,609	758,729	803,870	375,664	363,778	363,778	792,736	340,224	318,260	305,376
Non current liabilities											
Borrowing		(6,504)	53,512	45,979	40,176	28,595	28,595	37,201	282,616	220,540	158,536
Provisions		2,745	18,923	27,215	37,181	42,517	42,517	36,242	24,357	25,575	26,853
Total non current liabilities		(3,759)	72,436	73,194	77,357	71,112	71,112	73,443	306,973	246,115	185,390
TOTAL LIABILITIES		203,850	831,165	877,065	453,020	434,890	434,890	866,179	647,197	564,375	490,765
NET ASSETS	5	(408,040)	3,257,768	3,258,363	3,751,819	3,828,234	3,828,234	3,659,993	3,597,467	3,860,007	4,147,451
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		(223,385)	3,402,047	3,242,053	3,612,533	3,688,705	3,688,705	3,829,045	3,597,467	3,821,655	4,073,001
Reserves	4	–	–	0	–	–	–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	5	(223,385)	3,402,047	3,242,053	3,612,533	3,688,705	3,688,705	3,829,045	3,597,467	3,821,655	4,073,001

Explanatory notes to Table A6 - Budgeted Financial Position

1. Table A6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
3. Table 66 is supported by an extensive table of notes (SA3) providing a detailed analysis of the major components of a number of items, including:
   - Call investments deposits;
   - Consumer debtors;
   - Property, plant and equipment;
   - Trade and other payables;
   - Provisions non-current;
   - Changes in net assets; and
   - Reserves
4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

Table 23 MBRR Table A7 - Budgeted Cash Flow Statement

DC21 Ugu - Table A7 Budgeted Cash Flows

Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		–	–	–	–	–	–	–	–	–	–
Service charges		(11,751)	762	–	377,863	335,233	335,233	274,071	388,428	413,676	440,565
Other revenue		–	–	–	87,507	–	–	151,135	133,631	142,247	151,418
Transfers and Subsidies - Operational	1	11,233	64,605	37,504	580,672	576,900	576,900	536,587	675,600	686,020	738,115
Transfers and Subsidies - Capital	1	–	–	4,980	285,098	302,720	302,720	349,574	285,505	301,281	317,735
Interest		–	–	–	12,462	6,263	6,263	4,944	35,965	37,763	39,651
Dividends		–	–	–	–	–	–	–	–	–	–
Payments											
Suppliers and employees		22,649	15,724	15,592	(932,110)	(1,181,305)	(1,181,305)	(1,282,236)	(992,791)	(947,248)	(919,766)
Finance charges		–	–	–	(12,458)	(12,458)	(12,458)	(13,861)	(13,892)	(14,587)	(15,316)
Transfers and Grants	1	–	–	–	(20,070)	(20,070)	(20,070)	(11,928)	(21,650)	(22,733)	(23,870)
NET CASH FROM/(USED) OPERATING ACTIVITIES		22,132	81,091	58,077	378,964	7,283	7,283	8,285	490,796	596,418	728,532
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		–	–	–	–	–	–	–	–	–	–
Decrease (increase) in non-current receivables		(936)	(4,306)	10	4,084	–	–	(70)	–	(114)	(119)
Decrease (increase) in non-current investments		–	(0)	–	0	–	–	(24)	–	–	–
Payments											
Capital assets		–	–	–	(333,548)	(343,638)	(343,638)	(237,276)	(314,988)	(330,737)	(347,274)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(936)	(4,306)	10	(329,463)	(343,638)	(343,638)	(237,371)	(314,988)	(330,851)	(347,393)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		–	–	–	–	–	–	–	–	–	–
Borrowing long term/refinancing		–	–	–	–	–	–	–	–	–	–
Increase (decrease) in consumer deposits		–	–	–	–	–	–	–	–	–	–
Payments											
Repayment of borrowing		–	–	–	–	(10,925)	(10,925)	–	–	–	–
NET CASH FROM/(USED) FINANCING ACTIVITIES		–	–	–	–	(10,925)	(10,925)	–	–	–	–
NET INCREASE/ (DECREASE) IN CASH HELD		21,195	76,785	58,087	49,501	(347,281)	(347,281)	(229,086)	175,808	265,567	381,139
Cash/cash equivalents at the year begin:	2	(23,927)	(972)	(957)	80,024	79,481	79,481	25	79,481	255,289	520,856
Cash/cash equivalents at the year end:	2	(2,732)	75,813	57,129	129,525	(267,799)	(267,799)	(229,061)	255,289	520,856	901,995

Table 24 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

DC21 Ugu - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Cash and investments available											
Cash/cash equivalents at the year end	1	(2,732)	75,813	57,129	129,525	(267,799)	(267,799)	(229,061)	255,289	520,856	901,995
Other current investments > 90 days		(10,472)	6,579	21,294	171,946	174,375	174,375	358,242	(186,004)	(448,396)	(823,179)
Non current assets - Investments	1	–	0	0	–	–	–	(24)	–	–	–
Cash and investments available:		(13,203)	82,393	78,423	301,471	(93,424)	(93,424)	129,156	69,285	72,460	78,816
Application of cash and investments											
Unspent conditional transfers		21,237	6,614	5,735	–	–	–	783,424	–	–	–
Unspent borrowing		15	6,571	7,630	18	–	–		–	–	–
Statutory requirements	2	–	–	–	–	239,226	239,226	(33,395)	77,458	81,331	85,397
Other working capital requirements	3	145,883	558,439	571,937	16,798	(100,623)	(100,623)	(672,255)	(122,778)	(136,781)	(136,209)
Other provisions		–	–	–	–	(44,192)	(44,192)	(74,451)	(44,192)	(46,402)	(48,722)
Long term investments committed	4	–	–	–	–	–	–	–	–	–	–
Reserves to be backed by cash/investments	5	–	–	–	–	–	–	10	–	–	–
Total Application of cash and investments:		167,135	571,625	585,301	16,816	94,411	94,411	3,334	(89,512)	(101,852)	(99,533)
Surplus(shortfall)		(180,338)	(489,232)	(506,878)	284,655	(187,835)	(187,835)	125,822	158,797	174,312	178,350

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. It can be seen that the cash levels of the district are expected to gradually increase over the 2022/23 to 2024/25 with the hopes of building reserves.
4. The approved 2022/23 MTREF provide for a further net increase in cash of R175 million for the 2022/23 financial year resulting in an overall projected positive cash position of R255 million at year end.
5. The 2022/23 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term.
6. Cash and cash equivalents total R255 million as at the end of the 2022/23 financial year and escalates to R901 million by 2024/25.

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

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.
5. From the table it can be seen that for the period 2022/23 to 2024/25 the surplus improves from R199 million to R338 million.
6. Considering the requirements of section 18 of the MFMA, it can be concluded that the adopted 2022/23 MTREF was funded owing to the surplus.
7. As part of the budgeting and planning guidelines that informed the compilation of the 2022/23 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.
8. As can be seen the budget has been modelled to progressively move to a prospective surplus of R158 million in 2022/23 to a surplus of R178 million by 2024/25.

Table 25 MBRR Table A9 - Asset Management

DC21 Ugu - Table A9 Asset Management

Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
CAPITAL EXPENDITURE										
Total New Assets	1	(1,728,840)	314,210	376,262	244,679	234,588	234,588	214,988	194,781	204,520
Roads Infrastructure		–	–	–	–	–	–	–	–	–
Storm water Infrastructure		–	–	–	–	–	–	–	–	–
Electrical Infrastructure		–	–	–	–	–	–	–	–	–
Water Supply Infrastructure		(1,474,185)	33,321	86,045	117,584	80,668	80,668	88,767	90,055	94,558
Sanitation Infrastructure		(26,456)	42,033	60,076	84,505	117,310	117,310	99,738	104,725	109,962
Solid Waste Infrastructure		–	–	–	–	–	–	–	–	–
Rail Infrastructure		–	–	–	–	–	–	–	–	–
Coastal Infrastructure		–	–	–	–	–	–	–	–	–
Information and Communication Infrastructure		833	4,109	4,290	800	–	–	–	–	–
Infrastructure		*(1,499,808)*	*79,464*	*150,412*	*202,889*	*197,978*	*197,978*	*188,505*	*194,781*	*204,520*
Community Facilities		–	–	–	–	–	–	–	–	–
Sport and Recreation Facilities		–	–	–	–	–	–	–	–	–
Community Assets		–	–	–	–	–	–	–	–	–
Heritage Assets		–	–	–	–	–	–	–	–	–
Revenue Generating		–	–	–	–	–	–	–	–	–
Non-revenue Generating		–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Operational Buildings		6,351	16,133	19,271	18,600	10,200	10,200	13,283	–	–
Housing		–	144	144	150	10	10	–	–	–
Other Assets		*6,351*	*16,277*	*19,414*	*18,750*	*10,210*	*10,210*	*13,283*	–	–
Biological or Cultivated Assets		–	–	–	–	–	–	–	–	–
Servitudes		–	–	–	–	–	–	–	–	–
Licences and Rights		(266,332)	36,754	36,754	45	–	–	–	–	–
Intangible Assets		*(266,332)*	*36,754*	*36,754*	*45*	–	–	–	–	–
Computer Equipment		–	2,027	3,663	2,085	1,400	1,400	1,700	–	–
Furniture and Office Equipment		–	16,192	2,286	4,110	9,000	9,000	–	–	–
Machinery and Equipment		–	4,321	7,981	6,800	6,000	6,000	1,500	–	–
Transport Assets		30,949	193,014	189,482	10,000	10,000	10,000	10,000	–	–
Land		–	(33,838)	(33,730)	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–

Table 25 MBRR Table A9 - Asset Management continued…

Total Renewal of Existing Assets	2	(306,372)	2,131,071	7,975,430	–	–	–	–	–	–
Roads Infrastructure		–	–	–	–	–	–	–	–	–
Storm water Infrastructure		–	–	–	–	–	–	–	–	–
Electrical Infrastructure		–	–	–	–	–	–	–	–	–
Water Supply Infrastructure		(91,244)	146,308	5,990,639	–	–	–	–	–	–
Sanitation Infrastructure		(217,842)	1,797,663	1,797,663	–	–	–	–	–	–
Solid Waste Infrastructure		–	–	–	–	–	–	–	–	–
Rail Infrastructure		–	–	–	–	–	–	–	–	–
Coastal Infrastructure		–	–	–	–	–	–	–	–	–
Information and Communication Infrastructure		–	–	–	–	–	–	–	–	–
Infrastructure		*(309,087)*	*1,943,971*	*7,788,302*	–	–	–	–	–	–
Community Facilities		–	–	–	–	–	–	–	–	–
Sport and Recreation Facilities		–	–	–	–	–	–	–	–	–
Community Assets		–	–	–	–	–	–	–	–	–
Heritage Assets		–	–	–	–	–	–	–	–	–
Revenue Generating		–	642	642	–	–	–	–	–	–
Non-revenue Generating		–	–	–	–	–	–	–	–	–
Investment properties		–	*642*	*642*	–	–	–	–	–	–
Operational Buildings		55	6,355	6,355	–	–	–	–	–	–
Housing		–	–	–	–	–	–	–	–	–
Other Assets		*55*	*6,355*	*6,355*	–	–	–	–	–	–
Biological or Cultivated Assets		–	–	–	–	–	–	–	–	–
Servitudes		2,659	2,659	2,659	–	–	–	–	–	–
Licences and Rights		–	8,300	8,300	–	–	–	–	–	–
Intangible Assets		*2,659*	*10,959*	*10,959*	–	–	–	–	–	–
Computer Equipment		–	–	–	–	–	–	–	–	–
Furniture and Office Equipment		–	146,104	146,104	–	–	–	–	–	–
Machinery and Equipment		–	17,519	17,519	–	–	–	–	–	–
Transport Assets		–	5,520	5,549	–	–	–	–	–	–
Land		–	–	–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–
Total Upgrading of Existing Assets	6	1,870,641	134,005	330,010	89,009	79,817	79,817	100,000	105,000	110,250
Roads Infrastructure		–	–	–	–	–	–	–	–	–
Storm water Infrastructure		–	–	–	–	–	–	–	–	–
Electrical Infrastructure		–	–	–	–	6,400	6,400	–	–	–
Water Supply Infrastructure		–	134,338	200,054	89,009	73,417	73,417	100,000	105,000	110,250
Sanitation Infrastructure		1,870,641	–	–	–	–	–	–	–	–
Solid Waste Infrastructure		–	–	–	–	–	–	–	–	–
Rail Infrastructure		–	–	–	–	–	–	–	–	–
Coastal Infrastructure		–	–	–	–	–	–	–	–	–
Information and Communication Infrastructure		–	–	–	–	–	–	–	–	–
Infrastructure		*1,870,641*	*134,338*	*200,054*	*89,009*	*79,817*	*79,817*	*100,000*	*105,000*	*110,250*
Community Facilities		–	–	–	–	–	–	–	–	–
Sport and Recreation Facilities		–	–	–	–	–	–	–	–	–
Community Assets		–	–	–	–	–	–	–	–	–
Heritage Assets		–	–	–	–	–	–	–	–	–
Revenue Generating		–	–	–	–	–	–	–	–	–
Non-revenue Generating		–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Operational Buildings		–	0	0	–	–	–	–	–	–
Housing		–	–	–	–	–	–	–	–	–
Other Assets		–	*0*	*0*	–	–	–	–	–	–
Biological or Cultivated Assets		–	–	–	–	–	–	–	–	–
Servitudes		–	–	–	–	–	–	–	–	–
Licences and Rights		–	–	–	–	–	–	–	–	–
Intangible Assets		–	–	–	–	–	–	–	–	–
Computer Equipment		–	42,766	84,228	–	–	–	–	–	–
Furniture and Office Equipment		–	–	–	–	–	–	–	–	–
Machinery and Equipment		–	(44,039)	44,788	–	–	–	–	–	–
Transport Assets		–	940	940	–	–	–	–	–	–
Land		–	–	–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–
Total Capital Expenditure	4	(164,572)	2,579,286	8,681,702	333,687	314,406	314,406	314,988	299,781	314,770
Roads Infrastructure		–	–	–	–	–	–	–	–	–
Storm water Infrastructure		–	–	–	–	–	–	–	–	–
Electrical Infrastructure		–	–	–	–	6,400	6,400	–	–	–
Water Supply Infrastructure		(1,565,430)	313,967	6,276,738	206,593	154,085	154,085	188,767	195,055	204,808
Sanitation Infrastructure		1,626,343	1,839,697	1,857,740	84,505	117,310	117,310	99,738	104,725	109,962
Solid Waste Infrastructure		–	–	–	–	–	–	–	–	–
Rail Infrastructure		–	–	–	–	–	–	–	–	–
Coastal Infrastructure		–	–	–	–	–	–	–	–	–
Information and Communication Infrastructure		833	4,109	4,290	800	–	–	–	–	–
Infrastructure		*61,747*	*2,157,773*	*8,138,768*	*291,898*	*277,796*	*277,796*	*288,505*	*299,781*	*314,770*
Community Facilities		–	–	–	–	–	–	–	–	–
Sport and Recreation Facilities		–	–	–	–	–	–	–	–	–
Community Assets		–	–	–	–	–	–	–	–	–
Heritage Assets		–	–	–	–	–	–	–	–	–
Revenue Generating		–	642	642	–	–	–	–	–	–
Non-revenue Generating		–	–	–	–	–	–	–	–	–
Investment properties		–	*642*	*642*	–	–	–	–	–	–
Operational Buildings		6,406	22,488	25,626	18,600	10,200	10,200	13,283	–	–
Housing		–	144	144	150	10	10	–	–	–
Other Assets		*6,406*	*22,632*	*25,770*	*18,750*	*10,210*	*10,210*	*13,283*	–	–
Biological or Cultivated Assets		–	–	–	–	–	–	–	–	–
Servitudes		2,659	2,659	2,659	–	–	–	–	–	–
Licences and Rights		(266,332)	45,053	45,053	45	–	–	–	–	–
Intangible Assets		*(263,673)*	*47,712*	*47,712*	*45*	–	–	–	–	–
Computer Equipment		–	44,793	87,891	2,085	1,400	1,400	1,700	–	–
Furniture and Office Equipment		–	162,296	148,391	4,110	9,000	9,000	–	–	–
Machinery and Equipment		–	(22,199)	70,288	6,800	6,000	6,000	1,500	–	–
Transport Assets		30,949	199,474	195,971	10,000	10,000	10,000	10,000	–	–
Land		–	(33,838)	(33,730)	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–
TOTAL CAPITAL EXPENDITURE - Asset class		(164,572)	2,579,286	8,681,702	333,687	314,406	314,406	314,988	299,781	314,770

Table 25 MBRR Table A9 - Asset Management continued…

ASSET REGISTER SUMMARY - PPE (WDV)	5	234,208	3,294,263	3,250,709	3,267,678	3,557,227	3,557,227	3,458,896	3,601,042	3,781,261
Roads Infrastructure		–	–	–	–	–	–	–	–	–
Storm water Infrastructure		–	–	–	–	–	–	–	–	–
Electrical Infrastructure		–	–	–	–	–	–	–	–	–
Water Supply Infrastructure		(1,397,739)	1,305,828	1,334,025	1,802,245	2,783,447	2,783,447	2,717,689	2,850,423	2,992,945
Sanitation Infrastructure		1,652,598	1,755,210	1,664,507	1,173,996	(1,883,666)	(1,883,666)	(1,888,474)	(1,982,898)	(2,082,043)
Solid Waste Infrastructure		–	123	123	–	–	–	–	–	–
Rail Infrastructure		–	–	–	–	–	–	–	–	–
Coastal Infrastructure		–	–	–	–	–	–	–	–	–
Information and Communication Infrastructure		–	42,766	84,228	156	–	–	–	–	–
Infrastructure		*254,858*	*3,103,927*	*3,082,883*	*2,976,397*	*899,781*	*899,781*	*829,214*	*867,525*	*910,901*
Community Assets		(16,800)	(17,220)	(17,220)	(52)	–	–	–	–	–
Heritage Assets		–	–	–	–	–	–	–	–	–
Investment properties		–	32,867	34,206	43,216	33,206	33,206	22,610	23,899	25,261
Other Assets		(5,326)	123,092	100,131	136,235	130,705	130,705	125,112	117,421	123,292
Biological or Cultivated Assets		–	–	–	–	–	–	–	–	–
Intangible Assets		(3,171)	7,322	4,793	6,357	3,807	3,807	3,438	3,610	3,790
Computer Equipment		833	6,056	7,873	15,016	12,309	12,309	12,599	11,444	12,017
Furniture and Office Equipment		–	646	754	16,186	14,268	14,268	13,624	14,306	15,021
Machinery and Equipment		0	3,645	6,730	9,604	15,132	15,132	4,225	2,861	3,004
Transport Assets		4,010	67,767	64,398	37,913	1,746,523	1,746,523	1,746,576	1,823,405	1,914,575
Land		(198)	(33,838)	(33,838)	26,805	701,497	701,497	701,497	736,572	773,400
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	234,208	3,294,263	3,250,709	3,267,678	3,557,227	3,557,227	3,458,896	3,601,042	3,781,261
EXPENDITURE OTHER ITEMS		412,365	322,975	296,996	287,341	288,862	288,862	358,832	363,196	372,160
Depreciation	7	244,424	208,964	215,269	220,272	223,565	223,565	317,000	332,850	349,493
Repairs and Maintenance by Asset Class	3	167,942	114,010	81,727	67,069	65,296	65,296	41,832	30,346	22,668
Roads Infrastructure		15,097	5,453	1,038	4,400	2,725	2,725	10,098	7,475	5,722
Storm water Infrastructure		–	–	–	–	–	–	–	–	–
Electrical Infrastructure		594	311	195	2,000	1,400	1,400	2,150	1,398	894
Water Supply Infrastructure		91,815	37,487	28,314	38,393	34,884	34,884	19,870	13,076	8,533
Sanitation Infrastructure		6,431	2,498	32,284	1,675	2,597	2,597	2,700	1,755	1,123
Solid Waste Infrastructure		–	–	–	–	–	–	–	–	–
Rail Infrastructure		–	–	–	–	–	–	–	–	–
Coastal Infrastructure		387	272	–	405	495	495	–	–	–
Information and Communication Infrastructure		352	–	–	100	–	–	–	–	–
Infrastructure		*114,674*	*46,021*	*61,830*	*46,973*	*42,101*	*42,101*	*34,818*	*23,703*	*16,272*
Community Facilities		–	–	–	–	–	–	–	–	–
Sport and Recreation Facilities		–	–	–	–	–	–	–	–	–
Community Assets		–	–	–	–	–	–	–	–	–
Heritage Assets		–	–	–	–	–	–	–	–	–
Revenue Generating		–	221	166	920	1,120	1,120	100	97	95
Non-revenue Generating		–	–	–	–	–	–	–	–	–
Investment properties		–	*221*	*166*	*920*	*1,120*	*1,120*	*100*	*97*	*95*
Operational Buildings		698	682	2,831	5,021	5,721	5,721	2,650	2,571	2,518
Housing		–	–	–	–	–	–	–	–	–
Other Assets		*698*	*682*	*2,831*	*5,021*	*5,721*	*5,721*	*2,650*	*2,571*	*2,518*
Biological or Cultivated Assets		–	–	–	–	–	–	–	–	–
Servitudes		–	–	–	–	–	–	–	–	–
Licences and Rights		6,158	3,665	2,079	2,745	3,094	3,094	3,264	3,166	3,100
Intangible Assets		*6,158*	*3,665*	*2,079*	*2,745*	*3,094*	*3,094*	*3,264*	*3,166*	*3,100*
Computer Equipment		33	–	–	–	–	–	–	–	–
Furniture and Office Equipment		–	156	–	–	–	–	–	–	–
Machinery and Equipment		1,864	48,436	575	1,400	1,100	1,100	1,000	810	683
Transport Assets		44,514	14,828	14,247	10,010	12,160	12,160	–	–	–
Land		–	–	–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–
TOTAL EXPENDITURE OTHER ITEMS		412,365	322,975	296,996	287,341	288,862	288,862	358,832	363,196	372,160

Explanatory notes to Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE. The district's falls shy on both these recommendations.

3. The following graph provides an analysis between depreciation and operational repairs and maintenance over the MTREF. It highlights the district's strategy to address the maintenance backlog.

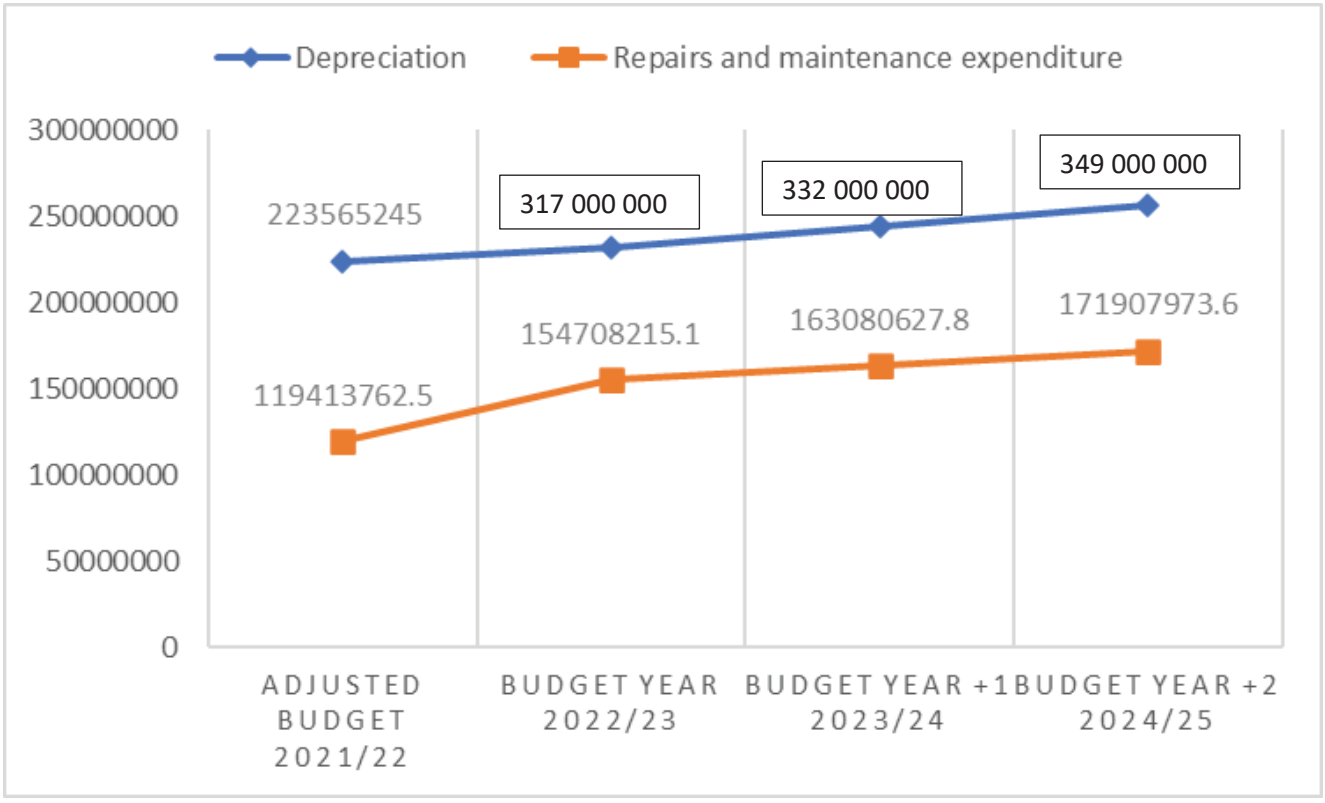

Figure 2 Depreciation in relation to repairs and maintenance over the MTREF

Table 11 MBRR Table A10 - Basic Service Delivery Measurement

DC21 Ugu - Table A10 Basic service delivery measurement

Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Household service targets	1									
Water:										
Piped water inside dwelling		35	37	37	37	37	37	39	41	43
Piped water inside yard (but not in dwelling)		16	22	22	22	22	22	23	24	25
Using public tap (at least min.service level)	2	67	94	94	94	94	94	99	104	109
Other water supply (at least min.service level)	4	32	1	1	1	1	1	1	1	1
Minimum Service Level and Above sub-total		150	154	154	154	154	154	162	170	178
Using public tap (< min.service level)	3	150	154	154	154	154	154	162	170	178
Other water supply (< min.service level)	4	34	–	–	–	–	–	–	–	–
No water supply		35	20	20	20	20	20	21	22	23
Below Minimum Service Level sub-total		–	1	1	1	1	1	1	1	1
Total number of households	5	150	155	155	155	155	155	163	171	179
Sanitation/sewerage:										
Flush toilet (connected to sewerage)		41	41	41	41	41	41	43	45	47
Flush toilet (with septic tank)		17	17	17	17	17	17	18	19	20
Chemical toilet		21	21	21	21	21	21	22	23	24
Pit toilet (ventilated)		67	67	67	67	67	67	70	74	78
Other toilet provisions (> min.service level)		–	–	–	–	–	–	–	–	–
Minimum Service Level and Above sub-total		146	146	146	146	146	146	153	161	169
Bucket toilet		–	–	–	–	–	–	–	–	–
Other toilet provisions (< min.service level)		–	–	–	–	–	–	–	–	–
No toilet provisions		–	–	–	–	–	–	–	–	–
Below Minimum Service Level sub-total		–	–	–	–	–	–	–	–	–
Total number of households	5	146	146	146	146	146	146	153	161	169
Energy:										
Electricity (at least min.service level)		–	–	–	–	–	–	–	–	–
Electricity - prepaid (min.service level)		–	–	–	–	–	–	–	–	–
Minimum Service Level and Above sub-total		–	–	–	–	–	–	–	–	–
Electricity (< min.service level)		–	–	–	–	–	–	–	–	–
Electricity - prepaid (< min. service level)		–	–	–	–	–	–	–	–	–
Other energy sources		–	–	–	–	–	–	–	–	–
Below Minimum Service Level sub-total		–	–	–	–	–	–	–	–	–
Total number of households	5	–	–	–	–	–	–	–	–	–
Refuse:										
Removed at least once a week		–	–	–	–	–	–	–	–	–
Minimum Service Level and Above sub-total		–	–	–	–	–	–	–	–	–
Removed less frequently than once a week		–	–	–	–	–	–	–	–	–
Using communal refuse dump		–	–	–	–	–	–	–	–	–
Using own refuse dump		–	–	–	–	–	–	–	–	–
Other rubbish disposal		–	–	–	–	–	–	–	–	–
No rubbish disposal		–	–	–	–	–	–	–	–	–
Below Minimum Service Level sub-total		–	–	–	–	–	–	–	–	–
Total number of households	5	–	–	–	–	–	–	–	–	–
Households receiving Free Basic Service	7									
Water (6 kilolitres per household per month)		–	–	–	–	–	–	–	–	–
Sanitation (free minimum level service)		–	–	–	–	–	–	–	–	–
Electricity/other energy (50kwh per household per month)		–	–	–	–	–	–	–	–	–
Refuse (removed at least once a week)		–	–	–	–	–	–	–	–	–
Cost of Free Basic Services provided - Formal Settlements (R'000)	8									
Water (6 kilolitres per indigent household per month)		30	96	–	50,640	49,586	49,586	59,431	62,403	65,523
Sanitation (free sanitation service to indigent households)		–	–	–	–	–	–	–	–	–
Electricity/other energy (50kwh per indigent household per month)		–	–	–	–	–	–	–	–	–
Refuse (removed once a week for indigent households)		–	–	–	–	–	–	–	–	–
Cost of Free Basic Services provided - Informal Formal Settlements (R'000)		–	–	5,355	21,697	–	–	–	–	–
Total cost of FBS provided		30	96	5,355	72,336	49,586	49,586	59,431	62,403	65,523
Highest level of free service provided per household										
Property rates (R value threshold)										
Water (kilolitres per household per month)										
Sanitation (kilolitres per household per month)										
Sanitation (Rand per household per month)										
Electricity (kwh per household per month)										
Refuse (average litres per week)										
Revenue cost of subsidised services provided (R'000)	9									
Property rates (tariff adjustment) (impermissable values per section 17 of MPRA)										
Property rates exemptions, reductions and rebates and impermissable values in excess of section 17 of MPRA)		–	–	–	–	–	–	–	–	–
Water (in excess of 6 kilolitres per indigent household per month)		–	–	5,355	21,697	21,245	21,245	–	–	–
Sanitation (in excess of free sanitation service to indigent households)		–	–	–	–	–	–	–	–	–
Electricity/other energy (in excess of 50 kwh per indigent household per month)		–	–	–	–	–	–	–	–	–
Refuse (in excess of one removal a week for indigent households)		–	–	–	–	–	–	–	–	–
Municipal Housing - rental rebates										
Housing - top structure subsidies	6									
Other										
Total revenue cost of subsidised services provided		–	–	5,355	21,697	21,245	21,245	–	–	–

Explanatory notes to Table A10 - Basic Service Delivery Measurement

1. Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.
2. The district continues to make good progress with the eradication of backlogs:
    a. Water services – backlog will be reduced by over 1000 households in 2022/23 to just 850 households. These households are largely found in 'reception areas' and will need to be moved to formal areas so that they can receive services.
    b. Sanitation services – backlog will be reduced by over 2000 households over the MTREF. The number of households with no toilet provision will be reduced by 900 households in 2022/23.
3. The budget provides for 2 000 households to be registered as indigent in 2022/23, and therefore entitled to receiving Free Basic Services. The number is set to increase to 5 000 households given the rapid rate of in-migration to the district, especially by poor people seeking economic opportunities.
4. It is anticipated that these Free Basic Services will cost the municipality R52 million in 2022/23, increasing to R62 million in 2024/25. This is covered by the municipality's equitable share allocation from national government.
5. Currently, the 'free services' represent about 4 per cent of total operating revenue.

2 Part 2 – Supporting Documentation

2.1 Overview of the annual budget process

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

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of Municipal Manager, processes are in progress to ensure that committee is chaired by the Municipal Mayor for Finance.

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

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

2.1.1 Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2011) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council the required IDP and budget time schedule on 31 August 2021. Key dates applicable to the process were:

July 2021– Prepare joint process plan for IDP, PMS and Budget and advertise Final IDFP review;
August 2021–Submit process plan to IDP forum, portfolio committees and council. Liaise with national and provincial governments for planning and budgeting process;
September 2021– Assessment of objectives, strategies and projects against cross cutting issues. Assessment of alignment of IDP strategies & projects for medium term in relation to NSDP and PGDF. Determine funding availability & requirements per sector plan and where relevant prepare business plan/ terms of reference and roll out accordingly;
October 2021 – Review and confirm objectives, strategies and projects at IDPRF workshop. Review capital, institutional, operational, maintenance projects. Estimate available resources and provide guidance for way forward for budgeting;
November 2021 –Submit revised projects to Treasury. Submit first Final IDP to IDP steering committee and council for in principle approval
December 2021 – Submit budget instructions and 2022/23 budget framework to all relevant persons. Submit Final IDP to COGTA for assessment. Preparation of summary of available funds (internal and external);
January 2022 - Council considers the 2018/2019 Mid-year Review and Adjustments Budget;
February 2022 – Assess financial feasibility of proposed new projects based on existing and potential funds. Consideration of Final budget;
March 2022 - Tabling in Council of the Final 2022/23 IDP and 2022/23 Final MTREF for public consultation;
April 2022 – Public consultation;
May 2022 –Finalization of the 2022/23 IDP and 2022/23 MTREF, taking into consideration comments received from the public, comments from National Treasury, and updated information from the most recent Division of

Revenue Bill and financial framework; and tabling of the 2022/23 MTREF before Council for consideration and approval.

There were no deviations from the key dates set out in the Budget Time Schedule tabled in Council. These are the IDP and Budget process schedule for individual municipalities and both municipality did not deviate from processes.

2.1.2 IDP and Service Delivery and Budget Implementation Plan

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

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

The IDP has been taken into a business and financial planning process leading up to the2022/23 budget, based on the approved 2021/22 Budget, Mid-year Review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

With the compilation of the 2022/23 budget, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year performance against the 20201/22 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme

2.1.3 Financial Modelling and Key Planning Drivers

As part of the compilation of the 2022/23 budget, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2022/23 budget:

- Municipality growth
- Policy priorities and strategic objectives
- Asset maintenance
- Economic climate and trends (i.e. inflation)
- Performance trends
- The approved 2022/23 adjustments budget and performance against the SDBIP
- Cash Flow Management Strategy
- Debtor payment levels
- Investment possibilities
- The need for tariff increases versus the ability of the community to pay for services;
- Improved and sustainable service delivery

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 89 and 91 has been taken into consideration in the planning and prioritisation process.

2.1.4 Community Consultation

The Final 2022/23 MTREF as tabled before Council on 31 March 2022 for community consultation was published on the municipality's website, and hard copies were made available at customer care offices, municipal notice boards and various libraries. The opportunity to give electronic feedback was also communicated on the District's website, and the district's call centre was engaged in collecting inputs via e-mail and SMS.

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

Ward Committees were utilised to facilitate the community consultation process from 13 to 29 April 2022 and included numerous public briefing sessions. The applicable dates and venues were published in all the local newspapers and on average attendance over 50 was recorded per meeting. Other stakeholders involved in the consultation included churches, non-governmental institutions and community-based organisations.

Submissions received during the community consultation process and additional information regarding revenue and expenditure and individual capital projects were addressed, and where relevant considered as part of the finalisation of the 2022/23 MTREF. Feedback and responses to the submissions received are available on request.

2.2 Overview of alignment of annual budget with IDP

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

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

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

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

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

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

- Green Paper on National Strategic Planning of 2009;
- Government Programme of Action;
- Development Facilitation Act of 1995;
- Provincial Growth and Development Strategy (GGDS);
- National and Provincial spatial development perspectives;
- Relevant sector plans such as transportation, legislation and policy;
- National Key Performance Indicators (NKPIs);
- Accelerated and Shared Growth Initiative (ASGISA);
- National Development Plan (NDP)
- National Spatial Development Perspective (NSDP) and
- The National Priority Outcomes.

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP but must also conduct its affairs in a manner which is consistent with its IDP.
In order to ensure integrated and focused service delivery between all spheres of government it was important for the district to align its budget priorities with that of national and provincial government. All spheres of

government place a high priority on infrastructure development, economic development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements.

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

1. Provision of quality basic services and infrastructure which includes, amongst others:
    - Provide water;
    - Provide sanitation;

2. Economic growth and development that leads to sustainable job creation by:
    - Ensuring the is a clear structural plan for the district;
    - Ensuring planning processes function in accordance with set timeframes;
    - Facilitating the use of labour intensive approaches in the delivery of services and the building of infrastructure.

3.1 Fight poverty and build clean, healthy, safe and sustainable communities:
    - Effective implementation of the Indigent Policy;
    - Ensuring all waste water treatment works are operating optimally;
    - Promote environmental sustainability by protecting wetlands and key open spaces.

3.2 Integrated Social Services for empowered and sustainable communities
    - Work with provincial departments to ensure the development of community infrastructure such as schools and clinics is properly co-ordinated with the informal settlements upgrade programme

4. Foster participatory democracy and Batho Pele principles through a caring, accessible and accountable service by:
    - Optimising effective community participation in the ward committee system; and
    - Implementing Batho Pele in the revenue management strategy.

5.1 Promote sound governance through:
    - Publishing the outcomes of all tender processes on the municipal website

5.2 Ensure financial sustainability through:
    - Reviewing the use of contracted services
    - Continuing to implement the infrastructure renewal strategy and the repairs and maintenance plan

5.3 Optimal institutional transformation to ensure capaDistrict to achieve set objectives
    - Review of the organizational structure to optimize the use of personnel;

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

In addition to the five-year IDP, the district undertakes an extensive planning and developmental strategy which primarily focuses on a longer-term horizon; 15 to 20 years. This process is aimed at influencing the development path by proposing a substantial programme of public-led investment to restructure current patterns of settlement, activity and access to resources in the district so as to promote greater equity and enhanced opportunity.

The 2022/23 MTREF has therefore been directly informed by the IDP revision process and the following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

Table 12 MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue

DC21 Ugu - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)

Strategic Objective	Goal	Goal Code	Ref	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure Framework		
R thousand				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Good Governance	Financial Management			206	–	501,357	252,176	531,165	531,165	21,287	22,351	23,469
Good Governance	Human Resources			126,550	79,259		17,282	16,923	16,923	614,369	645,088	677,342
Good Governance	Support services			3	656,512		–	–	–	–	–	–
Good Governance	Institutional Transformation				–		3,611	3,611	3,611	–	–	–
Good Governance	Strategic Planning			0	–	1,000	–			–	–	–
Economic Development	Agricultural Market			1	–		–	–	–	–	–	–
Economic Development	Local Economic Development			23	–	19,023	56,752	49,024	49,024	1,438	1,510	1,586
Environmental Protection	Environmental Services			2	–	500	–	–	–	–	–	–
Community	Sports & Recreation			0	–	6,204	38,120	477	477	–	–	–
Safety & Security	Fire Fighting			2	–		–	–	–	–	–	–
Safety & Security	Disaster Management			6	–	9,068	–	–	–	–	–	–
Sustanable Services	Sanitation			110	–	114,174	142,297	158,638	158,638	108,623	114,054	119,757
Sustanable Services	Water			1,068,746	595,082	691,534	978,265	622,810	622,810	774,410	824,709	881,842
				–	–	–	–	–	–	–	–	–
				–	–	–	–	–	–	–	–	–
Allocations to other priorities			2									
Total Revenue (excluding capital transfers and contributions)			1	1,195,650	1,330,852	1,342,861	1,488,503	1,382,647	1,382,647	1,520,128	1,607,712	1,703,995

Table 12 MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure

–

Strategic Objective	Goal	Goal Code	Ref	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure Framework		
R thousand				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
No Strategic Objective on IDP				–	–	–	13,166	9,579	9,579	–	–	–
TakeOn Balances				–	–	–	15,072	907,064	907,064	951,577	933,543	920,449
To strengthen governance and				–	–	–	134	954	954	950	922	903
To ensure full compliance with				–	–	–	–	10,232	10,232	764	741	725
Optimise systems and				–	–	–	–	14,980	14,980	18,250	17,703	17,338
Improve skills and capacity of				–	–	–	158	1,305	1,305	3,050	2,959	2,898
Strengthen stakeholder				–	–	–	80	1,194	1,194	1,014	984	964
Enhance measures to reduce				–	–	–	–	14,967	14,967	400	388	380
Increase infrastructure				–	–	–	–	13,251	13,251	32,089	25,296	20,755
Increase performance,				–	–	–	–	–	–	150	146	143
To improve revenue collection				–	–	–	–	4,443	4,443	6,500	4,689	3,478
`Compliance with acces to				–	–	–	–	18,481	18,481	18,767	15,868	13,930
Promote clean and social				–	–	–	–	20,650	20,650	20,260	19,652	19,247
Improve stakeholder				–	–	–	–	2,319	2,319	2,400	2,328	2,280
Basic Service Delivery				–	–	–	–	–	–	–	–	–
To optimise asset				–	–	–	–	79,319	79,319	82,110	85,425	89,019
Increase income				–	–	–	–	2,963	2,963	1,680	1,630	1,596
To ensure access to free				–	–	–	–	83,387	83,387	98,181	90,996	86,197
Compliance with decent				–	–	–	–	47,547	47,547	61,250	55,413	51,513
Optimise tourism marketing				–	–	–	–	20,070	20,070	21,650	22,733	23,870
Improve job creation				–	–	–	–	4,411	4,411	3,367	3,459	3,567
Improve disaster prevention				–	–	–	–	2,015	2,015	3,315	3,216	3,149
Reduce water loss				–	–	–	–	–	–	–	–	–
To optimise Expenditure and				–	–	–	–	–	–	–	–	–
Improve planning and				–	–	–	–	236	236	195	189	185
Reduce grant dependence				–	–	–	–	1,682	1,682	1,950	1,892	1,853
Increase investments and				–	–	–	–	1,270	1,270	–	–	–
Promote a healthy, safe, and				–	–	–	–	109	109	–	–	–
To replace and maintain				–	–	–	–	–	–	–	–	–
To strengthen budgeting and				–	–	–	–	3	3	–	–	–
Controll Accounts				–	–	–	–	17,000	17,000	–	–	–
Optimise the workforce				–	–	–	–	160	160	–	–	–
Total Expenditure			1	–	–	–	28,610	1,279,590	1,279,590	1,329,868	1,290,167	1,264,436

2.3 Measurable performance objectives and indicators

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

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

Figure 3 Planning, budgeting, and reporting cycle

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

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

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

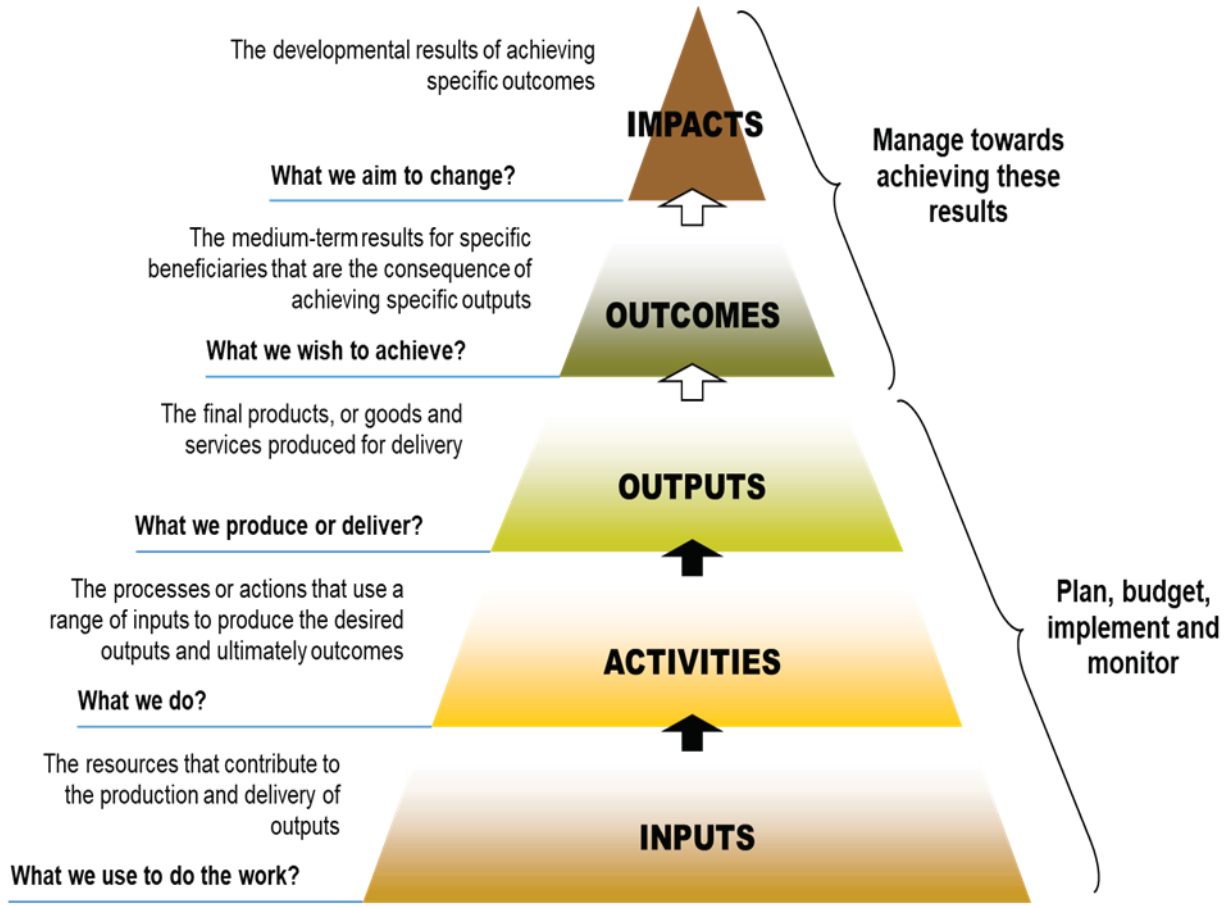

Figure 4 Definition of performance information concepts

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

Table 31 MBRR Table SA7 - Measurable performance objectives

DC21 Ugu - Supporting Table SA7 Measureable performance objectives

Description	Unit of measurement	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Vote 1 - vote name		-	-	-	-	-	-	-	-	-
Function 1 - (name)										
Executive and council		3,650,000	4,523,000	4,468,000	3,611,000	3,611,000	3,611,000	3,791,550	3,981,128	4,180,184
Good Governance								-	-	-
								-	-	-
Finance and administration		453,707,523	479,165,423	-	8,360,748	8,360,748	8,360,748	8,778,785	9,217,725	9,678,611
Financial Viability								-	-	-
								-	-	-
Internal audit								-	-	-
Good Governance								-	-	-
								-	-	-
Function 2 - (name)								-	-	-
Community and social services								-	-	-
Insert measure/s description								-	-	-
								-	-	-
Sub-function 2 - (name)								-	-	-
Insert measure/s description								-	-	-
								-	-	-
Sub-function 3 - (name)								-	-	-
Insert measure/s description								-	-	-
								-	-	-
Vote 2 - vote name								-	-	-
Function 1 - (name)								-	-	-
Community and social services		-	-	745,000	9,067,866	9,067,866	9,067,866	9,521,259	9,997,322	10,497,188
Good Governance								-	-	-
								-	-	-
Sub-function 2 - (name)								-	-	-
Insert measure/s description								-	-	-
								-	-	-
Sub-function 3 - (name)								-	-	-
Insert measure/s description								-	-	-
								-	-	-
Function 2 - (name)								-	-	-
Sub-function 1 - (name)								-	-	-
Insert measure/s description								-	-	-
								-	-	-
Sub-function 2 - (name)								-	-	-
Insert measure/s description								-	-	-
								-	-	-
Sub-function 3 - (name)								-	-	-
Insert measure/s description								-	-	-
								-	-	-
Vote 3 - vote name								-	-	-
Function 1 - (name)								-	-	-
Planning and development		51,750	17,250	400,000	487,638	487,638	487,638	512,020	537,621	564,502
Local Economic Development								-	-	-
								-	-	-
Environmental protection		51,750	17,250	20,708,678	19,488,080	19,488,080	19,488,080	20,462,484	21,485,608	22,559,889
Environmental Services								-	-	-
								-	-	-
Sub-function 3 - (name)								-	-	-
Insert measure/s description								-	-	-
								-	-	-
Function 2 - (name)								-	-	-
Sub-function 1 - (name)								-	-	-
Insert measure/s description								-	-	-
								-	-	-
Sub-function 2 - (name)								-	-	-
Insert measure/s description								-	-	-
								-	-	-
Sub-function 3 - (name)								-	-	-
Insert measure/s description								-	-	-
								-	-	-
Vote 4 Trading services								-	-	-
Function 1 - (name)								-	-	-
Water management		330,587,683	568,241,686	1,088,562,629	978,265,375	978,265,375	978,265,375	1,027,178,644	1,078,537,576	1,132,464,455
Sustainable Services								-	-	-
								-	-	-
Waste water management		93,028,130	104,245,105	108,815,587	142,297,327	142,297,327	142,297,327	149,412,193	156,882,803	164,726,943
And so on for the rest of the Votes										

The following table sets out the municipality's main performance objectives and benchmarks for the 2022/23 MTREF.

Table 13 MBRR Table SA8 - Performance indicators and benchmarks

DC21 Ugu - Supporting Table SA8 Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2018/19	2019/20	2020/21	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Borrowing Management											
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	0.8%	1.2%	1.4%	0.9%	2.5%	2.5%	1.7%	1.0%	1.1%	1.1%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	2.3%	3.4%	3.5%	2.1%	6.2%	6.2%	4.0%	2.4%	2.2%	2.1%
Borrowed funding of 'own' 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%	0.0%
Safety of Capital											
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%	45978644.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Liquidity											
Current Ratio	Current assets/current liabilities	0.2	0.5	0.6	1.9	1.4	1.4	0.9	1.5	1.7	1.8
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	0.2	0.5	0.6	1.9	1.4	1.4	0.9	1.5	1.7	1.8
Liquidity Ratio	Monetary Assets/Current Liabilities	(0.1)	0.1	0.1	0.8	(0.3)	(0.3)	0.2	0.2	0.2	0.3
Revenue Management											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		-3.2%	-0.7%	0.0%	76.1%	74.5%	74.5%	66.9%	74.5%	75.5%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		-3.0%	0.2%	0.0%	75.3%	74.5%	74.5%	66.9%	74.5%	75.6%	76.6%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	6.5%	30.8%	41.1%	34.0%	54.4%	54.4%	58.1%	34.9%	32.9%	29.1%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old										
Creditors Management											
Creditors System Efficiency	% of Creditors Paid Within Terms (within`MFMA' s 65(e))										
Creditors to Cash and Investments		-5267.8%	737.2%	1001.1%	249.3%	-118.7%	-118.7%	52.6%	111.6%	49.9%	27.1%
Other Indicators											
Electricity Distribution Losses (2)	Total Volume Losses (kW)										
	Total Cost of Losses (Rand '000)										
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Water Distribution Losses (2)	Total Volume Losses (kℓ)										
	Total Cost of Losses (Rand '000)										
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Employee costs	Employee costs/(Total Revenue - capital revenue)	34.0%	39.1%	37.8%	33.5%	34.7%	34.7%	37.6%	33.6%	33.7%	31.9%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	34.7%	40.4%	38.7%	34.4%	37.6%	37.6%		34.6%	34.7%	32.9%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	14.7%	11.1%	7.6%	5.6%	5.9%	5.9%		3.4%	2.4%	1.7%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	23.8%	23.4%	22.2%	19.4%	22.2%	22.2%	20.2%	26.8%	27.6%	27.2%
IDP regulation financial viability indicators											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	–	–	40.2	35.5	35.5	35.5	13.1	15.3	15.3	16.1
ii.O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	13.4%	64.9%	97.9%	80.5%	131.3%	131.3%	143.8%	81.5%	74.3%	66.6%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	(0.0)	1.0	0.8	1.8	(4.0)	(4.0)	(3.8)	3.6	8.3	14.6

2.3.1 Performance indicators and benchmarks

2.3.1.1 Borrowing Management

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, Ugu District Municipality's borrowing strategy is primarily informed by the affordability of debt repayments. The structure of the district's debt portfolio is made of historic annuity loans. The following financial performance indicators have formed part of the compilation of the 2022/23 MTREF:

- *Borrowing to asset ratio* is a measure of the long-term borrowing as a percentage of the total asset base of the municipality. The ratio is 1 per cent since the loans outstanding are negligible compared to capital expenditure

- *Capital charges to operating expenditure* is a measure of the cost of borrowing in relation to the operating expenditure. It can be seen that the cost of borrowing has steadily increased from 6.2 per cent in 2021/22 to 2.4 per cent in 2022/23. This decrease can be attributed to the discontinuation of raising of loans to fund portions of the capital programme by the district. It is estimated that the cost of borrowing as a percentage of the operating expenditure will reach 2.1 per cent in 2024/25 and will then be at that rate until the end of the MTREF.

- *Borrowing funding of own capital expenditure* measures the degree to which own capital expenditure (excluding grants and contributions) has been funded by way of borrowing. The average over MTREF is 0 per cent which substantiates the above mentioned statement that the district has not engaged in any borrowing.

2.3.1.2 Safety of Capital

- *The debt-to-equity ratio* is a financial ratio indicating the relative proportion of equity and debt used in financing the municipality's assets. The indicator is based on the total of loans, creditors, overheads and tax provisions as a percentage of funds and reserves. The district is not exposed to any risk as the debt as it has not funded any of its operations using loans.

- *Consequently the gearing ratio, which is a ratio* that measures the total long term borrowings over funds and reserves, has remained zero per cent between 2022/23 and 2024/25.

2.3.1.3 Liquidity

- *Current ratio* is a measure of the current assets divided by the current liabilities and as a benchmark the district has set a limit of 1, hence at no point in time should this ratio be less than 1. For the 2022/23 MTREF the current ratio is 1.5 in the 2023/24 financial year 1.7 and 1.8 in 2024/25 financial year. Going forward it will be necessary to maintain these levels.

- *The liquidity ratio* is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Anything below 1 indicates a shortage in cash to meet creditor obligations. For the 2021/22 financial year the ratio was 0.3 and as part of the financial planning strategy it has improved to 0.2 in the 2022/23 financial year. This needs to be considered a pertinent risk for the municipality as any under collection of revenue will translate into serious financial challenges for the district. As part of the longer term financial planning objectives this ratio will have to be set at a minimum of 1.

2.3.1.4 Revenue Management

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

2.3.1.5 Creditors Management

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

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

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

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

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

2.4 Overview of budget related policies

Please Refer to Attached Policies

2.5 Overview of budget assumptions

2.5.1 External factors

During the first quarter of the 2022 calendar year the South African economy is projected to grow by 2.1% in the first quarter of 2022 (January–March), translating into an annualised growth rate of 4,8%. This follows a revised 1,8% (annualised: 5,1%) rise in real gross domestic product (GDP) in the fourth quarter of 2020.

Owing to the economic slowdown, as well as the severe impact of COVID-19 lead to the financial resources being limited thus resulting to reduced payment levels by consumers. This has resulted in declining cash inflows, which has necessitated restrained expenditure to ensure that cash outflows remain within the affordability parameters of the district's finances.

2.5.2 General inflation outlook and its impact on the municipal activities

There are five key factors that have been taken into consideration in the compilation of the 2022/23 MTREF:

- National Government macro economic targets;
- The general inflationary outlook and the impact on district's residents and businesses;
- The impact of municipal cost drivers;
- The increase in prices for bulk electricity and water; and
- The increase in the cost of remuneration. Employee related costs comprise 32 per cent of total operating expenditure in the 2022/23 MTREF and therefore the increase was contained within the inflation places a to ensure that the employee related costs do not continue to accelerate upward pressure on the expenditure budget. The wage agreement SALGBC is to be concluded with the municipal workers unions on 31 July 2022.

2.5.3 Collection rate for revenue services

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

The rate of revenue collection is currently expressed as a percentage (80 per cent) of annual billings. Cash flow is assumed to be 74.5 per cent of billings, plus an increased collection of arrear debt from the revised collection and credit control policy. The performance of arrear collections will however only be considered a source of additional cash in-flow once the performance has been carefully monitored.

2.5.4 Growth or decline in tax base of the municipality

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

Household formation is the key factor in measuring municipal revenue and expenditure growth, as servicing 'households' is a greater municipal service factor than servicing individuals. Household formation rates are assumed to convert to household dwellings. In addition the change in the number of poor households

influences the net revenue benefit derived from household formation growth, as it assumes that the same costs incurred for servicing the household exist, but that no consumer revenue is derived as the 'poor household' limits consumption to the level of free basic services.

2.5.5 Salary increases

The collective agreement regarding salaries/wages which will come into operation on the 1st of July 2022 had not yet been concluded as at the adoption of the budget by council and thus a general inflation rate increase on the salary was applied.

2.5.6 Impact of national, provincial and local policies

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

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

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

2.5.7 Ability of the municipality to spend and deliver on the programmes

It is estimated that a spending rate of at least 100 per cent is achieved on operating expenditure and 100 per cent on the capital programme for the 2022/23 MTREF of which performance has been factored into the cash flow budget.

2.6 Overview of budget funding

In the previous financial years, the municipality's budget had been declared as unfunded by the Provincial Treasury. When assessing whether a budget is funded or not the cashflows of the municipality are assessed cumulatively. The cumulative expenditure/debt which was not met by the income generated/ collected by the municipality has led to the budget being unfunded. Unfortunately, this position cannot be rectified in one financial year and requires a strategic turnaround in the municipal operations. The current budget funding position is that it is funded in as far as the current year is concerned but not funded in the opening balances. This is because the municipality has significant creditors opening balance of R602.5 million and an uncollected gross R862 million debtors opening balance. There are also no formal payment plans with creditors to deal with the prior year debts. Which means Provincial Treasury assesses our creditors as all due in the current year.

The municipality has been in the process of rectifying this unfunded budget by developing a funding plan and other turnaround strategies. The aim is to device strategies that will assist with collecting the outstanding debtors balance and negotiate favourable settlement terms with creditors. Thus, the municipality's budget will be supplemented by a funding plan until it is fully funded.

2.6.1 Medium-term outlook: operating revenue

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

Table 14 Breakdown of the operating revenue over the medium-term

DC21 Ugu - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Revenue By Source											
Property rates	2	(209)	–	–	–	–	–	–	–	–	–
Service charges - electricity revenue	2	–	–	–	–	–	–	–	–	–	–
Service charges - water revenue	2	301,867	369,638	332,056	414,793	330,810	330,810	313,566	412,756	433,394	455,064
Service charges - sanitation revenue	2	93,028	104,894	108,796	87,084	119,167	119,167	95,951	108,623	114,054	119,757
Service charges - refuse revenue	2	–	–	–	–	–	–	–	–	–	–
Rental of facilities and equipment		2,205	2,070	2,504	3,500	4,468	4,468	1,377	4,722	4,958	5,206
Interest earned - external investments		7,235	10,259	6,483	12,540	6,263	6,263	6,838	7,821	8,212	8,623
Interest earned - outstanding debtors		33,374	7,261	43,564	–	35,463	35,463	41,976	37,768	39,656	41,639
Dividends received		–	–	–	–	–	–	–	–	–	–
Fines, penalties and forfeits		–	–	(4)	–	–	–	–	–	–	–
Licences and permits		52	17	23	–	–	–	–	–	–	–
Agency services		–	–	–	–	–	–	–	–	–	–
Transfers and subsidies		680,584	513,637	568,695	593,848	596,924	596,924	549,567	655,132	648,391	695,964
Other revenue	2	4,812	3,259	6,446	91,640	6,856	6,856	9,756	7,700	8,085	8,489
Gains		17,952	13,474	1,339	–	–	–	–	100	106	112
Total Revenue (excluding capital transfers and contributions)		1,140,899	1,024,509	1,069,901	1,203,406	1,099,951	1,099,951	1,019,031	1,234,623	1,256,858	1,334,855

Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The district derives most of its operational revenue from the provision of goods and services such as water and, sanitation.

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

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

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

The proposed tariff increases for the 2022/23 MTREF on the different revenue categories are:

Table 15 Proposed tariff increases over the medium-term

CATEGORY FOR WATER TARIFFS		CURRENT TARIFFS 2021/2022 (Rand per kℓ)	PROPOSED TARIFFS 2022/2023 (Rand per kℓ)	PROPOSED % INCREASE
RESIDENTIAL: INDIGENTS CUSTOMERS				
a	0 to 6 Kl	Free	Free	Indigent only
b	7 – 39kl	R17.54	18.68	6.50%
c	40 – 51kl	R27.96	29.78	6.50%
d	>52kl	R31.50	33.55	6.50%
RESIDENTIAL: NON-INDIGENTS CUSTOMERS				
a	0 – 39kl	R17.54	18.68	6.50%
b	40 – 51kl	R27.96	29.78	6.50%
c	>52kl	R31.50	33.55	6.50%
MULTI-UNIT RESIDENTIAL - ESTATES AND OTHER BULK USERS				
a	For water consumption	R15.98	17.54	Break-even: Adjusted to normal residential tariff
b	For water drawn in excess of quota	R31.58	33.63	6.50%
COMMERCIAL, INDUSTRIAL OR OTHER				
a	For water consumption up to quota	R16.98	18.08	Business and government charged R1 more than Residential which is R1 above break-even
b	For water drawn in excess of quota	R35.03	37.31	6.50%

CATEGORY FOR WASTE WATER TARIFFS	CURRENT TARIFFS 2021/2022	PROPOSED TARIFFS 2022/2023	PROPOSED % INCREASE
Sanitation (All Areas)			
All catergories			
Charge per kilolitre (water consumption)	R5.45	R5.80	6.50%

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

Table 16 MBRR SA15 – Detail Investment Information

DC21 Ugu - Supporting Table SA15 Investment particulars by type

Investment type R thousand	Ref	2018/19 Audited Outcome	2019/20 Audited Outcome	2020/21 Audited Outcome	Current Year 2021/22 Original Budget	 Adjusted Budget	 Full Year Forecast	2022/23 Medium Term Revenue & Expenditure Framework Budget Year 2022/23	 Budget Year +1 2023/24	 Budget Year +2 2024/25
Parent municipality										
Securities - National Government		–	–	–	–	–	–	–	–	–
Listed Corporate Bonds		–	0	0	–	–	–	–	–	–
Deposits - Bank		20,035	63,753	56,651	80,000	84,200	84,200	88,410	92,831	92,831
Deposits - Public Investment Commissioners		–	–	–	–	–	–	–	–	–
Deposits - Corporation for Public Deposits		14,718	73,579	76,043	–	–	–	–	–	–
Bankers Acceptance Certificates		–	(0)	(0)	–	–	–	–	–	–
Negotiable Certificates of Deposit - Banks		–	–	–	–	–	–	–	–	–
Guaranteed Endowment Policies (sinking)		–	–	–	–	–	–	–	–	–
Repurchase Agreements - Banks		–	–	–	–	–	–	–	–	–
Municipal Bonds		–	–	–	–	–	–	–	–	–
Municipality sub-total	1	34,753	137,332	132,694	80,000	84,200	84,200	88,410	92,831	92,831
Entities										
Securities - National Government		–	–	–	–	–	–	–	–	–
Listed Corporate Bonds		–	–	–	–	–	–	–	–	–
Deposits - Bank		–	–	–	–	–	–	–	–	–
Deposits - Public Investment Commissioners		–	–	–	–	–	–	–	–	–
Deposits - Corporation for Public Deposits		–	–	85	–	–	–	–	–	–
Bankers Acceptance Certificates		–	–	45	–	–	–	–	–	–
Negotiable Certificates of Deposit - Banks		–	–	–	–	–	–	–	–	–
Guaranteed Endowment Policies (sinking)		–	–	–	–	–	–	–	–	–
Repurchase Agreements - Banks		–	–	–	–	–	–	–	–	–
Entities sub-total		–	–	129	–	–	–	–	–	–
Consolidated total:		34,753	137,332	132,824	80,000	84,200	84,200	88,410	92,831	92,831

Table 17 MBRR SA16 – Investment particulars by maturity

DC21 Ugu - Supporting Table SA16 Investment particulars by maturity

Investments by Maturity ame of institution & investment	Ref 1	Period of Investment Yrs/Months	Type of Investment	Capital Guarantee (Yes/ No)	Variable or Fixed interest rate	Interest Rate ³	Commission Paid (Rands)	Commission Recipient	Expiry date of investment	Opening balance	Interest to be realised	Partial / Premature Withdrawal (4)	Investment Top Up	Closing Balance
Parent municipality														
First National Bank		On call	On Call		variable		0	N/A	On Call	35	1	–	–	36
Nedbank		1 months	short term dep		fixed		0	N/A	43647	20,000	103	–	–	20,103
Absa		On Call	On Call		fixed		0	N/A	On Call	58,666	145	–	–	58,810
First National Bank		2 months	short term dep		fixed		0	N/A	44015	5,088	42	–	–	5,130
Absa		On Call	On Call		fixed		0	N/A	On Call	56,557	137	–	–	56,694
First National Bank		On Call	On Call		fixwd		0	N/A	On Call	94	0	–	–	94
- : Ugu District Municipality		0	0	0	0	0	0	0	0	–	–	–	–	–
- : Ugu District Municipality		0	0	0	0	0	0	0	0	–	–	–	–	–
- : Ugu District Municipality		0	0	0	0	0	0	0	0	–	–	–	–	–
- : Ugu District Municipality		0	0	0	0	0	0	0	0	–	–	–	–	–
- : Ugu District Municipality		0	0	0	0	0	0	0	0	–	–	–	–	–
Municipality sub-total										140,440	427	–	–	140,867
Entities														
														–
														–
Entities sub-total										–	–	–	–	–
TOTAL INVESTMENTS AND INTE	1									140,440	427	–	–	140,867

2.6.2 Medium-term outlook: capital revenue

The following table is a breakdown of the funding composition of the 2022/23 medium-term capital programme:

Table 18 Sources of capital revenue over the MTREF

DC21 Ugu - Supporting Table SA19 Expenditure on transfers and grant programme

Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
EXPENDITURE:	1									
Operating expenditure of Transfers and Grants										
National Government:		151,699	86,169	70,445	488,905	367,481	367,481	655,132	648,391	695,964
Local Government Equitable Share		144,777	16,950	58,465	437,774	317,950	317,950	585,146	629,020	675,761
Integrated National Electrification Programme Grant		–	–	–	–	–	–	–	–	–
Expanded Public Works Programme Integrated Gra		3,161	4,510	4,773	3,614	3,611	3,611	3,319	–	–
Local Government Financial Management Grant		1,575	1,223	991	1,743	2,198	2,198	1,950	1,950	1,950
Public Transport Network Grant		–	–	–	–	–	–	–	–	–
Municipal Disaster Relief Grant		–	386	(88)	–	–	–	–	–	–
Rural Road Asset Management Systems Grant		–	2,453	–	2,723	2,721	2,721	2,848	2,859	2,963
Infrastructure Skills Development Grant		–	–	–	–	–	–	–	–	–
Integrated City Development Grant		–	–	–	–	–	–	–	–	–
Electricity Demand Side Management		–	–	–	–	–	–	–	–	–
Neighbourhood Development Partnership Grant		–	–	–	–	–	–	–	–	–
Specify (Add grant description)		–	–	–	–	–	–	–	–	–
Municipal Infrastructure Grant		2,185	23,557	4,411	42,991	37,966	37,966	61,869	14,562	15,290
Municipal Disaster Recovery Grant		–	36,251	–	–	–	–	–	–	–
RSC Levy Replacement		–	–	–	–	–	–	–	–	–
Municipal Water Infrastructure Grant		–	839	–	61	–	–	–	–	–
Municipal Systems Improvement Grant		–	–	1,893	–	3,035	3,035	–	–	–
Other transfers/grants [insert description]		–	–	–	–	–	–	–	–	–
Provincial Government:		100	1,763	814	–	–	–	–	–	–
Specify (Add grant description)		100	–	–	–	–	–	–	–	–
Parent Municipality		–	–	–	–	–	–	–	–	–
Infrastructure		–	–	–	–	–	–	–	–	–
Capacity Building and Other		–	1,763	814	–	–	–	–	–	–
Development Planning and Shared Services		–	–	–	–	–	–	–	–	–
Other transfers/grants [insert description]		–	–	–	–	–	–	–	–	–
District Municipality:		–	–	–	–	–	–	–	–	–
Specify (Add grant description)		–	–	–	–	–	–	–	–	–
Other capital transfers/grants [insert description]		–	–	–	–	–	–	–	–	–
Other grant providers:		–	–	–	–	–	–	–	–	–
Specify (Add grant description)		–	–	–	–	–	–	–	–	–
Other capital transfers/grants [insert description]		–	–	–	–	–	–	–	–	–
Total operating expenditure of Transfers and Grants		151,799	87,932	71,259	488,905	367,481	367,481	655,132	648,391	695,964
Capital expenditure of Transfers and Grants										
National Government:		(504,860)	386,593	425,221	295,098	258,916	258,916	285,505	299,781	314,770
Municipal Infrastructure Grant		(483,735)	322,967	320,134	222,748	186,566	186,566	215,505	226,281	237,595
Integrated National Electrification Programme Grant		–	–	–	–	–	–	–	–	–
Water Services Infrastructure Grant		(21,126)	63,626	105,087	72,350	72,350	72,350	70,000	73,500	77,175
Regional Bulk Infrastructure Grant		–	–	–	–	–	–	–	–	–
Integrated National Electrification Programme Grant		–	–	–	–	–	–	–	–	–
Energy Efficiency and Demand Side Management		–	–	–	–	–	–	–	–	–
Expanded Public Works Programme Integrated Gra		–	–	–	–	–	–	–	–	–
Integrated Urban Development Grant		–	–	–	–	–	–	–	–	–
Neighbourhood Development Partnership Grant		–	–	–	–	–	–	–	–	–
Rural Road Asset Management Systems Grant		–	–	–	–	–	–	–	–	–
Specify (Add grant description)		–	–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–
Other capital transfers/grants [insert desc]		–	–	–	–	–	–	–	–	–
Provincial Government:		–	12,174	12,174	–	6,400	6,400	–	–	–
Specify (Add grant description)		–	12,174	12,174	–	6,400	6,400	–	–	–
Other capital transfers/grants [insert description]		–	–	–	–	–	–	–	–	–
District Municipality:		–	–	–	–	–	–	–	–	–
Specify (Add grant description)		–	–	–	–	–	–	–	–	–
Other capital transfers/grants [insert description]		–	–	–	–	–	–	–	–	–
Other grant providers:		–	–	–	–	–	–	–	–	–
Specify (Add grant description)		–	–	–	–	–	–	–	–	–
Other capital transfers/grants [insert description]		–	–	–	–	–	–	–	–	–
Total capital expenditure of Transfers and Grants		(504,860)	398,766	437,395	295,098	265,316	265,316	285,505	299,781	314,770
TOTAL EXPENDITURE OF TRANSFERS AND GRAN		(353,062)	486,699	508,654	784,003	632,797	632,797	940,637	948,172	1,010,734

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

Table 19 MBRR Table SA 17 - Detail of borrowings

DC21 Ugu - Supporting Table SA17 Borrowing

Borrowing - Categorised by type	Ref	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Parent municipality										
Annuity and Bullet Loans		(7,467)	46,797	38,222	–	28,595	28,595	28,595	30,025	31,526
Long-Term Loans (non-annuity)		–	–	–	–	–	–	–	–	–
Local registered stock		–	–	–	–	–	–	–	–	–
Instalment Credit		–	–	–	–	–	–	–	–	–
Financial Leases		–	–	–	–	–	–	–	–	–
PPP liabilities		–	–	–	–	–	–	–	–	–
Finance Granted By Cap Equipment Supplier		–	–	–	–	–	–	–	–	–
Marketable Bonds		–	–	–	–	–	–	–	–	–
Non-Marketable Bonds		–	–	–	–	–	–	–	–	–
Bankers Acceptances		–	–	–	–	–	–	–	–	–
Financial derivatives		–	–	–	–	–	–	–	–	–
Other Securities		–	–	–	–	–	–	–	–	–
Municipality sub-total	1	(7,467)	46,797	38,222	–	28,595	28,595	28,595	30,025	31,526
Entities										
Annuity and Bullet Loans		–	–	–	–	–	–	–	–	–
Long-Term Loans (non-annuity)		–	–	–	–	–	–	–	–	–
Local registered stock		–	–	–	–	–	–	–	–	–
Instalment Credit		–	–	–	–	–	–	–	–	–
Financial Leases		–	–	–	–	–	–	–	–	–
PPP liabilities		–	–	–	–	–	–	–	–	–
Finance Granted By Cap Equipment Supplier		–	–	–	–	–	–	–	–	–
Marketable Bonds		–	–	–	–	–	–	–	–	–
Non-Marketable Bonds		–	–	–	–	–	–	–	–	–
Bankers Acceptances		–	–	–	–	–	–	–	–	–
Financial derivatives		–	–	–	–	–	–	–	–	–
Other Securities		–	–	–	–	–	–	–	–	–
Entities sub-total	1	–	–	–	–	–	–	–	–	–
Total Borrowing	1	(7,467)	46,797	38,222	–	28,595	28,595	28,595	30,025	31,526
Unspent Borrowing - Categorised by type										
Parent municipality										
Long-Term Loans (annuity/reducing balance)		–	–	–	–	–	–	–	–	–
Long-Term Loans (non-annuity)		–	–	–	–	–	–	–	–	–
Local registered stock		–	–	–	–	–	–	–	–	–
Instalment Credit		–	–	–	–	–	–	–	–	–
Financial Leases		15	6,571	7,613	–	–	–	–	–	–
PPP liabilities		–	–	–	–	–	–	–	–	–
Finance Granted By Cap Equipment Supplier		–	–	–	–	–	–	–	–	–
Marketable Bonds		–	–	–	–	–	–	–	–	–
Non-Marketable Bonds		–	–	–	–	–	–	–	–	–
Bankers Acceptances		–	–	–	–	–	–	–	–	–
Financial derivatives		–	–	–	–	–	–	–	–	–
Other Securities		–	–	–	–	–	–	–	–	–
Municipality sub-total	1	15	6,571	7,613	–	–	–	–	–	–
Entities										
Long-Term Loans (annuity/reducing balance)		–	–	–	–	–	–	–	–	–
Long-Term Loans (non-annuity)		–	–	–	–	–	–	–	–	–
Local registered stock		–	–	–	–	–	–	–	–	–
Instalment Credit		–	–	–	–	–	–	–	–	–
Financial Leases		–	–	17	18	–	–	–	–	–
PPP liabilities		–	–	–	–	–	–	–	–	–
Finance Granted By Cap Equipment Supplier		–	–	–	–	–	–	–	–	–
Marketable Bonds		–	–	–	–	–	–	–	–	–
Non-Marketable Bonds		–	–	–	–	–	–	–	–	–
Bankers Acceptances		–	–	–	–	–	–	–	–	–
Financial derivatives		–	–	–	–	–	–	–	–	–
Other Securities		–	–	–	–	–	–	–	–	–
Entities sub-total	1	–	–	17	18	–	–	–	–	–
Total Unspent Borrowing	1	15	6,571	7,630	18	–	–	–	–	–

Table 20 MBRR Table SA 18 - Capital transfers and grant receipts

DC21 Ugu - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		679,543	511,369	563,550	655,422	595,788	595,788	655,132	648,391	695,964
Local Government Equitable Share		435,877	462,844	557,282	521,339	523,227	523,227	585,146	629,020	675,761
Integrated National Electrification Programme (		–	–	–	–	–	–	–	–	–
Expanded Public Works Programme Integrate		3,250	4,523	4,468	3,611	3,611	3,611	3,319	–	–
Local Government Financial Management Gra		1,865	1,865	1,800	1,750	1,750	1,750	1,950	1,950	1,950
Public Transport Network Grant		–	–	–	–	–	–	–	–	–
Municipal Disaster Relief Grant		–	745	–	–	–	–	–	–	–
Rural Road Asset Management Systems Gra		2,663	2,821	–	2,721	2,721	2,721	2,848	2,859	2,963
Infrastructure Skills Development Grant		–	–	–	–	–	–	–	–	–
Integrated City Development Grant		–	–	–	–	–	–	–	–	–
Electricity Demand Side Management		–	–	–	–	–	–	–	–	–
Neighbourhood Development Partnership Gra		–	–	–	–	–	–	–	–	–
Specify (Add grant description)		–	–	–	–	–	–	–	–	–
Municipal Infrastructure Grant		235,888	–	–	42,776	64,478	64,478	61,869	14,562	15,290
Municipal Disaster Recovery Grant		–	38,571	–	–	–	–	–	–	–
RSC Levy Replacement		–	–	–	83,225	–	–	–	–	–
Municipal Water Infrastructure Grant		–	–	–	–	–	–	0	–	–
Municipal Systems Improvement Grant		–	–	–	–	–	–	–	–	–
Other transfers/grants [insert description]		–	–	–	–	–	–	–	–	–
Provincial Government:		400	2,027	2,700	638	–	–	–	–	–
Specify (Add grant description)		–	–	–	–	–	–	–	–	–
Parent Municipality		–	–	–	–	–	–	–	–	–
Infrastructure		–	2,000	2,700	–	–	–	–	–	–
Capacity Building and Other		–	27		–	–	–	–	–	–
Development Planning and Shared Services		400	–	–	–	–	–	–	–	–
Unspecified		–	–	–	638	–	–	–	–	–
		–	–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–
Other transfers/grants [insert description]		–	–	–	–	–	–	–	–	–
District Municipality:		–	–	–	18,416	–	–	–	–	–
Specify (Add grant description)		–	–	–	–	–	–	–	–	–
Monetary Allocations		–	–	–	18,416	–	–	–	–	–
		–	–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–
Other capital transfers/grants [insert		–	–	–	–	–	–	–	–	–
Other grant providers:		641	241	2,445	2,597	1,137	1,137	–	–	–
Specify (Add grant description)		–	–	–	–	–	–	–	–	–
Development Bank of South Africa		(181)	(139)	–	–	–	–	–	–	–
KwazuluNatal Provincial Planning and Development Commission			56	47	–	–	–	–	–	–
Unspecified		822	324	2,398	2,597	1,137	1,137	–	–	–
Other capital transfers/grants [insert		–	–	–	–	–	–	–	–	–
Total Operating Transfers and Grants	5	680,584	513,637	568,695	677,072	596,924	596,924	655,132	648,391	695,964
Capital Transfers and Grants										
National Government:		55,000	290,755	242,335	285,098	263,396	263,396	285,505	349,355	366,176
Municipal Infrastructure Grant		–	240,755	191,399	212,748	191,046	191,046	215,505	275,855	289,001
Integrated National Electrification Programme Grant		–	–	–	–	–	–	–	–	–
Water Services Infrastructure Grant		55,000	50,000	50,000	72,350	72,350	72,350	70,000	73,500	77,175
Regional Bulk Infrastructure Grant		–	–	–	–	–	–	–	–	–
Integrated National Electrification Programme Grant		–	–	–	–	–	–	–	–	–
Energy Efficiency and Demand Side Management		–	–	–	–	–	–	–	–	–
Expanded Public Works Programme Integrated Gra		–	–	–	–	–	–	–	–	–
Integrated Urban Development Grant		–	–	–	–	–	–	–	–	–
Neighbourhood Development Partnership Grant		–	–	–	–	–	–	–	–	–
Rural Road Asset Management Systems Grant		–	–	936	–	–	–	–	–	–
Specify (Add grant description)		–	–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–
Other capital transfers/grants [insert desc]		–	–	–	–	–	–	–	–	–
Provincial Government:		–	15,310	–	–	25,700	25,700	–	–	–
Specify (Add grant description)		–	15,310	–	–	25,700	25,700	–	–	–
		–	–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–
description]		–	–	–	–	–	–	–	–	–
District Municipality:		–	–	–	–	–	–	–	–	–
Specify (Add grant description)		–	–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–
Other capital transfers/grants [insert		–	–	–	–	–	–	–	–	–
Other grant providers:		–	–	–	–	–	–	–	–	–
Specify (Add grant description)		–	–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–
Other capital transfers/grants [insert		–	–	–	–	–	–	–	–	–
Total Capital Transfers and Grants	5	55,000	306,065	242,335	285,098	289,096	289,096	285,505	349,355	366,176
TOTAL RECEIPTS OF TRANSFERS & GRANTS		735,584	819,702	811,030	962,170	886,020	886,020	940,637	997,746	1,062,140

2.6.3 Cash Flow Management

Table 21 MBRR Table A7 - Budget cash flow statement

DC21 Ugu - Table A7 Budgeted Cash Flows

Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		–	–	–	–	–	–	–	–	–	–
Service charges		(11,751)	762	–	377,863	335,233	335,233	274,071	388,428	413,676	440,565
Other revenue		–	–	–	87,507	–	–	151,135	133,631	142,247	151,418
Transfers and Subsidies - Operational	1	11,233	64,605	37,504	580,672	576,900	576,900	536,587	675,600	686,020	738,115
Transfers and Subsidies - Capital	1	–	–	4,980	285,098	302,720	302,720	349,574	285,505	301,281	317,735
Interest		–	–	–	12,462	6,263	6,263	4,944	35,965	37,763	39,651
Dividends		–	–	–	–	–	–	–	–	–	–
Payments											
Suppliers and employees		22,649	15,724	15,592	(932,110)	(1,181,305)	(1,181,305)	(1,282,236)	(992,791)	(947,248)	(919,766)
Finance charges		–	–	–	(12,458)	(12,458)	(12,458)	(13,861)	(13,892)	(14,587)	(15,316)
Transfers and Grants	1	–	–	–	(20,070)	(20,070)	(20,070)	(11,928)	(21,650)	(22,733)	(23,870)
NET CASH FROM/(USED) OPERATING ACTIVITIES		22,132	81,091	58,077	378,964	7,283	7,283	8,285	490,796	596,418	728,532
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		–	–	–	–	–	–	–	–	–	–
Decrease (increase) in non-current receivables		(936)	(4,306)	10	4,084	–	–	(70)	–	(114)	(119)
Decrease (increase) in non-current investments		–	(0)	–	0	–	–	(24)	–	–	–
Payments											
Capital assets		–	–	–	(333,548)	(343,638)	(343,638)	(237,276)	(314,988)	(330,737)	(347,274)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(936)	(4,306)	10	(329,463)	(343,638)	(343,638)	(237,371)	(314,988)	(330,851)	(347,393)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		–	–	–	–	–	–	–	–	–	–
Borrowing long term/refinancing		–	–	–	–	–	–	–	–	–	–
Increase (decrease) in consumer deposits		–	–	–	–	–	–	–	–	–	–
Payments											
Repayment of borrowing		–	–	–	–	(10,925)	(10,925)	–	–	–	–
NET CASH FROM/(USED) FINANCING ACTIVITIES		–	–	–	–	(10,925)	(10,925)	–	–	–	–
NET INCREASE/ (DECREASE) IN CASH HELD		21,195	76,785	58,087	49,501	(347,281)	(347,281)	(229,086)	175,808	265,567	381,139
Cash/cash equivalents at the year begin:	2	(23,927)	(972)	(957)	80,024	79,481	79,481	25	79,481	255,289	520,856
Cash/cash equivalents at the year end:	2	(2,732)	75,813	57,129	129,525	(267,799)	(267,799)	(229,061)	255,289	520,856	901,995

Table 22 MBRR Table A8 - Cash backed reserves/accumulated surplus reconciliation

DC21 Ugu - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Cash and investments available											
Cash/cash equivalents at the year end	1	(2,732)	75,813	57,129	129,525	(267,799)	(267,799)	(229,061)	255,289	520,856	901,995
Other current investments > 90 days		(10,472)	6,579	21,294	171,946	174,375	174,375	358,242	(186,004)	(448,396)	(823,179)
Non current assets - Investments	1	–	0	0	–	–	–	(24)	–	–	–
Cash and investments available:		(13,203)	82,393	78,423	301,471	(93,424)	(93,424)	129,156	69,285	72,460	78,816
Application of cash and investments											
Unspent conditional transfers		21,237	6,614	5,735	–	–	–	783,424	–	–	–
Unspent borrowing		15	6,571	7,630	18	–	–		–	–	–
Statutory requirements	2	–	–	–	–	239,226	239,226	(33,395)	77,458	81,331	85,397
Other working capital requirements	3	145,883	558,439	571,937	16,798	(100,623)	(100,623)	(672,255)	(122,778)	(136,781)	(136,209)
Other provisions		–	–	–	–	(44,192)	(44,192)	(74,451)	(44,192)	(46,402)	(48,722)
Long term investments committed	4	–	–	–	–	–	–	–	–	–	–
Reserves to be backed by cash/investments	5	–	–	–	–	–	–	10	–	–	–
Total Application of cash and investments:		167,135	571,625	585,301	16,816	94,411	94,411	3,334	(89,512)	(101,852)	(99,533)
Surplus(shortfall)		(180,338)	(489,232)	(506,878)	284,655	(187,835)	(187,835)	125,822	158,797	174,312	178,350

Table 23 MBRR SA10 – Funding compliance measurement

DC21 Ugu Supporting Table SA10 Funding measurement

Description	MFMA section	Ref	2018/19	2019/20	2020/21	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Funding measures												
Cash/cash equivalents at the year end - R'000	18(1)b	1	(2,732)	75,813	57,129	129,525	(267,799)	(267,799)	(229,061)	255,289	520,856	901,995
Cash + investments at the yr end less applications - R'000	18(1)b	2	(180,338)	(489,232)	(506,878)	284,655	(187,835)	(187,835)	125,822	158,797	174,312	178,350
Cash year end/monthly employee/supplier payments	18(1)b	3	(0.0)	1.0	0.8	1.8	(4.0)	(4.0)	(3.8)	3.6	8.3	14.6
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	(184,684)	(144,390)	16,144	139,286	140,336	140,336	167,084	176,324	353,776	450,588
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	5	N.A.	14.2%	(13.1%)	7.8%	(16.3%)	(6.0%)	(15.0%)	9.9%	(1.0%)	(1.0%)
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	(2.7%)	0.2%	0.0%	77.9%	67.5%	67.5%	91.9%	91.3%	92.6%	93.9%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	4.9%	21.8%	10.9%	18.9%	20.7%	20.7%	5.8%	29.7%	13.4%	13.4%
Capital payments % of capital expenditure	18(1)c;19	8	0.0%	0.0%	0.0%	100.0%	109.3%	109.3%	97.9%	100.0%	110.3%	110.3%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	9	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grants % of Govt. legislated/gazetted allocations	18(1)a	10								100.0%	100.0%	100.0%
Current consumer debtors % change - incr(decr)	18(1)a	11	N.A.	484.2%	40.2%	(6.2%)	46.6%	0.0%	(0.9%)	(28.1%)	(4.3%)	(5.8%)
Long term receivables % change - incr(decr)	18(1)a	12	N.A.	(69.4%)	(0.2%)	(64.3%)	0.0%	0.0%	(72.0%)	0.0%	5.0%	5.0%
R&M % of Property Plant & Equipment	20(1)(vi)	13	(63.4%)	3.1%	2.3%	2.0%	1.8%	1.8%	1.1%	1.1%	0.8%	0.6%
Asset renewal % of capital budget	20(1)(vi)	14	186.2%	82.6%	91.9%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

2.7 Expenditure on grants and reconciliations of unspent funds

Table 24 MBRR SA19 - Expenditure on transfers and grant programs

DC21 Ugu - Supporting Table SA19 Expenditure on transfers and grant programme

Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
EXPENDITURE:	1									
Operating expenditure of Transfers and Grants										
National Government:		151,699	86,169	70,445	488,905	367,481	367,481	655,132	648,391	695,964
Local Government Equitable Share		144,777	16,950	58,465	437,774	317,950	317,950	585,146	629,020	675,761
Integrated National Electrification Programme Grant		–	–	–	–	–	–	–	–	–
Expanded Public Works Programme Integrated Gra		3,161	4,510	4,773	3,614	3,611	3,611	3,319	–	–
Local Government Financial Management Grant		1,575	1,223	991	1,743	2,198	2,198	1,950	1,950	1,950
Public Transport Network Grant		–	–	–	–	–	–	–	–	–
Municipal Disaster Relief Grant		–	386	(88)	–	–	–	–	–	–
Rural Road Asset Management Systems Grant		–	2,453	–	2,723	2,721	2,721	2,848	2,859	2,963
Infrastructure Skills Development Grant		–	–	–	–	–	–	–	–	–
Integrated City Development Grant		–	–	–	–	–	–	–	–	–
Electricity Demand Side Management		–	–	–	–	–	–	–	–	–
Neighbourhood Development Partnership Grant		–	–	–	–	–	–	–	–	–
Specify (Add grant description)		–	–	–	–	–	–	–	–	–
Municipal Infrastructure Grant		2,185	23,557	4,411	42,991	37,966	37,966	61,869	14,562	15,290
Municipal Disaster Recovery Grant		–	36,251	–	–	–	–	–	–	–
RSC Levy Replacement		–	–	–	–	–	–	–	–	–
Municipal Water Infrastructure Grant		–	839	–	61	–	–	–	–	–
Municipal Systems Improvement Grant		–	–	1,893	–	3,035	3,035	–	–	–
Other transfers/grants [insert description]		–	–	–	–	–	–	–	–	–
Provincial Government:		100	1,763	814	–	–	–	–	–	–
Specify (Add grant description)		100	–	–	–	–	–	–	–	–
Parent Municipality		–	–	–	–	–	–	–	–	–
Infrastructure		–	–	–	–	–	–	–	–	–
Capacity Building and Other		–	1,763	814	–	–	–	–	–	–
Development Planning and Shared Services		–	–	–	–	–	–	–	–	–
Other transfers/grants [insert description]		–	–	–	–	–	–	–	–	–
District Municipality:		–	–	–	–	–	–	–	–	–
Specify (Add grant description)		–	–	–	–	–	–	–	–	–
Other capital transfers/grants [insert description]		–	–	–	–	–	–	–	–	–
Other grant providers:		–	–	–	–	–	–	–	–	–
Specify (Add grant description)		–	–	–	–	–	–	–	–	–
Other capital transfers/grants [insert description]		–	–	–	–	–	–	–	–	–
Total operating expenditure of Transfers and Grants		151,799	87,932	71,259	488,905	367,481	367,481	655,132	648,391	695,964
Capital expenditure of Transfers and Grants										
National Government:		(504,860)	386,593	425,221	295,098	258,916	258,916	285,505	299,781	314,770
Municipal Infrastructure Grant		(483,735)	322,967	320,134	222,748	186,566	186,566	215,505	226,281	237,595
Integrated National Electrification Programme Grant		–	–	–	–	–	–	–	–	–
Water Services Infrastructure Grant		(21,126)	63,626	105,087	72,350	72,350	72,350	70,000	73,500	77,175
Regional Bulk Infrastructure Grant		–	–	–	–	–	–	–	–	–
Integrated National Electrification Programme Grant		–	–	–	–	–	–	–	–	–
Energy Efficiency and Demand Side Management		–	–	–	–	–	–	–	–	–
Expanded Public Works Programme Integrated Gra		–	–	–	–	–	–	–	–	–
Integrated Urban Development Grant		–	–	–	–	–	–	–	–	–
Neighbourhood Development Partnership Grant		–	–	–	–	–	–	–	–	–
Rural Road Asset Management Systems Grant		–	–	–	–	–	–	–	–	–
Specify (Add grant description)		–	–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–
Other capital transfers/grants [insert desc]		–	–	–	–	–	–	–	–	–
Provincial Government:		–	12,174	12,174	–	6,400	6,400	–	–	–
Specify (Add grant description)		–	12,174	12,174	–	6,400	6,400	–	–	–
Other capital transfers/grants [insert description]		–	–	–	–	–	–	–	–	–
District Municipality:		–	–	–	–	–	–	–	–	–
Specify (Add grant description)		–	–	–	–	–	–	–	–	–
Other capital transfers/grants [insert description]		–	–	–	–	–	–	–	–	–
Other grant providers:		–	–	–	–	–	–	–	–	–
Specify (Add grant description)		–	–	–	–	–	–	–	–	–
Other capital transfers/grants [insert description]		–	–	–	–	–	–	–	–	–
Total capital expenditure of Transfers and Grants		(504,860)	398,766	437,395	295,098	265,316	265,316	285,505	299,781	314,770
TOTAL EXPENDITURE OF TRANSFERS AND GRAN		(353,062)	486,699	508,654	784,003	632,797	632,797	940,637	948,172	1,010,734

Table 25 MBRR SA 20 - Reconciliation between of transfers, grant receipts and unspent funds

DC21 Ugu - Supporting Table SA20 Reconciliation of transfers, grant receipts and unspent funds

Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Operating transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year		–	–	1,903	–	–	–	–	–	–
Current year receipts		78,551	50,428	7,013	50,858	48,137	48,137	655,132	648,391	695,964
Conditions met - transferred to revenue		60,437	48,525	7,949	8,082	5,361	5,361	0	–	–
Conditions still to be met - transferred to liabilities		18,114	1,903	967	42,776	42,776	42,776	655,132	648,391	695,964
Provincial Government:										
Balance unspent at beginning of the year		–	–	–	–	–	–	–	–	–
Current year receipts		1,000	6,650	5,100	–	–	–	–	–	–
Conditions met - transferred to revenue		–	2,427	5,100	–	–	–	–	–	–
Conditions still to be met - transferred to liabilities		1,000	4,223	–	–	–	–	–	–	–
District Municipality:										
Balance unspent at beginning of the year		–	–	–	–	–	–	–	–	–
Current year receipts		–	–	–	–	–	–	–	–	–
Conditions met - transferred to revenue		–	–	–	–	–	–	–	–	–
Conditions still to be met - transferred to liabilities		–	–	–	–	–	–	–	–	–
Other grant providers:										
Balance unspent at beginning of the year		–	–	–	–	–	–	–	–	–
Current year receipts		–	300	1,166	–	3,400	3,400	–	–	–
Conditions met - transferred to revenue		–	239	47	–	–	–	–	–	–
Conditions still to be met - transferred to liabilities		–	61	1,119	–	3,400	3,400	–	–	–
Total operating transfers and grants revenue		60,437	51,191	13,096	8,082	5,361	5,361	0	–	–
Total operating transfers and grants - CTBM	2	19,114	6,187	2,086	42,776	46,176	46,176	655,132	648,391	695,964
Capital transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year		–	–	241,038	–	–	–	–	–	–
Current year receipts		242,486	303,814	254,175	285,098	285,098	285,098	285,505	349,355	366,176
Conditions met - transferred to revenue		190,921	303,531	254,175	242,322	242,322	242,322	–	49,574	51,406
Conditions still to be met - transferred to liabilities		51,565	283	241,038	42,776	42,776	42,776	285,505	299,781	314,770
Provincial Government:										
Balance unspent at beginning of the year		–	–	–	–	–	–	–	–	–
Current year receipts		–	15,385	15,385	–	19,300	19,300	–	–	–
Conditions met - transferred to revenue		–	15,310	15,310	–	–	–	–	–	–
Conditions still to be met - transferred to liabilities		–	75	75	–	19,300	19,300	–	–	–
District Municipality:										
Balance unspent at beginning of the year		–	–	–	–	–	–	–	–	–
Current year receipts		–	–	–	–	–	–	–	–	–
Conditions met - transferred to revenue		–	–	–	–	–	–	–	–	–
Conditions still to be met - transferred to liabilities		–	–	–	–	–	–	–	–	–
Other grant providers:										
Balance unspent at beginning of the year		–	–	–	–	–	–	–	–	–
Current year receipts		–	–	–	–	–	–	–	–	–
Conditions met - transferred to revenue		–	–	–	–	–	–	–	–	–
Conditions still to be met - transferred to liabilities		–	–	–	–	–	–	–	–	–
Total capital transfers and grants revenue		190,921	318,841	269,485	242,322	242,322	242,322	–	49,574	51,406
Total capital transfers and grants - CTBM	2	51,565	358	241,113	42,776	62,076	62,076	285,505	299,781	314,770
TOTAL TRANSFERS AND GRANTS REVENUE		251,358	370,032	282,581	250,404	247,683	247,683	0	49,574	51,406
TOTAL TRANSFERS AND GRANTS - CTBM		70,679	6,545	243,199	85,552	108,252	108,252	940,637	948,172	1,010,734

2.8 Councillor and employee benefits

Table 26 MBRR SA22 - Summary of councillor and staff benefits

DC21 Ugu - Supporting Table SA22 Summary councillor and staff benefits

Summary of Employee and Councillor remuneration	Ref	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
	1	A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)										
Basic Salaries and Wages		7,068	5,861	7,508	4,892	4,892	4,892	8,567	8,996	9,446
Pension and UIF Contributions		0	148	–	262	262	262	–	–	–
Medical Aid Contributions		–	125	–	221	221	221	–	–	–
Motor Vehicle Allowance		–	1,583	–	2,789	2,789	2,789	396	416	437
Cellphone Allowance		–	565	–	738	738	738	707	742	779
Housing Allowances		–	1,266	–	1,706	1,706	1,706	–	–	–
Other benefits and allowances		2,372	945	2,211	42	42	42	2,088	2,192	2,302
Sub Total - Councillors		9,441	10,495	9,719	10,650	10,650	10,650	11,758	12,346	12,964
% increase	4		11.2%	(7.4%)	9.6%	–	–	10.4%	5.0%	5.0%
Senior Managers of the Municipality	2									
Basic Salaries and Wages		252	5,346	613	8,919	423	423	4,916	5,158	5,411
Pension and UIF Contributions		20	53	135	–	93	93	–	–	–
Medical Aid Contributions		8	22	54	–	31	31	62	65	69
Overtime		–	–	–	–	–	–	–	–	–
Performance Bonus		–	–	51	–	–	–	–	–	–
Motor Vehicle Allowance	3	305	257	332	–	428	428	1,632	1,711	1,795
Cellphone Allowance	3	4	65	12	161	8	8	141	148	155
Housing Allowances	3	14	36	2	–	1	1	470	493	517
Other benefits and allowances	3	2	2	–	–	4	4	–	–	–
Payments in lieu of leave		248	–	62	–	–	–	–	–	–
Long service awards		–	–	74	–	–	–	–	–	–
Post-retirement benefit obligations	6	–	–	–	–	–	–	–	–	–
Sub Total - Senior Managers of Municipality		853	5,781	1,334	9,080	988	988	7,222	7,576	7,947
% increase	4		577.8%	(76.9%)	580.7%	(89.1%)	–	631.2%	4.9%	4.9%
Other Municipal Staff										
Basic Salaries and Wages		243,659	207,257	260,011	263,976	259,385	259,385	293,804	296,598	291,738
Pension and UIF Contributions		42,091	45,545	41,795	43,498	39,435	39,435	41,247	43,309	45,475
Medical Aid Contributions		16,760	17,461	16,991	18,661	14,966	14,966	19,402	20,372	21,390
Overtime		52,938	92,849	44,198	29,579	40,688	40,688	26,255	27,568	28,946
Performance Bonus		–	–	–	–	–	–	978	1,281	1,845
Motor Vehicle Allowance	3	9,106	9,865	9,439	9,860	7,932	7,932	8,234	8,646	9,078
Cellphone Allowance	3	1,590	2,942	2,801	2,859	2,732	2,732	2,902	3,047	3,200
Housing Allowances	3	2,970	2,430	1,844	1,827	1,040	1,040	1,676	1,760	1,847
Other benefits and allowances	3	8,650	8,413	10,361	6,926	9,419	9,419	9,068	9,521	9,996
Payments in lieu of leave		3,306	7,626	4,788	3,133	3,133	3,133	1,917	2,013	2,113
Long service awards		2,580	1,803	2,176	1,917	1,917	1,917	2,288	2,403	2,523
Post-retirement benefit obligations	6	1,605	1,680	8,292	–	–	–	–	–	–
Sub Total - Other Municipal Staff		385,256	397,871	402,696	382,236	380,648	380,648	407,772	416,517	418,152
% increase	4		3.3%	1.2%	(5.1%)	(0.4%)	–	7.1%	2.1%	0.4%
Total Parent Municipality		395,549	414,146	413,749	401,966	392,285	392,285	426,752	436,439	439,063

Table 27 MBRR SA23 - Salaries, allowances and benefits (political office bearers/councillors/ senior managers)

DC21 Ugu - Supporting Table SA23 Salaries, allowances & benefits (political office bearers/councillors/senior managers)

Disclosure of Salaries, Allowances & Benefits 1. Rand per annum	Ref	No.	Salary	Contribution 1.	Allowances	Performance Bonuses	In-kind benefits	Total Package 2.
Councillors	3							
Speaker	4		613,910	–	251,568			865,478
Chief Whip			575,540	–	238,778			814,318
Executive Mayor			767,388	–	302,727			1,070,115
Deputy Executive Mayor			613,910	–	251,568			865,478
Executive Committee			2,877,702	–	1,193,888			4,071,590
Total for all other councillors			3,118,964	–	952,478			4,071,442
Total Councillors	8	–	8,567,414	–	3,191,007			11,758,421
Senior Managers of the Municipality	5							
Municipal Manager (MM)			1,347,648	13,619	474,198	–		1,835,465
Chief Financial Officer			845,943	11,953	426,450	–		1,284,346
			–	–	–	–		–
			–	–	–	–		–
			–	–	–	–		–
Section 57 - Designated Managers			2,722,880	36,765	1,342,273	–		4,101,918
List of each offical with packages >= senior manager								
			–	–	–	–		–
			–	–	–	–		–
			–	–	–	–		–
			–	–	–	–		–
			–	–	–	–		–
			–	–	–	–		–
			–	–	–	–		–
			–	–	–	–		–
			–	–	–	–		–
			–	–	–	–		–
			–	–	–	–		–
			–	–	–	–		–
			–	–	–	–		–
Total Senior Managers of the Municipality	8,10	–	4,916,471	62,337	2,242,921	–		7,221,729
A Heading for Each Entity	6,7							
List each member of board by designation								
			–	–	–	–		–
			–	–	–	–		–
			–	–	–	–		–
			–	–	–	–		–
			–	–	–	–		–
			–	–	–	–		–
			–	–	–	–		–
			–	–	–	–		–
			–	–	–	–		–
			–	–	–	–		–
			–	–	–	–		–
			–	–	–	–		–
			–	–	–	–		–
			–	–	–	–		–
			–	–	–	–		–
			–	–	–	–		–
Total for municipal entities	8,10	–	–	–	–	–		–
TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION	10	–	13,483,885	62,337	5,433,928	–		18,980,150

Table 28 MBRR SA24 – Summary of personnel numbers

DC21 Ugu - Supporting Table SA24 Summary of personnel numbers

Summary of Personnel Numbers	Ref	2020/21			Current Year 2021/22			Budget Year 2022/23		
Number	1,2	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities		–	21	41	–	23	43			
Councillors (Political Office Bearers plus Other Councillors)		–	–	35	–	–	37	–	–	37
Board Members of municipal entities	4	–	–	1	–	–	1	–	–	–
Municipal employees	5									
Municipal Manager and Senior Managers	3	–	–	5	–	–	5	–	–	5
Other Managers	7	–	21	–	–	23	–	–	25	–
Professionals		–	–	–	–	*59*	–	–	*62*	–
Finance										
Spatial/town planning										
Information Technology										
Roads										
Electricity										
Water										
Sanitation										
Refuse										
Other		–	–	–	–	59	–	–	62	–
Technicians		–	–	–	–	*550*	–	–	*578*	–
Finance		–	–	–	–	–	–	–	–	–
Spatial/town planning		–	–	–	–	–	–	–	–	–
Information Technology		–	–	–	–	9	–	–	9	–
Roads		–	–	–	–	–	–	–	–	–
Electricity		–	–	–	–	–	–	–	–	–
Water		–	–	–	–	220	–	–	231	–
Sanitation		–	–	–	–	208	–	–	218	–
Refuse		–	–	–	–	–	–	–	–	–
Other		–	–	–	–	113	–	–	119	–
Clerks (Clerical and administrative)		–	–	–	–	69	2	–	72	2
Service and sales workers		–	–	–	–	–	–	–	–	–
Skilled agricultural and fishery workers		–	–	–	–	–	–	–	–	–
Craft and related trades		–	–	–	–	–	–	–	–	–
Plant and Machine Operators		–	–	–	–	32	–	–	34	–
Elementary Occupations		–	–	–	–	–	–	–	–	–
TOTAL PERSONNEL NUMBERS	9	–	21	41	–	733	45	–	771	44

2.9 Monthly targets for revenue, expenditure and cash flow

Table 29 MBRR SA25 - Budgeted monthly revenue and expenditure

DC21 Ugu - Supporting Table SA25 Budgeted monthly revenue and expenditure

Description	Ref	Budget Year 2022/23												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Revenue By Source		1	2	3	4	5	6	7	8	9	10	11				
Property rates		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Service charges - electricity revenue		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Service charges - water revenue		34,396	34,396	34,396	34,396	34,396	34,396	34,396	34,396	34,396	34,396	34,396	34,396	412,756	433,394	455,064
Service charges - sanitation revenue		9,052	9,052	9,052	9,052	9,052	9,052	9,052	9,052	9,052	9,052	9,052	9,052	108,623	114,054	119,757
Service charges - refuse revenue		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Rental of facilities and equipment		394	394	394	394	394	394	394	394	394	394	394	394	4,722	4,958	5,206
Interest earned - external investments		652	652	652	652	652	652	652	652	652	652	652	652	7,821	8,212	8,623
Interest earned - outstanding debtors		3,147	3,147	3,147	3,147	3,147	3,147	3,147	3,147	3,147	3,147	3,147	3,147	37,768	39,656	41,639
Dividends received		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Fines, penalties and forfeits		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Licences and permits		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Agency services		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Transfers and subsidies		54,594	54,594	54,594	54,594	54,594	54,594	54,594	54,594	54,594	54,594	54,594	54,594	655,132	648,391	695,964
Other revenue		642	642	642	642	642	642	642	642	642	642	642	642	7,700	8,085	8,489
Gains		8	8	8	8	8	8	8	8	8	8	8	8	100	106	112
Total Revenue (excluding capital transfers and cont		102,885	102,885	102,885	102,885	102,885	102,885	102,885	102,885	102,885	102,885	102,885	102,885	1,234,623	1,256,858	1,334,855
Expenditure By Type																
Employee related costs		34,583	34,583	34,583	34,583	34,583	34,583	34,583	34,583	34,583	34,583	34,583	34,583	414,993	424,093	426,099
Remuneration of councillors		980	980	980	980	980	980	980	980	980	980	980	980	11,758	12,346	12,964
Debt impairment		12,909	12,909	12,909	12,909	12,909	12,909	12,909	12,909	12,909	12,909	12,909	12,909	154,905	73,500	77,175
Depreciation & asset impairment		26,417	26,417	26,417	26,417	26,417	26,417	26,417	26,417	26,417	26,417	26,417	26,417	317,000	332,850	349,493
Finance charges		1,158	1,158	1,158	1,158	1,158	1,158	1,158	1,158	1,158	1,158	1,158	1,158	13,892	13,476	13,198
Bulk purchases - electricity		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Inventory consumed		12,791	12,791	12,791	12,791	12,791	12,791	12,791	12,791	12,791	12,791	12,791	12,791	153,492	138,887	127,817
Contracted services		9,299	9,299	9,299	9,299	9,299	9,299	9,299	9,299	9,299	9,299	9,299	9,299	111,587	94,841	83,649
Transfers and subsidies		1,804	1,804	1,804	1,804	1,804	1,804	1,804	1,804	1,804	1,804	1,804	1,804	21,650	22,733	23,870
Other expenditure		12,044	12,044	12,044	12,044	12,044	12,044	12,044	12,044	12,044	12,044	12,044	12,044	144,526	141,210	139,143
Losses		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Expenditure		111,984	111,984	111,984	111,984	111,984	111,984	111,984	111,984	111,984	111,984	111,984	111,984	1,343,805	1,253,936	1,253,408
Surplus/(Deficit)		(9,098)	(9,098)	(9,098)	(9,098)	(9,098)	(9,098)	(9,098)	(9,098)	(9,098)	(9,098)	(9,098)	(9,098)	(109,182)	2,921	81,447
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		23,792	23,792	23,792	23,792	23,792	23,792	23,792	23,792	23,792	23,792	23,792	23,792	285,505	350,855	369,141
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions)		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Transfers and subsidies - capital (in-kind - all)		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions		14,694	14,694	14,694	14,694	14,694	14,694	14,694	14,694	14,694	14,694	14,694	14,694	176,324	353,776	450,588
Taxation		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Attributable to minorities		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Share of surplus/ (deficit) of associate		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit)	1	14,694	14,694	14,694	14,694	14,694	14,694	14,694	14,694	14,694	14,694	14,694	14,694	176,324	353,776	450,588

2.10 Annual budgets and SDBIPs – internal departments

2.10.1 Water Services Department – Vote 14

The department is primarily responsible for the distribution of potable water within the municipal boundary, which includes the purification of raw water, maintenance of the reticulation network and implementation of the departmental capital programme.

Table 30 Water Services Department - operating revenue by source, expenditure by type and total capital expenditure

DC21 Ugu - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Revenue By Source											
Property rates	2	(209)	–	–	–	–	–	–	–	–	–
Service charges - electricity revenue	2	–	–	–	–	–	–	–	–	–	–
Service charges - water revenue	2	301,867	369,638	332,056	414,793	330,810	330,810	313,566	412,756	433,394	455,064
Service charges - sanitation revenue	2	93,028	104,894	108,796	87,084	119,167	119,167	95,951	108,623	114,054	119,757
Service charges - refuse revenue	2	–	–	–	–	–	–	–	–	–	–
Rental of facilities and equipment		2,205	2,070	2,504	3,500	4,468	4,468	1,377	4,722	4,958	5,206
Interest earned - external investments		7,235	10,259	6,483	12,540	6,263	6,263	6,838	7,821	8,212	8,623
Interest earned - outstanding debtors		33,374	7,261	43,564	–	35,463	35,463	41,976	37,768	39,656	41,639
Dividends received		–	–	–	–	–	–	–	–	–	–
Fines, penalties and forfeits		–	–	(4)	–	–	–	–	–	–	–
Licences and permits		52	17	23	–	–	–	–	–	–	–
Agency services		–	–	–	–	–	–	–	–	–	–
Transfers and subsidies		680,584	513,637	568,695	593,848	596,924	596,924	549,567	655,132	648,391	695,964
Other revenue	2	4,812	3,259	6,446	91,640	6,856	6,856	9,756	7,700	8,085	8,489
Gains		17,952	13,474	1,339	–	–	–	–	100	106	112
Total Revenue (excluding capital transfers and contributions)		1,140,899	1,024,509	1,069,901	1,203,406	1,099,951	1,099,951	1,019,031	1,234,623	1,256,858	1,334,855
Expenditure By Type											
Employee related costs	2	388,283	400,292	404,030	403,418	381,517	381,517	383,507	414,993	424,093	426,099
Remuneration of councillors		9,441	10,495	9,719	10,650	10,650	10,650	8,956	11,758	12,346	12,964
Debt impairment	3	19,166	103,375	48,127	95,011	93,240	93,240	23,667	154,905	73,500	77,175
Depreciation & asset impairment	2	261,277	221,793	219,780	220,272	223,565	223,565	187,464	317,000	332,850	349,493
Finance charges		10,667	17,564	17,688	12,644	20,296	20,296	18,864	13,892	13,476	13,198
Bulk purchases - electricity	2	251	–	–	–	–	–	–	–	–	–
Inventory consumed	8	144,417	152,749	166,135	146,117	149,998	149,998	132,326	153,492	138,887	127,817
Contracted services		206,755	191,032	213,275	158,502	159,805	159,805	151,019	111,587	94,841	83,649
Transfers and subsidies		162	44,098	17,914	20,070	20,070	20,070	9,191	21,650	22,733	23,870
Other expenditure	4, 5	286,786	259,592	191,504	262,330	182,569	182,569	188,101	144,526	141,210	139,143
Losses		53,379	73,974	7,922	20,204	7,000	7,000	0	–	–	–
Total Expenditure		1,380,583	1,474,964	1,296,092	1,349,217	1,248,710	1,248,710	1,103,095	1,343,805	1,253,936	1,253,408
Surplus/(Deficit)		(239,684)	(450,456)	(226,191)	(145,811)	(148,759)	(148,759)	(84,064)	(109,182)	2,921	81,447
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		55,000	306,065	242,335	285,098	289,096	289,096	251,147	285,505	350,855	369,141
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions)	6	–	–	–	–	–	–	–	–	–	–
Transfers and subsidies - capital (in-kind - all)		–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions		(184,684)	(144,390)	16,144	139,286	140,336	140,336	167,084	176,324	353,776	450,588
Taxation		–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after taxation		(184,684)	(144,390)	16,144	139,286	140,336	140,336	167,084	176,324	353,776	450,588
Attributable to minorities		–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) attributable to municipality		(184,684)	(144,390)	16,144	139,286	140,336	140,336	167,084	176,324	353,776	450,588
Share of surplus/ (deficit) of associate	7	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year		(184,684)	(144,390)	16,144	139,286	140,336	140,336	167,084	176,324	353,776	450,588

Table 31 Water Services Department – Performance objectives and indicators

DC21 Ugu - Supporting Table SA7 Measureable performance objectives

Description	Unit of measurement	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Vote 1 - vote name		-	-	-	-	-	-	-	-	-
Function 1 - (name)										
Executive and council		3,650,000	4,523,000	4,468,000	3,611,000	3,611,000	3,611,000	3,791,550	3,981,128	4,180,184
Good Governance								-	-	-
								-	-	-
Finance and administration		453,707,523	479,165,423	-	8,360,748	8,360,748	8,360,748	8,778,785	9,217,725	9,678,611
Financial Viability								-	-	-
								-	-	-
Internal audit								-	-	-
Good Governance								-	-	-
								-	-	-
Function 2 - (name)								-	-	-
Community and social services								-	-	-
Insert measure/s description								-	-	-
								-	-	-
Sub-function 2 - (name)								-	-	-
Insert measure/s description								-	-	-
								-	-	-
Sub-function 3 - (name)								-	-	-
Insert measure/s description								-	-	-
								-	-	-
Vote 2 - vote name								-	-	-
Function 1 - (name)								-	-	-
Community and social services		-	-	745,000	9,067,866	9,067,866	9,067,866	9,521,259	9,997,322	10,497,188
Good Governance								-	-	-
								-	-	-
Sub-function 2 - (name)								-	-	-
Insert measure/s description								-	-	-
								-	-	-
Sub-function 3 - (name)								-	-	-
Insert measure/s description								-	-	-
								-	-	-
Function 2 - (name)								-	-	-
Sub-function 1 - (name)								-	-	-
Insert measure/s description								-	-	-
								-	-	-
Sub-function 2 - (name)								-	-	-
Insert measure/s description								-	-	-
								-	-	-
Sub-function 3 - (name)								-	-	-
Insert measure/s description								-	-	-
								-	-	-
Vote 3 - vote name								-	-	-
Function 1 - (name)								-	-	-
Planning and development		51,750	17,250	400,000	487,638	487,638	487,638	512,020	537,621	564,502
Local Economic Development								-	-	-
								-	-	-
Environmental protection		51,750	17,250	20,708,678	19,488,080	19,488,080	19,488,080	20,462,484	21,485,608	22,559,889
Environmental Services								-	-	-
Sub-function 3 - (name)									-	-
Insert measure/s description									-	-
									-	-
Function 2 - (name)									-	-
Sub-function 1 - (name)									-	-
Insert measure/s description									-	-
									-	-
Sub-function 2 - (name)									-	-
Insert measure/s description									-	-
									-	-
Sub-function 3 - (name)									-	-
Insert measure/s description									-	-
									-	-
Vote 4 Trading services									-	-
Function 1 - (name)									-	-
Water management		330,587,683	568,241,686	1,088,562,629	978,265,375	978,265,375	978,265,375	1,027,178,644	1,078,537,576	1,132,464,455
Sustainable Services								-	-	-
								-	-	-
Waste water management		93,028,130	104,245,105	108,815,587	142,297,327	142,297,327	142,297,327	149,412,193	156,882,803	164,726,943
And so on for the rest of the Votes										

2.11 Contracts having future budgetary implications

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

2.12 Capital expenditure details

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

Table 32 MBRR SA 34a - Capital expenditure on new assets by asset class

DC21 Ugu - Supporting Table SA34a Capital expenditure on new assets by asset class

Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Capital expenditure on new assets by Asset Class/Sub-class										
Infrastructure		(1,499,808)	79,464	150,412	202,889	197,978	197,978	188,505	194,781	204,520
Roads Infrastructure		–	–	–	–	–	–	–	–	–
Roads		–	–	–	–	–	–	–	–	–
Road Structures		–	–	–	–	–	–	–	–	–
Road Furniture		–	–	–	–	–	–	–	–	–
Capital Spares		–	–	–	–	–	–	–	–	–
Storm water Infrastructure		–	–	–	–	–	–	–	–	–
Drainage Collection		–	–	–	–	–	–	–	–	–
Storm water Conveyance		–	–	–	–	–	–	–	–	–
Attenuation		–	–	–	–	–	–	–	–	–
Electrical Infrastructure		–	–	–	–	–	–	–	–	–
Power Plants		–	–	–	–	–	–	–	–	–
HV Substations		–	–	–	–	–	–	–	–	–
HV Switching Station		–	–	–	–	–	–	–	–	–
HV Transmission Conductors		–	–	–	–	–	–	–	–	–
MV Substations		–	–	–	–	–	–	–	–	–
MV Switching Stations		–	–	–	–	–	–	–	–	–
MV Networks		–	–	–	–	–	–	–	–	–
LV Networks		–	–	–	–	–	–	–	–	–
Capital Spares		–	–	–	–	–	–	–	–	–
Water Supply Infrastructure		(1,474,185)	33,321	86,045	117,584	80,668	80,668	88,767	90,055	94,558
Dams and Weirs		–	–	–	–	–	–	–	–	–
Boreholes		–	–	4,797	20,000	–	–	–	–	–
Reservoirs		(10,499)	–	1,000	–	–	–	–	–	–
Pump Stations		(11,098)	–	2,250	–	–	–	–	–	–
Water Treatment Works		(72,865)	10,887	26,340	58,962	32,803	32,803	64,267	64,330	67,547
Bulk Mains		(1,356,309)	20,043	40,619	5,000	16,600	16,600	3,500	3,675	3,859
Distribution		(23,415)	2,392	11,039	33,623	31,266	31,266	21,000	22,050	23,153
Distribution Points		–	–	–	–	–	–	–	–	–
PRV Stations		–	–	–	–	–	–	–	–	–
Capital Spares		–	–	–	–	–	–	–	–	–
Sanitation Infrastructure		(26,456)	42,033	60,076	84,505	117,310	117,310	99,738	104,725	109,962
Pump Station		(2,066)	12,186	12,395	4,768	3,497	3,497	14,000	14,700	15,435
Reticulation		(18,765)	3,741	5,056	3,447	13,380	13,380	3,000	3,150	3,308
Waste Water Treatment Works		(4,928)	25,966	42,486	76,290	100,434	100,434	82,738	86,875	91,219
Outfall Sewers		(697)	140	140	–	–	–	–	–	–
Toilet Facilities		–	–	–	–	–	–	–	–	–
Capital Spares		–	–	–	–	–	–	–	–	–
Solid Waste Infrastructure		–	–	–	–	–	–	–	–	–
Landfill Sites		–	–	–	–	–	–	–	–	–
Waste Transfer Stations		–	–	–	–	–	–	–	–	–
Waste Processing Facilities		–	–	–	–	–	–	–	–	–
Waste Drop-off Points		–	–	–	–	–	–	–	–	–
Waste Separation Facilities		–	–	–	–	–	–	–	–	–
Electricity Generation Facilities		–	–	–	–	–	–	–	–	–
Capital Spares		–	–	–	–	–	–	–	–	–
Rail Infrastructure		–	–	–	–	–	–	–	–	–
Rail Lines		–	–	–	–	–	–	–	–	–
Rail Structures		–	–	–	–	–	–	–	–	–
Rail Furniture		–	–	–	–	–	–	–	–	–
Drainage Collection		–	–	–	–	–	–	–	–	–
Storm water Conveyance		–	–	–	–	–	–	–	–	–
Attenuation		–	–	–	–	–	–	–	–	–
MV Substations		–	–	–	–	–	–	–	–	–
LV Networks		–	–	–	–	–	–	–	–	–
Capital Spares		–	–	–	–	–	–	–	–	–

Table 32 MBRR SA 34a - Capital expenditure on new assets by asset class continued…

Investment properties		–	–	–	–	–	–	–	–	–
Revenue Generating		–	–	–	–	–	–	–	–	–
Improved Property		–	–	–	–	–	–	–	–	–
Unimproved Property		–	–	–	–	–	–	–	–	–
Non-revenue Generating		–	–	–	–	–	–	–	–	–
Improved Property		–	–	–	–	–	–	–	–	–
Unimproved Property		–	–	–	–	–	–	–	–	–
Other assets		6,351	16,277	19,414	18,750	10,210	10,210	13,283	–	–
Operational Buildings		6,351	16,133	19,271	18,600	10,200	10,200	13,283	–	–
Municipal Offices		6,351	16,133	19,271	18,600	10,200	10,200	13,283	–	–
Pay/Enquiry Points		–	–	–	–	–	–	–	–	–
Building Plan Offices		–	–	–	–	–	–	–	–	–
Workshops		–	–	–	–	–	–	–	–	–
Yards		–	–	–	–	–	–	–	–	–
Stores		–	–	–	–	–	–	–	–	–
Laboratories		–	–	–	–	–	–	–	–	–
Training Centres		–	–	–	–	–	–	–	–	–
Manufacturing Plant		–	–	–	–	–	–	–	–	–
Depots		–	–	–	–	–	–	–	–	–
Capital Spares		–	–	–	–	–	–	–	–	–
Housing		–	144	144	150	10	10	–	–	–
Staff Housing		–	144	144	150	10	10	–	–	–
Social Housing		–	–	–	–	–	–	–	–	–
Capital Spares		–	–	–	–	–	–	–	–	–
Biological or Cultivated Assets		–	–	–	–	–	–	–	–	–
Biological or Cultivated Assets		–	–	–	–	–	–	–	–	–
Intangible Assets		(266,332)	36,754	36,754	45	–	–	–	–	–
Servitudes		–	–	–	–	–	–	–	–	–
Licences and Rights		(266,332)	36,754	36,754	45	–	–	–	–	–
Water Rights		–	–	–	–	–	–	–	–	–
Effluent Licenses		–	–	–	–	–	–	–	–	–
Solid Waste Licenses		–	–	–	–	–	–	–	–	–
Computer Software and Applications		(2,659)	36,754	36,754	45	–	–	–	–	–
Load Settlement Software Applications		–	–	–	–	–	–	–	–	–
Unspecified		(263,673)	–	–	–	–	–	–	–	–
Computer Equipment		–	2,027	3,663	2,085	1,400	1,400	1,700	–	–
Computer Equipment		–	2,027	3,663	2,085	1,400	1,400	1,700	–	–
Furniture and Office Equipment		–	16,192	2,286	4,110	9,000	9,000	–	–	–
Furniture and Office Equipment		–	16,192	2,286	4,110	9,000	9,000	–	–	–
Machinery and Equipment		–	4,321	7,981	6,800	6,000	6,000	1,500	–	–
Machinery and Equipment		–	4,321	7,981	6,800	6,000	6,000	1,500	–	–
Transport Assets		30,949	193,014	189,482	10,000	10,000	10,000	10,000	–	–
Transport Assets		30,949	193,014	189,482	10,000	10,000	10,000	10,000	–	–
Land		–	(33,838)	(33,730)	–	–	–	–	–	–
Land		–	(33,838)	(33,730)	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–
Total Capital Expenditure on new assets	1	(1,728,840)	314,210	376,262	244,679	234,588	234,588	214,988	194,781	204,520

Table 33 MBRR SA34b - Capital expenditure on the renewal of existing assets by asset class

DC21 Ugu - Supporting Table SA34b Capital expenditure on the renewal of existing assets by asset class

Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Capital expenditure on renewal of existing assets by Asset Class/Sub-class										
Infrastructure		(309,087)	1,943,971	7,788,302	–	–	–	–	–	–
Roads Infrastructure		–	–	–	–	–	–	–	–	–
Roads		–	–	–	–	–	–	–	–	–
Road Structures		–	–	–	–	–	–	–	–	–
Road Furniture		–	–	–	–	–	–	–	–	–
Capital Spares		–	–	–	–	–	–	–	–	–
Storm water Infrastructure		–	–	–	–	–	–	–	–	–
Drainage Collection		–	–	–	–	–	–	–	–	–
Storm water Conveyance		–	–	–	–	–	–	–	–	–
Attenuation		–	–	–	–	–	–	–	–	–
Electrical Infrastructure		–	–	–	–	–	–	–	–	–
Power Plants		–	–	–	–	–	–	–	–	–
HV Substations		–	–	–	–	–	–	–	–	–
HV Switching Station		–	–	–	–	–	–	–	–	–
HV Transmission Conductors		–	–	–	–	–	–	–	–	–
MV Substations		–	–	–	–	–	–	–	–	–
MV Switching Stations		–	–	–	–	–	–	–	–	–
MV Networks		–	–	–	–	–	–	–	–	–
LV Networks		–	–	–	–	–	–	–	–	–
Capital Spares		–	–	–	–	–	–	–	–	–
Water Supply Infrastructure		(91,244)	146,308	5,990,639	–	–	–	–	–	–
Dams and Weirs		–	–	–	–	–	–	–	–	–
Boreholes		–	–	–	–	–	–	–	–	–
Reservoirs		–	–	–	–	–	–	–	–	–
Pump Stations		–	–	–	–	–	–	–	–	–
Water Treatment Works		–	–	–	–	–	–	–	–	–
Bulk Mains		–	–	–	–	–	–	–	–	–
Distribution		(90,281)	125,448	(13,868)	–	–	–	–	–	–
Distribution Points		(963)	20,859	20,859	–	–	–	–	–	–
PRV Stations		–	–	–	–	–	–	–	–	–
Capital Spares		–	–	5,983,648	–	–	–	–	–	–
Sanitation Infrastructure		(217,842)	1,797,663	1,797,663	–	–	–	–	–	–
Pump Station		–	–	–	–	–	–	–	–	–
Reticulation		(217,842)	(72,978)	(72,978)	–	–	–	–	–	–
Waste Water Treatment Works		–	1,870,641	1,870,641	–	–	–	–	–	–
Outfall Sewers		–	–	–	–	–	–	–	–	–
Toilet Facilities		–	–	–	–	–	–	–	–	–
Capital Spares		–	–	–	–	–	–	–	–	–

Table 33 MBRR SA34b - Capital expenditure on the renewal of existing assets by asset class continued…

Investment properties		–	642	642	–	–	–	–	–	–
Revenue Generating		–	642	642	–	–	–	–	–	–
Improved Property		–	–	–	–	–	–	–	–	–
Unimproved Property		–	642	642	–	–	–	–	–	–
Non-revenue Generating		–	–	–	–	–	–	–	–	–
Improved Property		–	–	–	–	–	–	–	–	–
Unimproved Property		–	–	–	–	–	–	–	–	–
Other assets		55	6,355	6,355	–	–	–	–	–	–
Operational Buildings		55	6,355	6,355	–	–	–	–	–	–
Municipal Offices		55	6,355	6,355	–	–	–	–	–	–
Pay/Enquiry Points		–	–	–	–	–	–	–	–	–
Building Plan Offices		–	–	–	–	–	–	–	–	–
Workshops		–	–	–	–	–	–	–	–	–
Yards		–	–	–	–	–	–	–	–	–
Stores		–	–	–	–	–	–	–	–	–
Laboratories		–	–	–	–	–	–	–	–	–
Training Centres		–	–	–	–	–	–	–	–	–
Manufacturing Plant		–	–	–	–	–	–	–	–	–
Depots		–	–	–	–	–	–	–	–	–
Capital Spares		–	–	–	–	–	–	–	–	–
Housing		–	–	–	–	–	–	–	–	–
Staff Housing		–	–	–	–	–	–	–	–	–
Social Housing		–	–	–	–	–	–	–	–	–
Capital Spares		–	–	–	–	–	–	–	–	–
Biological or Cultivated Assets		–	–	–	–	–	–	–	–	–
Biological or Cultivated Assets		–	–	–	–	–	–	–	–	–
Intangible Assets		2,659	10,959	10,959	–	–	–	–	–	–
Servitudes		2,659	2,659	2,659	–	–	–	–	–	–
Licences and Rights		–	8,300	8,300	–	–	–	–	–	–
Water Rights		–	–	–	–	–	–	–	–	–
Effluent Licenses		–	–	–	–	–	–	–	–	–
Solid Waste Licenses		–	–	–	–	–	–	–	–	–
Computer Software and Applications		–	8,300	8,300	–	–	–	–	–	–
Load Settlement Software Applications		–	–	–	–	–	–	–	–	–
Unspecified		–	–	–	–	–	–	–	–	–
Computer Equipment		–	–	–	–	–	–	–	–	–
Computer Equipment		–	–	–	–	–	–	–	–	–
Furniture and Office Equipment		–	146,104	146,104	–	–	–	–	–	–
Furniture and Office Equipment		–	146,104	146,104	–	–	–	–	–	–
Machinery and Equipment		–	17,519	17,519	–	–	–	–	–	–
Machinery and Equipment		–	17,519	17,519	–	–	–	–	–	–
Transport Assets		–	5,520	5,549	–	–	–	–	–	–
Transport Assets		–	5,520	5,549	–	–	–	–	–	–
Land		–	–	–	–	–	–	–	–	–
Land		–	–	–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–
Total Capital Expenditure on renewal of existing	1	(306,372)	2,131,071	7,975,430	–	–	–	–	–	–

Table 34 MBRR SA34c - Repairs and maintenance expenditure by asset class

DC21 Ugu - Supporting Table SA34c Repairs and maintenance expenditure by asset class

Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Repairs and maintenance expenditure by Asset Class/Sub-class										
Infrastructure		114,674	46,021	61,830	46,973	42,101	42,101	34,818	23,703	16,272
Roads Infrastructure		15,097	5,453	1,038	4,400	2,725	2,725	10,098	7,475	5,722
Roads		13,280	7,504	1,038	3,400	1,825	1,825	9,098	6,825	5,306
Road Structures		1,817	(2,051)	–	1,000	900	900	1,000	650	416
Road Furniture		–	–	–	–	–	–	–	–	–
Capital Spares		–	–	–	–	–	–	–	–	–
Storm water Infrastructure		–	–	–	–	–	–	–	–	–
Drainage Collection		–	–	–	–	–	–	–	–	–
Storm water Conveyance		–	–	–	–	–	–	–	–	–
Attenuation		–	–	–	–	–	–	–	–	–
Electrical Infrastructure		594	311	195	2,000	1,400	1,400	2,150	1,398	894
Power Plants		594	(10)	–	–	–	–	–	–	–
HV Substations		–	–	–	–	–	–	–	–	–
HV Switching Station		–	–	–	–	–	–	–	–	–
HV Transmission Conductors		–	–	–	–	–	–	–	–	–
MV Substations		–	–	–	–	–	–	–	–	–
MV Switching Stations		–	–	–	–	–	–	–	–	–
MV Networks		–	–	–	–	–	–	–	–	–
LV Networks		–	321	195	2,000	1,400	1,400	2,150	1,398	894
Capital Spares		–	–	–	–	–	–	–	–	–
Water Supply Infrastructure		91,815	37,487	28,314	38,393	34,884	34,884	19,870	13,076	8,533
Dams and Weirs		–	–	–	–	–	–	–	–	–
Boreholes		3,800	1,499	641	2,700	1,250	1,250	–	–	–
Reservoirs		3,765	3,208	3,041	1,500	700	700	2,900	2,045	1,473
Pump Stations		1,548	1,046	1,548	2,725	1,393	1,393	2,800	1,820	1,165
Water Treatment Works		15,707	13,878	11,942	3,650	13,866	13,866	300	195	125
Bulk Mains		738	9	–	–	–	–	–	–	–
Distribution		63,828	6,931	6,183	19,818	11,210	11,210	11,870	7,716	4,938
Distribution Points		–	–	–	–	–	–	–	–	–
PRV Stations		2,428	10,916	4,959	8,000	6,467	6,467	2,000	1,300	832
Capital Spares		–	–	–	–	–	–	–	–	–
Sanitation Infrastructure		6,431	2,498	32,284	1,675	2,597	2,597	2,700	1,755	1,123
Pump Station		791	(68)	–	300	78	78	200	130	83
Reticulation		530	3	–	–	–	–	–	–	–
Waste Water Treatment Works		971	531	–	375	19	19	–	–	–
Outfall Sewers		–	–	–	–	–	–	–	–	–
Toilet Facilities		4,138	2,032	32,284	1,000	2,500	2,500	2,500	1,625	1,040
Capital Spares		–	–	–	–	–	–	–	–	–
Solid Waste Infrastructure		–	–	–	–	–	–	–	–	–
Landfill Sites		–	–	–	–	–	–	–	–	–
Waste Transfer Stations		–	–	–	–	–	–	–	–	–
Waste Processing Facilities		–	–	–	–	–	–	–	–	–
Waste Drop-off Points		–	–	–	–	–	–	–	–	–
Waste Separation Facilities		–	–	–	–	–	–	–	–	–
Electricity Generation Facilities		–	–	–	–	–	–	–	–	–
Capital Spares		–	–	–	–	–	–	–	–	–
Rail Infrastructure		–	–	–	–	–	–	–	–	–
Rail Lines		–	–	–	–	–	–	–	–	–
Rail Structures		–	–	–	–	–	–	–	–	–
Rail Furniture		–	–	–	–	–	–	–	–	–
Drainage Collection		–	–	–	–	–	–	–	–	–
Storm water Conveyance		–	–	–	–	–	–	–	–	–
Attenuation		–	–	–	–	–	–	–	–	–
MV Substations		–	–	–	–	–	–	–	–	–
LV Networks		–	–	–	–	–	–	–	–	–
Capital Spares		–	–	–	–	–	–	–	–	–
Coastal Infrastructure		387	272	–	405	495	495	–	–	–

Table 34 MBRR SA34c - Repairs and maintenance expenditure by asset class continued…

Investment properties		–	221	166	920	1,120	1,120	100	97	95
Revenue Generating		–	221	166	920	1,120	1,120	100	97	95
Improved Property		–	221	166	920	1,120	1,120	–	–	–
Unimproved Property		–	–	–	–	–	–	100	97	95
Non-revenue Generating		–	–	–	–	–	–	–	–	–
Improved Property		–	–	–	–	–	–	–	–	–
Unimproved Property		–	–	–	–	–	–	–	–	–
Other assets		698	682	2,831	5,021	5,721	5,721	2,650	2,571	2,518
Operational Buildings		698	682	2,831	5,021	5,721	5,721	2,650	2,571	2,518
Municipal Offices		400	637	2,017	2,200	3,000	3,000	2,650	2,571	2,518
Pay/Enquiry Points		–	–	–	–	–	–	–	–	–
Building Plan Offices		–	–	–	–	–	–	–	–	–
Workshops		–	–	–	–	–	–	–	–	–
Yards		–	–	814	2,721	2,721	2,721	–	–	–
Stores		–	–	–	–	–	–	–	–	–
Laboratories		–	–	–	–	–	–	–	–	–
Training Centres		–	–	–	–	–	–	–	–	–
Manufacturing Plant		298	45	–	100	–	–	–	–	–
Depots		–	–	–	–	–	–	–	–	–
Capital Spares		–	–	–	–	–	–	–	–	–
Housing		–	–	–	–	–	–	–	–	–
Staff Housing		–	–	–	–	–	–	–	–	–
Social Housing		–	–	–	–	–	–	–	–	–
Capital Spares		–	–	–	–	–	–	–	–	–
Biological or Cultivated Assets		–	–	–	–	–	–	–	–	–
Biological or Cultivated Assets		–	–	–	–	–	–	–	–	–
Intangible Assets		6,158	3,665	2,079	2,745	3,094	3,094	3,264	3,166	3,100
Servitudes		–	–	–	–	–	–	–	–	–
Licences and Rights		6,158	3,665	2,079	2,745	3,094	3,094	3,264	3,166	3,100
Water Rights		–	–	–	–	–	–	–	–	–
Effluent Licenses		–	–	–	–	–	–	–	–	–
Solid Waste Licenses		–	–	–	–	–	–	–	–	–
Computer Software and Applications		6,158	3,665	2,079	2,745	3,094	3,094	3,264	3,166	3,100
Load Settlement Software Applications		–	–	–	–	–	–	–	–	–
Unspecified		–	–	–	–	–	–	–	–	–
Computer Equipment		33	–	–	–	–	–	–	–	–
Computer Equipment		33	–	–	–	–	–	–	–	–
Furniture and Office Equipment		–	156	–	–	–	–	–	–	–
Furniture and Office Equipment		–	156	–	–	–	–	–	–	–
Machinery and Equipment		1,864	48,436	575	1,400	1,100	1,100	1,000	810	683
Machinery and Equipment		1,864	48,436	575	1,400	1,100	1,100	1,000	810	683
Transport Assets		44,514	14,828	14,247	10,010	12,160	12,160	–	–	–
Transport Assets		44,514	14,828	14,247	10,010	12,160	12,160	–	–	–
Land		–	–	–	–	–	–	–	–	–
Land		–	–	–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–
Total Repairs and Maintenance Expenditure	1	167,942	114,010	81,727	67,069	65,296	65,296	41,832	30,346	22,668

Table 35 MBRR SA35 - Future financial implications of the capital budget

DC21 Ugu - Supporting Table SA35 Future financial implications of the capital budget

Vote Description	Ref	2022/23 Medium Term Revenue & Expenditure Framework			Forecasts			
R thousand		Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25	Forecast 2025/26	Forecast 2026/27	Forecast 2027/28	Present value
Capital expenditure	1							
Vote 1 - Executive and Council		–	–	–				
Vote 2 - Finance and Administration		24,983	–	–				
Vote 3 - Internal Audit		–	–	–				
Vote 4 - Community and Social Services		–	–	–				
Vote 5 - Sport and Recreation		–	–	–				
Vote 6 - Public Safety		–	–	–				
Vote 7 - Other		–	–	–				
Vote 8 - Health		–	–	–				
Vote 9 - Planning and Development		–	–	–				
Vote 10 - Road Transport		–	–	–				
Vote 11 - Environmental Protection		–	–	–				
Vote 12 - Energy Sources		–	–	–				
Vote 13 - Water Management		194,135	199,117	209,072				
Vote 14 - Waste Water Management		95,870	100,664	105,697				
Vote 15 - Waste Management		–	–	–				
List entity summary if applicable		–	–	–				
Total Capital Expenditure		314,988	299,781	314,770	–	–	–	–
Future operational costs by vote	2							
Vote 1 - Executive and Council		44,737	46,715	48,827				
Vote 2 - Finance and Administration		604,912	536,539	536,939				
Vote 3 - Internal Audit		500	485	475				
Vote 4 - Community and Social Services		4,235	4,108	4,023				
Vote 5 - Sport and Recreation		–	–	–				
Vote 6 - Public Safety		–	–	–				
Vote 7 - Other		–	–	–				
Vote 8 - Health		200	194	190				
Vote 9 - Planning and Development		41,237	42,142	43,267				
Vote 10 - Road Transport		–	–	–				
Vote 11 - Environmental Protection		750	728	713				
Vote 12 - Energy Sources		–	–	–				
Vote 13 - Water Management		500,402	477,459	472,775				
Vote 14 - Waste Water Management		146,831	145,567	146,199				
Vote 15 - Waste Management		–	–	–				
List entity summary if applicable		–	–	–				
Total future operational costs		1,343,805	1,253,936	1,253,408	–	–	–	–
Future revenue by source	3							
Property rates		–	–	–				
Service charges - electricity revenue		–	–	–				
Service charges - water revenue		412,756	433,394	455,064				
Service charges - sanitation revenue		108,623	114,054	119,757				
Service charges - refuse revenue		–	–	–				
Rental of facilities and equipment		4,722	4,958	5,206				
List other revenues sources if applicable		7,700	8,085	8,489				
List entity summary if applicable		–	–	–				
Total future revenue		533,802	560,492	588,517	–	–	–	–
Net Financial Implications		1,124,990	993,225	979,660	–	–	–	–

Table 36 MBRR SA36 - Detailed capital budget per municipal vote

DC21 Ugu - Supporting Table SA36 Detailed capital budget

R thousand													2022/23 Medium Term Revenue & Expenditure Framework		
Function	Project Description	Project Number	Type	MTSF Service Outcome	IUDF	Own Strategic Objectives	Asset Class	Asset Sub-Class	Ward Location	GPS Longitude	GPS Lattitude	Audited Outcome 2020/21	Current Year 2021/22 Full Year	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Parent municipality:																
List all capital projects grouped by Function																
Trading services / Waste water manag	Waste Water Treatment Works	c1d33888-0e40-43	–	6	3	Increase infrastructure capacit	0		Regional:Regional Identifi	3051888	3021454	–	80,529	76,870	80,714	84,750
Municipal governance and administrati	Computer Equipment	8-40f2-91e6-e89b7d	–	6	3	ptimise systems and operation	0	ntifier:Local Government by Province:KwazuluNatal:Dis		-306218	3025127	–	1,400	1,700	–	–
Municipal governance and administrati	Machinery and Equipment	6-452b-ad08-71995	–	12	4	mote clean and social governn	0	r:Local Government by Province:KwazuluNatal:District		-31	30	–	16,440	1,500	–	–
Municipal governance and administrati	Computer Software and Applications	-47bd-9b60-21384f1	–	12	4	ptimise systems and operation	0	ntifier:Local Government by Province:KwazuluNatal:Dis		-31	30	–	–	–	–	–
Municipal governance and administrati	Bulk Mains	-469d-80ad-81e0bc	–	12	3	TakeOn Balances	0	r:Local Government by Province:KwazuluNatal:District		-306218	3025127	–	16,600	13,500	14,175	14,884
Municipal governance and administrati	Boreholes	0-4092-83d6-afe940	–	8	2	TakeOn Balances	0	ntifier:Local Government by Province:KwazuluNatal:Dis		-306218	3025127	–	–	–	–	–
Municipal governance and administrati	PRV Stations	8-4949-b3fa-0b0bac	–	6	2	TakeOn Balances	0	ntifier:Local Government by Province:KwazuluNatal:Dis		-306218	3025127	–	–	–	–	–
Municipal governance and administrati	Distribution Points	6-4b7c-8004-3c93f2	–	2	2	TakeOn Balances	0	ntifier:Local Government by Province:KwazuluNatal:Dis		-306218	3025127	–	12,779	–	–	–
Municipal governance and administrati	Pump Station	c-4549-bb4d-60e40c	–	5	2	TakeOn Balances	0	ntifier:Local Government by Province:KwazuluNatal:Dis		-306218	3025127	–	–	14,000	14,700	15,435
Trading services / Water management	Water Treatment Works	9-438d-abf7-1d7ef3	–	6	2	ensure access to free basic wa	0	ntifier:Local Government by Province:KwazuluNatal:Dis		3044098	3023342	–	33,556	64,267	64,330	67,547
Trading services / Water management	Distribution	3f-449c-853f-d10bd7	–	6	3	ensure access to free basic wa	0	ntifier:Local Government by Province:KwazuluNatal:Dis		30	3021179	–	102,760	111,000	116,550	122,378
Municipal governance and administrati	Transport Assets	a-40ac-9d29-0a94d3	–	12	4	ptimise systems and operation	0	r:Local Government by Province:KwazuluNatal:District		-306218	3025127	–	10,000	10,000	–	–
Trading services / Waste water manag	Reticulation	-4427-80d9-04dbe4	–	6	3	TakeOn Balances	0	ntifier:Local Government by Province:KwazuluNatal:Dis		3019722	3044197	–	14,368	3,000	3,150	3,308
Trading services / Waste water manag	Waste Water Treatment Works-18	0-4306-87f1-066334	–	6	3	ance with decent sanitation sta	0	ntifier:Local Government by Province:KwazuluNatal:Dis		-3044442	3024075	–	5,000	2,000	2,100	2,205
Trading services / Water management	Waste Water Treatment Works-21	0-4306-87f1-066334	–	12	3	ance with decent sanitation sta	0	ntifier:Local Government by Province:KwazuluNatal:Dis		-3044419	3024075	–	2,100	1,500	1,575	1,654
Trading services / Water management	Waste Water Treatment Works-23	0-4306-87f1-066334	–	12	3	ance with decent sanitation sta	0	ntifier:Local Government by Province:KwazuluNatal:Dis		-3044187	3024075	–	3,600	2,368	2,486	2,611
Economic and environmental services	Unimproved Property	-4809-b531-c2956a	–	6	2	TakeOn Balances	0	r:Local Government by Province:KwazuluNatal:District		-31	30	–	–	–	–	–
Municipal governance and administrati	Dams and Weirs	8-4c00-98e9-44542	–	9	4	TakeOn Balances	0	ntifier:Local Government by Province:KwazuluNatal:Dis		-306218	3025127	–	–	–	–	–
Municipal governance and administrati	Furniture and Office Equipment	464e-4ac0-a13a-e5	–	3	2	TakeOn Balances	0	ntifier:Local Government by Province:KwazuluNatal:Dis		-306218	3025127	–	2,600	–	–	–
Municipal governance and administrati	Municipal Offices	8-4eb7-b198-af4883	–	6	3	TakeOn Balances	0	ntifier:Local Government by Province:KwazuluNatal:Dis		-306218	3025127	–	16,500	13,283	–	–
0		(blank)	–	09	04	o Strategic Objective on IDP Fi	0		0	0	0	–	–	–	–	–
0		(blank)	–	09	04	o Strategic Objective on IDP Fi	0		0	0	0	–	–	–	–	–
0		(blank)	–	09	04	o Strategic Objective on IDP Fi	0		0	0	0	–	–	–	–	–
Parent Capital expenditure												–	318,233	314,988	299,781	314,770
Entities:																
List all capital projects grouped by Entity																
Entity A																
0		(blank)	–	09	04	No Strategic Objective on IDP File	0		0	0	0	–	–	–	–	–
0		(blank)	–	09	04	No Strategic Objective on IDP File	0		0	0	0	–	–	–	–	–
Entity B																
0		(blank)	–	09	04	No Strategic Objective on IDP File	0		0	0	0	–	–	–	–	–
0		(blank)	–	09	04	No Strategic Objective on IDP File	0		0	0	0	–	–	–	–	–
0		(blank)	–	09	04	No Strategic Objective on IDP File	0		0	0	0	–	–	–	–	–
0		(blank)	–	09	04	No Strategic Objective on IDP File	0		0	0	0	–	–	–	–	–
Entity Capital expenditure												–	–	–	–	–
Total Capital expenditure												–	318,233	314,988	299,781	314,770

2.13 Legislation compliance status

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

1. In year reporting
   Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days) has progressively improved and includes monthly published financial performance on the District's website.

2. Internship programme
   The District is participating in the Municipal Financial Management Internship programme and has employed five interns undergoing training in various divisions of the Financial Services Department.

3. Budget and Treasury Office
   The Budget and Treasury Office has been established in accordance with the MFMA.

4. Audit Committee
   An Audit Committee has been established and is fully functional.

5. Service Delivery and Implementation Plan
   The detail SDBIP document is at a Final stage and will be finalised after approval of the 2022/23 MTREF in May 2022 directly aligned and informed by the 2022/23 MTREF.

6. Annual Report
   Annual report is compiled in terms of the MFMA and National Treasury requirements.

7. MFMA Training
   The MFMA training module in electronic format is presented at the District's internal centre and training is ongoing.

8. Policies
   The policies undergo a review process internally and are vetted for council approval

2.14 Other supporting documents

Table 35 MBRR Table SA1 - Supporting detail to budgeted financial performance

DC21 Ugu - Supporting Table SA1 Supportinging detail to 'Budgeted Financial Performance'

Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
REVENUE ITEMS:											
Property rates	6										
Total Property Rates		(209)									
Less Revenue Foregone (exemptions, reductions and rebates and impermissable values in excess of section 17 of MPRA)		–	–	–	–	–	–	–	–	–	–
Net Property Rates		(209)	–	–	–	–	–	–	–	–	–
Service charges - electricity revenue	6										
Total Service charges - electricity revenue											
Less Revenue Foregone (in excess of 50 kwh per indigent household per month)											
Less Cost of Free Basis Services (50 kwh per indigent household per month)		–	–	–	–	–	–		–	–	–
Net Service charges - electricity revenue		–	–	–	–	–	–	–	–	–	–
Service charges - water revenue	6										
Total Service charges - water revenue		301,897	369,734	337,411	487,130	401,641	401,641	319,657	472,188	495,797	520,587
Less Revenue Foregone (in excess of 6 kilolitres per indigent household per month)				5,355	21,697	21,245	21,245	6,090			
Less Cost of Free Basis Services (6 kilolitres per indigent household per month)		30	96	–	50,640	49,586	49,586		59,431	62,403	65,523
Net Service charges - water revenue		301,867	369,638	332,056	414,793	330,810	330,810	313,566	412,756	433,394	455,064
Service charges - sanitation revenue											
Total Service charges - sanitation revenue		93,028	104,894	108,796	87,084	119,167	119,167	95,951	108,623	114,054	119,757
Less Revenue Foregone (in excess of free sanitation service to indigent households)											
Less Cost of Free Basis Services (free sanitation service to indigent households)		–	–	–	–	–	–		–	–	–
Net Service charges - sanitation revenue		93,028	104,894	108,796	87,084	119,167	119,167	95,951	108,623	114,054	119,757
Service charges - refuse revenue	6										
Total refuse removal revenue		–	–	–	–	–	–	–	–	–	–
Total landfill revenue		–	–	–	–	–	–	–	–	–	–
Less Revenue Foregone (in excess of one removal a week to indigent households)		–	–	–	–	–	–	–	–	–	–
Less Cost of Free Basis Services (removed once a week to indigent households)		–	–	–	–	–	–		–	–	–
Net Service charges - refuse revenue		–	–	–	–	–	–	–	–	–	–
Other Revenue by source											
Fuel Levy		–	–	–	–	–	–	–	–	–	–
Other Revenue		4,812	3,259	6,446	91,640	6,856	6,856	9,756	7,700	8,085	8,489
Total 'Other' Revenue	1	4,812	3,259	6,446	91,640	6,856	6,856	9,756	7,700	8,085	8,489

Table 37 MBRR Table SA1 - Supporting detail to budgeted financial performance (Continued)

EXPENDITURE ITEMS:												
Employee related costs												
Basic Salaries and Wages	2	223,907	190,729	237,519	265,111	236,548	236,548	235,276	222,985	222,374	232,135
Pension and UIF Contributions		42,111	45,598	41,930	44,731	39,887	39,887	39,301	41,247	43,309	45,475
Medical Aid Contributions		16,769	17,483	17,044	18,911	15,158	15,158	16,012	19,464	20,437	21,459
Overtime		852	46,586	10,361	542	930	930	41,081	26,255	27,568	28,946
Performance Bonus		17,600	18,575	19,297	17,470	19,072	19,072	19,011	76,713	80,663	66,860
Motor Vehicle Allowance		9,411	10,121	9,771	10,606	9,106	9,106	9,557	9,866	10,357	10,873
Cellphone Allowance		1,594	3,007	2,813	3,051	2,771	2,771	2,523	3,043	3,195	3,355
Housing Allowances		2,985	2,466	1,846	1,845	1,051	1,051	1,505	2,146	2,253	2,365
Other benefits and allowances		60,738	54,652	44,198	35,963	49,260	49,260	11,352	9,068	9,521	9,996
Payments in lieu of leave		3,553	7,626	4,850	3,133	3,133	3,133	4,615	1,917	2,013	2,113
Long service awards		4,185	(2,022)	5,977	1,917	1,917	1,917	3,273	2,288	2,403	2,523
Post-retirement benefit obligations	4	2,174	2,146	4,565	–	–	–	–	–	–	–
sub-total	5	385,878	396,967	400,171	403,281	378,831	378,831	383,507	414,993	424,093	426,099
Less: Employees costs capitalised to PPE		(2,405)	(3,325)	(3,859)	(137)	(2,686)	(2,686)	–	–	–	–
Total Employee related costs	1	388,283	400,292	404,030	403,418	381,517	381,517	383,507	414,993	424,093	426,099
Depreciation & asset impairment											
Depreciation of Property, Plant & Equipment		241,253	206,847	212,740	217,595	220,903	220,903	186,213	314,337	330,054	346,557
Lease amortisation		3,171	2,117	2,529	2,677	2,663	2,663	1,251	2,663	2,796	2,936
Capital asset impairment		16,853	12,829	4,511	–	–	–	–	–	–	–
Total Depreciation & asset impairment	1	261,277	221,793	219,780	220,272	223,565	223,565	187,464	317,000	332,850	349,493
Bulk purchases - electricity											
Electricity bulk purchases		251	–	–	–	–	–	–	–	–	–
Total bulk purchases	1	251	–	–	–	–	–	–	–	–	–
Transfers and grants											
Cash transfers and grants		162	44,098	17,914	20,070	20,070	20,070	9,191	21,650	22,733	23,870
Non-cash transfers and grants		–	–	–	–	–	–	–	–	–	–
Total transfers and grants	1	162	44,098	17,914	20,070	20,070	20,070	9,191	21,650	22,733	23,870
Contracted services											
Outsourced Services		44,448	47,362	100,059	44,656	41,043	41,043	37,575	9,041	8,770	8,589
Consultants and Professional Services		26,422	38,706	19,344	49,945	55,788	55,788	61,813	57,765	54,464	52,260
Contractors		135,884	104,965	93,872	63,901	62,974	62,974	51,632	44,782	31,608	22,800
Total contracted services		206,755	191,032	213,275	158,502	159,805	159,805	151,019	111,587	94,841	83,649
Other Expenditure By Type											
Collection costs		1,235	983	2,929	20,000	4,792	4,792	6,127	550	534	523
Contributions to 'other' provisions		–	–	–	–	–	–	–	–	–	–
Audit fees		–	–	–	763	–	–	1,135	–	–	–
Other Expenditure		285,551	258,609	188,575	241,567	177,777	177,777	180,839	143,976	140,677	138,621
Total 'Other' Expenditure	1	286,786	259,592	191,504	262,330	182,569	182,569	188,101	144,526	141,210	139,143
Repairs and Maintenance	8										
Employee related costs		–	–	–	–	–	–	–	–	–	–
Inventory Consumed (Project Maintenance)		2,742	1,794	2,438	–	–	–	6	–	–	–
Contracted Services		118,112	83,344	74,356	58,941	57,284	57,284	30,552	38,832	27,436	19,818
Other Expenditure		37,587	4,498	4,231	8,128	2,220	2,220	1,416	3,000	2,910	2,850
Total Repairs and Maintenance Expenditure	9	158,441	89,635	81,025	67,069	59,505	59,505	31,973	41,832	30,346	22,668
EXPENDITURE ITEMS:											
0											
Basic Salaries and Wages	5.8	–	–	(33,914)	–	–	–	(41,956)	–	–	–
Pension and UIF Contributions	5.8	–	–	(47,164)	–	–	–	(54,760)	–	–	–
Medical Aid Contributions	5.9	–	–	(60,415)	–	–	–	(67,563)	–	–	–

Table 38 MBRR Table SA2 – Matrix financial performance budget (revenue source/expenditure type and department)

DC21 Ugu - Supporting Table SA2 Matrix Financial Performance Budget (revenue source/expenditure type and dept.)

Description	Ref	Vote 1 - Executive and Council	Vote 2 - Finance and Administration	Vote 3 - Internal Audit	Vote 4 - Community and Social Services	Vote 5 - Sport and Recreation	Vote 6 - Public Safety	Vote 7 - Other	Vote 8 - Health	Vote 9 - Planning and Development	Vote 10 - Road Transport	Vote 11 - Environmental Protection	Vote 12 - Energy Sources	Vote 13 - Water Management	Vote 14 - Waste Water Management	Vote 15 - Waste Management	Total
R thousand	1																
Revenue By Source		1100	1200	1300	2100	2200	2300	5000	2500	3100	3200	3300	4100	4200	4300	4400	
Property rates		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Service charges - electricity revenue		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Service charges - water revenue		–	12,252	–	–	–	–	–	–	–	–	–	–	400,504	–	–	412,756
Service charges - sanitation revenue		–	–	–	–	–	–	–	–	–	–	–	–	–	108,623	–	108,623
Service charges - refuse revenue		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Rental of facilities and equipment		–	3,384	–	–	–	–	–	–	1,338	–	–	–	–	–	–	4,722
Interest earned - external investments		–	4,037	–	–	–	–	–	–	–	–	–	–	3,784	–	–	7,821
Interest earned - outstanding debtors		–	–	–	–	–	–	–	–	–	–	–	–	37,768	–	–	37,768
Dividends received		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Fines, penalties and forfeits		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Licences and permits		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Agency services		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Other revenue		–	7,500	–	–	–	–	–	–	100	–	–	–	100	–	–	7,700
Transfers and subsidies		3,319	587,096	–	–	–	–	–	–	–	–	–	–	64,717	–	–	655,132
Gains		–	100	–	–	–	–	–	–	–	–	–	–	–	–	–	100
Total Revenue (excluding capital transfers and cont		3,319	614,369	–	–	–	–	–	–	1,438	–	–	–	506,873	108,623	–	1,234,623
Expenditure By Type																	
Employee related costs		29,781	159,988	–	–	–	–	–	–	8,631	–	–	–	209,657	6,936	–	414,993
Remuneration of councillors		11,758	–	–	–	–	–	–	–	–	–	–	–	–	–	–	11,758
Debt impairment		–	154,905	–	–	–	–	–	–	–	–	–	–	–	–	–	154,905
Depreciation & asset impairment		–	160,907	–	–	–	–	–	–	–	–	–	–	85,767	70,325	–	317,000
Finance charges		–	–	–	–	–	–	–	–	–	–	–	–	2,347	11,545	–	13,892
Bulk purchases - electricity		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Inventory consumed		210	55	–	2,260	–	–	–	–	300	–	–	–	150,667	–	–	153,492
Contracted services		790	18,012	500	1,565	–	–	–	–	500	–	750	–	31,970	57,500	–	111,587
Transfers and subsidies		–	–	–	–	–	–	–	–	21,650	–	–	–	–	–	–	21,650
Other expenditure		2,197	111,044	–	410	–	–	–	200	10,156	–	–	–	19,994	525	–	144,526
Losses		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Expenditure		44,737	604,912	500	4,235	–	–	–	200	41,237	–	750	–	500,402	146,831	–	1,343,805
Surplus/(Deficit)		(41,418)	9,458	(500)	(4,235)	–	–	–	(200)	(39,799)	–	(750)	–	6,471	(38,208)	–	(109,182)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		–	–	–	–	–	–	–	–	–	–	–	–	285,505	–	–	285,505
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions)		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Transfers and subsidies - capital (in-kind - all)		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions		(41,418)	9,458	(500)	(4,235)	–	–	–	(200)	(39,799)	–	(750)	–	291,976	(38,208)	–	176,324

Table 39 MBRR Table SA3 – Supporting detail to Statement of Financial Position

DC21 Ugu - Supporting Table SA3 Supportinging detail to 'Budgeted Financial Position'

Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
ASSETS											
Consumer debtors											
Consumer debtors		83,647	663,734	817,626	674,752	897,774	897,774	531,558	807,897	787,806	762,679
Less: Provision for debt impairment		(284,633)	(345,756)	(385,727)	(331,909)	(442,880)	(442,880)	(546)	(465,024)	(467,569)	(470,894)
Total Consumer debtors	2	(200,986)	317,978	431,899	342,843	454,894	454,894	531,013	342,873	320,237	291,785
Debt impairment provision											
Balance at the beginning of the year		–	–	–	(311,909)	(442,880)	(442,880)	–	(465,024)	(467,569)	(470,894)
Contributions to the provision		–	–	–	(20,000)	–	–	–	–	–	–
Bad debts written off		(284,633)	(345,756)	(385,727)	–	–	–	(546)	–	–	–
Balance at end of year		(284,633)	(345,756)	(385,727)	(331,909)	(442,880)	(442,880)	(546)	(465,024)	(467,569)	(470,894)
Inventory											
Water											
Opening Balance		–	112	–	4,211	4,211	4,211	–	4,215	4,426	4,647
System Input Volume		–	–	–	400,933	158,409	158,409	–	160,336	168,353	176,770
Water Treatment Works		–	–	–	260,599	20,325	20,325	–	20,325	21,341	22,408
Bulk Purchases		–	–	–	140,323	138,073	138,073	–	140,000	147,000	154,350
Natural Sources		–	–	–	11	11	11	–	11	11	12
Authorised Consumption	6	–	–	–	(140,323)	(138,073)	(138,073)	–	(140,000)	(125,800)	(115,000)
Billed Authorised Consumption		–	–	–	(118,626)	(116,810)	(116,810)	–	(116,810)	(122,650)	(128,783)
Billed Metered Consumption		–	–	–	(118,626)	(116,810)	(116,810)	–	(116,810)	(122,650)	(128,783)
Free Basic Water		–	–	–	(50,640)	(49,627)	(49,627)	–	(49,627)	(52,108)	(54,714)
Subsidised Water		–	–	–	–	–	–	–	–	–	–
Revenue Water		–	–	–	(67,986)	(67,183)	(67,183)	–	(67,183)	(70,542)	(74,069)
Billed Unmetered Consumption		–	–	–	–	–	–	–	–	–	–
Free Basic Water		–	–	–	–	–	–	–	–	–	–
Subsidised Water		–	–	–	–	–	–	–	–	–	–
Revenue Water		–	–	–	–	–	–	–	–	–	–
UnBilled Authorised Consumption		–	–	–	(21,697)	(21,263)	(21,263)	–	(21,263)	(22,326)	(23,442)
Unbilled Metered Consumption		–	–	–	(21,697)	(21,263)	(21,263)	–	(21,263)	(22,326)	(23,442)
Unbilled Unmetered Consumption		–	–	–	–	–	–	–	–	–	–
Water Losses		112	4,215	4,211	(20,200)	(19,796)	(19,796)	28	(19,796)	(20,786)	(21,825)
Apparent losses		–	–	–	(5,200)	(5,096)	(5,096)	–	(5,096)	(5,351)	(5,618)
Unauthorised Consumption		–	–	–	(5,000)	(4,900)	(4,900)	–	(4,900)	(5,145)	(5,402)
Customer Meter Inaccuracies		–	–	–	(200)	(196)	(196)	–	(196)	(206)	(216)
Real losses		112	4,215	4,211	(15,000)	(14,700)	(14,700)	28	(14,700)	(15,435)	(16,207)
Leakage on Transmission and Distribution Mains		–	–	–	(15,000)	(14,700)	(14,700)	–	(14,700)	(15,435)	(16,207)
Leakage and Overflows at Storage Tanks/Reservoirs		112	4,215	4,211	–	–	–	28	–	–	–
Leakage on Service Connections up to the point of Customer Me		–	–	–	–	–	–	–	–	–	–
Data Transfer and Management Errors		–	–	–	–	–	–	–	–	–	–
Unavoidable Annual Real Losses		–	–	–	–	–	–	–	–	–	–
Non-revenue Water		112	4,215	4,211	(41,897)	(41,059)	(41,059)	28	(41,059)	(43,112)	(45,267)
Closing Balance Water		112	4,327	4,211	244,621	4,751	4,751	28	4,755	26,193	44,592

Table 39 MBRR Table SA3 – Supporting detail to Statement of Financial Position continued…

Consumables											
Standard Rated											
Opening Balance		5,319	(5,319)	(5,319)	475	475	475	–	475	499	524
Acquisitions		–	–	–	260	–	–	–	310	301	295
Issues	7	–	–	–	(260)	–	–	–	(310)	(301)	(295)
Adjustments	8	–	–	–	–	–	–	–	–	–	–
Write-offs	9	–	–	–	–	–	–	–	–	–	–
Closing balance - Consumables Standard Rated		5,319	(5,319)	(5,319)	475	475	475	–	475	499	524
Zero Rated											
Opening Balance		–	–	–	–	–	–	–	–	–	–
Acquisitions		–	–	–	–	–	–	–	–	–	–
Issues	7	–	–	–	–	–	–	–	–	–	–
Adjustments	8	–	–	–	–	–	–	–	–	–	–
Write-offs	9	–	–	–	–	–	–	–	–	–	–
Closing balance - Consumables Zero Rated		–	–	–	–	–	–	–	–	–	–
Finished Goods											
Opening Balance		–	–	–	–	–	–	–	–	–	–
Acquisitions		–	–	–	–	–	–	–	–	–	–
Issues	7	–	–	–	–	–	–	–	–	–	–
Adjustments	8	–	–	–	–	–	–	–	–	–	–
Write-offs	9	–	–	–	–	–	–	–	–	–	–
Closing balance - Finished Goods		–	–	–	–	–	–	–	–	–	–
Materials and Supplies											
Opening Balance		1,196	8,776	11,192	8,266	8,266	8,266	20,732	8,266	8,679	9,113
Acquisitions		(3,534)	–	–	(234,889)	11,122	11,122	7,542	15,109	31,962	49,748
Issues	7	–	–	–	(5,534)	(11,926)	(11,926)	(7,542)	(13,182)	(12,786)	(12,523)
Adjustments	8	–	–	–	–	–	–	–	–	–	–
Write-offs	9	–	–	–	–	–	–	–	–	–	–
Closing balance - Materials and Supplies		(2,338)	8,776	11,192	(232,157)	7,462	7,462	20,732	10,193	27,855	46,338
Work-in-progress											
Opening Balance		–	–	–	–	–	–	–	–	–	–
Materials		–	–	–	–	–	–	–	–	–	–
Transfers		–	–	–	–	–	–	–	–	–	–
Closing balance - Work-in-progress		–	–	–	–	–	–	–	–	–	–
Housing Stock											
Opening Balance		–	–	–	–	–	–	–	–	–	–
Acquisitions		–	–	–	–	–	–	–	–	–	–
Transfers		–	–	–	–	–	–	–	–	–	–
Sales		–	–	–	–	–	–	–	–	–	–
Closing Balance - Housing Stock		–	–	–	–	–	–	–	–	–	–
Land											
Opening Balance		–	–	–	–	–	–	–	–	–	–
Acquisitions		–	–	–	–	–	–	–	–	–	–
Sales		–	–	–	–	–	–	–	–	–	–
Adjustments		–	–	–	–	–	–	–	–	–	–
Correction of Prior period errors		–	–	–	–	–	–	–	–	–	–
Closing Balance - Land		–	–	–	–	–	–	–	–	–	–
Closing Balance - Inventory & Consumables		3,093	7,784	10,084	12,939	12,688	12,688	20,759	15,423	54,547	91,454
Property, plant and equipment (PPE)											
PPE at cost/valuation (excl. finance leases)		(118,922)	4,019,560	3,947,178	8,347,811	8,713,745	8,713,745	4,046,199	8,714,627	9,119,402	9,575,372
Leases recognised as PPE	3	–	–	–	–	–	–	–	–	–	–
Less: Accumulated depreciation		145,768	376,907	379,492	4,916,085	5,005,729	5,005,729	300,153	5,011,827	5,262,418	5,525,539
Total Property, plant and equipment (PPE)	2	(264,690)	3,642,652	3,567,685	3,431,726	3,708,016	3,708,016	3,746,046	3,702,801	3,856,984	4,049,833

Table 39 MBRR Table SA3 – Supporting detail to Statement of Financial Position continued

LIABILITIES											
Current liabilities - Borrowing											
Short term loans (other than bank overdraft)		–	–	–	–	–	–	–	–	–	–
Current portion of long-term liabilities		1,727	7,986	9,853	14,508	–	–	8,529	10,925	11,472	12,045
Total Current liabilities - Borrowing		1,727	7,986	9,853	14,508	–	–	8,529	10,925	11,472	12,045
Trade and other payables											
Trade Payables	5	143,892	558,928	571,937	322,965	317,820	317,820	(120,404)	284,869	260,137	244,347
Other creditors		–	–	–	3,000	(20,070)	(20,070)	(11,056)	(21,650)	(22,733)	(23,870)
Unspent conditional transfers		21,237	6,614	5,735	–	–	–	783,424	–	–	–
VAT		38,217	99,996	126,825	–	(53)	(53)	40,011	–	–	–
Total Trade and other payables	2	203,346	665,538	704,496	325,965	297,698	297,698	691,975	263,218	237,404	220,477
Non current liabilities - Borrowing											
Borrowing	4	(7,604)	46,941	38,366	40,158	28,595	28,595	37,201	282,616	220,540	158,536
Finance leases (including PPP asset element)		1,100	6,571	7,613	18	–	–	–	–	–	–
Total Non current liabilities - Borrowing		(6,504)	53,512	45,979	40,176	28,595	28,595	37,201	282,616	220,540	158,536
Provisions - non-current											
Retirement benefits		–	13,744	22,036	37,181	42,517	42,517	–	24,357	25,575	26,853
Refuse landfill site rehabilitation		–	–	–	–	–	–	–	–	–	–
Other		2,745	5,179	5,179	–	–	–	36,242	–	–	–
Total Provisions - non-current		2,745	18,923	27,215	37,181	42,517	42,517	36,242	24,357	25,575	26,853
CHANGES IN NET ASSETS											
Accumulated Surplus/(Deficit)											
Accumulated Surplus/(Deficit) - opening balance		–	–	333	3,772,812	3,494,862	3,494,862	(27,240)	3,421,143	3,467,879	3,622,413
GRAP adjustments		–	–	–	–	–	–	–	–	–	–
Restated balance		–	–	333	3,772,812	3,494,862	3,494,862	(27,240)	3,421,143	3,467,879	3,622,413
Surplus/(Deficit)		(184,684)	(144,390)	16,144	139,286	140,336	140,336	167,084	176,324	353,776	450,588
Transfers to/from Reserves		–	–	–	–	–	–	–	–	–	–
Depreciation offsets		–	–	–	–	–	–	–	–	–	–
Other adjustments		(220,571)	650,006	650,088	–	–	–	(30,223)	–	–	–
Accumulated Surplus/(Deficit)	1	(405,255)	505,615	666,564	3,912,099	3,635,199	3,635,199	109,621	3,597,467	3,821,655	4,073,001
Reserves											
Housing Development Fund		–	–	–	–	–	–	–	–	–	–
Capital replacement		–	–	–	–	–	–	–	–	–	–
Self-insurance		–	–	–	–	–	–	–	–	–	–
Other reserves		–	–	0	–	–	–	–	–	–	–
Revaluation		–	–	–	–	–	–	–	–	–	–
Total Reserves	2	–	–	0	–	–	–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	2	(405,255)	505,615	666,565	3,912,099	3,635,199	3,635,199	109,621	3,597,467	3,821,655	4,073,001

Table 40 MBRR SA32 – List of external mechanisms

MZANSI LDK TRADING CC	10		SUPPLY, REPAIR, INSTALL AND COMMISSION R	30 April 2021	991
MZANSI LDK TRADING CC	10		UMTAMVUNA WATER TREATMENT WORKS CL	30 April 2021	1,242
Jorano Inverstments CC	36		Requesting for the provision of office accomondatior	31 October 2024	7,957
VODACOM	36		PROVISION OF SOFTWARE DEFINED WIDE AREA	30 November 2024	8,786
SIZABONKE CIVILS T/A PILCON PROJECTS	6		MALANGENI LOW COST HOUSING DEVELOPMEI	30 April 2022	29,941
Q AND A HOLDINGS	6		MALANGENI LOW COST HOUSING DEVELOPMEI	30 June 2022	14,424
DYNAMO-DUCK JV APPILEH NANDIE	6		MALANGENI LOW COST HOUSING DEVELOPMEI	30 November 2022	19,599
CONSOLIDATED AFRICAN	36		THE PROVISON OF R.M.A NET SOFTWARE LICE	31 January 2025	905
PLUS1X COMMUNICATIONS	36		PROVISION OF SUPPORT SERVICES AND A SEF	31 March 2025	1,438
CHM VUWAN Computer Solution KZN (PTY) LTD	36		LEASING OF DESKTOPS AND LAPTOPS TO UGU	31 March 2025	11,805
DATACENTRIX	36		Provision and Installation of Back Up Storage	31 March 2025	652
The Document Warehouse (pty) Ltd	36		Provision of Off-Site Storage facilities and document	31 March 2025	1,542
Supper T Trading cc	36		The Supply, Delivery, Installing, Commissioning ar	31 March 2025	2,862
16 Twelve Security and Projects (PTY) LTD	36		Appointment of a service provider to provide Hygen	31 March 2025	444
Eneled (Pty) Ltd	10		Malangeni Low-Housing Developmet sanatation pro	31 October 2024	70,243
Umoya - Nilu Consulting	36		Supply and Installation of PM10 and PM2.5 Analyse	28 February 2025	2,631
Supper T Trading cc	36		Repair of existing VRVIII Daiken AIR Condition units	28 February 2025	1,592
ETHOS TRANSPORT AND ROAD SERVICES	36		SUPPLY AND DELIVERY OF POTABLE WATER T	31 July 2022	RATE BASED
AQUA TRANSPORT AND PLANT HIRE	36		SUPPLY AND DELIVERY OF POTABLE WATER T	31 July 2022	RATE BASED
DYNAMO-DUCK TRADING AND PROJECTS 192	36		SUPPLY AND DELIVERY OF POTABLE WATER T	31 July 2022	RATE BASED
ESILIVA ENTERPRISES	36		SUPPLY AND DELIVERY OF POTABLE WATER T	31 July 2022	RATE BASED
HALALASIZWE	36		SUPPLY AND DELIVERY OF POTABLE WATER T	31 July 2022	RATE BASED
HARAPPA TRADING	36		SUPPLY AND DELIVERY OF POTABLE WATER T	31 July 2022	RATE BASED
ITHUNZI PROTECTION SERVICES	36		SUPPLY AND DELIVERY OF POTABLE WATER T	31 July 2022	RATE BASED
MLONDI 2003 PROJECTS	36		SUPPLY AND DELIVERY OF POTABLE WATER T	31 July 2022	RATE BASED
MPHO MOLOYI	36		SUPPLY AND DELIVERY OF POTABLE WATER T	31 July 2022	RATE BASED
SIYA BONGA CONSTRUCTION	36		SUPPLY AND DELIVERY OF POTABLE WATER T	31 July 2022	RATE BASED
WASTENG	36		SUPPLY AND DELIVERY OF POTABLE WATER T	31 July 2022	RATE BASED
EZIKAMSHALAZA TRADING AND PROJECTS	36		PROVISION OF JETTING AND SEWAGE VACUUM	31 July 2022	RATE BASED
MKHEWULE (PTY) LTD	36		SUPPLY AND DELIVERY OF POTABLE WATER T	31 July 2022	RATE BASED
ASISBONGI TRADING	36		SUPPLY AND DELIVERY OF POTABLE WATER T	31 July 2022	RATE BASED
MZANZI LDK TRADING	36		SUPPLY AND DELIVERY OF POTABLE WATER T	31 July 2022	RATE BASED
SENELISO PROJECTS	36		SUPPLY AND DELIVERY OF POTABLE WATER T	31 July 2022	RATE BASED

Table 41 MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)

DC21 Ugu - Supporting Table SA26 Budgeted monthly revenue and expenditure (municipal vote)

Description	Ref	Budget Year 2022/23												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Revenue by Vote		1	2	3	4	5	6	7	8	9	10	11				
Vote 1 - Executive and Council		277	277	277	277	277	277	277	277	277	277	277	277	3,319	–	–
Vote 2 - Finance and Administration		51,197	51,197	51,197	51,197	51,197	51,197	51,197	51,197	51,197	51,197	51,197	51,197	614,369	659,608	707,781
Vote 3 - Internal Audit		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 4 - Community and Social Services		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 5 - Sport and Recreation		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 6 - Public Safety		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 7 - Other		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 8 - Health		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 9 - Planning and Development		120	120	120	120	120	120	120	120	120	120	120	120	1,438	1,510	1,586
Vote 10 - Road Transport		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 11 - Environmental Protection		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 12 - Energy Sources		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 13 - Water Management		66,032	66,032	66,032	66,032	66,032	66,032	66,032	66,032	66,032	66,032	66,032	66,032	792,378	832,540	874,871
Vote 14 - Waste Water Management		9,052	9,052	9,052	9,052	9,052	9,052	9,052	9,052	9,052	9,052	9,052	9,052	108,623	114,054	119,757
Vote 15 - Waste Management		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Revenue by Vote		126,677	126,677	126,677	126,677	126,677	126,677	126,677	126,677	126,677	126,677	126,677	126,677	1,520,128	1,607,712	1,703,995
Expenditure by Vote to be appropriated																
Vote 1 - Executive and Council		3,728	3,728	3,728	3,728	3,728	3,728	3,728	3,728	3,728	3,728	3,728	3,728	44,737	46,715	48,827
Vote 2 - Finance and Administration		50,409	50,409	50,409	50,409	50,409	50,409	50,409	50,409	50,409	50,409	50,409	31,485	585,987	517,682	518,108
Vote 3 - Internal Audit		42	42	42	42	42	42	42	42	42	42	42	18,966	19,424	19,342	19,306
Vote 4 - Community and Social Services		353	353	353	353	353	353	353	353	353	353	353	353	4,235	4,108	4,023
Vote 5 - Sport and Recreation		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 6 - Public Safety		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 7 - Other		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 8 - Health		17	17	17	17	17	17	17	17	17	17	17	17	200	194	190
Vote 9 - Planning and Development		3,436	3,436	3,436	3,436	3,436	3,436	3,436	3,436	3,436	3,436	3,436	3,436	41,237	42,142	43,267
Vote 10 - Road Transport		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 11 - Environmental Protection		63	63	63	63	63	63	63	63	63	63	63	63	750	728	713
Vote 12 - Energy Sources		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 13 - Water Management		41,700	41,700	41,700	41,700	41,700	41,700	41,700	41,700	41,700	41,700	41,700	41,700	500,402	477,459	472,775
Vote 14 - Waste Water Management		12,236	12,236	12,236	12,236	12,236	12,236	12,236	12,236	12,236	12,236	12,236	12,236	146,831	145,567	146,199
Vote 15 - Waste Management		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Expenditure by Vote		111,984	111,984	111,984	111,984	111,984	111,984	111,984	111,984	111,984	111,984	111,984	111,984	1,343,805	1,253,936	1,253,408
Surplus/(Deficit) before assoc.		14,694	14,694	14,694	14,694	14,694	14,694	14,694	14,694	14,694	14,694	14,694	14,694	176,324	353,776	450,588
Taxation		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Attributable to minorities		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Share of surplus/ (deficit) of associate		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit)	1	14,694	14,694	14,694	14,694	14,694	14,694	14,694	14,694	14,694	14,694	14,694	14,694	176,324	353,776	450,588

Table 42 MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification)

DC21 Ugu - Supporting Table SA27 Budgeted monthly revenue and expenditure (functional classification)

Description	Ref	Budget Year 2022/23												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Revenue - Functional		1	2	3	4	5	6	7	8	9	10	11				
Governance and administration		51,474	51,474	51,474	51,474	51,474	51,474	51,474	51,474	51,474	51,474	51,474	51,474	617,688	659,608	707,781
Executive and council		277	277	277	277	277	277	277	277	277	277	277	277	3,319	–	–
Finance and administration		51,197	51,197	51,197	51,197	51,197	51,197	51,197	51,197	51,197	51,197	51,197	51,197	614,369	659,608	707,781
Internal audit		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Community and public safety		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Community and social services		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Sport and recreation		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Public safety		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Housing		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Health		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Economic and environmental services		120	120	120	120	120	120	120	120	120	120	120	120	1,438	1,510	1,586
Planning and development		120	120	120	120	120	120	120	120	120	120	120	120	1,438	1,510	1,586
Road transport		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Environmental protection		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Trading services		75,083	75,083	75,083	75,083	75,083	75,083	75,083	75,083	75,083	75,083	75,083	75,083	901,002	946,595	994,629
Energy sources		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Water management		66,032	66,032	66,032	66,032	66,032	66,032	66,032	66,032	66,032	66,032	66,032	66,032	792,378	832,540	874,871
Waste water management		9,052	9,052	9,052	9,052	9,052	9,052	9,052	9,052	9,052	9,052	9,052	9,052	108,623	114,054	119,757
Waste management		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Other		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Revenue - Functional		126,677	126,677	126,677	126,677	126,677	126,677	126,677	126,677	126,677	126,677	126,677	126,677	1,520,128	1,607,712	1,703,995
Expenditure - Functional																
Governance and administration		54,179	54,179	54,179	54,179	54,179	54,179	54,179	54,179	54,179	54,179	54,179	54,179	650,149	583,738	586,241
Executive and council		3,728	3,728	3,728	3,728	3,728	3,728	3,728	3,728	3,728	3,728	3,728	3,728	44,737	46,715	48,827
Finance and administration		50,409	50,409	50,409	50,409	50,409	50,409	50,409	50,409	50,409	50,409	50,409	50,409	604,912	536,539	536,939
Internal audit		42	42	42	42	42	42	42	42	42	42	42	42	500	485	475
Community and public safety		370	370	370	370	370	370	370	370	370	370	370	370	4,435	4,302	4,213
Community and social services		353	353	353	353	353	353	353	353	353	353	353	353	4,235	4,108	4,023
Sport and recreation		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Public safety		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Housing		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Health		17	17	17	17	17	17	17	17	17	17	17	17	200	194	190
Economic and environmental services		3,499	3,499	3,499	3,499	3,499	3,499	3,499	3,499	3,499	3,499	3,499	3,499	41,987	42,870	43,980
Planning and development		3,436	3,436	3,436	3,436	3,436	3,436	3,436	3,436	3,436	3,436	3,436	3,436	41,237	42,142	43,267
Road transport		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Environmental protection		63	63	63	63	63	63	63	63	63	63	63	63	750	728	713
Trading services		53,936	53,936	53,936	53,936	53,936	53,936	53,936	53,936	53,936	53,936	53,936	53,936	647,233	623,026	618,974
Energy sources		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Water management		41,700	41,700	41,700	41,700	41,700	41,700	41,700	41,700	41,700	41,700	41,700	41,700	500,402	477,459	472,775
Waste water management		12,236	12,236	12,236	12,236	12,236	12,236	12,236	12,236	12,236	12,236	12,236	12,236	146,831	145,567	146,199
Waste management		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Other		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Expenditure - Functional		111,984	111,984	111,984	111,984	111,984	111,984	111,984	111,984	111,984	111,984	111,984	111,984	1,343,805	1,253,936	1,253,408
Surplus/(Deficit) before assoc.		14,694	14,694	14,694	14,694	14,694	14,694	14,694	14,694	14,694	14,694	14,694	14,694	176,324	353,776	450,588
Share of surplus/ (deficit) of associate		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit)	1	14,694	14,694	14,694	14,694	14,694	14,694	14,694	14,694	14,694	14,694	14,694	14,694	176,324	353,776	450,588

Table 43 MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)

DC21 Ugu - Supporting Table SA28 Budgeted monthly capital expenditure (municipal vote)

Description	Ref	Budget Year 2022/23												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Multi-year expenditure *to be appropriated*	1	1	2	3	4	5	6	7	8	9	10	11				
Vote 1 - Executive and Council		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 2 - Finance and Administration		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 3 - Internal Audit		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 4 - Community and Social Services		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 5 - Sport and Recreation		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 6 - Public Safety		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 7 - Other		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 8 - Health		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 9 - Planning and Development		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 10 - Road Transport		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 11 - Environmental Protection		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 12 - Energy Sources		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 13 - Water Management		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 14 - Waste Water Management		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 15 - Waste Management		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Capital multi-year expenditure sub-total	2	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Single-year expenditure *to be appropriated*																
Vote 1 - Executive and Council		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 2 - Finance and Administration		2,082	2,082	2,082	2,082	2,082	2,082	2,082	2,082	2,082	2,082	2,082	2,082	24,983	–	–
Vote 3 - Internal Audit		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 4 - Community and Social Services		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 5 - Sport and Recreation		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 6 - Public Safety		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 7 - Other		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 8 - Health		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 9 - Planning and Development		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 10 - Road Transport		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 11 - Environmental Protection		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 12 - Energy Sources		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 13 - Water Management		16,178	16,178	16,178	16,178	16,178	16,178	16,178	16,178	16,178	16,178	16,178	16,178	194,135	199,117	209,072
Vote 14 - Waste Water Management		7,989	7,989	7,989	7,989	7,989	7,989	7,989	7,989	7,989	7,989	7,989	7,989	95,870	100,664	105,697
Vote 15 - Waste Management		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Capital single-year expenditure sub-total	2	26,249	26,249	26,249	26,249	26,249	26,249	26,249	26,249	26,249	26,249	26,249	26,249	314,988	299,781	314,770
Total Capital Expenditure	2	26,249	26,249	26,249	26,249	26,249	26,249	26,249	26,249	26,249	26,249	26,249	26,249	314,988	299,781	314,770

Table 44 MBRR SA29 - Budgeted monthly capital expenditure (standard classification)

DC21 Ugu - Supporting Table SA29 Budgeted monthly capital expenditure (functional classification)

Description	Ref	Budget Year 2022/23												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Capital Expenditure - Functional	1	1	2	3	4	5	6	7	8	9	10	11				
Governance and administration		2,082	2,082	2,082	2,082	2,082	2,082	2,082	2,082	2,082	2,082	2,082	2,082	24,983	–	–
Executive and council		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Finance and administration		2,082	2,082	2,082	2,082	2,082	2,082	2,082	2,082	2,082	2,082	2,082	2,082	24,983	–	–
Internal audit		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Community and public safety		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Community and social services		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Sport and recreation		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Public safety		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Housing		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Health		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Economic and environmental services		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Planning and development		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Road transport		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Environmental protection		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Trading services		24,167	24,167	24,167	24,167	24,167	24,167	24,167	24,167	24,167	24,167	24,167	24,167	290,005	299,781	314,770
Energy sources		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Water management		16,178	16,178	16,178	16,178	16,178	16,178	16,178	16,178	16,178	16,178	16,178	16,178	194,135	199,117	209,072
Waste water management		7,989	7,989	7,989	7,989	7,989	7,989	7,989	7,989	7,989	7,989	7,989	7,989	95,870	100,664	105,697
Waste management		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Other		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Capital Expenditure - Functional	2	26,249	26,249	26,249	26,249	26,249	26,249	26,249	26,249	26,249	26,249	26,249	26,249	314,988	299,781	314,770
Funded by:																
National Government		23,792	23,792	23,792	23,792	23,792	23,792	23,792	23,792	23,792	23,792	23,792	23,792	285,505	299,781	314,770
Provincial Government		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
District Municipality		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Transfers recognised - capital		23,792	23,792	23,792	23,792	23,792	23,792	23,792	23,792	23,792	23,792	23,792	23,792	285,505	299,781	314,770
Borrowing		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Internally generated funds		2,457	2,457	2,457	2,457	2,457	2,457	2,457	2,457	2,457	2,457	2,457	2,457	29,483	–	–
Total Capital Funding		26,249	26,249	26,249	26,249	26,249	26,249	26,249	26,249	26,249	26,249	26,249	26,249	314,988	299,781	314,770

Table 45 MBRR SA30 - Budgeted monthly cash flow

DC21 Ugu - Supporting Table SA30 Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2022/23												Medium Term Revenue and Expenditure Framework		
R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Cash Receipts By Source	1	2	3	4	5	6	7	8	9	10	11	0			
Property rates	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Service charges - electricity revenue	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Service charges - water revenue	25,625	25,625	25,625	25,625	25,625	25,625	25,625	25,625	25,625	25,625	25,625	25,625	307,503	327,491	348,778
Service charges - sanitation revenue	6,744	6,744	6,744	6,744	6,744	6,744	6,744	6,744	6,744	6,744	6,744	6,744	80,924	86,184	91,786
Service charges - refuse revenue	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Rental of facilities and equipment	394	394	394	394	394	394	394	394	394	394	394	394	4,722	4,958	5,206
Interest earned - external investments	2,997	2,997	2,997	2,997	2,997	2,997	2,997	2,997	2,997	2,997	2,997	2,997	35,965	37,763	39,651
Interest earned - outstanding debtors	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Dividends received	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Fines, penalties and forfeits	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Licences and permits	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Agency services	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Transfers and Subsidies - Operational	56,300	56,300	56,300	56,300	56,300	56,300	56,300	56,300	56,300	56,300	56,300	56,300	675,600	686,020	738,115
Other revenue	10,742	10,742	10,742	10,742	10,742	10,742	10,742	10,742	10,742	10,742	10,742	10,742	128,909	137,288	146,212
Cash Receipts by Source	102,802	102,802	102,802	102,802	102,802	102,802	102,802	102,802	102,802	102,802	102,802	102,802	1,233,624	1,279,705	1,369,749
Other Cash Flows by Source															
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	23,792	23,792	23,792	23,792	23,792	23,792	23,792	23,792	23,792	23,792	23,792	23,792	285,505	301,281	317,735
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions,	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Proceeds on Disposal of Fixed and Intangible	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Short term loans	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Borrowing long term/refinancing	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Increase (decrease) in consumer deposits	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Decrease (increase) in non-current receivables	–	–	–	–	–	–	–	–	–	–	–	–	–	(114)	(119)
Decrease (increase) in non-current investments	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Cash Receipts by Source	126,594	126,594	126,594	126,594	126,594	126,594	126,594	126,594	126,594	126,594	126,594	126,594	1,519,129	1,580,872	1,687,365
Cash Payments by Type															
Employee related costs	35,563	35,563	35,563	35,563	35,563	35,563	35,563	35,563	35,563	35,563	35,563	35,563	426,752	427,547	431,175
Remuneration of councillors	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Finance charges	1,158	1,158	1,158	1,158	1,158	1,158	1,158	1,158	1,158	1,158	1,158	1,158	13,892	14,587	15,316
Bulk purchases - electricity	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Acquisitions - water & other inventory	12,791	12,791	12,791	12,791	12,791	12,791	12,791	12,791	12,791	12,791	12,791	12,791	153,492	148,887	141,443
Contracted services	15,646	15,646	15,646	15,646	15,646	15,646	15,646	15,646	15,646	15,646	15,646	15,646	187,756	162,123	153,368
Transfers and grants - other municipalities	1,804	1,804	1,804	1,804	1,804	1,804	1,804	1,804	1,804	1,804	1,804	1,804	21,650	22,733	23,870
Transfers and grants - other	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Other expenditure	18,733	18,733	18,733	18,733	18,733	18,733	18,733	18,733	18,733	18,733	18,733	18,733	224,791	208,691	193,780
Cash Payments by Type	85,694	85,694	85,694	85,694	85,694	85,694	85,694	85,694	85,694	85,694	85,694	85,694	1,028,333	984,568	958,952
Other Cash Flows/Payments by Type															
Capital assets	27,541	27,541	27,541	27,541	27,541	27,541	27,541	27,541	27,541	27,541	27,541	12,041	314,988	330,737	347,274
Repayment of borrowing	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Other Cash Flows/Payments	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Cash Payments by Type	113,235	113,235	113,235	113,235	113,235	113,235	113,235	113,235	113,235	113,235	113,235	97,735	1,343,321	1,315,305	1,306,226
NET INCREASE/(DECREASE) IN CASH HELD	13,359	13,359	13,359	13,359	13,359	13,359	13,359	13,359	13,359	13,359	13,359	28,859	175,808	265,567	381,139
Cash/cash equivalents at the month/year begin:	79,481	92,840	106,199	119,558	132,917	146,276	159,635	172,994	186,353	199,712	213,071	226,430	79,481	255,289	520,856
Cash/cash equivalents at the month/year end:	92,840	106,199	119,558	132,917	146,276	159,635	172,994	186,353	199,712	213,071	226,430	255,289	255,289	520,856	901,995

2.15 Municipal manager's quality certificate

Ugu District Municipality

Quality Certificate

I, **Elliot Michael Sibusiso Ntombela, Acting Municipal Manager of Ugu District Municipality** hereby certify that the Revised Final Budget 2022/2023 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 documentation are consistent with the Integrated Development Plan of the municipality.

Name: E.M.S. NTOMBELA
ACTING: MUNICIPAL MANAGER

Signature:

Date: 20/06/2022

UMGENI WATER · AMANZI

Improving Quality of Life and Enhancing Sustainable Economic Development

Enquiries: Thami Mkhwanazi

Thami.mkhwanazi@umgeni.co.za

13th May 2022

ACTING MUNICIPAL MANAGER
UGU DISTRICT MUNICIPALITY
P.O BOX 33
PORT SHEPSTONE
4240

Attention: **Dr EMS Ntombela**

Dear Sir

RESPONSE TO UGU DISTRICT MUNICIPALITY: PAYMENT PLAN PROPOSAL FOR UMGENI WATER DEBT

Refèrence is made to your letter dated 26 April 2022, whereby the municipality acknowledged debt of **R252 766 938.32** as at 31 March 2022 per statement from Umgeni Water for provision of Bulk water and water testing.

In reference to the above Umgeni Water acknowledges receipt of your letter and in response wishes to propose the following;

The debt outstanding as per Umgeni Water age analysis as at 31 March is **R253 862 223.21** as per the following summary:

AGE ANAYLSIS AS AT 31 March 2022					
AMOUNT OWING	30 DAYS	60 DAYS	90 DAYS	120 DAYS	TOTAL
	MARCH 2022	FEBRUARY 2022	JANUARY 2022	DECEMBER 2021 + PRIOR	
UGU DM - Bulk Water	10 646 864.48	-	-0.02	169 964 256.27	180,611,120.73
UGU DM - WRC	79 916.76	-	-	1 294 997.05	1,374,912.81
UGU DM - Capital Unit Charge	2 134 354.80	-	-	29 099 026.69	31,233,381.49
UGU DM - MBWS	212 386.66	-	-	3 387 039.89	3,599,426.55
UGU DM - Interest	1 612 330.51	1 437 150.49	1 535 319.28	30 919 235.02	35,504,035.30
SUB TOTAL BULK	14,685,852.21	1,437,150.49	1,535,319.26	234,664,554.92	252,322,876.88
UGU - Water Quality	467 559.97	-	-	880 004.54	1,347,563.51
UGU - Interest	6 834.66	6 092.07	6 508.72	172 347.36	191,782.81
SUB TOTAL WATER QUALITY	474,393.63	6,092.07	6,508.72	1,052,351.90	1,539,346.32
TOTAL BULK & WATER QUALITY	15,160,245.84	1,443,242.56	1,541,827.98	235,716,906.83	253,862,223.21
	Total Interest				35,695,818.12

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Acting Chief Executive: Mr Mboniseni Dlamini

Non-Executive Directors: Z Mathenjwa (Chairperson) • N Chamane • S Shabalala • M Zakwe •V Reddy• W Mapena • T Mthembu• T Nkhahle• L Ngcobo • B Zulu • S Badat • M Ndlovu • S Chamane •

Thus the proposed lump sums will be as follows:

- **R25 000 000** on/before 31 July;
- **R15 970 867.29** on/before 31 December;
- **R11 284 388.17** on/before 31 March;

The additional **R1 250 000** to be paid monthly for the balance of the 9 months and the cycle will be repeated to **30 June 2026**. The proposed payment plan is as per **Annexure A** of this letter for acknowledgement and signature by Ugu District Municipality CFO.

The interest cannot be considered for write-off due to the long outstanding debt which will be recovered over a four-year period. Umgeni Water will stop charging interest on the debt that will be locked into the payment plan, provided that Ugu DM fully complies for the duration of the payment plan. Should there be any default in the payment plan, interest will be re-instated on the overdue balance.

Umgeni Water urges full compliance to this payment plan, failing which the bulk supply restrictions will be implemented per notice of intention to restrict bulk water supply issued in October 2021, as there have been several signed payment plans since June 2020, none of which have been complied with.

We look forward to co-operation from Ugu DM to amicably settle the overdue debt and ensure that our strategic alliance is maintained to support water delivery services that are crucial to the District.

We would appreciate your favourable response to the above items.

Yours sincerely,

Mboniseni Dlamini
ACTING CHIEF EXECUTIVE

Copy: Mr. Thami Mkhwanazi (Umgeni Water – Chief Financial Officer)

Mr Sandile Dube (Umgeni Water – Executive Operations)

Mr. Kushi Audan (Ugu District Municipality– Chief Financial Officer)

Annexure 1: Payment Plan Proposal to Ugu DM for debt as at 31 March 2022

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ANNEXURE 1: PROPOSED PAYMENT PLAN UGU DM FOR DEBT AS AT 31 MARCH 2022

OPTION 1: Ugu DM proposed lumpsums (3 p.a.) with R1,250,000 over remaining 9 months. Recovery of total debt over 48 months.

Balance as at 31 March 2022 **253,862,223.21**

July 2022	25,000,000.00	228,862,223.21	
August 2022	1,250,000.00	227,612,223.21	
September 2022	1,250,000.00	226,362,223.21	
October 2022	1,250,000.00	225,112,223.21	
November 2022	1,250,000.00	223,862,223.21	
December 2022	15,970,867.29	207,891,355.92	
January 2023	1,250,000.00	206,641,355.92	Year 1
February 2023	1,250,000.00	205,391,355.92	
March 2023	11,284,388.17	194,106,967.74	
April 2023	1,250,000.00	192,856,967.74	
May 2023	1,250,000.00	191,606,967.74	
June 2023	1,250,000.00	190,356,967.74	
July 2023	25,000,000.00	165,356,967.74	
August 2023	1,250,000.00	164,106,967.74	
September 2023	1,250,000.00	162,856,967.74	
October 2023	1,250,000.00	161,606,967.74	
November 2023	1,250,000.00	160,356,967.74	
December 2023	15,970,867.29	144,386,100.45	
January 2024	1,250,000.00	143,136,100.45	Year 2
February 2024	1,250,000.00	141,886,100.45	
March 2024	11,284,388.17	130,601,712.28	
April 2024	1,250,000.00	129,351,712.28	
May 2024	1,250,000.00	128,101,712.28	
June 2024	1,250,000.00	126,851,712.28	
July 2024	25,000,000.00	101,851,712.28	
August 2024	1,250,000.00	100,601,712.28	
September 2024	1,250,000.00	99,351,712.28	
October 2024	1,250,000.00	98,101,712.28	
November 2024	1,250,000.00	96,851,712.28	
December 2024	15,970,867.29	80,880,844.99	
January 2025	1,250,000.00	79,630,844.99	Year 3
February 2025	1,250,000.00	78,380,844.99	
March 2025	11,284,388.17	67,096,456.81	
April 2025	1,250,000.00	65,846,456.81	
May 2025	1,250,000.00	64,596,456.81	
June 2025	1,250,000.00	63,346,456.81	
July 2025	25,000,000.00	38,346,456.81	
August 2025	1,250,000.00	37,096,456.81	
September 2025	1,250,000.00	35,846,456.81	
October 2025	1,091,201.35	34,755,255.46	
November 2025	1,250,000.00	33,505,255.46	
December 2025	15,970,867.29	17,534,388.17	
January 2026	1,250,000.00	16,284,388.17	Year 4
February 2026	1,250,000.00	15,034,388.17	
March 2026	11,284,388.17	3,750,000.00	
April 2026	1,250,000.00	2,500,000.00	
May 2026	1,250,000.00	1,250,000.00	
June 2026	1,250,000.00	0.00	

UMGENI WATER
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Acknowledgement of receipt and agreement to the proposed payment plan included herein:

The proposed payment plan is agreed to: Yes/No *(Please tick appropriate response)*

If the proposed payment plan is not agreed to, please state reasons below and proposed settlement of the overdue debt.

N/A

Dr EMS Ntombela

ACTING MUNICIPAL MANAGER

Ugu District Municipality

Mr K Audan

CHIEF FINANCIAL OFFICER

Ugu District Municipality

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Municipal annual budgets and MTREF & supporting tables

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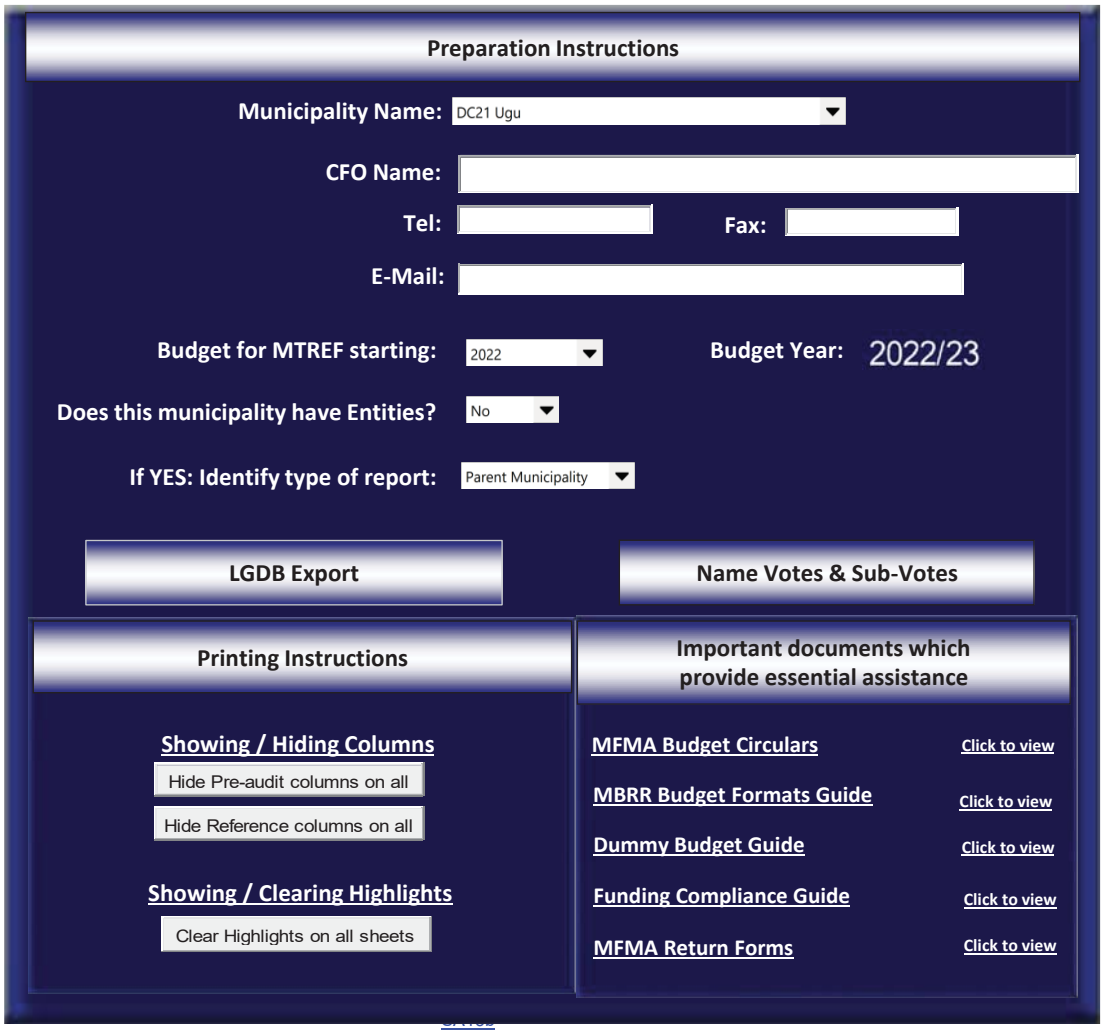
Preparation Instructions
Municipality Name:
DC21 Ugu
CFO Name:
Tel:
Fax:
E-Mail:
Budget for MTREF starting:
2022
Budget Year:
2022/23
Does this municipality have Entities?
No
If YES: Identify type of report:
Parent Municipality
LGDB Export
Name Votes & Sub-Votes
Printing Instructions
Showing / Hiding Columns
Hide Pre-audit columns on all
Hide Reference columns on all
Showing / Clearing Highlights
Clear Highlights on all sheets
Important documents which provide essential assistance
MFMA Budget Circulars
Click to view
MBRR Budget Formats Guide
Click to view
Dummy Budget Guide
Click to view
Funding Compliance Guide
Click to view
MFMA Return Forms
Click to view

Organisational Structure Votes		Complete Votes & Sub-Votes	Select Org. Structure
Vote 1 - Executive and Council	**Vote 1**	**Executive and Council**	
Vote 2 - Finance and Administration	1.1	Mayor and Council	1.1 - Mayor and Council
Vote 3 - Internal Audit	1.2	Municipal Manager, Town Secretary and Chief Executive	1.2 - Municipal Manager, Town Secretary and Chief Executive
Vote 4 - Community and Social Services	1.3		1.3 -
Vote 5 - Sport and Recreation	1.4		1.4 -
Vote 6 - Public Safety	1.5		1.5 -
Vote 7 - Other	1.6		1.6 -
Vote 8 - Health	1.7		1.7 -
Vote 9 - Planning and Development	1.8		1.8 -
Vote 10 - Road Transport	1.9		1.9 -
Vote 11 - Environmental Protection	1.10		1.10 -
Vote 12 - Energy Sources	**Vote 2**	**Finance and Administration**	
Vote 13 - Water Management	2.1	Administrative and Corporate Support	2.1 - Administrative and Corporate Support
Vote 14 - Waste Water Management	2.2	Asset Management	2.2 - Asset Management
Vote 15 - Waste Management	2.3	Finance	2.3 - Finance
	2.4	Human Resources	2.4 - Human Resources
	2.5	Information Technology	2.5 - Information Technology
	2.6	Legal Services	2.6 - Legal Services
	2.7	Property Services	2.7 - Property Services
	2.8	Supply Chain Management	2.8 - Supply Chain Management
	2.9	Valuation Service	2.9 - Valuation Service
	2.10	Risk Management	2.10 - Risk Management
	Vote 3	**Internal Audit**	
	3.1	Governance Function	3.1 - Governance Function
	3.2	Fleet Management	3.2 - Fleet Management
	3.3		3.3 -
	3.4		3.4 -
	3.5		3.5 -
	3.6		3.6 -
	3.7		3.7 -
	3.8		3.8 -
	3.9		3.9 -
	3.10		3.10 -
	Vote 4	**Community and Social Services**	
	4.1	Aged Care	4.1 - Aged Care
	4.2	Agricultural	4.2 - Agricultural
	4.3	Literacy Programmes	4.3 - Literacy Programmes
	4.4	Population Development	4.4 - Population Development
	4.5	Child Care Facilities	4.5 - Child Care Facilities
	4.6	Community Halls and Facilities	4.6 - Community Halls and Facilities
	4.7	Cemeteries, Funeral Parlours and Crematoriums	4.7 - Cemeteries, Funeral Parlours and Crematoriums
	4.8	Libraries and Archives	4.8 - Libraries and Archives
	4.9	Disaster Management	4.9 - Disaster Management
	4.10	Education	4.10 - Education
	Vote 5	**Sport and Recreation**	
	5.1	Beaches and Jetties	5.1 - Beaches and Jetties
	5.2	Casinos, Racing, Gambling, Wagering	5.2 - Casinos, Racing, Gambling, Wagering
	5.3	Community Parks (including Nurseries)	5.3 - Community Parks (including Nurseries)
	5.4	Recreational Facilities	5.4 - Recreational Facilities
	5.5	Sports Grounds and Stadiums	5.5 - Sports Grounds and Stadiums
	5.6		5.6 -
	5.7		5.7 -
	5.8		5.8 -
	5.9		5.9 -
	5.10		5.10 -
	Vote 6	**Public Safety**	
	6.1	Civil Defence	6.1 - Civil Defence
	6.2	Cleansing	6.2 - Cleansing
	6.3	Control of Public Nuisances	6.3 - Control of Public Nuisances
	6.4	Fencing and Fences	6.4 - Fencing and Fences
	6.5	Fire Fighting and Protection	6.5 - Fire Fighting and Protection
	6.6	Licensing and Control of Animals	6.6 - Licensing and Control of Animals
	6.7	Police Forces, Traffic and Street Parking Control	6.7 - Police Forces, Traffic and Street Parking Control
	6.8	Pounds	6.8 - Pounds
	6.9	Air Transport	6.9 - Air Transport
	6.10	Security Services	6.10 - Security Services
	Vote 7	**Other**	
	7.1	Housing	7.1 - Housing
	7.2	Informal Settlements	7.2 - Informal Settlements
	7.3	Abattoirs	7.3 - Abattoirs
	7.4	Forestry	7.4 - Forestry
	7.5	Licensing and Regulation	7.5 - Licensing and Regulation
	7.6	Markets	7.6 - Markets
	7.7	Tourism	7.7 - Tourism
	7.8	Marketing, Customer Relations, Publicity and Media Co-ordination	7.8 - Marketing, Customer Relations, Publicity and Media Co-ordination
	7.9		7.9 -
	7.10		7.10 -
	Vote 8	**Health**	
	8.1	Ambulance	8.1 - Ambulance
	8.2	Health Services	8.2 - Health Services
	8.3	Laboratory Services	8.3 - Laboratory Services
	8.4	Food Control	8.4 - Food Control
	8.5	Health Surveillance and Prevention of Communicable Diseases inclu	8.5 - Health Surveillance and Prevention of Communicable Diseases including immunizations
	8.6	Vector Control	8.6 - Vector Control
	8.7	Chemical Safety	8.7 - Chemical Safety
	8.8		8.8 -
	8.9		8.9 -
	8.10		8.10 -
	Vote 9	**Planning and Development**	
	9.1	Billboards	9.1 - Billboards
	9.2	Corporate Wide Strategic Planning (IDPs, LEDs)	9.2 - Corporate Wide Strategic Planning (IDPs, LEDs)
	9.3	Central City Improvement District	9.3 - Central City Improvement District
	9.4	Development Facilitation	9.4 - Development Facilitation
	9.5	Economic Development/Planning	9.5 - Economic Development/Planning
	9.6	Regional Planning and Development	9.6 - Regional Planning and Development
	9.7	Town Planning, Building Regulations and Enforcement, and City Engi	9.7 - Town Planning, Building Regulations and Enforcement, and City Engineer
	9.8	Project Management Unit	9.8 - Project Management Unit
	9.9	Provincial Planning	9.9 - Provincial Planning
	9.10	Support to Local Municipalities	9.10 - Support to Local Municipalities
	Vote 10	**Road Transport**	
	10.1	Public Transport	10.1 - Public Transport
	10.2	Road and Traffic Regulation	10.2 - Road and Traffic Regulation
	10.3	Roads	10.3 - Roads
	10.4	Taxi Ranks	10.4 - Taxi Ranks
	10.5		10.5 -
	10.6		10.6 -
	10.7		10.7 -
	10.8		10.8 -
	10.9		10.9 -
	10.10		10.10 -

Vote 11	**Environmental Protection**	
11.1	Biodiversity and Landscape	11.1 - Biodiversity and Landscape
11.2	Coastal Protection	11.2 - Coastal Protection
11.3	Indigenous Forests	11.3 - Indigenous Forests
11.4	Nature Conservation	11.4 - Nature Conservation
11.5	Pollution Control	11.5 - Pollution Control
11.6	Soil Conservation	11.6 - Soil Conservation
11.7		11.7 -
11.8		11.8 -
11.9		11.9 -
11.10		11.10 -
Vote 12	**Energy Sources**	
12.1	Electricity	12.1 - Electricity
12.2	Street Lighting and Signal Systems	12.2 - Street Lighting and Signal Systems
12.3	Nonelectric Energy	12.3 - Nonelectric Energy
12.4		12.4 -
12.5		12.5 -
12.6		12.6 -
12.7		12.7 -
12.8		12.8 -
12.9		12.9 -
12.10		12.10 -
Vote 13	**Water Management**	
13.1	Water Treatment	13.1 - Water Treatment
13.2	Water Distribution	13.2 - Water Distribution
13.3	Water Storage	13.3 - Water Storage
13.4		13.4 -
13.5		13.5 -
13.6		13.6 -
13.7		13.7 -
13.8		13.8 -
13.9		13.9 -
13.10		13.10 -
Vote 14	**Waste Water Management**	
14.1	Public Toilets	14.1 - Public Toilets
14.2	Sewerage	14.2 - Sewerage
14.3	Storm Water Management	14.3 - Storm Water Management
14.4	Waste Water Treatment	14.4 - Waste Water Treatment
14.5		14.5 -
14.6		14.6 -
14.7		14.7 -
14.8		14.8 -
14.9		14.9 -
14.10		14.10 -
Vote 15	**Waste Management**	
15.1	Recycling	15.1 - Recycling
15.2	Solid Waste Disposal (Landfill Sites)	15.2 - Solid Waste Disposal (Landfill Sites)
15.3	Solid Waste Removal	15.3 - Solid Waste Removal
15.4	Street Cleaning	15.4 - Street Cleaning
15.5		15.5 -
15.6		15.6 -
15.7		15.7 -
15.8		15.8 -
15.9		15.9 -
15.10		15.10 -

DC21 Ugu - Contact Information		
A. GENERAL INFORMATION		
Municipality	DC21 Ugu	
Grade		*1 Grade in terms of the Remuneration of Public Office Bearers Act.*
Province	KZN KWAZULU-NATAL	
Web Address		
e-mail Address		
B. CONTACT INFORMATION		
Postal address:		
P.O. Box		
City / Town		
Postal Code		
Street address		
Building		
Street No. & Name		
City / Town		
Postal Code		
General Contacts		
Telephone number		
Fax number		

C. POLITICAL LEADERSHIP			
Speaker:		Secretary/PA to the Speaker:	
ID Number		ID Number	
Title		Title	
Name		Name	
Telephone number		Telephone number	
Cell number		Cell number	
Fax number		Fax number	
E-mail address		E-mail address	
Mayor/Executive Mayor:		Secretary/PA to the Mayor/Executive Mayor:	
ID Number		ID Number	
Title		Title	
Name		Name	
Telephone number		Telephone number	
Cell number		Cell number	
Fax number		Fax number	
E-mail address		E-mail address	
Deputy Mayor/Executive Mayor:		Secretary/PA to the Deputy Mayor/Executive Mayor:	
ID Number		ID Number	
Title		Title	
Name		Name	
Telephone number		Telephone number	
Cell number		Cell number	
Fax number		Fax number	
E-mail address		E-mail address	
D. MANAGEMENT LEADERSHIP			
Municipal Manager:		Secretary/PA to the Municipal Manager:	
ID Number		ID Number	
Title		Title	
Name		Name	
Telephone number		Telephone number	
Cell number		Cell number	
Fax number		Fax number	
E-mail address		E-mail address	
Chief Financial Officer		Secretary/PA to the Chief Financial Officer	
ID Number		ID Number	
Title		Title	
Name		Name	
Telephone number		Telephone number	
Cell number		Cell number	
Fax number		Fax number	
E-mail address		E-mail address	
Official responsible for submitting financial information		Official responsible for submitting financial information	
ID Number		ID Number	
Title		Title	
Name		Name	
Telephone number		Telephone number	
Cell number		Cell number	
Fax number		Fax number	
E-mail address		E-mail address	

Official responsible for submitting financial information	
ID Number	
Title	
Name	
Telephone number	
Cell number	
Fax number	
E-mail address	

Official responsible for submitting financial information	
ID Number	
Title	
Name	
Telephone number	
Cell number	
Fax number	
E-mail address	

Official responsible for submitting financial information	
ID Number	
Title	
Name	
Telephone number	
Cell number	
Fax number	
E-mail address	

Official responsible for submitting financial information	
ID Number	
Title	
Name	
Telephone number	
Cell number	
Fax number	
E-mail address	

Official responsible for submitting financial information	
ID Number	
Title	
Name	
Telephone number	
Cell number	
Fax number	
E-mail address	

Official responsible for submitting financial information	
ID Number	
Title	
Name	
Telephone number	
Cell number	
Fax number	
E-mail address	

Official responsible for submitting financial information	
ID Number	
Title	
Name	
Telephone number	
Cell number	
Fax number	
E-mail address	

Official responsible for submitting financial information	
ID Number	
Title	
Name	
Telephone number	
Cell number	
Fax number	
E-mail address	

Official responsible for submitting financial information	
ID Number	
Title	
Name	
Telephone number	
Cell number	
Fax number	
E-mail address	

Official responsible for submitting financial information	
ID Number	
Title	
Name	
Telephone number	
Cell number	
Fax number	
E-mail address	

Official responsible for submitting financial information	
ID Number	
Title	
Name	
Telephone number	
Cell number	
Fax number	
E-mail address	

DC21 Ugu - Table A1 Budget Summary

Description	2018/19	2019/20	2020/21	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
R thousands	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Financial Performance										
Property rates	(209)	–	–	–	–	–	–	–	–	–
Service charges	394 895	474 533	440 852	501 878	449 977	449 977	409 517	521 380	547 449	574 821
Investment revenue	7 235	10 259	6 483	12 540	6 263	6 263	6 838	7 821	8 212	8 623
Transfers recognised - operational	680 584	513 637	568 695	593 848	596 924	596 924	549 567	655 132	648 391	695 964
Other own revenue	58 393	26 081	53 872	95 140	46 787	46 787	53 109	50 290	52 806	55 447
Total Revenue (excluding capital transfers and contributions)	1 140 899	1 024 509	1 069 901	1 203 406	1 099 951	1 099 951	1 019 031	1 234 623	1 256 858	1 334 855
Employee costs	388 283	400 292	404 030	403 418	381 517	381 517	383 507	414 993	424 093	426 099
Remuneration of councillors	9 441	10 495	9 719	10 650	10 650	10 650	8 956	11 758	12 346	12 964
Depreciation & asset impairment	261 277	221 793	219 780	220 272	223 565	223 565	187 464	317 000	332 850	349 493
Finance charges	10 667	17 564	17 688	12 644	20 296	20 296	18 864	13 892	13 476	13 198
Inventory consumed and bulk purchases	144 668	152 749	166 135	146 117	149 998	149 998	132 326	153 492	138 887	127 817
Transfers and grants	162	44 098	17 914	20 070	20 070	20 070	9 191	21 650	22 733	23 870
Other expenditure	566 086	627 973	460 827	536 047	442 614	442 614	362 787	411 018	309 552	299 968
Total Expenditure	1 380 583	1 474 964	1 296 092	1 349 217	1 248 710	1 248 710	1 103 095	1 343 805	1 253 936	1 253 408
Surplus/(Deficit)	(239 684)	(450 456)	(226 191)	(145 811)	(148 759)	(148 759)	(84 064)	(109 182)	2 921	81 447
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	55 000	306 065	242 335	285 098	289 096	289 096	251 147	285 505	350 855	369 141
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions) & Transfers and subsidies - capital (in-kind - all)	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions	(184 684)	(144 390)		139 286	140 336	140 336	167 084	176 324	353 776	450 588
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year	(184 684)	(144 390)	–	139 286	140 336	140 336	167 084	176 324	353 776	450 588
Capital expenditure & funds sources										
Capital expenditure	(164 571)	2 579 286	8 681 702	333 687	314 406	314 406	242 437	314 988	299 781	314 770
Transfers recognised - capital	(504 860)	398 766	437 395	295 098	265 316	265 316	221 710	285 505	299 781	314 770
Borrowing	–	–	–	–	–	–	–	–	–	–
Internally generated funds	10 647	8 164 167	8 244 307	38 450	49 089	49 089	20 728	29 483	–	–
Total sources of capital funds	(494 213)	8 562 934	8 681 702	333 548	314 406	314 406	242 438	314 988	299 781	314 770
Financial position										
Total current assets	42 876	399 726	522 350	721 268	515 823	515 823	740 953	513 543	537 504	556 828
Total non current assets	(247 066)	3 689 208	3 613 077	3 483 571	3 747 301	3 747 301	3 785 219	3 731 120	3 886 878	4 081 389
Total current liabilities	207 609	758 729	803 870	375 664	363 778	363 778	792 736	340 224	318 260	305 376
Total non current liabilities	(3 759)	72 436	73 194	77 357	71 112	71 112	73 443	306 973	246 115	185 390
Community wealth/Equity	(223 385)	3 402 047	3 242 053	3 612 533	3 688 705	3 688 705	3 829 045	3 597 467	3 821 655	4 073 001
Cash flows										
Net cash from (used) operating	22 132	81 091	58 077	378 964	7 283	7 283	8 285	490 796	596 418	728 532
Net cash from (used) investing	(936)	(4 306)	10	(329 463)	(343 638)	(343 638)	(237 371)	(314 988)	(330 851)	(347 393)
Net cash from (used) financing	–	–	–	–	(10 925)	(10 925)	–	–	–	–
Cash/cash equivalents at the year end	(2 732)	75 813	57 129	129 525	(267 799)	(267 799)	(229 061)	255 289	520 856	901 995
Cash backing/surplus reconciliation										
Cash and investments available	(13 203)	82 393	78 423	301 471	(93 424)	(93 424)	129 156	69 285	72 460	78 816
Application of cash and investments	167 135	571 625	585 301	16 816	94 411	94 411	3 334	(89 512)	(101 852)	(99 533)
Balance - surplus (shortfall)	(180 338)	(489 232)	(506 878)	284 655	(187 835)	(187 835)	125 822	158 797	174 312	178 350
Asset management										
Asset register summary (WDV)	234 208	3 294 263	3 250 709	3 267 678	3 557 227	3 557 227	3 557 227	3 458 896	3 601 042	3 781 261
Depreciation	244 424	208 964	215 269	220 272	223 565	223 565	223 565	317 000	332 850	349 493
Renewal and Upgrading of Existing Assets	1 564 269	2 265 076	8 305 440	89 009	79 817	79 817	79 817	100 000	105 000	110 250
Repairs and Maintenance	167 942	114 010	81 727	67 069	65 296	65 296	65 296	41 832	30 346	22 668
Free services										
Cost of Free Basic Services provided	30	96	5 355	72 336	49 586	49 586	59 431	59 431	62 403	65 523
Revenue cost of free services provided	–	–	5 355	21 697	21 245	21 245	–	–	–	–
Households below minimum service level										
Water:	–	0	0	0	0	0	0	0	0	0
Sanitation/sewerage:	–	–	–	–	–	–	–	–	–	–
Energy:	–	–	–	–	–	–	–	–	–	–
Refuse:	–	–	–	–	–	–	–	–	–	–

DC21 Ugu - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)

Functional Classification Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Revenue - Functional										
Governance and administration		536 488	659 781	699 608	255 787	534 776	534 776	617 688	659 608	707 781
Executive and council		3 650	4 523	4 468	3 611	3 611	3 611	3 319	–	–
Finance and administration		532 838	655 258	695 140	252 176	531 165	531 165	614 369	659 608	707 781
Internal audit		–	–	–	–	–	–	–	–	–
Community and public safety		–	745	–	17 282	16 923	16 923	–	–	–
Community and social services		–	745	–	17 282	16 923	16 923	–	–	–
Sport and recreation		–	–	–	–	–	–	–	–	–
Public safety		–	–	–	–	–	–	–	–	–
Housing		–	–	–	–	–	–	–	–	–
Health		–	–	–	–	–	–	–	–	–
Economic and environmental services		235 795	4 134	2 879	76 240	49 501	49 501	1 438	1 510	1 586
Planning and development		235 743	4 117	2 856	56 752	49 024	49 024	1 438	1 510	1 586
Road transport		–	–	–	–	–	–	–	–	–
Environmental protection		52	17	23	19 488	477	477	–	–	–
Trading services		423 616	665 914	609 750	1 120 563	787 848	787 848	901 002	946 595	994 629
Energy sources		–	–	–	–	–	–	–	–	–
Water management		330 588	561 019	500 958	978 265	609 185	609 185	792 378	832 540	874 871
Waste water management		93 028	104 894	108 792	142 297	178 662	178 662	108 623	114 054	119 757
Waste management		–	–	–	–	–	–	–	–	–
Other	4	–	–	–	18 632	–	–	–	–	–
Total Revenue - Functional	2	1 195 899	1 330 574	1 312 236	1 488 503	1 389 047	1 389 047	1 520 128	1 607 712	1 703 995
Expenditure - Functional										
Governance and administration		472 960	538 785	407 497	611 700	585 117	585 117	650 149	583 738	586 241
Executive and council		59 486	105 096	64 551	62 875	65 127	65 127	44 737	46 715	48 827
Finance and administration		413 406	433 639	340 190	548 395	519 308	519 308	604 912	536 539	536 939
Internal audit		68	50	2 756	430	682	682	500	485	475
Community and public safety		15 517	40 161	6 655	8 595	4 176	4 176	4 435	4 302	4 213
Community and social services		11 903	38 891	6 576	8 245	3 856	3 856	4 235	4 108	4 023
Sport and recreation		–	–	–	–	–	–	–	–	–
Public safety		2 662	1 238	–	–	–	–	–	–	–
Housing		–	–	–	–	–	–	–	–	–
Health		953	32	79	350	320	320	200	194	190
Economic and environmental services		46 043	106 637	41 029	76 408	46 443	46 443	41 987	42 870	43 980
Planning and development		45 764	144 694	40 841	57 624	45 267	45 267	41 237	42 142	43 267
Road transport		0	0	–	–	–	–	–	–	–
Environmental protection		279	(38 057)	188	18 784	1 176	1 176	750	728	713
Trading services		846 063	789 381	840 910	634 856	612 974	612 974	647 233	623 026	618 974
Energy sources		63 033	–	–	–	–	–	–	–	–
Water management		661 179	707 904	745 998	522 099	519 310	519 310	500 402	477 459	472 775
Waste water management		121 851	81 478	94 912	112 758	93 664	93 664	146 831	145 567	146 199
Waste management		–	–	–	–	–	–	–	–	–
Other	4	–	–	–	17 657	–	–	–	–	–
Total Expenditure - Functional	3	1 380 583	1 474 964	1 296 092	1 349 217	1 248 710	1 248 710	1 343 805	1 253 936	1 253 408
Surplus/(Deficit) for the year		(184 684)	(144 390)	16 144	139 286	140 336	140 336	176 324	353 776	450 588

References

1. Government Finance Statistics Functions and Sub-functions are standardised to assist the compilation of national and international accounts for comparison purposes

2. Total Revenue by functional classification must reconcile to Total Operating Revenue shown in Budgeted Financial Performance (revenue and expenditure)

3. Total Expenditure by Functional Classification must reconcile to Total Operating Expenditure shown in Budgeted Financial Performance (revenue and expenditure)

4. All amounts must be classified under a functional classification . The GFS function 'Other' is only for Abbatoirs, Air Transport, Forestry, Licensing and Regulation, Markets and Tourism - and if used must be supported by footnotes. Nothing else may be placed under 'Other'. Assign associate share to relevant classification.

DC21 Ugu - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)

Functional Classification Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Revenue - Functional										
Municipal governance and administration		536 488	659 781	699 608	255 787	534 776	534 776	617 688	659 608	707 781
Executive and council		3 650	4 523	4 468	3 611	3 611	3 611	3 319	–	–
Mayor and Council		–	–	–	–	–	–	–	–	–
Municipal Manager, Town Secretary		3 650	4 523	4 468	3 611	3 611	3 611	3 319	–	–
Finance and administration		532 838	655 258	695 140	252 176	531 165	531 165	614 369	659 608	707 781
Administrative and Corporate Support		(15)	93 459	16 741	59 107	84 457	84 457	2 497	2 525	2 553
Asset Management		453 708	478 082	561 814	8 361	398 950	398 950	7 600	7 981	8 380
Finance		79 146	83 687	116 554	184 708	47 758	47 758	604 272	649 102	696 847
Fleet Management		–	–	–	–	–	–	–	–	–
Human Resources		–	–	–	–	–	–	–	–	–
Information Technology		–	–	–	–	–	–	–	–	–
Legal Services		–	–	–	–	–	–	–	–	–
Marketing, Customer Relations,		–	–	–	–	–	–	–	–	–
Property Services		–	–	–	–	–	–	–	–	–
Risk Management		–	30	30	–	–	–	–	–	–
Security Services		–	–	–	–	–	–	–	–	–
Supply Chain Management		–	–	–	–	–	–	–	–	–
Valuation Service		–	–	–	–	–	–	–	–	–
Internal audit		–	–	–	–	–	–	–	–	–
Governance Function		–	–	–	–	–	–	–	–	–
Community and public safety		–	745	–	17 282	16 923	16 923	–	–	–
Community and social services		–	745	–	17 282	16 923	16 923	–	–	–
Aged Care		–	–	–	–	–	–	–	–	–
Agricultural		–	–	–	–	–	–	–	–	–
Animal Care and Diseases		–	–	–	–	–	–	–	–	–
Cemeteries, Funeral Parlours and		–	–	–	–	–	–	–	–	–
Child Care Facilities		–	–	–	–	–	–	–	–	–
Community Halls and Facilities		–	–	–	–	–	–	–	–	–
Consumer Protection		–	–	–	–	–	–	–	–	–
Cultural Matters		–	–	–	–	–	–	–	–	–
Disaster Management		–	745	–	17 282	16 923	16 923	–	–	–
Education		–	–	–	–	–	–	–	–	–
Indigenous and Customary Law		–	–	–	–	–	–	–	–	–
Industrial Promotion		–	–	–	–	–	–	–	–	–
Language Policy		–	–	–	–	–	–	–	–	–
Libraries and Archives		–	–	–	–	–	–	–	–	–
Literacy Programmes		–	–	–	–	–	–	–	–	–
Media Services		–	–	–	–	–	–	–	–	–
Museums and Art Galleries		–	–	–	–	–	–	–	–	–
Population Development		–	–	–	–	–	–	–	–	–
Provincial Cultural Matters		–	–	–	–	–	–	–	–	–
Theatres		–	–	–	–	–	–	–	–	–
Zoo's		–	–	–	–	–	–	–	–	–
Sport and recreation		–	–	–	–	–	–	–	–	–
Beaches and Jetties		–	–	–	–	–	–	–	–	–
Casinos, Racing, Gambling,		–	–	–	–	–	–	–	–	–
Community Parks (including		–	–	–	–	–	–	–	–	–
Recreational Facilities		–	–	–	–	–	–	–	–	–
Sports Grounds and Stadiums		–	–	–	–	–	–	–	–	–
Public safety		–	–	–	–	–	–	–	–	–
Civil Defence		–	–	–	–	–	–	–	–	–
Cleansing		–	–	–	–	–	–	–	–	–
Control of Public Nuisances		–	–	–	–	–	–	–	–	–
Fencing and Fences		–	–	–	–	–	–	–	–	–
Fire Fighting and Protection		–	–	–	–	–	–	–	–	–
Licensing and Control of Animals		–	–	–	–	–	–	–	–	–
Police Forces, Traffic and Street		–	–	–	–	–	–	–	–	–
Pounds		–	–	–	–	–	–	–	–	–
Housing		–	–	–	–	–	–	–	–	–
Housing		–	–	–	–	–	–	–	–	–
Informal Settlements		–	–	–	–	–	–	–	–	–
Health		–	–	–	–	–	–	–	–	–
Ambulance		–	–	–	–	–	–	–	–	–
Health Services		–	–	–	–	–	–	–	–	–
Laboratory Services		–	–	–	–	–	–	–	–	–
Food Control		–	–	–	–	–	–	–	–	–
Health Surveillance and Prevention		–	–	–	–	–	–	–	–	–
Vector Control		–	–	–	–	–	–	–	–	–
Chemical Safety		–	–	–	–	–	–	–	–	–

Economic and environmental services		235 795	4 134	2 879	76 240	49 501	49 501	1 438	1 510	1 586
Planning and development		235 743	4 117	2 856	56 752	49 024	49 024	1 438	1 510	1 586
Billboards		–	–	–	–	–	–	–	–	–
Corporate Wide Strategic Planning		235 729	(139)	–	48 477	47 281	47 281	404	424	446
Central City Improvement District		–	–	–	–	–	–	–	–	–
Development Facilitation		–	–	–	–	–	–	–	–	–
Economic Development/Planning		13	183	106	1 974	884	884	934	981	1 030
Regional Planning and Development		–	4 056	2 720	5 615	808	808	–	–	–
Town Planning, Building Regulations		1	17	30	686	52	52	100	105	110
Project Management Unit		–	–	–	–	–	–	–	–	–
Provincial Planning		–	–	–	–	–	–	–	–	–
Support to Local Municipalities		–	–	–	–	–	–	–	–	–
Road transport		–	–	–	–	–	–	–	–	–
Public Transport		–	–	–	–	–	–	–	–	–
Road and Traffic Regulation		–	–	–	–	–	–	–	–	–
Roads		–	–	–	–	–	–	–	–	–
Taxi Ranks		–	–	–	–	–	–	–	–	–
Environmental protection		52	17	23	19 488	477	477	–	–	–
Biodiversity and Landscape		–	–	–	19 000	–	–	–	–	–
Coastal Protection		–	–	–	–	–	–	–	–	–
Indigenous Forests		–	–	–	–	–	–	–	–	–
Nature Conservation		–	–	–	–	–	–	–	–	–
Pollution Control		52	17	23	488	477	477	–	–	–
Soil Conservation		–	–	–	–	–	–	–	–	–
Trading services		423 616	665 914	609 750	1 120 563	787 848	787 848	901 002	946 595	994 629
Energy sources		–	–	–	–	–	–	–	–	–
Electricity		–	–	–	–	–	–	–	–	–
Street Lighting and Signal Systems		–	–	–	–	–	–	–	–	–
Nonelectric Energy		–	–	–	–	–	–	–	–	–
Water management		330 588	561 019	500 958	978 265	609 185	609 185	792 378	832 540	874 871
Water Treatment		–	600	1 425	18 237	64 744	64 744	–	–	–
Water Distribution		275 588	494 547	432 723	883 944	438 174	438 174	660 510	742 978	779 441
Water Storage		55 000	65 873	66 810	76 084	106 267	106 267	131 869	89 562	95 430
Waste water management		93 028	104 894	108 792	142 297	178 662	178 662	108 623	114 054	119 757
Public Toilets		–	–	–	–	–	–	–	–	–
Sewerage		93 028	104 877	108 760	142 297	178 586	178 586	108 623	114 054	119 757
Storm Water Management		–	–	–	–	–	–	–	–	–
Waste Water Treatment		–	17	31	–	77	77	–	–	–
Waste management		–	–	–	–	–	–	–	–	–
Recycling		–	–	–	–	–	–	–	–	–
Solid Waste Disposal (Landfill Sites)		–	–	–	–	–	–	–	–	–
Solid Waste Removal		–	–	–	–	–	–	–	–	–
Street Cleaning		–	–	–	–	–	–	–	–	–
Other		–	–	–	18 632	–	–	–	–	–
Abattoirs		–	–	–	–	–	–	–	–	–
Air Transport		–	–	–	–	–	–	–	–	–
Forestry		–	–	–	–	–	–	–	–	–
Licensing and Regulation		–	–	–	–	–	–	–	–	–
Markets		–	–	–	–	–	–	–	–	–
Tourism		–	–	–	18 632	–	–	–	–	–
Total Revenue - Functional	2	1 195 899	1 330 574	1 312 236	1 488 503	1 389 047	1 389 047	1 520 128	1 607 712	1 703 995

Expenditure - Functional									
Municipal governance and administration	472 960	538 785	407 497	611 700	585 117	585 117	650 149	583 738	586 241
Executive and council	59 486	105 096	64 551	62 875	65 127	65 127	44 737	46 715	48 827
Mayor and Council	14 002	15 199	15 726	12 166	16 241	16 241	20 514	21 346	22 247
Municipal Manager, Town Secretary	45 484	89 897	48 825	50 709	48 886	48 886	24 223	25 369	26 580
Finance and administration	413 406	433 639	340 190	548 395	519 308	519 308	604 912	536 539	536 939
Administrative and Corporate Support	63 894	53 243	62 365	63 806	80 286	80 286	56 209	57 741	59 529
Asset Management	58 653	93 231	23 626	21 070	32 553	32 553	35 375	36 360	37 507
Finance	198 625	178 147	169 466	372 633	352 070	352 070	478 232	407 584	405 115
Fleet Management	43 777	49 372	36 511	40 919	30 970	30 970	18 924	18 857	18 831
Human Resources	10 498	6 872	7 262	9 380	8 172	8 172	8 133	7 889	7 726
Information Technology	11 655	13 983	15 699	16 345	14 621	14 621	6 945	7 049	7 193
Legal Services	1 200	469	850	850	300	300	850	825	808
Marketing, Customer Relations,	543	930	44	1 952	27	27	–	–	–
Property Services	–	–	–	–	–	–	–	–	–
Risk Management	–	–	–	–	–	–	–	–	–
Security Services	24 456	34 680	24 139	18 000	–	–	–	–	–
Supply Chain Management	105	2 711	227	3 439	309	309	243	236	231
Valuation Service	–	–	–	–	–	–	–	–	–
Internal audit	68	50	2 756	430	682	682	500	485	475
Governance Function	68	50	2 756	430	682	682	500	485	475
Community and public safety	15 517	40 161	6 655	8 595	4 176	4 176	4 435	4 302	4 213
Community and social services	11 903	38 891	6 576	8 245	3 856	3 856	4 235	4 108	4 023
Aged Care	114	159	1 602	20	–	–	20	19	19
Agricultural	–	–	–	1 294	–	–	–	–	–
Animal Care and Diseases	–	–	–	–	–	–	–	–	–
Cemeteries, Funeral Parlours and	41	130	91	200	200	200	200	194	190
Child Care Facilities	38	–	–	–	–	–	–	–	–
Community Halls and Facilities	–	–	–	–	–	–	–	–	–
Consumer Protection	–	–	–	–	–	–	–	–	–
Cultural Matters	–	–	–	–	–	–	–	–	–
Disaster Management	3 149	37 267	3 869	2 750	2 655	2 655	3 615	3 507	3 434
Education	1 121	922	910	3 711	501	501	210	204	200
Indigenous and Customary Law	–	–	–	–	–	–	–	–	–
Industrial Promotion	–	–	–	–	–	–	–	–	–
Language Policy	–	–	–	–	–	–	–	–	–
Libraries and Archives	–	–	–	–	–	–	–	–	–
Literacy Programmes	–	–	–	–	–	–	–	–	–
Media Services	–	–	–	–	–	–	–	–	–
Museums and Art Galleries	–	–	–	–	–	–	–	–	–
Population Development	7 440	413	103	270	500	500	190	184	181
Provincial Cultural Matters	–	–	–	–	–	–	–	–	–
Theatres	–	–	–	–	–	–	–	–	–
Zoo's	–	–	–	–	–	–	–	–	–
Sport and recreation	–	–	–	–	–	–	–	–	–
Beaches and Jetties	–	–	–	–	–	–	–	–	–
Casinos, Racing, Gambling,	–	–	–	–	–	–	–	–	–
Community Parks (including	–	–	–	–	–	–	–	–	–
Recreational Facilities	–	–	–	–	–	–	–	–	–
Sports Grounds and Stadiums	–	–	–	–	–	–	–	–	–
Public safety	2 662	1 238	–	–	–	–	–	–	–
Civil Defence	–	–	–	–	–	–	–	–	–
Cleansing	1 061	–	–	–	–	–	–	–	–
Control of Public Nuisances	–	–	–	–	–	–	–	–	–
Fencing and Fences	–	–	–	–	–	–	–	–	–
Fire Fighting and Protection	1 601	1 238	–	–	–	–	–	–	–
Licensing and Control of Animals	–	–	–	–	–	–	–	–	–
Police Forces, Traffic and Street	–	–	–	–	–	–	–	–	–
Pounds	–	–	–	–	–	–	–	–	–
Housing	–	–	–	–	–	–	–	–	–
Housing	–	–	–	–	–	–	–	–	–
Informal Settlements	–	–	–	–	–	–	–	–	–
Health	953	32	79	350	320	320	200	194	190
Ambulance	–	–	–	–	–	–	–	–	–
Health Services	907	3	47	100	70	70	200	194	190
Laboratory Services	44	29	32	250	250	250	–	–	–
Food Control	2	–	–	–	–	–	–	–	–
Health Surveillance and Prevention	–	–	–	–	–	–	–	–	–
Vector Control	–	–	–	–	–	–	–	–	–
Chemical Safety	–	–	–	–	–	–	–	–	–

Economic and environmental services		46 043	106 637	41 029	76 408	46 443	46 443	41 987	42 870	43 980
Planning and development		45 764	144 694	40 841	57 624	45 267	45 267	41 237	42 142	43 267
Billboards		–	–	–	–	–	–	–	–	–
Corporate Wide Strategic Planning		16 792	14 013	13 841	15 582	14 855	14 855	22 450	23 381	24 416
Central City Improvement District		41	(3)	–	180	130	130	–	–	–
Development Facilitation		15	–	–	130	30	30	–	–	–
Economic Development/Planning		644	3 604	1 281	5 383	1 796	1 796	5 004	5 245	5 498
Regional Planning and Development		27 921	117 981	24 375	21 651	28 327	28 327	10 074	9 772	9 571
Town Planning, Building Regulations		344	9 099	1 343	14 698	129	129	3 708	3 745	3 783
Project Management Unit		8	–	–	–	–	–	–	–	–
Provincial Planning		–	–	–	–	–	–	–	–	–
Support to Local Municipalities		–	–	–	–	–	–	–	–	–
Road transport		0	0	–	–	–	–	–	–	–
Public Transport		–	–	–	–	–	–	–	–	–
Road and Traffic Regulation		–	–	–	–	–	–	–	–	–
Roads		0	0	–	–	–	–	–	–	–
Taxi Ranks		–	–	–	–	–	–	–	–	–
Environmental protection		279	(38 057)	188	18 784	1 176	1 176	750	728	713
Biodiversity and Landscape		91	(38 278)	–	17 755	193	193	–	–	–
Coastal Protection		–	–	–	–	–	–	–	–	–
Indigenous Forests		–	–	–	–	–	–	–	–	–
Nature Conservation		–	–	–	–	–	–	–	–	–
Pollution Control		188	221	188	1 029	983	983	750	728	713
Soil Conservation		–	–	–	–	–	–	–	–	–
Trading services		846 063	789 381	840 910	634 856	612 974	612 974	647 233	623 026	618 974
Energy sources		63 033	–	–	–	–	–	–	–	–
Electricity		63 033	–	–	–	–	–	–	–	–
Street Lighting and Signal Systems		–	–	–	–	–	–	–	–	–
Nonelectric Energy		–	–	–	–	–	–	–	–	–
Water management		661 179	707 904	745 998	522 099	519 310	519 310	500 402	477 459	472 775
Water Treatment		21 630	55 913	22 393	35 579	29 484	29 484	45 697	41 209	38 360
Water Distribution		631 727	546 065	637 793	347 923	426 216	426 216	428 481	411 195	409 767
Water Storage		7 822	105 925	85 812	138 597	63 611	63 611	26 224	25 056	24 648
Waste water management		121 851	81 478	94 912	112 758	93 664	93 664	146 831	145 567	146 199
Public Toilets		7 018	13 181	32 284	36 789	38 342	38 342	50 892	48 597	47 073
Sewerage		74 053	34 654	24 540	44 724	16 268	16 268	78 902	79 954	82 006
Storm Water Management		–	–	–	–	–	–	–	–	–
Waste Water Treatment		40 780	33 643	38 089	31 244	39 053	39 053	17 036	17 016	17 120
Waste management		–	–	–	–	–	–	–	–	–
Recycling		–	–	–	–	–	–	–	–	–
Solid Waste Disposal (Landfill Sites)		–	–	–	–	–	–	–	–	–
Solid Waste Removal		–	–	–	–	–	–	–	–	–
Street Cleaning		–	–	–	–	–	–	–	–	–
Other		–	–	–	17 657	–	–	–	–	–
Abattoirs		–	–	–	–	–	–	–	–	–
Air Transport		–	–	–	–	–	–	–	–	–
Forestry		–	–	–	–	–	–	–	–	–
Licensing and Regulation		–	–	–	–	–	–	–	–	–
Markets		–	–	–	–	–	–	–	–	–
Tourism		–	–	–	17 657	–	–	–	–	–
Total Expenditure - Functional	3	1 380 583	1 474 964	1 296 092	1 349 217	1 248 710	1 248 710	1 343 805	1 253 936	1 253 408
Surplus/(Deficit) for the year		(184 684)	(144 390)	16 144	139 286	140 336	140 336	176 324	353 776	450 588

References

1. Government Finance Statistics Functions and Sub-functions are standardised to assist national and international accounts and comparison

2. Total Revenue by Functional Classification must reconcile to total operating revenue shown in Financial Performance (revenue and expenditure)

3. Total Expenditure by Functional Classification must reconcile to total operating expenditure shown in Financial Performance (revenue and expenditure)

4. All amounts must be classified under a Functional classification. The GFS function 'Other' is only for Abbatoirs, Air Transport, Forestry, Licensing and Regulation, Markets and Tourism - and if used must be supported by footnotes. Nothing else may be placed under 'Other'. Assign associate share to relevant classification

check oprev balance	-	-	-	-	-	-	-	-	-
check opexp balance	-	-	-	-	-	-	-	-	-

DC21 Ugu - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Revenue by Vote	1									
Vote 1 - Executive and Council		3 650	4 523	4 468	3 611	3 611	3 611	3 319	–	–
Vote 2 - Finance and Administration		532 838	655 258	695 140	252 176	531 165	531 165	614 369	659 608	707 781
Vote 3 - Internal Audit		–	–	–	–	–	–	–	–	–
Vote 4 - Community and Social Services		–	745	–	17 282	16 923	16 923	–	–	–
Vote 5 - Sport and Recreation		–	–	–	–	–	–	–	–	–
Vote 6 - Public Safety		–	–	–	–	–	–	–	–	–
Vote 7 - Other		–	–	–	18 632	–	–	–	–	–
Vote 8 - Health		–	–	–	–	–	–	–	–	–
Vote 9 - Planning and Development		235 743	4 117	2 856	56 752	49 024	49 024	1 438	1 510	1 586
Vote 10 - Road Transport		–	–	–	–	–	–	–	–	–
Vote 11 - Environmental Protection		52	17	23	19 488	477	477	–	–	–
Vote 12 - Energy Sources		–	–	–	–	–	–	–	–	–
Vote 13 - Water Management		330 588	561 019	500 958	978 265	609 185	609 185	792 378	832 540	874 871
Vote 14 - Waste Water Management		93 028	104 894	108 792	142 297	178 662	178 662	108 623	114 054	119 757
Vote 15 - Waste Management		–	–	–	–	–	–	–	–	–
Total Revenue by Vote	2	1 195 899	1 330 574	1 312 236	1 488 503	1 389 047	1 389 047	1 520 128	1 607 712	1 703 995
Expenditure by Vote *to be appropriated*	1									
Vote 1 - Executive and Council		59 486	105 096	64 551	62 875	65 127	65 127	44 737	46 715	48 827
Vote 2 - Finance and Administration		344 630	348 657	279 496	487 524	488 311	488 311	585 987	517 682	518 108
Vote 3 - Internal Audit		43 845	49 422	39 268	41 349	31 652	31 652	19 424	19 342	19 306
Vote 4 - Community and Social Services		11 903	38 891	6 576	8 245	3 856	3 856	4 235	4 108	4 023
Vote 5 - Sport and Recreation		–	–	–	–	–	–	–	–	–
Vote 6 - Public Safety		27 118	35 918	24 139	18 000	–	–	–	–	–
Vote 7 - Other		543	930	44	19 609	27	27	–	–	–
Vote 8 - Health		953	32	79	350	320	320	200	194	190
Vote 9 - Planning and Development		45 764	144 694	40 841	57 624	45 267	45 267	41 237	42 142	43 267
Vote 10 - Road Transport		0	0	–	–	–	–	–	–	–
Vote 11 - Environmental Protection		279	(38 057)	188	18 784	1 176	1 176	750	728	713
Vote 12 - Energy Sources		63 033	–	–	–	–	–	–	–	–
Vote 13 - Water Management		661 179	707 904	745 998	522 099	519 310	519 310	500 402	477 459	472 775
Vote 14 - Waste Water Management		121 851	81 478	94 912	112 758	93 664	93 664	146 831	145 567	146 199
Vote 15 - Waste Management		–	–	–	–	–	–	–	–	–
Total Expenditure by Vote	2	1 380 583	1 474 964	1 296 092	1 349 217	1 248 710	1 248 710	1 343 805	1 253 936	1 253 408
Surplus/(Deficit) for the year	2	(184 684)	(144 390)	16 144	139 286	140 336	140 336	176 324	353 776	450 588

References

1. Insert 'Vote'; e.g. department, if different to functional classification structure

2. Must reconcile to Budgeted Financial Performance (revenue and expenditure)

3. Assign share in 'associate' to relevant Vote –

DC21 Ugu - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)A

Vote Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Revenue by Vote	1									
Vote 1 - Executive and Council		3 650	4 523	4 468	3 611	3 611	3 611	3 319	–	–
1.1 - Mayor and Council		–	–	–	–	–	–	–	–	–
1.2 - Municipal Manager, Town Secretary and Chief Executi		3 650	4 523	4 468	3 611	3 611	3 611	3 319	–	–
1.3 -		–	–	–	–	–	–	–	–	–
1.4 -		–	–	–	–	–	–	–	–	–
1.5 -		–	–	–	–	–	–	–	–	–
1.6 -		–	–	–	–	–	–	–	–	–
1.7 -		–	–	–	–	–	–	–	–	–
1.8 -		–	–	–	–	–	–	–	–	–
1.9 -		–	–	–	–	–	–	–	–	–
1.10 -		–	–	–	–	–	–	–	–	–
Vote 2 - Finance and Administration		532 838	655 258	695 140	252 176	531 165	531 165	614 369	659 608	707 781
2.1 - Administrative and Corporate Support		(15)	93 459	16 741	59 107	84 457	84 457	2 497	2 525	2 553
2.2 - Asset Management		453 708	478 082	561 814	8 361	398 950	398 950	7 600	7 981	8 380
2.3 - Finance		79 146	83 687	116 554	184 708	47 758	47 758	604 272	649 102	696 847
2.4 - Human Resources		–	–	–	–	–	–	–	–	–
2.5 - Information Technology		–	–	–	–	–	–	–	–	–
2.6 - Legal Services		–	–	–	–	–	–	–	–	–
2.7 - Property Services		–	–	–	–	–	–	–	–	–
2.8 - Supply Chain Management		–	–	–	–	–	–	–	–	–
2.9 - Valuation Service		–	–	–	–	–	–	–	–	–
2.10 - Risk Management		–	30	30	–	–	–	–	–	–
Vote 3 - Internal Audit		–	–	–	–	–	–	–	–	–
3.1 - Governance Function		–	–	–	–	–	–	–	–	–
3.2 - Fleet Management		–	–	–	–	–	–	–	–	–
3.3 -		–	–	–	–	–	–	–	–	–
3.4 -		–	–	–	–	–	–	–	–	–
3.5 -		–	–	–	–	–	–	–	–	–
3.6 -		–	–	–	–	–	–	–	–	–
3.7 -		–	–	–	–	–	–	–	–	–
3.8 -		–	–	–	–	–	–	–	–	–
3.9 -		–	–	–	–	–	–	–	–	–
3.10 -		–	–	–	–	–	–	–	–	–
Vote 4 - Community and Social Services		–	745	–	17 282	16 923	16 923	–	–	–
4.1 - Aged Care		–	–	–	–	–	–	–	–	–
4.2 - Agricultural		–	–	–	–	–	–	–	–	–
4.3 - Literacy Programmes		–	–	–	–	–	–	–	–	–
4.4 - Population Development		–	–	–	–	–	–	–	–	–
4.5 - Child Care Facilities		–	–	–	–	–	–	–	–	–
4.6 - Community Halls and Facilities		–	–	–	–	–	–	–	–	–
4.7 - Cemeteries, Funeral Parlours and Crematoriums		–	–	–	–	–	–	–	–	–
4.8 - Libraries and Archives		–	–	–	–	–	–	–	–	–
4.9 - Disaster Management		–	745	–	17 282	16 923	16 923	–	–	–
4.10 - Education		–	–	–	–	–	–	–	–	–
Vote 5 - Sport and Recreation		–	–	–	–	–	–	–	–	–
5.1 - Beaches and Jetties		–	–	–	–	–	–	–	–	–
5.2 - Casinos, Racing, Gambling, Wagering		–	–	–	–	–	–	–	–	–
5.3 - Community Parks (including Nurseries)		–	–	–	–	–	–	–	–	–
5.4 - Recreational Facilities		–	–	–	–	–	–	–	–	–
5.5 - Sports Grounds and Stadiums		–	–	–	–	–	–	–	–	–
5.6 -		–	–	–	–	–	–	–	–	–
5.7 -		–	–	–	–	–	–	–	–	–
5.8 -		–	–	–	–	–	–	–	–	–
5.9 -		–	–	–	–	–	–	–	–	–
5.10 -		–	–	–	–	–	–	–	–	–
Vote 6 - Public Safety		–	–	–	–	–	–	–	–	–
6.1 - Civil Defence		–	–	–	–	–	–	–	–	–
6.2 - Cleansing		–	–	–	–	–	–	–	–	–
6.3 - Control of Public Nuisances		–	–	–	–	–	–	–	–	–
6.4 - Fencing and Fences		–	–	–	–	–	–	–	–	–
6.5 - Fire Fighting and Protection		–	–	–	–	–	–	–	–	–
6.6 - Licensing and Control of Animals		–	–	–	–	–	–	–	–	–
6.7 - Police Forces, Traffic and Street Parking Control		–	–	–	–	–	–	–	–	–
6.8 - Pounds		–	–	–	–	–	–	–	–	–
6.9 - Air Transport		–	–	–	–	–	–	–	–	–
6.10 - Security Services		–	–	–	–	–	–	–	–	–
Vote 7 - Other		–	–	–	18 632	–	–	–	–	–
7.1 - Housing		–	–	–	–	–	–	–	–	–
7.2 - Informal Settlements		–	–	–	–	–	–	–	–	–
7.3 - Abattoirs		–	–	–	–	–	–	–	–	–
7.4 - Forestry		–	–	–	–	–	–	–	–	–
7.5 - Licensing and Regulation		–	–	–	–	–	–	–	–	–
7.6 - Markets		–	–	–	–	–	–	–	–	–
7.7 - Tourism		–	–	–	18 632	–	–	–	–	–
7,8 - Marketing, Customer Relations, Publicity and Media C		–	–	–	–	–	–	–	–	–
7.9 -		–	–	–	–	–	–	–	–	–
7.10 -		–	–	–	–	–	–	–	–	–

DC21 Ugu - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)A

Vote Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Vote 8 - Health		–	–	–	–	–	–	–	–	–
8.1 - Ambulance		–	–	–	–	–	–	–	–	–
8.2 - Health Services		–	–	–	–	–	–	–	–	–
8.3 - Laboratory Services		–	–	–	–	–	–	–	–	–
8.4 - Food Control		–	–	–	–	–	–	–	–	–
8.5 - Health Surveillance and Prevention of Communicable I		–	–	–	–	–	–	–	–	–
8.6 - Vector Control		–	–	–	–	–	–	–	–	–
8.7 - Chemical Safety		–	–	–	–	–	–	–	–	–
8.8 -		–	–	–	–	–	–	–	–	–
8.9 -		–	–	–	–	–	–	–	–	–
8.10 -		–	–	–	–	–	–	–	–	–
Vote 9 - Planning and Development		235 743	4 117	2 856	56 752	49 024	49 024	1 438	1 510	1 586
9.1 - Billboards		–	–	–	–	–	–	–	–	–
9.2 - Corporate Wide Strategic Planning (IDPs, LEDs)		235 729	(139)	–	48 477	47 281	47 281	404	424	446
9.3 - Central City Improvement District		–	–	–	–	–	–	–	–	–
9.4 - Development Facilitation		–	–	–	–	–	–	–	–	–
9.5 - Economic Development/Planning		13	183	106	1 974	884	884	934	981	1 030
9.6 - Regional Planning and Development		–	4 056	2 720	5 615	808	808	–	–	–
9.7 - Town Planning, Building Regulations and Enforcement		1	17	30	686	52	52	100	105	110
9.8 - Project Management Unit		–	–	–	–	–	–	–	–	–
9.9 - Provincial Planning		–	–	–	–	–	–	–	–	–
9.10 - Support to Local Municipalities		–	–	–	–	–	–	–	–	–
Vote 10 - Road Transport		–	–	–	–	–	–	–	–	–
10.1 - Public Transport		–	–	–	–	–	–	–	–	–
10.2 - Road and Traffic Regulation		–	–	–	–	–	–	–	–	–
10.3 - Roads		–	–	–	–	–	–	–	–	–
10.4 - Taxi Ranks		–	–	–	–	–	–	–	–	–
10.5 -		–	–	–	–	–	–	–	–	–
10.6 -		–	–	–	–	–	–	–	–	–
10.7 -		–	–	–	–	–	–	–	–	–
10.8 -		–	–	–	–	–	–	–	–	–
10.9 -		–	–	–	–	–	–	–	–	–
10.10 -		–	–	–	–	–	–	–	–	–
Vote 11 - Environmental Protection		52	17	23	19 488	477	477	–	–	–
11.1 - Biodiversity and Landscape		–	–	–	19 000	–	–	–	–	–
11.2 - Coastal Protection		–	–	–	–	–	–	–	–	–
11.3 - Indigenous Forests		–	–	–	–	–	–	–	–	–
11.4 - Nature Conservation		–	–	–	–	–	–	–	–	–
11.5 - Pollution Control		52	17	23	488	477	477	–	–	–
11.6 - Soil Conservation		–	–	–	–	–	–	–	–	–
11.7 -		–	–	–	–	–	–	–	–	–
11.8 -		–	–	–	–	–	–	–	–	–
11.9 -		–	–	–	–	–	–	–	–	–
11.10 -		–	–	–	–	–	–	–	–	–
Vote 12 - Energy Sources		–	–	–	–	–	–	–	–	–
12.1 - Electricity		–	–	–	–	–	–	–	–	–
12.2 - Street Lighting and Signal Systems		–	–	–	–	–	–	–	–	–
12.3 - Nonelectric Energy		–	–	–	–	–	–	–	–	–
12.4 -		–	–	–	–	–	–	–	–	–
12.5 -		–	–	–	–	–	–	–	–	–
12.6 -		–	–	–	–	–	–	–	–	–
12.7 -		–	–	–	–	–	–	–	–	–
12.8 -		–	–	–	–	–	–	–	–	–
12.9 -		–	–	–	–	–	–	–	–	–
12.10 -		–	–	–	–	–	–	–	–	–
Vote 13 - Water Management		330 588	561 019	500 958	978 265	609 185	609 185	792 378	832 540	874 871
13.1 - Water Treatment		–	600	1 425	18 237	64 744	64 744	–	–	–
13.2 - Water Distribution		275 588	494 547	432 723	883 944	438 174	438 174	660 510	742 978	779 441
13.3 - Water Storage		55 000	65 873	66 810	76 084	106 267	106 267	131 869	89 562	95 430
13.4 -		–	–	–	–	–	–	–	–	–
13.5 -		–	–	–	–	–	–	–	–	–
13.6 -		–	–	–	–	–	–	–	–	–
13.7 -		–	–	–	–	–	–	–	–	–
13.8 -		–	–	–	–	–	–	–	–	–
13.9 -		–	–	–	–	–	–	–	–	–
13.10 -		–	–	–	–	–	–	–	–	–
Vote 14 - Waste Water Management		93 028	104 894	108 792	142 297	178 662	178 662	108 623	114 054	119 757
14.1 - Public Toilets		–	–	–	–	–	–	–	–	–
14.2 - Sewerage		93 028	104 877	108 760	142 297	178 586	178 586	108 623	114 054	119 757
14.3 - Storm Water Management		–	–	–	–	–	–	–	–	–
14.4 - Waste Water Treatment		–	17	31	–	77	77	–	–	–
14.5 -		–	–	–	–	–	–	–	–	–
14.6 -		–	–	–	–	–	–	–	–	–
14.7 -		–	–	–	–	–	–	–	–	–
14.8 -		–	–	–	–	–	–	–	–	–
14.9 -		–	–	–	–	–	–	–	–	–
14.10 -		–	–	–	–	–	–	–	–	–

DC21 Ugu - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)A

Vote Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Vote 15 - Waste Management		–	–	–	–	–	–	–	–	–
15.1 - Recycling		–	–	–	–	–	–	–	–	–
15.2 - Solid Waste Disposal (Landfill Sites)		–	–	–	–	–	–	–	–	–
15.3 - Solid Waste Removal		–	–	–	–	–	–	–	–	–
15.4 - Street Cleaning		–	–	–	–	–	–	–	–	–
15.5 -		–	–	–	–	–	–	–	–	–
15.6 -		–	–	–	–	–	–	–	–	–
15.7 -		–	–	–	–	–	–	–	–	–
15.8 -		–	–	–	–	–	–	–	–	–
15.9 -		–	–	–	–	–	–	–	–	–
15.10 -		–	–	–	–	–	–	–	–	–
Total Revenue by Vote	2	1 195 899	1 330 574	1 312 236	1 488 503	1 389 047	1 389 047	1 520 128	1 607 712	1 703 995
Expenditure by Vote	1									
Vote 1 - Executive and Council		59 486	105 096	64 551	62 875	65 127	65 127	44 737	46 715	48 827
1.1 - Mayor and Council		14 002	15 199	15 726	12 166	16 241	16 241	20 514	21 346	22 247
1.2 - Municipal Manager, Town Secretary and Chief Executi		45 484	89 897	48 825	50 709	48 886	48 886	24 223	25 369	26 580
1.3 -		–	–	–	–	–	–	–	–	–
1.4 -		–	–	–	–	–	–	–	–	–
1.5 -		–	–	–	–	–	–	–	–	–
1.6 -		–	–	–	–	–	–	–	–	–
1.7 -		–	–	–	–	–	–	–	–	–
1.8 -		–	–	–	–	–	–	–	–	–
1.9 -		–	–	–	–	–	–	–	–	–
1.10 -		–	–	–	–	–	–	–	–	–
Vote 2 - Finance and Administration		344 630	348 657	279 496	487 524	488 311	488 311	585 987	517 682	518 108
2.1 - Administrative and Corporate Support		63 894	53 243	62 365	63 806	80 286	80 286	56 209	57 741	59 529
2.2 - Asset Management		58 653	93 231	23 626	21 070	32 553	32 553	35 375	36 360	37 507
2.3 - Finance		198 625	178 147	169 466	372 633	352 070	352 070	478 232	407 584	405 115
2.4 - Human Resources		10 498	6 872	7 262	9 380	8 172	8 172	8 133	7 889	7 726
2.5 - Information Technology		11 655	13 983	15 699	16 345	14 621	14 621	6 945	7 049	7 193
2.6 - Legal Services		1 200	469	850	850	300	300	850	825	808
2.7 - Property Services		–	–	–	–	–	–	–	–	–
2.8 - Supply Chain Management		105	2 711	227	3 439	309	309	243	236	231
2.9 - Valuation Service		–	–	–	–	–	–	–	–	–
2.10 - Risk Management		–	–	–	–	–	–	–	–	–
Vote 3 - Internal Audit		43 845	49 422	39 268	41 349	31 652	31 652	19 424	19 342	19 306
3.1 - Governance Function		68	50	2 756	430	682	682	500	485	475
3.2 - Fleet Management		43 777	49 372	36 511	40 919	30 970	30 970	18 924	18 857	18 831
3.3 -		–	–	–	–	–	–	–	–	–
3.4 -		–	–	–	–	–	–	–	–	–
3.5 -		–	–	–	–	–	–	–	–	–
3.6 -		–	–	–	–	–	–	–	–	–
3.7 -		–	–	–	–	–	–	–	–	–
3.8 -		–	–	–	–	–	–	–	–	–
3.9 -		–	–	–	–	–	–	–	–	–
3.10 -		–	–	–	–	–	–	–	–	–
Vote 4 - Community and Social Services		11 903	38 891	6 576	8 245	3 856	3 856	4 235	4 108	4 023
4.1 - Aged Care		114	159	1 602	20	–	–	20	19	19
4.2 - Agricultural		–	–	–	1 294	–	–	–	–	–
4.3 - Literacy Programmes		–	–	–	–	–	–	–	–	–
4.4 - Population Development		7 440	413	103	270	500	500	190	184	181
4.5 - Child Care Facilities		38	–	–	–	–	–	–	–	–
4.6 - Community Halls and Facilities		–	–	–	–	–	–	–	–	–
4.7 - Cemeteries, Funeral Parlours and Crematoriums		41	130	91	200	200	200	200	194	190
4.8 - Libraries and Archives		–	–	–	–	–	–	–	–	–
4.9 - Disaster Management		3 149	37 267	3 869	2 750	2 655	2 655	3 615	3 507	3 434
4.10 - Education		1 121	922	910	3 711	501	501	210	204	200
Vote 5 - Sport and Recreation		–	–	–	–	–	–	–	–	–
5.1 - Beaches and Jetties		–	–	–	–	–	–	–	–	–
5.2 - Casinos, Racing, Gambling, Wagering		–	–	–	–	–	–	–	–	–
5.3 - Community Parks (including Nurseries)		–	–	–	–	–	–	–	–	–
5.4 - Recreational Facilities		–	–	–	–	–	–	–	–	–
5.5 - Sports Grounds and Stadiums		–	–	–	–	–	–	–	–	–
5.6 -		–	–	–	–	–	–	–	–	–
5.7 -		–	–	–	–	–	–	–	–	–
5.8 -		–	–	–	–	–	–	–	–	–
5.9 -		–	–	–	–	–	–	–	–	–
5.10 -		–	–	–	–	–	–	–	–	–
Vote 6 - Public Safety		27 118	35 918	24 139	18 000	–	–	–	–	–
6.1 - Civil Defence		–	–	–	–	–	–	–	–	–
6.2 - Cleansing		1 061	–	–	–	–	–	–	–	–
6.3 - Control of Public Nuisances		–	–	–	–	–	–	–	–	–
6.4 - Fencing and Fences		–	–	–	–	–	–	–	–	–
6.5 - Fire Fighting and Protection		1 601	1 238	–	–	–	–	–	–	–
6.6 - Licensing and Control of Animals		–	–	–	–	–	–	–	–	–
6.7 - Police Forces, Traffic and Street Parking Control		–	–	–	–	–	–	–	–	–
6.8 - Pounds		–	–	–	–	–	–	–	–	–
6.9 - Air Transport		–	–	–	–	–	–	–	–	–
6.10 - Security Services		24 456	34 680	24 139	18 000	–	–	–	–	–

DC21 Ugu - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)A

Vote Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Vote 7 - Other		543	930	44	19 609	27	27	–	–	–
7.1 - Housing		–	–	–	–	–	–	–	–	–
7.2 - Informal Settlements		–	–	–	–	–	–	–	–	–
7.3 - Abattoirs		–	–	–	–	–	–	–	–	–
7.4 - Forestry		–	–	–	–	–	–	–	–	–
7.5 - Licensing and Regulation		–	–	–	–	–	–	–	–	–
7.6 - Markets		–	–	–	–	–	–	–	–	–
7.7 - Tourism		–	–	–	17 657	–	–	–	–	–
7,8 - Marketing, Customer Relations, Publicity and Media Co		543	930	44	1 952	27	27	–	–	–
7.9 -		–	–	–	–	–	–	–	–	–
7.10 -		–	–	–	–	–	–	–	–	–
Vote 8 - Health		953	32	79	350	320	320	200	194	190
8.1 - Ambulance		–	–	–	–	–	–	–	–	–
8.2 - Health Services		907	3	47	100	70	70	200	194	190
8.3 - Laboratory Services		44	29	32	250	250	250	–	–	–
8.4 - Food Control		2	–	–	–	–	–	–	–	–
8.5 - Health Surveillance and Prevention of Communicable I		–	–	–	–	–	–	–	–	–
8.6 - Vector Control		–	–	–	–	–	–	–	–	–
8.7 - Chemical Safety		–	–	–	–	–	–	–	–	–
8.8 -		–	–	–	–	–	–	–	–	–
8.9 -		–	–	–	–	–	–	–	–	–
8.10 -		–	–	–	–	–	–	–	–	–
Vote 9 - Planning and Development		45 764	144 694	40 841	57 624	45 267	45 267	41 237	42 142	43 267
9.1 - Billboards		–	–	–	–	–	–	–	–	–
9.2 - Corporate Wide Strategic Planning (IDPs, LEDs)		16 792	14 013	13 841	15 582	14 855	14 855	22 450	23 381	24 416
9.3 - Central City Improvement District		41	(3)	–	180	130	130	–	–	–
9.4 - Development Facilitation		15	–	–	130	30	30	–	–	–
9.5 - Economic Development/Planning		644	3 604	1 281	5 383	1 796	1 796	5 004	5 245	5 498
9.6 - Regional Planning and Development		27 921	117 981	24 375	21 651	28 327	28 327	10 074	9 772	9 571
9.7 - Town Planning, Building Regulations and Enforcement		344	9 099	1 343	14 698	129	129	3 708	3 745	3 783
9.8 - Project Management Unit		8	–	–	–	–	–	–	–	–
9.9 - Provincial Planning		–	–	–	–	–	–	–	–	–
9.10 - Support to Local Municipalities		–	–	–	–	–	–	–	–	–
Vote 10 - Road Transport		0	0	–	–	–	–	–	–	–
10.1 - Public Transport		–	–	–	–	–	–	–	–	–
10.2 - Road and Traffic Regulation		–	–	–	–	–	–	–	–	–
10.3 - Roads		0	0	–	–	–	–	–	–	–
10.4 - Taxi Ranks		–	–	–	–	–	–	–	–	–
10.5 -		–	–	–	–	–	–	–	–	–
10.6 -		–	–	–	–	–	–	–	–	–
10.7 -		–	–	–	–	–	–	–	–	–
10.8 -		–	–	–	–	–	–	–	–	–
10.9 -		–	–	–	–	–	–	–	–	–
10.10 -		–	–	–	–	–	–	–	–	–
Vote 11 - Environmental Protection		279	(38 057)	188	18 784	1 176	1 176	750	728	713
11.1 - Biodiversity and Landscape		91	(38 278)	–	17 755	193	193	–	–	–
11.2 - Coastal Protection		–	–	–	–	–	–	–	–	–
11.3 - Indigenous Forests		–	–	–	–	–	–	–	–	–
11.4 - Nature Conservation		–	–	–	–	–	–	–	–	–
11.5 - Pollution Control		188	221	188	1 029	983	983	750	728	713
11.6 - Soil Conservation		–	–	–	–	–	–	–	–	–
11.7 -		–	–	–	–	–	–	–	–	–
11.8 -		–	–	–	–	–	–	–	–	–
11.9 -		–	–	–	–	–	–	–	–	–
11.10 -		–	–	–	–	–	–	–	–	–
Vote 12 - Energy Sources		63 033	–	–	–	–	–	–	–	–
12.1 - Electricity		63 033	–	–	–	–	–	–	–	–
12.2 - Street Lighting and Signal Systems		–	–	–	–	–	–	–	–	–
12.3 - Nonelectric Energy		–	–	–	–	–	–	–	–	–
12.4 -		–	–	–	–	–	–	–	–	–
12.5 -		–	–	–	–	–	–	–	–	–
12.6 -		–	–	–	–	–	–	–	–	–
12.7 -		–	–	–	–	–	–	–	–	–
12.8 -		–	–	–	–	–	–	–	–	–
12.9 -		–	–	–	–	–	–	–	–	–
12.10 -		–	–	–	–	–	–	–	–	–
Vote 13 - Water Management		661 179	707 904	745 998	522 099	519 310	519 310	500 402	477 459	472 775
13.1 - Water Treatment		21 630	55 913	22 393	35 579	29 484	29 484	45 697	41 209	38 360
13.2 - Water Distribution		631 727	546 065	637 793	347 923	426 216	426 216	428 481	411 195	409 767
13.3 - Water Storage		7 822	105 925	85 812	138 597	63 611	63 611	26 224	25 056	24 648
13.4 -		–	–	–	–	–	–	–	–	–
13.5 -		–	–	–	–	–	–	–	–	–
13.6 -		–	–	–	–	–	–	–	–	–
13.7 -		–	–	–	–	–	–	–	–	–
13.8 -		–	–	–	–	–	–	–	–	–
13.9 -		–	–	–	–	–	–	–	–	–
13.10 -		–	–	–	–	–	–	–	–	–

DC21 Ugu - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)A

Vote Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Vote 14 - Waste Water Management		121 851	81 478	94 912	112 758	93 664	93 664	146 831	145 567	146 199
14.1 - Public Toilets		7 018	13 181	32 284	36 789	38 342	38 342	50 892	48 597	47 073
14.2 - Sewerage		74 053	34 654	24 540	44 724	16 268	16 268	78 902	79 954	82 006
14.3 - Storm Water Management		–	–	–	–	–	–	–	–	–
14.4 - Waste Water Treatment		40 780	33 643	38 089	31 244	39 053	39 053	17 036	17 016	17 120
14.5 -		–	–	–	–	–	–	–	–	–
14.6 -		–	–	–	–	–	–	–	–	–
14.7 -		–	–	–	–	–	–	–	–	–
14.8 -		–	–	–	–	–	–	–	–	–
14.9 -		–	–	–	–	–	–	–	–	–
14.10 -		–	–	–	–	–	–	–	–	–
Vote 15 - Waste Management		–	–	–	–	–	–	–	–	–
15.1 - Recycling		–	–	–	–	–	–	–	–	–
15.2 - Solid Waste Disposal (Landfill Sites)		–	–	–	–	–	–	–	–	–
15.3 - Solid Waste Removal		–	–	–	–	–	–	–	–	–
15.4 - Street Cleaning		–	–	–	–	–	–	–	–	–
15.5 -		–	–	–	–	–	–	–	–	–
15.6 -		–	–	–	–	–	–	–	–	–
15.7 -		–	–	–	–	–	–	–	–	–
15.8 -		–	–	–	–	–	–	–	–	–
15.9 -		–	–	–	–	–	–	–	–	–
15.10 -		–	–	–	–	–	–	–	–	–
Total Expenditure by Vote	2	1 380 583	1 474 964	1 296 092	1 349 217	1 248 710	1 248 710	1 343 805	1 253 936	1 253 408
Surplus/(Deficit) for the year	2	(184 684)	(144 390)	16 144	139 286	140 336	140 336	176 324	353 776	450 588

References

1. Insert 'Vote'; e.g. Department, if different to Functional structure

2. Must reconcile to Financial Performance ('Revenue and Expenditure by Functional Classification' and 'Revenue and Expenditure')

3. Assign share in 'associate' to relevant Vote

DC21 Ugu - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Revenue By Source											
Property rates	2	(209)	–	–	–	–	–	–	–	–	–
Service charges - electricity revenue	2	–	–	–	–	–	–	–	–	–	–
Service charges - water revenue	2	301 867	369 638	332 056	414 793	330 810	330 810	313 566	412 756	433 394	455 064
Service charges - sanitation revenue	2	93 028	104 894	108 796	87 084	119 167	119 167	95 951	108 623	114 054	119 757
Service charges - refuse revenue	2	–	–	–	–	–	–	–	–	–	–
Rental of facilities and equipment		2 205	2 070	2 504	3 500	4 468	4 468	1 377	4 722	4 958	5 206
Interest earned - external investments		7 235	10 259	6 483	12 540	6 263	6 263	6 838	7 821	8 212	8 623
Interest earned - outstanding debtors		33 374	7 261	43 564	–	35 463	35 463	41 976	37 768	39 656	41 639
Dividends received		–	–	–	–	–	–	–	–	–	–
Fines, penalties and forfeits		–	–	(4)	–	–	–	–	–	–	–
Licences and permits		52	17	23	–	–	–	–	–	–	–
Agency services		–	–	–	–	–	–	–	–	–	–
Transfers and subsidies		680 584	513 637	568 695	593 848	596 924	596 924	549 567	655 132	648 391	695 964
Other revenue	2	4 812	3 259	6 446	91 640	6 856	6 856	9 756	7 700	8 085	8 489
Gains		17 952	13 474	1 339	–	–	–	–	100	106	112
Total Revenue (excluding capital transfers and contributions)		1 140 899	1 024 509	1 069 901	1 203 406	1 099 951	1 099 951	1 019 031	1 234 623	1 256 858	1 334 855
Expenditure By Type											
Employee related costs	2	388 283	400 292	404 030	403 418	381 517	381 517	383 507	414 993	424 093	426 099
Remuneration of councillors		9 441	10 495	9 719	10 650	10 650	10 650	8 956	11 758	12 346	12 964
Debt impairment	3	19 166	103 375	48 127	95 011	93 240	93 240	23 667	154 905	73 500	77 175
Depreciation & asset impairment	2	261 277	221 793	219 780	220 272	223 565	223 565	187 464	317 000	332 850	349 493
Finance charges		10 667	17 564	17 688	12 644	20 296	20 296	18 864	13 892	13 476	13 198
Bulk purchases - electricity	2	251	–	–	–	–	–	–	–	–	–
Inventory consumed	8	144 417	152 749	166 135	146 117	149 998	149 998	132 326	153 492	138 887	127 817
Contracted services		206 755	191 032	213 275	158 502	159 805	159 805	151 019	111 587	94 841	83 649
Transfers and subsidies		162	44 098	17 914	20 070	20 070	20 070	9 191	21 650	22 733	23 870
Other expenditure	4, 5	286 786	259 592	191 504	262 330	182 569	182 569	188 101	144 526	141 210	139 143
Losses		53 379	73 974	7 922	20 204	7 000	7 000	0	–	–	–
Total Expenditure		1 380 583	1 474 964	1 296 092	1 349 217	1 248 710	1 248 710	1 103 095	1 343 805	1 253 936	1 253 408
Surplus/(Deficit)		(239 684)	(450 456)	(226 191)	(145 811)	(148 759)	(148 759)	(84 064)	(109 182)	2 921	81 447
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		55 000	306 065	242 335	285 098	289 096	289 096	251 147	285 505	350 855	369 141
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions)	6	–	–	–	–	–	–	–	–	–	–
Transfers and subsidies - capital (in-kind - all)		–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions		(184 684)	(144 390)	16 144	139 286	140 336	140 336	167 084	176 324	353 776	450 588
Taxation		–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after taxation		(184 684)	(144 390)	16 144	139 286	140 336	140 336	167 084	176 324	353 776	450 588
Attributable to minorities		–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) attributable to municipality		(184 684)	(144 390)	16 144	139 286	140 336	140 336	167 084	176 324	353 776	450 588
Share of surplus/ (deficit) of associate	7	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year		(184 684)	(144 390)	16 144	139 286	140 336	140 336	167 084	176 324	353 776	450 588

References

1. Classifications are revenue sources and expenditure type

2. Detail to be provided in Table SA1

3. Previously described as 'bad or doubtful debts' - amounts shown should reflect the change in the provision for debt impairment

4. Expenditure type components previously shown under repairs and maintenance should be allocated back to the originating expenditure group/item; e.g. employee costs

5. Repairs & maintenance detailed in Table A9 and Table SA34c

6. Contributions are funds provided by external organisations to assist with infrastructure development; e.g. developer contributions (detail to be provided in Table SA1)

7. Equity method (Includes Joint Ventures)

Vote Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Capital expenditure - Vote											
Multi-year expenditure *to be appropriated*	2										
Vote 1 - Executive and Council		–	–	–	–	–	–	–	–	–	–
Vote 2 - Finance and Administration		(1 530 352)	349 596	6 320 897	–	–	–	–	–	–	–
Vote 3 - Internal Audit		–	–	–	–	–	–	–	–	–	–
Vote 4 - Community and Social Services		–	–	–	–	–	–	–	–	–	–
Vote 5 - Sport and Recreation		–	–	–	–	–	–	–	–	–	–
Vote 6 - Public Safety		–	–	–	–	–	–	–	–	–	–
Vote 7 - Other		–	–	–	–	–	–	–	–	–	–
Vote 8 - Health		–	–	–	–	–	–	–	–	–	–
Vote 9 - Planning and Development		–	224	457	–	–	–	–	–	–	–
Vote 10 - Road Transport		–	–	–	–	–	–	–	–	–	–
Vote 11 - Environmental Protection		–	–	–	–	–	–	–	–	–	–
Vote 12 - Energy Sources		–	–	–	–	–	–	–	–	–	–
Vote 13 - Water Management		(478 405)	360 378	384 048	–	–	–	–	–	–	–
Vote 14 - Waste Water Management		1 844 185	1 869 088	1 976 300	–	–	–	–	–	–	–
Vote 15 - Waste Management		–	–	–	–	–	–	–	–	–	–
Capital multi-year expenditure sub-total	7	(164 571)	2 579 286	8 681 702	–	–	–	–	–	–	–
Single-year expenditure *to be appropriated*	2										
Vote 1 - Executive and Council		–	–	–	–	–	–	–	–	–	–
Vote 2 - Finance and Administration		–	–	–	36 450	30 610	30 610	20 242	24 983	–	–
Vote 3 - Internal Audit		–	–	–	–	–	–	–	–	–	–
Vote 4 - Community and Social Services		–	–	–	–	–	–	–	–	–	–
Vote 5 - Sport and Recreation		–	–	–	–	–	–	–	–	–	–
Vote 6 - Public Safety		–	–	–	–	–	–	–	–	–	–
Vote 7 - Other		–	–	–	140	–	–	(1)	–	–	–
Vote 8 - Health		–	–	–	–	–	–	–	–	–	–
Vote 9 - Planning and Development		–	–	–	–	–	–	–	–	–	–
Vote 10 - Road Transport		–	–	–	–	–	–	–	–	–	–
Vote 11 - Environmental Protection		–	–	–	–	–	–	–	–	–	–
Vote 12 - Energy Sources		–	–	–	–	–	–	–	–	–	–
Vote 13 - Water Management		–	–	–	212 593	170 781	170 781	133 526	194 135	199 117	209 072
Vote 14 - Waste Water Management		–	–	–	84 505	113 014	113 014	88 670	95 870	100 664	105 697
Vote 15 - Waste Management		–	–	–	–	–	–	–	–	–	–
Capital single-year expenditure sub-total		–	–	–	333 687	314 406	314 406	242 437	314 988	299 781	314 770
Total Capital Expenditure - Vote		(164 571)	2 579 286	8 681 702	333 687	314 406	314 406	242 437	314 988	299 781	314 770
Capital Expenditure - Functional											
Governance and administration		(1 530 352)	349 596	6 320 897	36 450	30 610	30 610	20 242	24 983	–	–
Executive and council		–	–	–	–	–	–	–	–	–	–
Finance and administration		(1 530 352)	349 596	6 320 897	36 450	30 610	30 610	20 242	24 983	–	–
Internal audit		–	–	–	–	–	–	–	–	–	–
Community and public safety		–	–	–	–	–	–	–	–	–	–
Community and social services		–	–	–	–	–	–	–	–	–	–
Sport and recreation		–	–	–	–	–	–	–	–	–	–
Public safety		–	–	–	–	–	–	–	–	–	–
Housing		–	–	–	–	–	–	–	–	–	–
Health		–	–	–	–	–	–	–	–	–	–
Economic and environmental services		–	224	457	–	–	–	–	–	–	–
Planning and development		–	224	457	–	–	–	–	–	–	–
Road transport		–	–	–	–	–	–	–	–	–	–
Environmental protection		–	–	–	–	–	–	–	–	–	–
Trading services		1 365 781	2 229 466	2 360 348	297 098	283 796	283 796	222 196	290 005	299 781	314 770
Energy sources		–	–	–	–	–	–	–	–	–	–
Water management		(478 405)	360 378	384 048	212 593	170 781	170 781	133 526	194 135	199 117	209 072
Waste water management		1 844 185	1 869 088	1 976 300	84 505	113 014	113 014	88 670	95 870	100 664	105 697
Waste management		–	–	–	–	–	–	–	–	–	–
Other		–	–	–	140	–	–	(1)	–	–	–
Total Capital Expenditure - Functional	3	(164 571)	2 579 286	8 681 702	333 687	314 406	314 406	242 437	314 988	299 781	314 770
Funded by:											
National Government		(504 860)	386 593	425 221	295 098	258 916	258 916	218 880	285 505	299 781	314 770
Provincial Government		–	12 174	12 174	–	6 400	6 400	2 830	–	–	–
District Municipality		–	–	–	–	–	–	–	–	–	–
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions)		–	–	–	–	–	–	–	–	–	–
Transfers recognised - capital	4	(504 860)	398 766	437 395	295 098	265 316	265 316	221 710	285 505	299 781	314 770
Borrowing	6	–	–	–	–	–	–	–	–	–	–
Internally generated funds		10 647	8 164 167	8 244 307	38 450	49 089	49 089	20 728	29 483	–	–
Total Capital Funding	7	(494 213)	8 562 934	8 681 702	333 548	314 406	314 406	242 438	314 988	299 781	314 770

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. Note that capital transfers are only appropriated to municipalities for the budget year

3. Capital expenditure by functional classification must reconcile to the appropriations by vote

4. Must reconcile to supporting table SA20 and to Budgeted Financial Performance (revenue and expenditure)

6. Include finance leases and PPP capital funding component of unitary payment - total borrowing/repayments to reconcile to changes in Table SA17

7. Total Capital Funding must balance with Total Capital Expenditure

8. Include any capitalised interest (MFMA section 46) as part of relevant capital budget

DC21 Ugu - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding

Vote Description	Ref	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
R thousand	1	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Capital expenditure - Municipal Vote								
Multi-year expenditure appropriation	2							
Vote 1 - Executive and Council		–	–	–	–	–	–	–
1.1 - Mayor and Council		–	–	–	–	–	–	–
1.2 - Municipal Manager, Town Secretary and Chief Exec		–	–	–	–	–	–	–
1.3 -		–	–	–	–	–	–	–
1.4 -		–	–	–	–	–	–	–
1.5 -		–	–	–	–	–	–	–
1.6 -		–	–	–	–	–	–	–
1.7 -		–	–	–	–	–	–	–
1.8 -		–	–	–	–	–	–	–
1.9 -		–	–	–	–	–	–	–
1.10 -		–	–	–	–	–	–	–
Vote 2 - Finance and Administration		–	–	–	–	–	–	–
2.1 - Administrative and Corporate Support		–	–	–	–	–	–	–
2.2 - Asset Management		–	–	–	–	–	–	–
2.3 - Finance		–	–	–	–	–	–	–
2.4 - Human Resources		–	–	–	–	–	–	–
2.5 - Information Technology		–	–	–	–	–	–	–
2.6 - Legal Services		–	–	–	–	–	–	–
2.7 - Property Services		–	–	–	–	–	–	–
2.8 - Supply Chain Management		–	–	–	–	–	–	–
2.9 - Valuation Service		–	–	–	–	–	–	–
2.10 - Risk Management		–	–	–	–	–	–	–
Vote 3 - Internal Audit		–	–	–	–	–	–	–
3.1 - Governance Function		–	–	–	–	–	–	–
3.2 - Fleet Management		–	–	–	–	–	–	–
3.3 -		–	–	–	–	–	–	–
3.4 -		–	–	–	–	–	–	–
3.5 -		–	–	–	–	–	–	–
3.6 -		–	–	–	–	–	–	–
3.7 -		–	–	–	–	–	–	–
3.8 -		–	–	–	–	–	–	–
3.9 -		–	–	–	–	–	–	–
3.10 -		–	–	–	–	–	–	–
Vote 4 - Community and Social Services		–	–	–	–	–	–	–
4.1 - Aged Care		–	–	–	–	–	–	–
4.2 - Agricultural		–	–	–	–	–	–	–
4.3 - Literacy Programmes		–	–	–	–	–	–	–
4.4 - Population Development		–	–	–	–	–	–	–
4.5 - Child Care Facilities		–	–	–	–	–	–	–
4.6 - Community Halls and Facilities		–	–	–	–	–	–	–
4.7 - Cemeteries, Funeral Parlours and Crematoriums		–	–	–	–	–	–	–
4.8 - Libraries and Archives		–	–	–	–	–	–	–
4.9 - Disaster Management		–	–	–	–	–	–	–
4.10 - Education		–	–	–	–	–	–	–
Vote 5 - Sport and Recreation		–	–	–	–	–	–	–
5.1 - Beaches and Jetties		–	–	–	–	–	–	–
5.2 - Casinos, Racing, Gambling, Wagering		–	–	–	–	–	–	–
5.3 - Community Parks (including Nurseries)		–	–	–	–	–	–	–
5.4 - Recreational Facilities		–	–	–	–	–	–	–
5.5 - Sports Grounds and Stadiums		–	–	–	–	–	–	–
5.6 -		–	–	–	–	–	–	–
5.7 -		–	–	–	–	–	–	–
5.8 -		–	–	–	–	–	–	–
5.9 -		–	–	–	–	–	–	–
5.10 -		–	–	–	–	–	–	–
Vote 6 - Public Safety		–	–	–	–	–	–	–
6.1 - Civil Defence		–	–	–	–	–	–	–
6.2 - Cleansing		–	–	–	–	–	–	–
6.3 - Control of Public Nuisances		–	–	–	–	–	–	–
6.4 - Fencing and Fences		–	–	–	–	–	–	–
6.5 - Fire Fighting and Protection		–	–	–	–	–	–	–
6.6 - Licensing and Control of Animals		–	–	–	–	–	–	–
6.7 - Police Forces, Traffic and Street Parking Control		–	–	–	–	–	–	–
6.8 - Pounds		–	–	–	–	–	–	–
6.9 - Air Transport		–	–	–	–	–	–	–
6.10 - Security Services		–	–	–	–	–	–	–
Vote 7 - Other		–	–	–	–	–	–	–
7.1 - Housing		–	–	–	–	–	–	–
7.2 - Informal Settlements		–	–	–	–	–	–	–
7.3 - Abattoirs		–	–	–	–	–	–	–
7.4 - Forestry		–	–	–	–	–	–	–
7.5 - Licensing and Regulation		–	–	–	–	–	–	–
7.6 - Markets		–	–	–	–	–	–	–
7.7 - Tourism		–	–	–	–	–	–	–
7,8 - Marketing, Customer Relations, Publicity and Media		–	–	–	–	–	–	–
7.9 -		–	–	–	–	–	–	–
7.10 -		–	–	–	–	–	–	–

Vote 8 - Health		–	–	–	–	–	–	–
8.1 - Ambulance		–	–	–	–	–	–	–
8.2 - Health Services		–	–	–	–	–	–	–
8.3 - Laboratory Services		–	–	–	–	–	–	–
8.4 - Food Control		–	–	–	–	–	–	–
8.5 - Health Surveillance and Prevention of Communicab		–	–	–	–	–	–	–
8.6 - Vector Control		–	–	–	–	–	–	–
8.7 - Chemical Safety		–	–	–	–	–	–	–
8.8 -		–	–	–	–	–	–	–
8.9 -		–	–	–	–	–	–	–
8.10 -		–	–	–	–	–	–	–
Vote 9 - Planning and Development		–	–	–	–	–	–	–
9.1 - Billboards		–	–	–	–	–	–	–
9.2 - Corporate Wide Strategic Planning (IDPs, LEDs)		–	–	–	–	–	–	–
9.3 - Central City Improvement District		–	–	–	–	–	–	–
9.4 - Development Facilitation		–	–	–	–	–	–	–
9.5 - Economic Development/Planning		–	–	–	–	–	–	–
9.6 - Regional Planning and Development		–	–	–	–	–	–	–
9.7 - Town Planning, Building Regulations and Enforcem		–	–	–	–	–	–	–
9.8 - Project Management Unit		–	–	–	–	–	–	–
9.9 - Provincial Planning		–	–	–	–	–	–	–
9.10 - Support to Local Municipalities		–	–	–	–	–	–	–
Vote 10 - Road Transport		–	–	–	–	–	–	–
10.1 - Public Transport		–	–	–	–	–	–	–
10.2 - Road and Traffic Regulation		–	–	–	–	–	–	–
10.3 - Roads		–	–	–	–	–	–	–
10.4 - Taxi Ranks		–	–	–	–	–	–	–
10.5 -		–	–	–	–	–	–	–
10.6 -		–	–	–	–	–	–	–
10.7 -		–	–	–	–	–	–	–
10.8 -		–	–	–	–	–	–	–
10.9 -		–	–	–	–	–	–	–
10.10 -		–	–	–	–	–	–	–
Vote 11 - Environmental Protection		–	–	–	–	–	–	–
11.1 - Biodiversity and Landscape		–	–	–	–	–	–	–
11.2 - Coastal Protection		–	–	–	–	–	–	–
11.3 - Indigenous Forests		–	–	–	–	–	–	–
11.4 - Nature Conservation		–	–	–	–	–	–	–
11.5 - Pollution Control		–	–	–	–	–	–	–
11.6 - Soil Conservation		–	–	–	–	–	–	–
11.7 -		–	–	–	–	–	–	–
11.8 -		–	–	–	–	–	–	–
11.9 -		–	–	–	–	–	–	–
11.10 -		–	–	–	–	–	–	–
Vote 12 - Energy Sources		–	–	–	–	–	–	–
12.1 - Electricity		–	–	–	–	–	–	–
12.2 - Street Lighting and Signal Systems		–	–	–	–	–	–	–
12.3 - Nonelectric Energy		–	–	–	–	–	–	–
12.4 -		–	–	–	–	–	–	–
12.5 -		–	–	–	–	–	–	–
12.6 -		–	–	–	–	–	–	–
12.7 -		–	–	–	–	–	–	–
12.8 -		–	–	–	–	–	–	–
12.9 -		–	–	–	–	–	–	–
12.10 -		–	–	–	–	–	–	–
Vote 13 - Water Management		–	–	–	–	–	–	–
13.1 - Water Treatment		–	–	–	–	–	–	–
13.2 - Water Distribution		–	–	–	–	–	–	–
13.3 - Water Storage		–	–	–	–	–	–	–
13.4 -		–	–	–	–	–	–	–
13.5 -		–	–	–	–	–	–	–
13.6 -		–	–	–	–	–	–	–
13.7 -		–	–	–	–	–	–	–
13.8 -		–	–	–	–	–	–	–
13.9 -		–	–	–	–	–	–	–
13.10 -		–	–	–	–	–	–	–
Vote 14 - Waste Water Management		–	–	–	–	–	–	–
14.1 - Public Toilets		–	–	–	–	–	–	–
14.2 - Sewerage		–	–	–	–	–	–	–
14.3 - Storm Water Management		–	–	–	–	–	–	–
14.4 - Waste Water Treatment		–	–	–	–	–	–	–
14.5 -		–	–	–	–	–	–	–
14.6 -		–	–	–	–	–	–	–
14.7 -		–	–	–	–	–	–	–
14.8 -		–	–	–	–	–	–	–
14.9 -		–	–	–	–	–	–	–
14.10 -		–	–	–	–	–	–	–
Vote 15 - Waste Management		–	–	–	–	–	–	–
15.1 - Recycling		–	–	–	–	–	–	–
15.2 - Solid Waste Disposal (Landfill Sites)		–	–	–	–	–	–	–
15.3 - Solid Waste Removal		–	–	–	–	–	–	–
15.4 - Street Cleaning		–	–	–	–	–	–	–
15.5 -		–	–	–	–	–	–	–
15.6 -		–	–	–	–	–	–	–
15.7 -		–	–	–	–	–	–	–
15.8 -		–	–	–	–	–	–	–
15.9 -		–	–	–	–	–	–	–
15.10 -		–	–	–	–	–	–	–
Capital multi-year expenditure sub-total		–	–	–	–	–	–	–

Capital expenditure - Municipal Vote Single-year expenditure appropriation	2							
Vote 1 - Executive and Council		–	–	–	–	–	–	–
1.1 - Mayor and Council		–	–	–	–	–	–	–
1.2 - Municipal Manager, Town Secretary and Chief E		–	–	–	–	–	–	–
1.3 -		–	–	–	–	–	–	–
1.4 -		–	–	–	–	–	–	–
1.5 -		–	–	–	–	–	–	–
1.6 -		–	–	–	–	–	–	–
1.7 -		–	–	–	–	–	–	–
1.8 -		–	–	–	–	–	–	–
1.9 -		–	–	–	–	–	–	–
1.10 -		–	–	–	–	–	–	–
Vote 2 - Finance and Administration		36 450	30 610	30 610	20 242	24 983	–	–
2.1 - Administrative and Corporate Support		32 850	29 110	29 110	12 547	23 283	–	–
2.2 - Asset Management		–	–	–	12	–	–	–
2.3 - Finance		1 300	(700)	(700)	14 633	–	–	–
2.4 - Human Resources		–	–	–	–	–	–	–
2.5 - Information Technology		2 300	2 200	2 200	(6 950)	1 700	–	–
2.6 - Legal Services		–	–	–	–	–	–	–
2.7 - Property Services		–	–	–	–	–	–	–
2.8 - Supply Chain Management		–	–	–	–	–	–	–
2.9 - Valuation Service		–	–	–	–	–	–	–
2.10 - Risk Management		–	–	–	–	–	–	–
Vote 3 - Internal Audit		–	–	–	–	–	–	–
3.1 - Governance Function		–	–	–	–	–	–	–
3.2 - Fleet Management		–	–	–	–	–	–	–
3.3 -		–	–	–	–	–	–	–
3.4 -		–	–	–	–	–	–	–
3.5 -		–	–	–	–	–	–	–
3.6 -		–	–	–	–	–	–	–
3.7 -		–	–	–	–	–	–	–
3.8 -		–	–	–	–	–	–	–
3.9 -		–	–	–	–	–	–	–
3.10 -		–	–	–	–	–	–	–
Vote 4 - Community and Social Services		–	–	–	–	–	–	–
4.1 - Aged Care		–	–	–	–	–	–	–
4.2 - Agricultural		–	–	–	–	–	–	–
4.3 - Literacy Programmes		–	–	–	–	–	–	–
4.4 - Population Development		–	–	–	–	–	–	–
4.5 - Child Care Facilities		–	–	–	–	–	–	–
4.6 - Community Halls and Facilities		–	–	–	–	–	–	–
4.7 - Cemeteries, Funeral Parlours and Crematoriums		–	–	–	–	–	–	–
4.8 - Libraries and Archives		–	–	–	–	–	–	–
4.9 - Disaster Management		–	–	–	–	–	–	–
4.10 - Education		–	–	–	–	–	–	–
Vote 5 - Sport and Recreation		–	–	–	–	–	–	–
5.1 - Beaches and Jetties		–	–	–	–	–	–	–
5.2 - Casinos, Racing, Gambling, Wagering		–	–	–	–	–	–	–
5.3 - Community Parks (including Nurseries)		–	–	–	–	–	–	–
5.4 - Recreational Facilities		–	–	–	–	–	–	–
5.5 - Sports Grounds and Stadiums		–	–	–	–	–	–	–
5.6 -		–	–	–	–	–	–	–
5.7 -		–	–	–	–	–	–	–
5.8 -		–	–	–	–	–	–	–
5.9 -		–	–	–	–	–	–	–
5.10 -		–	–	–	–	–	–	–
Vote 6 - Public Safety		–	–	–	–	–	–	–
6.1 - Civil Defence		–	–	–	–	–	–	–
6.2 - Cleansing		–	–	–	–	–	–	–
6.3 - Control of Public Nuisances		–	–	–	–	–	–	–
6.4 - Fencing and Fences		–	–	–	–	–	–	–
6.5 - Fire Fighting and Protection		–	–	–	–	–	–	–
6.6 - Licensing and Control of Animals		–	–	–	–	–	–	–
6.7 - Police Forces, Traffic and Street Parking Contro		–	–	–	–	–	–	–
6.8 - Pounds		–	–	–	–	–	–	–
6.9 - Air Transport		–	–	–	–	–	–	–
6.10 - Security Services		–	–	–	–	–	–	–
Vote 7 - Other		140	–	–	(1)	–	–	–
7.1 - Housing		–	–	–	–	–	–	–
7.2 - Informal Settlements		–	–	–	–	–	–	–
7.3 - Abattoirs		–	–	–	–	–	–	–
7.4 - Forestry		–	–	–	–	–	–	–
7.5 - Licensing and Regulation		–	–	–	–	–	–	–
7.6 - Markets		–	–	–	–	–	–	–
7.7 - Tourism		140	–	–	(1)	–	–	–
7,8 - Marketing, Customer Relations, Publicity and Me		–	–	–	–	–	–	–
7.9 -		–	–	–	–	–	–	–
7.10 -		–	–	–	–	–	–	–
Vote 8 - Health		–	–	–	–	–	–	–
8.1 - Ambulance		–	–	–	–	–	–	–
8.2 - Health Services		–	–	–	–	–	–	–
8.3 - Laboratory Services		–	–	–	–	–	–	–
8.4 - Food Control		–	–	–	–	–	–	–
8.5 - Health Surveillance and Prevention of Communi		–	–	–	–	–	–	–
8.6 - Vector Control		–	–	–	–	–	–	–
8.7 - Chemical Safety		–	–	–	–	–	–	–
8.8 -		–	–	–	–	–	–	–
8.9 -		–	–	–	–	–	–	–
8.10 -		–	–	–	–	–	–	–

Vote 9 - Planning and Development		–	–	–	–	–	–	–
9.1 - Billboards		–	–	–	–	–	–	–
9.2 - Corporate Wide Strategic Planning (IDPs, LEDs)		–	–	–	–	–	–	–
9.3 - Central City Improvement District		–	–	–	–	–	–	–
9.4 - Development Facilitation		–	–	–	–	–	–	–
9.5 - Economic Development/Planning		–	–	–	–	–	–	–
9.6 - Regional Planning and Development		–	–	–	–	–	–	–
9.7 - Town Planning, Building Regulations and Enforc		–	–	–	–	–	–	–
9.8 - Project Management Unit		–	–	–	–	–	–	–
9.9 - Provincial Planning		–	–	–	–	–	–	–
9.10 - Support to Local Municipalities		–	–	–	–	–	–	–
Vote 10 - Road Transport		–	–	–	–	–	–	–
10.1 - Public Transport		–	–	–	–	–	–	–
10.2 - Road and Traffic Regulation		–	–	–	–	–	–	–
10.3 - Roads		–	–	–	–	–	–	–
10.4 - Taxi Ranks		–	–	–	–	–	–	–
10.5 -		–	–	–	–	–	–	–
10.6 -		–	–	–	–	–	–	–
10.7 -		–	–	–	–	–	–	–
10.8 -		–	–	–	–	–	–	–
10.9 -		–	–	–	–	–	–	–
10.10 -		–	–	–	–	–	–	–
Vote 11 - Environmental Protection		–	–	–	–	–	–	–
11.1 - Biodiversity and Landscape		–	–	–	–	–	–	–
11.2 - Coastal Protection		–	–	–	–	–	–	–
11.3 - Indigenous Forests		–	–	–	–	–	–	–
11.4 - Nature Conservation		–	–	–	–	–	–	–
11.5 - Pollution Control		–	–	–	–	–	–	–
11.6 - Soil Conservation		–	–	–	–	–	–	–
11.7 -		–	–	–	–	–	–	–
11.8 -		–	–	–	–	–	–	–
11.9 -		–	–	–	–	–	–	–
11.10 -		–	–	–	–	–	–	–
Vote 12 - Energy Sources		–	–	–	–	–	–	–
12.1 - Electricity		–	–	–	–	–	–	–
12.2 - Street Lighting and Signal Systems		–	–	–	–	–	–	–
12.3 - Nonelectric Energy		–	–	–	–	–	–	–
12.4 -		–	–	–	–	–	–	–
12.5 -		–	–	–	–	–	–	–
12.6 -		–	–	–	–	–	–	–
12.7 -		–	–	–	–	–	–	–
12.8 -		–	–	–	–	–	–	–
12.9 -		–	–	–	–	–	–	–
12.10 -		–	–	–	–	–	–	–
Vote 13 - Water Management		212 593	170 781	170 781	133 526	194 135	199 117	209 072
13.1 - Water Treatment		53 794	55 349	55 349	35 995	156 135	160 792	168 831
13.2 - Water Distribution		112 177	62 242	62 242	72 144	17 500	16 800	17 640
13.3 - Water Storage		46 623	53 190	53 190	25 387	20 500	21 525	22 601
13.4 -		–	–	–	–	–	–	–
13.5 -		–	–	–	–	–	–	–
13.6 -		–	–	–	–	–	–	–
13.7 -		–	–	–	–	–	–	–
13.8 -		–	–	–	–	–	–	–
13.9 -		–	–	–	–	–	–	–
13.10 -		–	–	–	–	–	–	–
Vote 14 - Waste Water Management		84 505	113 014	113 014	88 670	95 870	100 664	105 697
14.1 - Public Toilets		–	–	–	–	–	–	–
14.2 - Sewerage		82 505	108 014	108 014	87 893	89 186	93 645	98 328
14.3 - Storm Water Management		–	–	–	–	–	–	–
14.4 - Waste Water Treatment		2 000	5 000	5 000	777	6 684	7 019	7 370
14.5 -		–	–	–	–	–	–	–
14.6 -		–	–	–	–	–	–	–
14.7 -		–	–	–	–	–	–	–
14.8 -		–	–	–	–	–	–	–
14.9 -		–	–	–	–	–	–	–
14.10 -		–	–	–	–	–	–	–
Vote 15 - Waste Management		–	–	–	–	–	–	–
15.1 - Recycling		–	–	–	–	–	–	–
15.2 - Solid Waste Disposal (Landfill Sites)		–	–	–	–	–	–	–
15.3 - Solid Waste Removal		–	–	–	–	–	–	–
15.4 - Street Cleaning		–	–	–	–	–	–	–
15.5 -		–	–	–	–	–	–	–
15.6 -		–	–	–	–	–	–	–
15.7 -		–	–	–	–	–	–	–
15.8 -		–	–	–	–	–	–	–
15.9 -		–	–	–	–	–	–	–
15.10 -		–	–	–	–	–	–	–
Capital single-year expenditure sub-total		333 687	314 406	314 406	242 437	314 988	299 781	314 770
Total Capital Expenditure		333 687	314 406	314 406	242 437	314 988	299 781	314 770

DC21 Ugu - Table A6 Budgeted Financial Position

Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
ASSETS											
Current assets											
Cash		(37 921)	3 814	2 251	301 471	(93 424)	(93 424)	(2 603)	69 285	72 460	78 816
Call investment deposits	1	24 718	78 579	76 172	–	–	–	131 784	–	–	–
Consumer debtors	1	(200 986)	317 978	431 899	342 843	454 894	454 894	531 013	342 873	320 237	291 785
Other debtors		253 903	(11 626)	(1 147)	51 512	133 161	133 161	56 740	77 458	81 331	85 397
Current portion of long-term receivables		70	3 197	3 091	12 502	8 504	8 504	3 261	8 504	8 929	9 375
Inventory	2	3 093	7 784	10 084	12 939	12 688	12 688	20 759	15 423	54 547	91 454
Total current assets		42 876	399 726	522 350	721 268	515 823	515 823	740 953	513 543	537 504	556 828
Non current assets											
Long-term receivables		20 795	6 366	6 356	2 272	2 272	2 272	635	2 272	2 385	2 505
Investments		–	0	0	–	–	–	(24)	–	–	–
Investment property		–	32 867	34 206	43 216	33 206	33 206	34 206	22 610	23 899	25 261
Investment in Associate		–	–	–	–	–	–	–	–	–	–
Property, plant and equipment	3	(264 690)	3 642 652	3 567 685	3 431 726	3 708 016	3 708 016	3 746 046	3 702 801	3 856 984	4 049 833
Biological		–	–	–	–	–	–	–	–	–	–
Intangible		(3 171)	7 322	4 830	6 357	3 807	3 807	4 356	3 438	3 610	3 790
Other non-current assets		–	0	0	–	–	–	0	–	–	–
Total non current assets		(247 066)	3 689 208	3 613 077	3 483 571	3 747 301	3 747 301	3 785 219	3 731 120	3 886 878	4 081 389
TOTAL ASSETS		(204 190)	4 088 934	4 135 427	4 204 839	4 263 124	4 263 124	4 526 172	4 244 664	4 424 382	4 638 217
LIABILITIES											
Current liabilities											
Bank overdraft	1	–	–	–	–	–	–	–	–	–	–
Borrowing	4	1 727	7 986	9 853	14 508	–	–	8 529	10 925	11 472	12 045
Consumer deposits		579	21 752	21 888	–	21 888	21 888	21 924	21 888	22 982	24 132
Trade and other payables	4	203 346	665 538	704 496	325 965	297 698	297 698	691 975	263 218	237 404	220 477
Provisions		1 958	63 453	67 634	35 191	44 192	44 192	70 308	44 192	46 402	48 722
Total current liabilities		207 609	758 729	803 870	375 664	363 778	363 778	792 736	340 224	318 260	305 376
Non current liabilities											
Borrowing		(6 504)	53 512	45 979	40 176	28 595	28 595	37 201	282 616	220 540	158 536
Provisions		2 745	18 923	27 215	37 181	42 517	42 517	36 242	24 357	25 575	26 853
Total non current liabilities		(3 759)	72 436	73 194	77 357	71 112	71 112	73 443	306 973	246 115	185 390
TOTAL LIABILITIES		203 850	831 165	877 065	453 020	434 890	434 890	866 179	647 197	564 375	490 765
NET ASSETS	5	(408 040)	3 257 768	3 258 363	3 751 819	3 828 234	3 828 234	3 659 993	3 597 467	3 860 007	4 147 451
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		(223 385)	3 402 047	3 242 053	3 612 533	3 688 705	3 688 705	3 829 045	3 597 467	3 821 655	4 073 001
Reserves	4	–	–	0	–	–	–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	5	(223 385)	3 402 047	3 242 053	3 612 533	3 688 705	3 688 705	3 829 045	3 597 467	3 821 655	4 073 001

References

1. Detail to be provided in Table SA3

2. Include completed low cost housing to be transferred to beneficiaries within 12 months

3. Include 'Construction-work-in-progress' (disclosed separately in annual financial statements)

4. Detail to be provided in Table SA3. Includes reserves to be funded by statute.

5. Net assets must balance with Total Community Wealth/Equity

DC21 Ugu - Table A7 Budgeted Cash Flows

Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		–	–	–	–	–	–	–	–	–	–
Service charges		(11 751)	762	–	377 883	335 233	335 233	276 071	388 426	413 676	440 585
Other revenue		–	–	–	87 507	–	–	151 135	133 631	142 247	151 418
Transfers and Subsidies - Operational	1	11 233	64 605	37 504	580 672	576 900	576 900	536 597	675 600	686 020	738 115
Transfers and Subsidies - Capital	1	–	–	4 980	355 058	302 720	302 720	349 574	285 500	301 281	317 735
Interest		–	–	–	12 462	6 263	6 263	4 946	35 965	37 763	39 651
Dividends		–	–	–	–	–	–	–	–	–	–
Payments											
Suppliers and employees		22 649	15 724	15 582	(632 120)	(1 181 305)	(1 181 305)	(1 282 238)	(992 701)	(947 248)	(819 765)
Finance charges		–	–	–	(12 458)	(12 458)	(12 458)	(13 883)	(13 882)	(14 587)	(15 316)
Transfers and Grants	1	–	–	–	(20 976)	(20 976)	(20 976)	(11 599)	(21 950)	(22 733)	(23 539)
NET CASH FROM/(USED) OPERATING ACTIVITIES		22 132	81 091	58 077	378 964	7 283	7 283	8 285	489 790	596 418	728 783
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		–	–	–	–	–	–	–	–	–	–
Decrease (increase) in non-current receivables		(636)	(4 308)	10	4 084	–	–	(70)	–	(114)	(119)
Decrease (increase) in non-current investments		–	89	–	6	–	–	(24)	–	–	–
Payments											
Capital assets		–	–	–	(353 548)	(343 636)	(343 636)	(237 276)	(314 988)	(330 737)	(347 274)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(636)	(4 399)	10	(349 463)	(343 636)	(343 636)	(237 371)	(314 988)	(330 851)	(347 393)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		–	–	–	–	–	–	–	–	–	–
Borrowing long term/refinancing		–	–	–	–	–	–	–	–	–	–
Increase (decrease) in consumer deposits		–	–	–	–	–	–	–	–	–	–
Payments											
Repayment of borrowing		–	–	–	–	(10 925)	(10 925)	–	–	–	–
NET CASH FROM/(USED) FINANCING ACTIVITIES		–	–	–	–	(10 925)	(10 925)	–	–	–	–
NET INCREASE/ (DECREASE) IN CASH HELD		21 195	76 785	58 087	29 501	(347 281)	(347 281)	(229 086)	175 808	265 567	381 139
Cash/cash equivalents at the year beginn	2	(23 927)	(673)	657	80 624	79 481	79 481	35	79 481	255 289	520 856
Cash/cash equivalents at the year end	2	(2 732)	76 113	57 129	109 524	(267 799)	(267 799)	(229 051)	255 289	520 856	901 995

2018/19	2019/20	2020/21	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
–	–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–	–
–	–	11 323	5 450	–	–	4 911	–	–	–
–	–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–	–
–	–	–	1 495	(2 227)	(2 227)	–	–	–	–
–	–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–	–
–	–	11 323	6 945	(2 227)	(2 227)	4 911	–	–	–
–	–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–	–
–	–	11 323	6 945	(2 227)	(2 227)	4 911	–	–	–
–	–	–	–	–	–	–	–	–	–
–	–	11 323	6 945	(2 227)	(2 227)	4 911	–	–	–

References

1. Local/District municipalities to include transfers from/to District/Local Municipalities

2. Cash equivalents includes investments with maturities of 3 months or less

3. The MTREF is consolidated directly from SA30.

Total receipts	(1 454)	61 662	42 494	1 347 686	1 221 116	1 221 116	1 316 240	1 519 129	1 580 872	1 687 385	–	–	11 323	5 450	–	–	4 911	–	–	–
Total payments	22 649	15 724	15 582	(1 268 180)	(1 557 471)	(1 557 471)	(1 545 302)	(1 343 321)	(1 329 305)	(1 306 226)	–	–	–	1 495	(2 227)	(2 227)	–	–	–	–
	21 195	76 786	58 087	49 501	(336 355)	(336 355)	(229 061)	175 808	265 567	381 139	–	–	11 323	6 945	(2 227)	(2 227)	4 911	–	–	–
Borrowings & investments & c/ deposits	–	(0)	–	0	–	–	(24)	–	–	–	–	–	–	–	–	–	–	–	–	–
Repayment of borrowing	–	–	–	–	(10 925)	(10 925)	–	–	–	–	–	–	–	–	–	–	–	–	–	–
	21 195	76 785	58 087	49 501	(347 281)	(347 281)	(229 086)	175 808	265 567	381 139	–	–	11 323	6 945	(2 227)	(2 227)	4 911	–	–	–
	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
				(171 946)	(174 375)	(174 375)	(226 458)	186 004	448 396	823 179										

DC21 Ugu - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework			
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25	
Cash and investments available												
Cash/cash equivalents at the year end	1	(2 732)	75 813	57 129	129 525	(267 799)	(267 799)	(229 061)	255 289	520 856	901 995	
Other current investments > 90 days		(10 472)	6 579	21 294	171 946	174 375	174 375	358 242	(186 004)	(448 396)	(823 179)	
Non current assets - Investments	1	–	0	0	–	–	–	(24)	–	–	–	
Cash and investments available:		(13 203)	82 393	78 423	301 471	(93 424)	(93 424)	129 156	69 285	72 460	78 816	
Application of cash and investments												
Unspent conditional transfers		21 237	6 614	5 735	–	–	–	783 424	–	–	–	
Unspent borrowing		15	6 571	7 630	18	–	–		–	–	–	
Statutory requirements	2	–	–	–	–	239 226	239 226	(33 395)	77 458	81 331	85 397	1003
Other working capital requirements	3	145 883	558 439	571 937	16 798	(100 623)	(100 623)	(672 255)	(122 778)	(136 781)	(136 209)	
Other provisions		–	–	–	–	(44 192)	(44 192)	(74 451)	(44 192)	(46 402)	(48 722)	1005
Long term investments committed	4	–	–	–	–	–	–	–	–	–	–	
Reserves to be backed by cash/investments	5	–	–	–	–	–	–	10	–	–	–	1007
Total Application of cash and investments:		167 135	571 625	585 301	16 816	94 411	94 411	3 334	(89 512)	(101 852)	(99 533)	
Surplus(shortfall)		(180 338)	(489 232)	(506 878)	284 655	(187 835)	(187 835)	125 822	158 797	174 312	178 350	

References

1. Must reconcile with Budgeted Cash Flows

2. For example: VAT, taxation

3. Council approval for policy required - include sufficient working capital (e.g. allowing for a % of current debtors > 90 days as uncollectable)

4. For example: sinking fund requirements for borrowing

5. Council approval required for each reserve created and basis of cash backing of reserves

Other working capital requirements										
Debtors	(1 991)	489	–	309 167	398 373	398 373	540 795	385 996	374 185	356 686
Creditors due	143 892	558 928	571 937	325 965	297 750	297 750	(131 460)	263 218	237 404	220 477
Total	(145 883)	(558 439)	(571 937)	(16 798)	100 623	100 623	672 255	122 778	136 781	136 209
Debtors collection assumptions										
Balance outstanding - debtors	73 711	312 718	437 109	396 627	590 327	590 327	588 388	422 603	403 953	379 687
Estimate of debtors collection rate	-2.7%	0.2%	0.0%	77.9%	67.5%	67.5%	91.9%	91.3%	92.6%	93.9%
Long term investments committed										
Balance (*Insert description; eg sinking fund)*										
	–	–	–	–	–	–	–	–	–	–
Reserves to be backed by cash/investments										
Housing Development Fund	–	–	–	–	–	–	–	–	–	–
Capital replacement										
Self-insurance										
Other (list)										
	–	–	–	–	–	–	–	–	–	–

DC21 Ugu - Table A9 Asset Management

Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
CAPITAL EXPENDITURE										
Total New Assets	1	(1 728 840)	314 210	376 262	244 679	234 588	234 588	214 988	194 781	204 520
Roads Infrastructure		–	–	–	–	–	–	–	–	–
Storm water Infrastructure		–	–	–	–	–	–	–	–	–
Electrical Infrastructure		–	–	–	–	–	–	–	–	–
Water Supply Infrastructure		(1 474 185)	33 321	86 045	117 584	80 668	80 668	88 767	90 055	94 558
Sanitation Infrastructure		(26 456)	42 033	60 076	84 505	117 310	117 310	99 738	104 725	109 962
Solid Waste Infrastructure		–	–	–	–	–	–	–	–	–
Rail Infrastructure		–	–	–	–	–	–	–	–	–
Coastal Infrastructure		–	–	–	–	–	–	–	–	–
Information and Communication Infrastructure		833	4 109	4 290	800	–	–	–	–	–
Infrastructure		*(1 499 808)*	*79 464*	*150 412*	*202 889*	*197 978*	*197 978*	*188 505*	*194 781*	*204 520*
Community Facilities		–	–	–	–	–	–	–	–	–
Sport and Recreation Facilities		–	–	–	–	–	–	–	–	–
Community Assets		–	–	–	–	–	–	–	–	–
Heritage Assets		–	–	–	–	–	–	–	–	–
Revenue Generating		–	–	–	–	–	–	–	–	–
Non-revenue Generating		–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Operational Buildings		6 351	16 133	19 271	18 600	10 200	10 200	13 283	–	–
Housing		–	144	144	150	10	10	–	–	–
Other Assets		*6 351*	*16 277*	*19 414*	*18 750*	*10 210*	*10 210*	*13 283*	–	–
Biological or Cultivated Assets		–	–	–	–	–	–	–	–	–
Servitudes		–	–	–	–	–	–	–	–	–
Licences and Rights		(266 332)	36 754	36 754	45	–	–	–	–	–
Intangible Assets		*(266 332)*	*36 754*	*36 754*	*45*	–	–	–	–	–
Computer Equipment		–	2 027	3 663	2 085	1 400	1 400	1 700	–	–
Furniture and Office Equipment		–	16 192	2 286	4 110	9 000	9 000	–	–	–
Machinery and Equipment		–	4 321	7 981	6 800	6 000	6 000	1 500	–	–
Transport Assets		30 949	193 014	189 482	10 000	10 000	10 000	10 000	–	–
Land		–	(33 838)	(33 730)	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–
Total Renewal of Existing Assets	2	(306 372)	2 131 071	7 975 430	–	–	–	–	–	–
Roads Infrastructure		–	–	–	–	–	–	–	–	–
Storm water Infrastructure		–	–	–	–	–	–	–	–	–
Electrical Infrastructure		–	–	–	–	–	–	–	–	–
Water Supply Infrastructure		(91 244)	146 308	5 990 639	–	–	–	–	–	–
Sanitation Infrastructure		(217 842)	1 797 663	1 797 663	–	–	–	–	–	–
Solid Waste Infrastructure		–	–	–	–	–	–	–	–	–
Rail Infrastructure		–	–	–	–	–	–	–	–	–
Coastal Infrastructure		–	–	–	–	–	–	–	–	–
Information and Communication Infrastructure		–	–	–	–	–	–	–	–	–
Infrastructure		*(309 087)*	*1 943 971*	*7 788 302*	–	–	–	–	–	–
Community Facilities		–	–	–	–	–	–	–	–	–
Sport and Recreation Facilities		–	–	–	–	–	–	–	–	–
Community Assets		–	–	–	–	–	–	–	–	–
Heritage Assets		–	–	–	–	–	–	–	–	–
Revenue Generating		–	642	642	–	–	–	–	–	–
Non-revenue Generating		–	–	–	–	–	–	–	–	–
Investment properties		–	*642*	*642*	–	–	–	–	–	–
Operational Buildings		55	6 355	6 355	–	–	–	–	–	–
Housing		–	–	–	–	–	–	–	–	–
Other Assets		*55*	*6 355*	*6 355*	–	–	–	–	–	–
Biological or Cultivated Assets		–	–	–	–	–	–	–	–	–
Servitudes		2 659	2 659	2 659	–	–	–	–	–	–
Licences and Rights		–	8 300	8 300	–	–	–	–	–	–
Intangible Assets		*2 659*	*10 959*	*10 959*	–	–	–	–	–	–
Computer Equipment		–	–	–	–	–	–	–	–	–
Furniture and Office Equipment		–	146 104	146 104	–	–	–	–	–	–
Machinery and Equipment		–	17 519	17 519	–	–	–	–	–	–
Transport Assets		–	5 520	5 549	–	–	–	–	–	–
Land		–	–	–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–

Total Upgrading of Existing Assets	6	1 870 641	134 005	330 010	89 009	79 817	79 817	100 000	105 000	110 250
Roads Infrastructure		–	–	–	–	–	–	–	–	–
Storm water Infrastructure		–	–	–	–	–	–	–	–	–
Electrical Infrastructure		–	–	–	–	6 400	6 400	–	–	–
Water Supply Infrastructure		–	134 338	200 054	89 009	73 417	73 417	100 000	105 000	110 250
Sanitation Infrastructure		1 870 641	–	–	–	–	–	–	–	–
Solid Waste Infrastructure		–	–	–	–	–	–	–	–	–
Rail Infrastructure		–	–	–	–	–	–	–	–	–
Coastal Infrastructure		–	–	–	–	–	–	–	–	–
Information and Communication Infrastructure		–	–	–	–	–	–	–	–	–
Infrastructure		*1 870 641*	*134 338*	*200 054*	*89 009*	*79 817*	*79 817*	*100 000*	*105 000*	*110 250*
Community Facilities		–	–	–	–	–	–	–	–	–
Sport and Recreation Facilities		–	–	–	–	–	–	–	–	–
Community Assets		–	–	–	–	–	–	–	–	–
Heritage Assets		–	–	–	–	–	–	–	–	–
Revenue Generating		–	–	–	–	–	–	–	–	–
Non-revenue Generating		–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Operational Buildings		–	0	0	–	–	–	–	–	–
Housing		–	–	–	–	–	–	–	–	–
Other Assets		–	*0*	*0*	–	–	–	–	–	–
Biological or Cultivated Assets		–	–	–	–	–	–	–	–	–
Servitudes		–	–	–	–	–	–	–	–	–
Licences and Rights		–	–	–	–	–	–	–	–	–
Intangible Assets		–	–	–	–	–	–	–	–	–
Computer Equipment		–	42 766	84 228	–	–	–	–	–	–
Furniture and Office Equipment		–	–	–	–	–	–	–	–	–
Machinery and Equipment		–	(44 039)	44 788	–	–	–	–	–	–
Transport Assets		–	940	940	–	–	–	–	–	–
Land		–	–	–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–
Total Capital Expenditure	4	(164 572)	2 579 286	8 681 702	333 687	314 406	314 406	314 988	299 781	314 770
Roads Infrastructure		–	–	–	–	–	–	–	–	–
Storm water Infrastructure		–	–	–	–	–	–	–	–	–
Electrical Infrastructure		–	–	–	–	6 400	6 400	–	–	–
Water Supply Infrastructure		(1 565 430)	313 967	6 276 738	206 593	154 085	154 085	188 767	195 055	204 808
Sanitation Infrastructure		1 626 343	1 839 697	1 857 740	84 505	117 310	117 310	99 738	104 725	109 962
Solid Waste Infrastructure		–	–	–	–	–	–	–	–	–
Rail Infrastructure		–	–	–	–	–	–	–	–	–
Coastal Infrastructure		–	–	–	–	–	–	–	–	–
Information and Communication Infrastructure		833	4 109	4 290	800	–	–	–	–	–
Infrastructure		*61 747*	*2 157 773*	*8 138 768*	*291 898*	*277 796*	*277 796*	*288 505*	*299 781*	*314 770*
Community Facilities		–	–	–	–	–	–	–	–	–
Sport and Recreation Facilities		–	–	–	–	–	–	–	–	–
Community Assets		–	–	–	–	–	–	–	–	–
Heritage Assets		–	–	–	–	–	–	–	–	–
Revenue Generating		–	642	642	–	–	–	–	–	–
Non-revenue Generating		–	–	–	–	–	–	–	–	–
Investment properties		–	*642*	*642*	–	–	–	–	–	–
Operational Buildings		6 406	22 488	25 626	18 600	10 200	10 200	13 283	–	–
Housing		–	144	144	150	10	10	–	–	–
Other Assets		*6 406*	*22 632*	*25 770*	*18 750*	*10 210*	*10 210*	*13 283*	–	–
Biological or Cultivated Assets		–	–	–	–	–	–	–	–	–
Servitudes		2 659	2 659	2 659	–	–	–	–	–	–
Licences and Rights		(266 332)	45 053	45 053	45	–	–	–	–	–
Intangible Assets		*(263 673)*	*47 712*	*47 712*	*45*	–	–	–	–	–
Computer Equipment		–	44 793	87 891	2 085	1 400	1 400	1 700	–	–
Furniture and Office Equipment		–	162 296	148 391	4 110	9 000	9 000	–	–	–
Machinery and Equipment		–	(22 199)	70 288	6 800	6 000	6 000	1 500	–	–
Transport Assets		30 949	199 474	195 971	10 000	10 000	10 000	10 000	–	–
Land		–	(33 838)	(33 730)	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–
TOTAL CAPITAL EXPENDITURE - Asset class		(164 572)	2 579 286	8 681 702	333 687	314 406	314 406	314 988	299 781	314 770

ASSET REGISTER SUMMARY - PPE (WDV)	5	234 208	3 294 263	3 250 709	3 267 678	3 557 227	3 557 227	3 458 896	3 601 042	3 781 261
Roads Infrastructure		–	–	–	–	–	–	–	–	–
Storm water Infrastructure		–	–	–	–	–	–	–	–	–
Electrical Infrastructure		–	–	–	–	–	–	–	–	–
Water Supply Infrastructure		(1 397 739)	1 305 828	1 334 025	1 802 245	2 783 447	2 783 447	2 717 689	2 850 423	2 992 945
Sanitation Infrastructure		1 652 598	1 755 210	1 664 507	1 173 996	(1 883 666)	(1 883 666)	(1 888 474)	(1 982 898)	(2 082 043)
Solid Waste Infrastructure		–	123	123	–	–	–	–	–	–
Rail Infrastructure		–	–	–	–	–	–	–	–	–
Coastal Infrastructure		–	–	–	–	–	–	–	–	–
Information and Communication Infrastructure		–	42 766	84 228	156	–	–	–	–	–
Infrastructure		*254 858*	*3 103 927*	*3 082 883*	*2 976 397*	*899 781*	*899 781*	*829 214*	*867 525*	*910 901*
Community Assets		(16 800)	(17 220)	(17 220)	(52)	–	–	–	–	–
Heritage Assets		–	–	–	–	–	–	–	–	–
Investment properties		–	32 867	34 206	43 216	33 206	33 206	22 610	23 899	25 261
Other Assets		(5 326)	123 092	100 131	136 235	130 705	130 705	125 112	117 421	123 292
Biological or Cultivated Assets		–	–	–	–	–	–	–	–	–
Intangible Assets		(3 171)	7 322	4 793	6 357	3 807	3 807	3 438	3 610	3 790
Computer Equipment		833	6 056	7 873	15 016	12 309	12 309	12 599	11 444	12 017
Furniture and Office Equipment		–	646	754	16 186	14 268	14 268	13 624	14 306	15 021
Machinery and Equipment		0	3 645	6 730	9 604	15 132	15 132	4 225	2 861	3 004
Transport Assets		4 010	67 767	64 398	37 913	1 746 523	1 746 523	1 746 576	1 823 405	1 914 575
Land		(198)	(33 838)	(33 838)	26 805	701 497	701 497	701 497	736 572	773 400
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	234 208	3 294 263	3 250 709	3 267 678	3 557 227	3 557 227	3 458 896	3 601 042	3 781 261
EXPENDITURE OTHER ITEMS		412 365	322 975	296 996	287 341	288 862	288 862	358 832	363 196	372 160
Depreciation	7	244 424	208 964	215 269	220 272	223 565	223 565	317 000	332 850	349 493
Repairs and Maintenance by Asset Class	3	167 942	114 010	81 727	67 069	65 296	65 296	41 832	30 346	22 668
Roads Infrastructure		15 097	5 453	1 038	4 400	2 725	2 725	10 098	7 475	5 722
Storm water Infrastructure		–	–	–	–	–	–	–	–	–
Electrical Infrastructure		594	311	195	2 000	1 400	1 400	2 150	1 398	894
Water Supply Infrastructure		91 815	37 487	28 314	38 393	34 884	34 884	19 870	13 076	8 533
Sanitation Infrastructure		6 431	2 498	32 284	1 675	2 597	2 597	2 700	1 755	1 123
Solid Waste Infrastructure		–	–	–	–	–	–	–	–	–
Rail Infrastructure		–	–	–	–	–	–	–	–	–
Coastal Infrastructure		387	272	–	405	495	495	–	–	–
Information and Communication Infrastructure		352	–	–	100	–	–	–	–	–
Infrastructure		*114 674*	*46 021*	*61 830*	*46 973*	*42 101*	*42 101*	*34 818*	*23 703*	*16 272*
Community Facilities		–	–	–	–	–	–	–	–	–
Sport and Recreation Facilities		–	–	–	–	–	–	–	–	–
Community Assets		–	–	–	–	–	–	–	–	–
Heritage Assets		–	–	–	–	–	–	–	–	–
Revenue Generating		–	221	166	920	1 120	1 120	100	97	95
Non-revenue Generating		–	–	–	–	–	–	–	–	–
Investment properties		–	*221*	*166*	*920*	*1 120*	*1 120*	*100*	*97*	*95*
Operational Buildings		698	682	2 831	5 021	5 721	5 721	2 650	2 571	2 518
Housing		–	–	–	–	–	–	–	–	–
Other Assets		*698*	*682*	*2 831*	*5 021*	*5 721*	*5 721*	*2 650*	*2 571*	*2 518*
Biological or Cultivated Assets		–	–	–	–	–	–	–	–	–
Servitudes		–	–	–	–	–	–	–	–	–
Licences and Rights		6 158	3 665	2 079	2 745	3 094	3 094	3 264	3 166	3 100
Intangible Assets		*6 158*	*3 665*	*2 079*	*2 745*	*3 094*	*3 094*	*3 264*	*3 166*	*3 100*
Computer Equipment		33	–	–	–	–	–	–	–	–
Furniture and Office Equipment		–	156	–	–	–	–	–	–	–
Machinery and Equipment		1 864	48 436	575	1 400	1 100	1 100	1 000	810	683
Transport Assets		44 514	14 828	14 247	10 010	12 160	12 160	–	–	–
Land		–	–	–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–
TOTAL EXPENDITURE OTHER ITEMS		412 365	322 975	296 996	287 341	288 862	288 862	358 832	363 196	372 160
Renewal and upgrading of Existing Assets as % of total capex		*-950.5%*	*87.8%*	*95.7%*	*26.7%*	*25.4%*	*25.4%*	*31.7%*	*35.0%*	*35.0%*
Renewal and upgrading of Existing Assets as % of deprecn		*640.0%*	*1084.0%*	*3858.2%*	*40.4%*	*35.7%*	*35.7%*	*31.5%*	*31.5%*	*31.5%*
R&M as a % of PPE		*-63.4%*	*3.1%*	*2.3%*	*2.0%*	*1.8%*	*1.8%*	*1.1%*	*0.8%*	*0.6%*
Renewal and upgrading and R&M as a % of PPE		*740.0%*	*72.0%*	*258.0%*	*5.0%*	*4.0%*	*4.0%*	*4.0%*	*4.0%*	*4.0%*

References

1. Detail of new assets provided in Table SA34a
2. Detail of renewal of existing assets provided in Table SA34b
3. Detail of Repairs and Maintenance by Asset Class provided in Table SA34c
4. Must reconcile to total capital expenditure on Budgeted Capital Expenditure
5. Must reconcile to 'Budgeted Financial Position' (written down value)
6. Detail of upgrading of existing assets provided in Table SA34e
7. Detail of depreciation provided in Table SA34d

DC21 Ugu - Table A10 Basic service delivery measurement

Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Household service targets	1									
Water:										
Piped water inside dwelling		35	37	37	37	37	37	39	41	43
Piped water inside yard (but not in dwelling)		16	22	22	22	22	22	23	24	25
Using public tap (at least min.service level)	2	67	94	94	94	94	94	99	104	109
Other water supply (at least min.service level)	4	32	1	1	1	1	1	1	1	1
Minimum Service Level and Above sub-total		150	154	154	154	154	154	162	170	178
Using public tap (< min.service level)	3	150	154	154	154	154	154	162	170	178
Other water supply (< min.service level)	4	34	–	–	–	–	–	–	–	–
No water supply		35	20	20	20	20	20	21	22	23
Below Minimum Service Level sub-total		–	1	1	1	1	1	1	1	1
Total number of households	5	150	155	155	155	155	155	163	171	179
Sanitation/sewerage:										
Flush toilet (connected to sewerage)		41	41	41	41	41	41	43	45	47
Flush toilet (with septic tank)		17	17	17	17	17	17	18	19	20
Chemical toilet		21	21	21	21	21	21	22	23	24
Pit toilet (ventilated)		67	67	67	67	67	67	70	74	78
Other toilet provisions (> min.service level)		–	–	–	–	–	–	–	–	–
Minimum Service Level and Above sub-total		146	146	146	146	146	146	153	161	169
Bucket toilet		–	–	–	–	–	–	–	–	–
Other toilet provisions (< min.service level)		–	–	–	–	–	–	–	–	–
No toilet provisions		–	–	–	–	–	–	–	–	–
Below Minimum Service Level sub-total		–	–	–	–	–	–	–	–	–
Total number of households	5	146	146	146	146	146	146	153	161	169
Energy:										
Electricity (at least min.service level)		–	–	–	–	–	–	–	–	–
Electricity - prepaid (min.service level)		–	–	–	–	–	–	–	–	–
Minimum Service Level and Above sub-total		–	–	–	–	–	–	–	–	–
Electricity (< min.service level)		–	–	–	–	–	–	–	–	–
Electricity - prepaid (< min. service level)		–	–	–	–	–	–	–	–	–
Other energy sources		–	–	–	–	–	–	–	–	–
Below Minimum Service Level sub-total		–	–	–	–	–	–	–	–	–
Total number of households	5	–	–	–	–	–	–	–	–	–
Refuse:										
Removed at least once a week		–	–	–	–	–	–	–	–	–
Minimum Service Level and Above sub-total		–	–	–	–	–	–	–	–	–
Removed less frequently than once a week		–	–	–	–	–	–	–	–	–
Using communal refuse dump		–	–	–	–	–	–	–	–	–
Using own refuse dump		–	–	–	–	–	–	–	–	–
Other rubbish disposal		–	–	–	–	–	–	–	–	–
No rubbish disposal		–	–	–	–	–	–	–	–	–
Below Minimum Service Level sub-total		–	–	–	–	–	–	–	–	–
Total number of households	5	–	–	–	–	–	–	–	–	–
Households receiving Free Basic Service	7									
Water (6 kilolitres per household per month)		–	–	–	–	–	–	–	–	–
Sanitation (free minimum level service)		–	–	–	–	–	–	–	–	–
Electricity/other energy (50kwh per household per month)		–	–	–	–	–	–	–	–	–
Refuse (removed at least once a week)		–	–	–	–	–	–	–	–	–
Cost of Free Basic Services provided - Formal Settlements (R'000)	8									
Water (6 kilolitres per indigent household per month)		30	96	–	50 640	49 586	49 586	59 431	62 403	65 523
Sanitation (free sanitation service to indigent households)		–	–	–	–	–	–	–	–	–
Electricity/other energy (50kwh per indigent household per month)		–	–	–	–	–	–	–	–	–
Refuse (removed once a week for indigent households)		–	–	–	–	–	–	–	–	–
Cost of Free Basic Services provided - Informal Formal Settlements (R'000)		–	–	5 355	21 697	–	–	–	–	–
Total cost of FBS provided		30	96	5 355	72 336	49 586	49 586	59 431	62 403	65 523
Highest level of free service provided per household										
Property rates (R value threshold)										
Water (kilolitres per household per month)										
Sanitation (kilolitres per household per month)										
Sanitation (Rand per household per month)										
Electricity (kwh per household per month)										
Refuse (average litres per week)										
Revenue cost of subsidised services provided (R'000)	9									
Property rates (tariff adjustment) (impermissable values per section 17 of MPRA)										
Property rates exemptions, reductions and rebates and impermissable values in excess of section 17 of MPRA)		–	–	–	–	–	–	–	–	–
Water (in excess of 6 kilolitres per indigent household per month)		–	–	5 355	21 697	21 245	21 245	–	–	–
Sanitation (in excess of free sanitation service to indigent households)		–	–	–	–	–	–	–	–	–
Electricity/other energy (in excess of 50 kwh per indigent household per month)		–	–	–	–	–	–	–	–	–
Refuse (in excess of one removal a week for indigent households)		–	–	–	–	–	–	–	–	–
Municipal Housing - rental rebates										
Housing - top structure subsidies	6									
Other										
Total revenue cost of subsidised services provided		–	–	5 355	21 697	21 245	21 245	–	–	–

References

1. Include services provided by another entity; e.g. Eskom

2. Stand distance <= 200m from dwelling

3. Stand distance > 200m from dwelling

4. Borehole, spring, rain-water tank etc.

5. Must agree to total number of households in municipal area (informal settlements receiving services must be included)

6. Include value of subsidy provided by municipality above provincial subsidy level

7. Show number of households receiving at least these levels of services completely free (informal settlements must be included)

8. Must reflect the cost to the municipality of providing the Free Basic Service

9. Reflect the cost to the municipality in terms of 'revenue foregone' of providing free services (note this will not equal 'Revenue Foregone' on SA1)

DC21 Ugu - Supporting Table SA1 Supportinging detail to 'Budgeted Financial Performance'

Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
REVENUE ITEMS:											
Property rates	6										
Total Property Rates		(209)									
Less Revenue Foregone (exemptions, reductions and rebates and impermissable values in excess of section 17 of MPRA)		–	–	–	–	–	–	–	–	–	–
Net Property Rates		(209)	–	–	–	–	–	–	–	–	–
Service charges - electricity revenue	6										
Total Service charges - electricity revenue											
Less Revenue Foregone (in excess of 50 kwh per indigent household per month)											
Less Cost of Free Basis Services (50 kwh per indigent household per month)		–	–	–	–	–	–		–	–	–
Net Service charges - electricity revenue		–	–	–	–	–	–	–	–	–	–
Service charges - water revenue	6										
Total Service charges - water revenue		301 897	369 734	337 411	487 130	401 641	401 641	319 657	472 188	495 797	520 587
Less Revenue Foregone (in excess of 6 kilolitres per indigent household per month)				5 355	21 697	21 245	21 245	6 090			
Less Cost of Free Basis Services (6 kilolitres per indigent household per month)		30	96	–	50 640	49 586	49 586		59 431	62 403	65 523
Net Service charges - water revenue		301 867	369 638	332 056	414 793	330 810	330 810	313 566	412 756	433 394	455 064
Service charges - sanitation revenue											
Total Service charges - sanitation revenue		93 028	104 894	108 796	87 084	119 167	119 167	95 951	108 623	114 054	119 757
Less Revenue Foregone (in excess of free sanitation service to indigent households)											
Less Cost of Free Basis Services (free sanitation service to indigent households)		–	–	–	–	–	–		–	–	–
Net Service charges - sanitation revenue		93 028	104 894	108 796	87 084	119 167	119 167	95 951	108 623	114 054	119 757
Service charges - refuse revenue	6										
Total refuse removal revenue		–	–	–	–	–	–	–	–	–	–
Total landfill revenue		–	–	–	–	–	–	–	–	–	–
Less Revenue Foregone (in excess of one removal a week to indigent households)		–	–	–	–	–	–	–	–	–	–
Less Cost of Free Basis Services (removed once a week to indigent households)		–	–	–	–	–	–		–	–	–
Net Service charges - refuse revenue		–	–	–	–	–	–	–	–	–	–
Other Revenue by source											
Fuel Levy		–	–	–	–	–	–	–	–	–	–
Other Revenue		4 812	3 259	6 446	91 640	6 856	6 856	9 756	7 700	8 085	8 489
Total 'Other' Revenue	1	4 812	3 259	6 446	91 640	6 856	6 856	9 756	7 700	8 085	8 489
EXPENDITURE ITEMS:											
Employee related costs											
Basic Salaries and Wages	2	223 907	190 729	237 519	265 111	236 548	236 548	235 276	222 985	222 374	232 135
Pension and UIF Contributions		42 111	45 598	41 930	44 731	39 887	39 887	39 301	41 247	43 309	45 475
Medical Aid Contributions		16 769	17 483	17 044	18 911	15 158	15 158	16 012	19 464	20 437	21 459
Overtime		852	46 586	10 361	542	930	930	41 081	26 255	27 568	28 946
Performance Bonus		17 600	18 575	19 297	17 470	19 072	19 072	19 011	76 713	80 663	66 860
Motor Vehicle Allowance		9 411	10 121	9 771	10 606	9 106	9 106	9 557	9 866	10 357	10 873
Cellphone Allowance		1 594	3 007	2 813	3 051	2 771	2 771	2 523	3 043	3 195	3 355
Housing Allowances		2 985	2 466	1 846	1 845	1 051	1 051	1 505	2 146	2 253	2 365
Other benefits and allowances		60 738	54 652	44 198	35 963	49 260	49 260	11 352	9 068	9 521	9 996
Payments in lieu of leave		3 553	7 626	4 850	3 133	3 133	3 133	4 615	1 917	2 013	2 113
Long service awards		4 185	(2 022)	5 977	1 917	1 917	1 917	3 273	2 288	2 403	2 523
Post-retirement benefit obligations	4	2 174	2 146	4 565	–	–	–	–	–	–	–
sub-total	5	385 878	396 967	400 171	403 281	378 831	378 831	383 507	414 993	424 093	426 099
Less: Employees costs capitalised to PPE		(2 405)	(3 325)	(3 859)	(137)	(2 686)	(2 686)	–	–	–	–
Total Employee related costs	1	388 283	400 292	404 030	403 418	381 517	381 517	383 507	414 993	424 093	426 099

Depreciation & asset impairment											
Depreciation of Property, Plant & Equipment		241 253	206 847	212 740	217 595	220 903	220 903	186 213	314 337	330 054	346 557
Lease amortisation		3 171	2 117	2 529	2 677	2 663	2 663	1 251	2 663	2 796	2 936
Capital asset impairment		16 853	12 829	4 511	–	–	–	–	–	–	–
Total Depreciation & asset impairment	1	261 277	221 793	219 780	220 272	223 565	223 565	187 464	317 000	332 850	349 493
Bulk purchases - electricity											
Electricity bulk purchases		251	–	–	–	–	–	–	–	–	–
Total bulk purchases	1	251	–	–	–	–	–	–	–	–	–
Transfers and grants											
Cash transfers and grants		162	44 098	17 914	20 070	20 070	20 070	9 191	21 650	22 733	23 870
Non-cash transfers and grants		–	–	–	–	–	–	–	–	–	–
Total transfers and grants	1	162	44 098	17 914	20 070	20 070	20 070	9 191	21 650	22 733	23 870
Contracted services											
Outsourced Services		44 448	47 362	100 059	44 656	41 043	41 043	37 575	9 041	8 770	8 589
Consultants and Professional Services		26 422	38 706	19 344	49 945	55 788	55 788	61 813	57 765	54 464	52 260
Contractors		135 884	104 965	93 872	63 901	62 974	62 974	51 632	44 782	31 608	22 800
Total contracted services		206 755	191 032	213 275	158 502	159 805	159 805	151 019	111 587	94 841	83 649
Other Expenditure By Type											
Collection costs		1 235	983	2 929	20 000	4 792	4 792	6 127	550	534	523
Contributions to 'other' provisions		–	–	–	–	–	–	–	–	–	–
Audit fees		–	–	–	763	–	–	1 135	–	–	–
Other Expenditure		285 551	258 609	188 575	241 567	177 777	177 777	180 839	143 976	140 677	138 621
Total 'Other' Expenditure	1	286 786	259 592	191 504	262 330	182 569	182 569	188 101	144 526	141 210	139 143
by Expenditure Item	8										
Employee related costs		–	–	–	–	–	–	–	–	–	–
Inventory Consumed (Project Maintenance)		2 742	1 794	2 438	–	–	–	6	–	–	–
Contracted Services		118 112	83 344	74 356	58 941	57 284	57 284	30 552	38 832	27 436	19 818
Other Expenditure		37 587	4 498	4 231	8 128	2 220	2 220	1 416	3 000	2 910	2 850
Total Repairs and Maintenance Expenditure	9	158 441	89 635	81 025	67 069	59 505	59 505	31 973	41 832	30 346	22 668
Inventory Consumed											
Inventory Consumed - Water		132 033	142 811	151 051	140 323	138 073	138 073	124 784	140 000	125 800	115 000
Inventory Consumed - Other		12 384	9 938	15 083	5 794	11 926	11 926	7 542	13 492	13 087	12 817
Total Inventory Consumed & Other Material		144 417	152 749	166 135	146 117	149 998	149 998	132 326	153 492	138 887	127 817
	check	(9 501)	(24 375)	(702)	–	(5 792)	(5 792)		–	–	–

References

1. Must reconcile with 'Budgeted Financial Performance (Revenue and Expenditure)
2. Must reconcile to supporting documentation on staff salaries

4. Expenditure to meet any 'unfunded obligations'
5 This sub-total must agree with the total on SA22, but excluding councillor and board member items
6. Include a note for each revenue item that is affected by 'revenue foregone'
7. Special consideration may have to be given to including 'goodwill arising' or 'joint venture' budgets where circumstances require this (include separately under relevant notes)
8. Repairs and Maintenance is not a GRAP item. However to facilitate transparency, municipalities must provide a breakdown of the amounts included in the relevant GRAP items that will be spent on Repairs and Maintenance.
9. Must reconcile with Repairs and Maintenance by Asset Class (Total Repairs and Maintenance) on Table SA34c.
10. Only applicable to municipalities that have adopted the 'revaluation method' in GRAP 17. The aim is to prevent overstating 'depreciation and asset impairment'

DC21 Ugu - Supporting Table SA2 Matrix Financial Performance Budget (revenue source/expenditure type and dept.)

Description	Ref	Vote 1 - Executive and Council	Vote 2 - Finance and Administration	Vote 3 - Internal Audit	Vote 4 - Community and Social Services	Vote 5 - Sport and Recreation	Vote 6 - Public Safety	Vote 7 - Other	Vote 8 - Health	Vote 9 - Planning and Development	Vote 10 - Road Transport	Vote 11 - Environmental Protection	Vote 12 - Energy Sources	Vote 13 - Water Management	Vote 14 - Waste Water Management	Vote 15 - Waste Management	Total
R thousand	1																
Revenue By Source		1100	1200	1300	2100	2200	2300	5000	2500	3100	3200	3300	4100	4200	4300	4400	
Property rates		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Service charges - electricity revenue		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Service charges - water revenue		–	12 252	–	–	–	–	–	–	–	–	–	–	400 504	–	–	412 756
Service charges - sanitation revenue		–	–	–	–	–	–	–	–	–	–	–	–	–	108 623	–	108 623
Service charges - refuse revenue		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Rental of facilities and equipment		–	3 384	–	–	–	–	–	–	1 338	–	–	–	–	–	–	4 722
Interest earned - external investments		–	4 037	–	–	–	–	–	–	–	–	–	–	3 784	–	–	7 821
Interest earned - outstanding debtors		–	–	–	–	–	–	–	–	–	–	–	–	37 768	–	–	37 768
Dividends received		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Fines, penalties and forfeits		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Licences and permits		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Agency services		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Other revenue		–	7 500	–	–	–	–	–	–	100	–	–	–	100	–	–	7 700
Transfers and subsidies		3 319	587 096	–	–	–	–	–	–	–	–	–	–	64 717	–	–	655 132
Gains		–	100	–	–	–	–	–	–	–	–	–	–	–	–	–	100
Total Revenue (excluding capital transfers and contributio		3 319	614 369	–	–	–	–	–	–	1 438	–	–	–	506 873	108 623	–	1 234 623
Expenditure By Type																	
Employee related costs		29 781	159 988	–	–	–	–	–	–	8 631	–	–	–	209 657	6 936	–	414 993
Remuneration of councillors		11 758	–	–	–	–	–	–	–	–	–	–	–	–	–	–	11 758
Debt impairment		–	154 905	–	–	–	–	–	–	–	–	–	–	–	–	–	154 905
Depreciation & asset impairment		–	160 907	–	–	–	–	–	–	–	–	–	–	85 767	70 325	–	317 000
Finance charges		–	–	–	–	–	–	–	–	–	–	–	–	2 347	11 545	–	13 892
Bulk purchases - electricity		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Inventory consumed		210	55	–	2 260	–	–	–	–	300	–	–	–	150 667	–	–	153 492
Contracted services		790	18 012	500	1 565	–	–	–	–	500	–	750	–	31 970	57 500	–	111 587
Transfers and subsidies		–	–	–	–	–	–	–	–	21 650	–	–	–	–	–	–	21 650
Other expenditure		2 197	111 044	–	410	–	–	–	200	10 156	–	–	–	19 994	525	–	144 526
Losses		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Expenditure		44 737	604 912	500	4 235	–	–	–	200	41 237	–	750	–	500 402	146 831	–	1 343 805
Surplus/(Deficit)		(41 418)	9 458	(500)	(4 235)	–	–	–	(200)	(39 799)	–	(750)	–	6 471	(38 208)	–	(109 182)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		–	–	–	–	–	–	–	–	–	–	–	–	285 505	–	–	285 505
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions)		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Transfers and subsidies - capital (in-kind - all)		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions		(41 418)	9 458	(500)	(4 235)	–	–	–	(200)	(39 799)	–	(750)	–	291 976	(38 208)	–	176 324

References

1. Departmental columns to be based on municipal organisation structure

DC21 Ugu - Supporting Table SA3 Supportinging detail to 'Budgeted Financial Position'

Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
ASSETS											
Consumer debtors											
Consumer debtors		83 647	663 734	817 626	674 752	897 774	897 774	531 558	807 897	787 806	762 679
Less: Provision for debt impairment		(284 633)	(345 756)	(385 727)	(331 909)	(442 880)	(442 880)	(546)	(465 024)	(467 569)	(470 894)
Total Consumer debtors	2	(200 986)	317 978	431 899	342 843	454 894	454 894	531 013	342 873	320 237	291 785
Debt impairment provision											
Balance at the beginning of the year		–	–	–	(311 909)	(442 880)	(442 880)	–	(465 024)	(467 569)	(470 894)
Contributions to the provision		–	–	–	(20 000)	–	–	–	–	–	–
Bad debts written off		(284 633)	(345 756)	(385 727)	–	–	–	(546)	–	–	–
Balance at end of year		(284 633)	(345 756)	(385 727)	(331 909)	(442 880)	(442 880)	(546)	(465 024)	(467 569)	(470 894)
Inventory											
Water											
Opening Balance		–	112	–	4 211	4 211	4 211	–	4 215	4 426	4 647
System Input Volume		–	–	–	400 933	158 409	158 409	–	160 336	168 353	176 770
Water Treatment Works		–	–	–	260 599	20 325	20 325	–	20 325	21 341	22 408
Bulk Purchases		–	–	–	140 323	138 073	138 073	–	140 000	147 000	154 350
Natural Sources		–	–	–	11	11	11	–	11	11	12
Authorised Consumption	6	–	–	–	(140 323)	(138 073)	(138 073)	–	(140 000)	(125 800)	(115 000)
Billed Authorised Consumption		–	–	–	(118 626)	(116 810)	(116 810)	–	(116 810)	(122 650)	(128 783)
Billed Metered Consumption		–	–	–	(118 626)	(116 810)	(116 810)	–	(116 810)	(122 650)	(128 783)
Free Basic Water		–	–	–	(50 640)	(49 627)	(49 627)	–	(49 627)	(52 108)	(54 714)
Subsidised Water		–	–	–	–	–	–	–	–	–	–
Revenue Water		–	–	–	(67 986)	(67 183)	(67 183)	–	(67 183)	(70 542)	(74 069)
Billed Unmetered Consumption		–	–	–	–	–	–	–	–	–	–
Free Basic Water		–	–	–	–	–	–	–	–	–	–
Subsidised Water		–	–	–	–	–	–	–	–	–	–
Revenue Water		–	–	–	–	–	–	–	–	–	–
UnBilled Authorised Consumption		–	–	–	(21 697)	(21 263)	(21 263)	–	(21 263)	(22 326)	(23 442)
Unbilled Metered Consumption		–	–	–	(21 697)	(21 263)	(21 263)	–	(21 263)	(22 326)	(23 442)
Unbilled Unmetered Consumption		–	–	–	–	–	–	–	–	–	–
Water Losses		112	4 215	4 211	(20 200)	(19 796)	(19 796)	28	(19 796)	(20 786)	(21 825)
Apparent losses		–	–	–	(5 200)	(5 096)	(5 096)	–	(5 096)	(5 351)	(5 618)
Unauthorised Consumption		–	–	–	(5 000)	(4 900)	(4 900)	–	(4 900)	(5 145)	(5 402)
Customer Meter Inaccuracies		–	–	–	(200)	(196)	(196)	–	(196)	(206)	(216)
Real losses		112	4 215	4 211	(15 000)	(14 700)	(14 700)	28	(14 700)	(15 435)	(16 207)
Leakage on Transmission and Distribution Mains		–	–	–	(15 000)	(14 700)	(14 700)	–	(14 700)	(15 435)	(16 207)
Leakage and Overflows at Storage Tanks/Reservoirs		112	4 215	4 211	–	–	–	28	–	–	–
Leakage on Service Connections up to the point of Customer Meter		–	–	–	–	–	–	–	–	–	–
Data Transfer and Management Errors		–	–	–	–	–	–	–	–	–	–
Unavoidable Annual Real Losses		–	–	–	–	–	–	–	–	–	–
Non-revenue Water		112	4 215	4 211	(41 897)	(41 059)	(41 059)	28	(41 059)	(43 112)	(45 267)
Closing Balance Water		112	4 327	4 211	244 621	4 751	4 751	28	4 755	26 193	44 592
Agricultural											
Opening Balance		–	–	–	–	–	–	–	–	–	–
Acquisitions		–	–	–	–	–	–	–	–	–	–
Issues	7	–	–	–	–	–	–	–	–	–	–
Adjustments	8	–	–	–	–	–	–	–	–	–	–
Write-offs	9	–	–	–	–	–	–	–	–	–	–
Closing balance - Agricultural		–	–	–	–	–	–	–	–	–	–
Consumables											
Standard Rated											
Opening Balance		5 319	(5 319)	(5 319)	475	475	475	–	475	499	524
Acquisitions		–	–	–	260	–	–	–	310	301	295
Issues	7	–	–	–	(260)	–	–	–	(310)	(301)	(295)
Adjustments	8	–	–	–	–	–	–	–	–	–	–
Write-offs	9	–	–	–	–	–	–	–	–	–	–
Closing balance - Consumables Standard Rated		5 319	(5 319)	(5 319)	475	475	475	–	475	499	524
Zero Rated											
Opening Balance		–	–	–	–	–	–	–	–	–	–
Acquisitions		–	–	–	–	–	–	–	–	–	–
Issues	7	–	–	–	–	–	–	–	–	–	–
Adjustments	8	–	–	–	–	–	–	–	–	–	–
Write-offs	9	–	–	–	–	–	–	–	–	–	–
Closing balance - Consumables Zero Rated		–	–	–	–	–	–	–	–	–	–
Finished Goods											
Opening Balance		–	–	–	–	–	–	–	–	–	–
Acquisitions		–	–	–	–	–	–	–	–	–	–
Issues	7	–	–	–	–	–	–	–	–	–	–
Adjustments	8	–	–	–	–	–	–	–	–	–	–
Write-offs	9	–	–	–	–	–	–	–	–	–	–
Closing balance - Finished Goods		–	–	–	–	–	–	–	–	–	–
Materials and Supplies											
Opening Balance		1 196	8 776	11 192	8 266	8 266	8 266	20 732	8 266	8 679	9 113
Acquisitions		(3 534)	–	–	(234 889)	11 122	11 122	7 542	15 109	31 962	49 748
Issues	7	–	–	–	(5 534)	(11 926)	(11 926)	(7 542)	(13 182)	(12 786)	(12 523)
Adjustments	8	–	–	–	–	–	–	–	–	–	–
Write-offs	9	–	–	–	–	–	–	–	–	–	–
Closing balance - Materials and Supplies		(2 338)	8 776	11 192	(232 157)	7 462	7 462	20 732	10 193	27 855	46 338

Work-in-progress											
Opening Balance		–	–	–	–	–	–	–	–	–	–
Materials		–	–	–	–	–	–	–	–	–	–
Transfers		–	–	–	–	–	–	–	–	–	–
Closing balance - Work-in-progress		–	–	–	–	–	–	–	–	–	–
Housing Stock											
Opening Balance		–	–	–	–	–	–	–	–	–	–
Acquisitions		–	–	–	–	–	–	–	–	–	–
Transfers		–	–	–	–	–	–	–	–	–	–
Sales		–	–	–	–	–	–	–	–	–	–
Closing Balance - Housing Stock		–	–	–	–	–	–	–	–	–	–
Land											
Opening Balance		–	–	–	–	–	–	–	–	–	–
Acquisitions		–	–	–	–	–	–	–	–	–	–
Sales		–	–	–	–	–	–	–	–	–	–
Adjustments		–	–	–	–	–	–	–	–	–	–
Correction of Prior period errors		–	–	–	–	–	–	–	–	–	–
Closing Balance - Land		–	–	–	–	–	–	–	–	–	–
Closing Balance - Inventory & Consumables		3 093	7 784	10 084	12 939	12 688	12 688	20 759	15 423	54 547	91 454
Property, plant and equipment (PPE)											
PPE at cost/valuation (excl. finance leases)		(118 922)	4 019 560	3 947 178	8 347 811	8 713 745	8 713 745	4 046 199	8 714 627	9 119 402	9 575 372
Leases recognised as PPE	3	–	–	–	–	–	–	–	–	–	–
Less: Accumulated depreciation		145 768	376 907	379 492	4 916 085	5 005 729	5 005 729	300 153	5 011 827	5 262 418	5 525 539
Total Property, plant and equipment (PPE)	2	(264 690)	3 642 652	3 567 685	3 431 726	3 708 016	3 708 016	3 746 046	3 702 801	3 856 984	4 049 833
LIABILITIES											
Current liabilities - Borrowing											
Short term loans (other than bank overdraft)		–	–	–	–	–	–	–	–	–	–
Current portion of long-term liabilities		1 727	7 986	9 853	14 508	–	–	8 529	10 925	11 472	12 045
Total Current liabilities - Borrowing		1 727	7 986	9 853	14 508	–	–	8 529	10 925	11 472	12 045
Trade and other payables											
Trade Payables	5	143 892	558 928	571 937	322 965	317 820	317 820	(120 404)	284 869	260 137	244 347
Other creditors		–	–	–	3 000	(20 070)	(20 070)	(11 056)	(21 650)	(22 733)	(23 870)
Unspent conditional transfers		21 237	6 614	5 735	–	–	–	783 424	–	–	–
VAT		38 217	99 996	126 825	–	(53)	(53)	40 011	–	–	–
Total Trade and other payables	2	203 346	665 538	704 496	325 965	297 698	297 698	691 975	263 218	237 404	220 477
Non current liabilities - Borrowing											
Borrowing	4	(7 604)	46 941	38 366	40 158	28 595	28 595	37 201	282 616	220 540	158 536
Finance leases (including PPP asset element)		1 100	6 571	7 613	18	–	–	–	–	–	–
Total Non current liabilities - Borrowing		(6 504)	53 512	45 979	40 176	28 595	28 595	37 201	282 616	220 540	158 536
Provisions - non-current											
Retirement benefits		–	13 744	22 036	37 181	42 517	42 517	–	24 357	25 575	26 853
Refuse landfill site rehabilitation		–	–	–	–	–	–	–	–	–	–
Other		2 745	5 179	5 179	–	–	–	36 242	–	–	–
Total Provisions - non-current		2 745	18 923	27 215	37 181	42 517	42 517	36 242	24 357	25 575	26 853
CHANGES IN NET ASSETS											
Accumulated Surplus/(Deficit)											
Accumulated Surplus/(Deficit) - opening balance		–	–	333	3 772 812	3 494 862	3 494 862	(27 240)	3 421 143	3 467 879	3 622 413
GRAP adjustments		–	–	–	–	–	–	–	–	–	–
Restated balance		–	–	333	3 772 812	3 494 862	3 494 862	(27 240)	3 421 143	3 467 879	3 622 413
Surplus/(Deficit)		(184 684)	(144 390)	16 144	139 286	140 336	140 336	167 084	176 324	353 776	450 588
Transfers to/from Reserves		–	–	–	–	–	–	–	–	–	–
Depreciation offsets		–	–	–	–	–	–	–	–	–	–
Other adjustments		(220 571)	650 006	650 088	–	–	–	(30 223)	–	–	–
Accumulated Surplus/(Deficit)	1	(405 255)	505 615	666 564	3 912 099	3 635 199	3 635 199	109 621	3 597 467	3 821 655	4 073 001
Reserves											
Housing Development Fund		–	–	–	–	–	–	–	–	–	–
Capital replacement		–	–	–	–	–	–	–	–	–	–
Self-insurance		–	–	–	–	–	–	–	–	–	–
Other reserves		–	–	0	–	–	–	–	–	–	–
Revaluation		–	–	–	–	–	–	–	–	–	–
Total Reserves	2	–	–	0	–	–	–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	2	(405 255)	505 615	666 565	3 912 099	3 635 199	3 635 199	109 621	3 597 467	3 821 655	4 073 001

DC21 Ugu - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)

Strategic Objective	Goal	Goal Code	Ref	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure Framework		
R thousand				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Good Governance	Financial Management			206	–	501 357	252 176	531 165	531 165	21 287	22 351	23 469
Good Governance	Human Resources Management			126 550	79 259		17 282	16 923	16 923	614 369	645 088	677 342
Good Governance	Support services			3	656 512		–	–	–	–	–	–
Good Governance	Institutional Transformation				–		3 611	3 611	3 611	–	–	–
Good Governance	Strategic Planning			0	–	1 000	–			–	–	–
Economic Development	Agricultural Market			1	–		–	–	–	–	–	–
Economic Development	Local Economic Development			23	–	19 023	56 752	49 024	49 024	1 438	1 510	1 586
Environmental Protection	Environmental Services			2	–	500	–	–	–	–	–	–
Community	Sports & Recreation			0	–	6 204	38 120	477	477	–	–	–
Safety & Security	Fire Fighting			2	–		–	–	–	–	–	–
Safety & Security	Disaster Management			6	–	9 068	–	–	–	–	–	–
Sustanable Services	Sanitation			110	–	114 174	142 297	158 638	158 638	108 623	114 054	119 757
Sustanable Services	Water			1 068 746	595 082	691 534	978 265	622 810	622 810	774 410	824 709	881 842
				–	–	–	–	–	–	–	–	–
				–	–	–	–	–	–	–	–	–
				–	–	–	–	–	–	–	–	–
				–	–	–	–	–	–	–	–	–
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				–	–	–	–	–	–	–	–	–
				–	–	–	–	–	–	–	–	–
				–	–	–	–	–	–	–	–	–
				–	–	–	–	–	–	–	–	–
				–	–	–	–	–	–	–	–	–
Allocations to other priorities			2									
Total Revenue (excluding capital transfers and contributions)			1	1 195 650	1 330 852	1 342 861	1 488 503	1 382 647	1 382 647	1 520 128	1 607 712	1 703 995

References

1. Total revenue must reconcile to Table A4 Budgeted Financial Performance (revenue and expenditure)

2. Balance of allocations not directly linked to an IDP strategic objective

check op revenue balance				(249)	278	30 625	–	(6 400)	(6 400)	3 040 256	3 215 425	3 407 991

DC21 Ugu - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)

Strategic Objective	Goal	Goal Code	Ref	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure Framework		
R thousand				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
No Strategic Objective on IDP File				–	–	–	13 166	9 579	9 579	–	–	–
TakeOn Balances				–	–	–	15 072	907 064	907 064	951 577	933 543	920 449
To strengthen governance and				–	–	–	134	954	954	950	922	903
To ensure full compliance with				–	–	–	–	10 232	10 232	764	741	725
Optimise systems and operations				–	–	–	–	14 980	14 980	18 250	17 703	17 338
Improve skills and capacity of work				–	–	–	158	1 305	1 305	3 050	2 959	2 898
Strengthen stakeholder relations				–	–	–	80	1 194	1 194	1 014	984	964
Enhance measures to reduce				–	–	–	–	14 967	14 967	400	388	380
Increase infrastructure capacity				–	–	–	–	13 251	13 251	32 089	25 296	20 755
Increase performance, monitoring				–	–	–	–	–	–	150	146	143
To improve revenue collection				–	–	–	–	4 443	4 443	6 500	4 689	3 478
`Compliance with acces to quality				–	–	–	–	18 481	18 481	18 767	15 868	13 930
Promote clean and social				–	–	–	–	20 650	20 650	20 260	19 652	19 247
Improve stakeholder engagements				–	–	–	–	2 319	2 319	2 400	2 328	2 280
Basic Service Delivery				–	–	–	–	–	–	–	–	–
To optimise asset management				–	–	–	–	79 319	79 319	82 110	85 425	89 019
Increase income				–	–	–	–	2 963	2 963	1 680	1 630	1 596
To ensure access to free basic				–	–	–	–	83 387	83 387	98 181	90 996	86 197
Compliance with decent sanitation				–	–	–	–	47 547	47 547	61 250	55 413	51 513
Optimise tourism marketing and				–	–	–	–	20 070	20 070	21 650	22 733	23 870
Improve job creation opportunities				–	–	–	–	4 411	4 411	3 367	3 459	3 567
Improve disaster prevention and				–	–	–	–	2 015	2 015	3 315	3 216	3 149
Reduce water loss				–	–	–	–	–	–	–	–	–
To optimise Expenditure and get				–	–	–	–	–	–	–	–	–
Improve planning and coordination				–	–	–	–	236	236	195	189	185
Reduce grant dependence				–	–	–	–	1 682	1 682	1 950	1 892	1 853
Increase investments and				–	–	–	–	1 270	1 270	–	–	–
Promote a healthy, safe, and				–	–	–	–	109	109	–	–	–
To replace and maintain ageing				–	–	–	–	–	–	–	–	–
To strengthen budgeting and				–	–	–	–	3	3	–	–	–
Controll Accounts				–	–	–	–	17 000	17 000	–	–	–
Optimise the workforce potential				–	–	–	–	160	160	–	–	–
Total Expenditure			1	–	–	–	28 610	1 279 590	1 279 590	1 329 868	1 290 167	1 264 436

References

1. Total expenditure must reconcile to Table A4 Budgeted Financial Performance (revenue and expenditure)

2. Balance of allocations not directly linked to an IDP strategic objective

check op expenditure balance *(1 380 583)* *(1 474 964)* *(1 296 092)* *(1 320 607)* *30 879* *30 879* *(13 936)* *36 231* *11 028*

DC21 Ugu - Supporting Table SA6 Reconciliation of IDP strategic objectives and budget (capital expenditure)

Strategic Objective	Goal	Goal Code	Ref	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure Framework		
R thousand				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
No Strategic Objective on IDP File		A		–	–	–	140	2 000	2 000	–	–	–
TakeOn Balances		B		–	–	–	–	14 368	14 368	3 000	3 150	3 308
To strengthen governance and		C		–	–	–	–	–	–	–	–	–
To ensure full compliance with		D		–	–	–	–	–	–	–	–	–
Optimise systems and operations		E		–	–	–	–	12 200	12 200	11 700	–	–
Improve skills and capacity of work		F		–	–	–	–	–	–	–	–	–
Strengthen stakeholder relations		G		–	–	–	–	–	–	–	–	–
Enhance measures to reduce		H		–	–	–	–	–	–	–	–	–
Increase infrastructure capacity		I		–	–	–	–	93 495	93 495	76 186	78 945	82 893
Increase performance, monitoring		J		–	–	–	–	–	–	–	–	–
To improve revenue collection		K		–	–	–	–	–	–	–	–	–
`Compliance with acces to quality		L		–	–	–	–	–	–	–	–	–
Promote clean and social		M		–	–	–	–	19 110	19 110	16 283	–	–
Improve stakeholder engagements		N		–	–	–	–	–	–	–	–	–
Basic Service Delivery		O		–	–	–	–	104 350	104 350	83 000	87 150	91 508
To optimise asset management		P		–	–	–	–	–	–	–	–	–
Increase income		Q		–	–	–	–	–	–	–	–	–
To ensure access to free basic		R		–	–	–	–	62 912	62 912	79 767	83 755	87 943
Compliance with decent sanitation		S		–	–	–	–	11 296	11 296	12 552	11 080	11 634
Optimise tourism marketing and		T		–	–	–	–	–	–	–	–	–
Improve job creation opportunities		U		–	–	–	–	–	–	–	–	–
Improve disaster prevention and		V		–	–	–	–	10 440	10 440	–	–	–
Reduce water loss		W		–	–	–	–	5 468	5 468	19 000	18 580	19 235
To optimise Expenditure and get		X		–	–	–	–	–	–	20 000	21 000	22 050
Improve planning and coordination		Y		–	–	–	–	–	–	–	–	–
Reduce grant dependence		Z		–	–	–	–	–	–	–	–	–
Increase investments and		A		–	–	–	–	–	–	–	–	–
Promote a healthy, safe, and		B		–	–	–	–	–	–	–	–	–
To replace and maintain ageing		C		–	–	–	–	8 000	8 000	9 000	–	–
To strengthen budgeting and		D		–	–	–	–	–	–	–	–	–
Controll Accounts		E		–	–	–	–	–	–	–	–	–
Optimise the workforce potential		F		–	–	–	–	–	–	–	–	–
Promote small businesses,		G		–	–	–	–	–	–	–	–	–
Promote sectoral development		H		–	–	–	–	–	–	–	–	–
		I		–	–	–	–	–	–	–	–	–
		K		–	–	–	–	–	–	–	–	–
Allocations to other priorities			3	(190 591)	8 570 175	8 689 087						
Total Capital Expenditure			1	(190 591)	8 570 175	8 689 087	140	343 638	343 638	330 488	303 661	318 570

References

1. Total capital expenditure must reconcile to Budgeted Capital Expenditure

2. Goal code must be used on Table SA36

3. Balance of allocations not directly linked to an IDP strategic objective

check capital balance *(26 019)* *5 990 889* *7 385* *(333 548)* *29 233* *29 233* *15 500* *3 880* *3 800*

DC21 Ugu - Supporting Table SA7 Measureable performance objectives

Description	Unit of measurement	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Vote 1 - vote name		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Function 1 - (name)										
Sub-function 1 - (name)										
Insert measure/s description										
Sub-function 2 - (name)										
Insert measure/s description										
Sub-function 3 - (name)										
Insert measure/s description										
Function 2 - (name)										
Sub-function 1 - (name)										
Insert measure/s description										
Sub-function 2 - (name)										
Insert measure/s description										
Sub-function 3 - (name)										
Insert measure/s description										
Vote 2 - vote name										
Function 1 - (name)										
Sub-function 1 - (name)										
Insert measure/s description										
Sub-function 2 - (name)										
Insert measure/s description										
Sub-function 3 - (name)										
Insert measure/s description										
Function 2 - (name)										
Sub-function 1 - (name)										
Insert measure/s description										
Sub-function 2 - (name)										
Insert measure/s description										
Sub-function 3 - (name)										
Insert measure/s description										

Vote 3 - vote name										
Function 1 - (name)										
Sub-function 1 - (name)										
Insert measure/s description										
Sub-function 2 - (name)										
Insert measure/s description										
Sub-function 3 - (name)										
Insert measure/s description										
Function 2 - (name)										
Sub-function 1 - (name)										
Insert measure/s description										
Sub-function 2 - (name)										
Insert measure/s description										
Sub-function 3 - (name)										
Insert measure/s description										
And so on for the rest of the Votes										

1. Include a measurable performance objective for each revenue source (within a relevant function) and each vote (MFMA s17(3)(b))

2. Include all Basic Services performance targets from 'Basic Service Delivery' to ensure Table SA7 represents all strategic responsibilities

3. Only include prior year comparative information for individual measures where relevant activity occurred in that year/s

DC21 Ugu - Entities measureable performance objectives

Description	Unit of measurement	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Entity 1 - (name of entity)										
Insert measure/s description										
Entity 2 - (name of entity)										
Insert measure/s description										
Entity 3 - (name of entity)										
Insert measure/s description										
And so on for the rest of the Entities										

1. Include a measurable performance objective as agreed with the parent municipality (MFMA s87(5)(d))

2. Only include prior year comparative information for individual measures where relevant activity occurred in that year/s

DC21 Ugu - Supporting Table SA8 Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2018/19	2019/20	2020/21	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Borrowing Management											
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	0.8%	1.2%	1.4%	0.9%	2.5%	2.5%	1.7%	1.0%	1.1%	1.1%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	2.3%	3.4%	3.5%	2.1%	6.2%	6.2%	4.0%	2.4%	2.2%	2.1%
Borrowed funding of 'own' 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%	0.0%
Safety of Capital											
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%	45978644.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Liquidity											
Current Ratio	Current assets/current liabilities	0.2	0.5	0.6	1.9	1.4	1.4	0.9	1.5	1.7	1.8
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	0.2	0.5	0.6	1.9	1.4	1.4	0.9	1.5	1.7	1.8
Liquidity Ratio	Monetary Assets/Current Liabilities	(0.1)	0.1	0.1	0.8	(0.3)	(0.3)	0.2	0.2	0.2	0.3
Revenue Management											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		-3.2%	-0.7%	0.0%	76.1%	74.5%	74.5%	66.9%	74.5%	75.5%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		-3.0%	0.2%	0.0%	75.3%	74.5%	74.5%	66.9%	74.5%	75.6%	76.6%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	6.5%	30.8%	41.1%	34.0%	54.4%	54.4%	58.1%	34.9%	32.9%	29.1%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old										
Creditors Management											
Creditors System Efficiency	% of Creditors Paid Within Terms (within`MFMA' s 65(e))										
Creditors to Cash and Investments		-5267.8%	737.2%	1001.1%	249.3%	-118.7%	-118.7%	52.6%	111.6%	49.9%	27.1%
Other Indicators											
Electricity Distribution Losses (2)	Total Volume Losses (kW)										
	Total Cost of Losses (Rand '000)										
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Water Distribution Losses (2)	Total Volume Losses (kℓ)										
	Total Cost of Losses (Rand '000)										
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Employee costs	Employee costs/(Total Revenue - capital revenue)	34.0%	39.1%	37.8%	33.5%	34.7%	34.7%	37.6%	33.6%	33.7%	31.9%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	34.7%	40.4%	38.7%	34.4%	37.6%	37.6%		34.6%	34.7%	32.9%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	14.7%	11.1%	7.6%	5.6%	5.9%	5.9%		3.4%	2.4%	1.7%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	23.8%	23.4%	22.2%	19.4%	22.2%	22.2%	20.2%	26.8%	27.6%	27.2%
IDP regulation financial viability indicators											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	–	–	40.2	35.5	35.5	35.5	13.1	15.3	15.3	16.1
ii.O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	13.4%	64.9%	97.9%	80.5%	131.3%	131.3%	143.8%	81.5%	74.3%	66.6%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	(0.0)	1.0	0.8	1.8	(4.0)	(4.0)	(3.8)	3.6	8.3	14.6

References

1. Consumer debtors > 12 months old are excluded from current assets

2. Only include if services provided by the municipality

DC21 Ugu - Supporting Table SA9 Social, economic and demographic statistics and assumptions

Description of economic indicator	Ref.	Basis of calculation	2001 Census	2007 Survey	2011 Census	2018/19	2019/20	2020/21	Current Year 2021/22	2022/23 Medium Term Revenue & Expenditure Framework		
						Outcome	Outcome	Outcome	Original Budget	Outcome	Outcome	Outcome
Demographics												
Population			704030		722484	722484	722484	722484	722484	722484	722484	722484
Females aged 5 - 14			261698		240503	240503	240503	240503	240503	240503	240503	240503
Males aged 5 - 14			399063		434080	434080	434080	434080	434080	434080	434080	434080
Females aged 15 - 34			43270		47901	47901	47901	47901	47901	47901	47901	47901
Males aged 15 - 34			269643		210242	210242	210242	210242	210242	210242	210242	210242
Unemployment												
Monthly household income (no. of households)	1, 12											
No income			21 086		25 304	25 304	25 304	25 304	25 304	25 304	25 304	25 304
R1 - R1 600			22 592		25 750	25 750	25 750	25 750	25 750	25 750	25 750	25 750
R1 601 - R3 200												
R3 201 - R6 400			69 281		80 991	80 991	80 991	80 991	80 991	80 991	80 991	80 991
R6 401 - R12 800			27 110		32 530	32 530	32 530	32 530	32 530	32 530	32 530	32 530
R12 801 - R25 600												
R25 601 - R51 200			9 037		13 161	13 161	13 161	13 161	13 161	13 161	13 161	13 161
R52 201 - R102 400												
R102 401 - R204 800			1 506		1 422	1 422	1 422	1 422	1 422	1 422	1 422	1 422
R204 801 - R409 600			–		278	278	278	278	278	278	278	278
R409 601 - R819 200												
> R819 200												
Poverty profiles (no. of households)												
< R2 060 per household per month	13											
Insert description	2											
Household/demographics (000)												
Number of people in municipal area			704 030		722 484	722 484	722 484	722 484	722 484	722 484	722 484	722 484
Number of poor people in municipal area			218 386		251 216	251 216	251 216	251 216	251 216	251 216	251 216	251 216
Number of households in municipal area			150 611		179 440	179 440	179 440	179 440	179 440	179 440	179 440	179 440
Number of poor households in municipal area			43 677		50 243	50 243	50 243	50 243	50 243	50 243	50 243	50 243
Definition of poor household (R per month)			<R800		<R800	<R800	<R800	<R800	<R800	<R800	<R800	<R800
Housing statistics	3											
Formal					116 450	116 450	116 450	116 450	116 450	116 450	116 450	116 450
Informal					62 989	62 989	62 989	62 989	62 989	62 989	62 989	62 989
Total number of households			-	-	179 439	179 439	179 439	179 439	179 439	179 439	179 439	179 439
Dwellings provided by municipality	4											
Dwellings provided by province/s												
Dwellings provided by private sector	5											
Total new housing dwellings			-	-	-	-	-	-	-	-	-	-
Economic	6											
Inflation/inflation outlook (CPIX)												
Interest rate - borrowing												
Interest rate - investment												
Remuneration increases												
Consumption growth (electricity)												
Consumption growth (water)												
Collection rates	7											
Property tax/service charges												
Rental of facilities & equipment												
Interest - external investments												
Interest - debtors												
Revenue from agency services												

Detail on the provision of municipal services for A10

Total municipal services	Ref.		2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure Framework		
			Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
		Household service targets (000)									
		Water:									
		Piped water inside dwelling	–	–	–	–	–	–	–	–	–
		Piped water inside yard (but not in dwelling)	–	–	–	–	–	–	–	–	–
	8	Using public tap (at least min.service level)	–	–	–	–	–	–	–	–	–
	10	Other water supply (at least min.service level)	–	–	–	–	–	–	–	–	–
		Minimum Service Level and Above sub-total	–	–	–	–	–	–	–	–	–
	9	Using public tap (< min.service level)	–	–	–	–	–	–	–	–	–
	10	Other water supply (< min.service level)	–	–	–	–	–	–	–	–	–
		No water supply	–	–	–	–	–	–	–	–	–
		Below Minimum Service Level sub-total	–	–	–	–	–	–	–	–	–
		Total number of households	–	–	–	–	–	–	–	–	–
		Sanitation/sewerage:									
		Flush toilet (connected to sewerage)	–	–	–	–	–	–	–	–	–
		Flush toilet (with septic tank)	–	–	–	–	–	–	–	–	–
		Chemical toilet	–	–	–	–	–	–	–	–	–
		Pit toilet (ventilated)	–	–	–	–	–	–	–	–	–
		Other toilet provisions (> min.service level)	–	–	–	–	–	–	–	–	–
		Minimum Service Level and Above sub-total	–	–	–	–	–	–	–	–	–
		Bucket toilet	–	–	–	–	–	–	–	–	–
		Other toilet provisions (< min.service level)	–	–	–	–	–	–	–	–	–
		No toilet provisions	–	–	–	–	–	–	–	–	–
		Below Minimum Service Level sub-total	–	–	–	–	–	–	–	–	–
		Total number of households	–	–	–	–	–	–	–	–	–
		Energy:									
		Electricity (at least min.service level)	–	–	–	–	–	–	–	–	–
		Electricity - prepaid (min.service level)	–	–	–	–	–	–	–	–	–
		Minimum Service Level and Above sub-total	–	–	–	–	–	–	–	–	–
		Electricity (< min.service level)	–	–	–	–	–	–	–	–	–
		Electricity - prepaid (< min. service level)	–	–	–	–	–	–	–	–	–
		Other energy sources	–	–	–	–	–	–	–	–	–
		Below Minimum Service Level sub-total	–	–	–	–	–	–	–	–	–
		Total number of households	–	–	–	–	–	–	–	–	–
		Refuse:									
		Removed at least once a week	–	–	–	–	–	–	–	–	–
		Minimum Service Level and Above sub-total	–	–	–	–	–	–	–	–	–
		Removed less frequently than once a week	–	–	–	–	–	–	–	–	–
		Using communal refuse dump	–	–	–	–	–	–	–	–	–
		Using own refuse dump	–	–	–	–	–	–	–	–	–
		Other rubbish disposal	–	–	–	–	–	–	–	–	–
		No rubbish disposal	–	–	–	–	–	–	–	–	–
		Below Minimum Service Level sub-total	–	–	–	–	–	–	–	–	–
		Total number of households	–	–	–	–	–	–	–	–	–

Municipal in-house services	Ref.		2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure Framework		
			Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
		Household service targets (000)									
		Water:									
		Piped water inside dwelling									
		Piped water inside yard (but not in dwelling)									
	8	Using public tap (at least min.service level)									
	10	Other water supply (at least min.service level)									
		Minimum Service Level and Above sub-total	–	–	–	–	–	–	–	–	–
	9	Using public tap (< min.service level)									
	10	Other water supply (< min.service level)									
		No water supply									
		Below Minimum Service Level sub-total	–	–	–	–	–	–	–	–	–
		Total number of households	–	–	–	–	–	–	–	–	–
		Sanitation/sewerage:									
		Flush toilet (connected to sewerage)									
		Flush toilet (with septic tank)									
		Chemical toilet									
		Pit toilet (ventilated)									
		Other toilet provisions (> min.service level)									
		Minimum Service Level and Above sub-total	–	–	–	–	–	–	–	–	–
		Bucket toilet									
		Other toilet provisions (< min.service level)									
		No toilet provisions									
		Below Minimum Service Level sub-total	–	–	–	–	–	–	–	–	–
		Total number of households	–	–	–	–	–	–	–	–	–
		Energy:									

		Electricity (at least min.service level)									
		Electricity - prepaid (min.service level)									
		Minimum Service Level and Above sub-total	–	–	–	–	–	–	–	–	–
		Electricity (< min.service level)									
		Electricity - prepaid (< min. service level)									
		Other energy sources									
		Below Minimum Service Level sub-total	–	–	–	–	–	–	–	–	–
		Total number of households	–	–	–	–	–	–	–	–	–
		Refuse:									
		Removed at least once a week									
		Minimum Service Level and Above sub-total	–	–	–	–	–	–	–	–	–
		Removed less frequently than once a week									
		Using communal refuse dump									
		Using own refuse dump									
		Other rubbish disposal									
		No rubbish disposal									
		Below Minimum Service Level sub-total	–	–	–	–	–	–	–	–	–
		Total number of households	–	–	–	–	–	–	–	–	–

Municipal entity services	Ref.		2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure Framework		
			Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
		Household service targets (000)									
Name of municipal entity		*Water:*									
		Piped water inside dwelling									
		Piped water inside yard (but not in dwelling)									
	8	Using public tap (at least min.service level)									
	10	Other water supply (at least min.service level)									
		Minimum Service Level and Above sub-total	–	–	–	–	–	–	–	–	–
	9	Using public tap (< min.service level)									
	10	Other water supply (< min.service level)									
		No water supply									
		Below Minimum Service Level sub-total	–	–	–	–	–	–	–	–	–
		Total number of households	–	–	–	–	–	–	–	–	–
Name of municipal entity		*Sanitation/sewerage:*									
		Flush toilet (connected to sewerage)									
		Flush toilet (with septic tank)									
		Chemical toilet									
		Pit toilet (ventilated)									
		Other toilet provisions (> min.service level)									
		Minimum Service Level and Above sub-total	–	–	–	–	–	–	–	–	–
		Bucket toilet									
		Other toilet provisions (< min.service level)									
		No toilet provisions									
		Below Minimum Service Level sub-total	–	–	–	–	–	–	–	–	–
		Total number of households	–	–	–	–	–	–	–	–	–
Name of municipal entity		*Energy:*									
		Electricity (at least min.service level)									
		Electricity - prepaid (min.service level)									
		Minimum Service Level and Above sub-total	–	–	–	–	–	–	–	–	–
		Electricity (< min.service level)									
		Electricity - prepaid (< min. service level)									
		Other energy sources									
		Below Minimum Service Level sub-total	–	–	–	–	–	–	–	–	–
		Total number of households	–	–	–	–	–	–	–	–	–
Name of municipal entity		*Refuse:*									
		Removed at least once a week									
		Minimum Service Level and Above sub-total	–	–	–	–	–	–	–	–	–
		Removed less frequently than once a week									
		Using communal refuse dump									
		Using own refuse dump									
		Other rubbish disposal									
		No rubbish disposal									
		Below Minimum Service Level sub-total	–	–	–	–	–	–	–	–	–
		Total number of households	–	–	–	–	–	–	–	–	–

Services provided by 'external mechanisms'	Ref.		2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure Framework		
			Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Names of service providers		Household service targets (000)									
		Water:									
		Piped water inside dwelling									
		Piped water inside yard (but not in dwelling)									
	8	Using public tap (at least min.service level)									
	10	Other water supply (at least min.service level)									
		Minimum Service Level and Above sub-total	–	–	–	–	–	–	–	–	–
	9	Using public tap (< min.service level)									
	10	Other water supply (< min.service level)									
		No water supply									
		Below Minimum Service Level sub-total	–	–	–	–	–	–	–	–	–
		Total number of households	–	–	–	–	–	–	–	–	–
Names of service providers		*Sanitation/sewerage:*									
		Flush toilet (connected to sewerage)									
		Flush toilet (with septic tank)									
		Chemical toilet									
		Pit toilet (ventilated)									
		Other toilet provisions (> min.service level)									
		Minimum Service Level and Above sub-total	–	–	–	–	–	–	–	–	–
		Bucket toilet									
		Other toilet provisions (< min.service level)									
		No toilet provisions									
		Below Minimum Service Level sub-total	–	–	–	–	–	–	–	–	–
		Total number of households	–	–	–	–	–	–	–	–	–
Names of service providers		*Energy:*									
		Electricity (at least min.service level)									
		Electricity - prepaid (min.service level)									
		Minimum Service Level and Above sub-total	–	–	–	–	–	–	–	–	–
		Electricity (< min.service level)									
		Electricity - prepaid (< min. service level)									
		Other energy sources									
		Below Minimum Service Level sub-total	–	–	–	–	–	–	–	–	–
		Total number of households	–	–	–	–	–	–	–	–	–
Names of service providers		*Refuse:*									
		Removed at least once a week									
		Minimum Service Level and Above sub-total	–	–	–	–	–	–	–	–	–
		Removed less frequently than once a week									
		Using communal refuse dump									
		Using own refuse dump									
		Other rubbish disposal									
		No rubbish disposal									
		Below Minimum Service Level sub-total	–	–	–	–	–	–	–	–	–
		Total number of households	–	–	–	–	–	–	–	–	–

Detail of Free Basic Services (FBS) provided			2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure Framework		
			Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Electricity	Ref.	*Location of households for each type of FBS*									
List type of FBS service		Formal settlements - (50 kwh per indigent household per month Rands)	–	–	–	–	–	–	–	–	–
		Number of HH receiving this type of FBS									
		Informal settlements (Rands)									
		Number of HH receiving this type of FBS									
		Informal settlements targeted for upgrading (Rands)									
		Number of HH receiving this type of FBS									
		Living in informal backyard rental agreement (Rands)									
		Number of HH receiving this type of FBS									
		Other (Rands)	–	–	–	–	–	–	–	–	–
		Number of HH receiving this type of FBS									
		Total cost of FBS - Electricity for informal settlements	–	–	–	–	–	–	–	–	–
Water	Ref.	*Location of households for each type of FBS*									
List type of FBS service		Formal settlements - (6 kilolitre per indigent household per month Rands)	29 828	95 850	–	50 639 862	–	–	59 431 303	62 402 868	65 523 012
		Number of HH receiving this type of FBS									
		Informal settlements (Rands)									
		Number of HH receiving this type of FBS									
		Informal settlements targeted for upgrading (Rands)									
		Number of HH receiving this type of FBS									
		Living in informal backyard rental agreement (Rands)									
		Number of HH receiving this type of FBS									
		Other (Rands)	–	–	5 354 983	21 696 584	–	–	–	–	–
		Number of HH receiving this type of FBS									
		Total cost of FBS - Water for informal settlements	–	–	5 354 983	21 696 584	–	–	–	–	–
Sanitation	Ref.	*Location of households for each type of FBS*									
List type of FBS service		Formal settlements - (free sanitation service to indigent households)	–	–	–	–	–	–	–	–	–
		Number of HH receiving this type of FBS									
		Informal settlements (Rands)									
		Number of HH receiving this type of FBS									
		Informal settlements targeted for upgrading (Rands)									
		Number of HH receiving this type of FBS									
		Living in informal backyard rental agreement (Rands)									
		Number of HH receiving this type of FBS									
		Other (Rands)	–	–	–	–	–	–	–	–	–
		Number of HH receiving this type of FBS									
		Total cost of FBS - Sanitation for informal settlements	–	–	–	–	–	–	–	–	–
Refuse Removal	Ref.	*Location of households for each type of FBS*									
List type of FBS service		Formal settlements - (removed once a week to indigent households)	–	–	–	–	–	–	–	–	–
		Number of HH receiving this type of FBS									
		Informal settlements (Rands)									
		Number of HH receiving this type of FBS									
		Informal settlements targeted for upgrading (Rands)									
		Number of HH receiving this type of FBS									
		Living in informal backyard rental agreement (Rands)									
		Number of HH receiving this type of FBS									
		Other (Rands)	–	–	–	–	–	–	–	–	–
		Number of HH receiving this type of FBS									
		Total cost of FBS - Refuse Removal for informal settlements	–	–	–	–	–	–	–	–	–

References

1. Monthly household income threshold. Should include all sources of income.
2. Show the poverty analysis the municipality uses to determine its indigents policy and the provision of services
3. Include total of all housing units within the municipality
4. Number of subsidised dwellings to be constructed by the municipality under agency agreement with province
5. Provide estimate based on building approval information. Include any non-subsidised dwellings constructed by the municipality
6. Insert actual or estimated % increases assumed as a basis for budget calculations
7. Insert actual or estimated % collection rate assumed as a basis for budget calculations for each revenue group
8. Stand distance <= 200m from dwelling
9. Stand distance > 200m from dwelling
10. Borehole, spring, rain-water tank etc.
11. Must agree to total number of households in municipal area
12. Household income categories assume an average 4 person household. Stats SA - Census 2011 Questionnaire
13. Based on National poverty line of R515 per capita per month (2008 prices), assuming an average household size of 4 persons

DC21 Ugu Supporting Table SA10 Funding measurement

Description	MFMA section	Ref	2018/19	2019/20	2020/21	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Funding measures												
Cash/cash equivalents at the year end - R'000	18(1)b	1	(2 732)	75 813	57 129	129 525	(267 799)	(267 799)	(229 061)	255 289	520 856	901 995
Cash + investments at the yr end less applications - R'000	18(1)b	2	(180 338)	(489 232)	(506 878)	284 655	(187 835)	(187 835)	125 822	158 797	174 312	178 350
Cash year end/monthly employee/supplier payments	18(1)b	3	(0.0)	1.0	0.8	1.8	(4.0)	(4.0)	(3.8)	3.6	8.3	14.6
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	(184 684)	(144 390)	16 144	139 286	140 336	140 336	167 084	176 324	353 776	450 588
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	5	N.A.	14.2%	(13.1%)	7.8%	(16.3%)	(6.0%)	(15.0%)	9.9%	(1.0%)	(1.0%)
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	(2.7%)	0.2%	0.0%	77.9%	67.5%	67.5%	91.9%	91.3%	92.6%	93.9%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	4.9%	21.8%	10.9%	18.9%	20.7%	20.7%	5.8%	29.7%	13.4%	13.4%
Capital payments % of capital expenditure	18(1)c;19	8	0.0%	0.0%	0.0%	100.0%	109.3%	109.3%	97.9%	100.0%	110.3%	110.3%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	9	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grants % of Govt. legislated/gazetted allocations	18(1)a	10								100.0%	100.0%	100.0%
Current consumer debtors % change - incr(decr)	18(1)a	11	N.A.	484.2%	40.2%	(6.2%)	46.6%	0.0%	(0.9%)	(28.1%)	(4.3%)	(5.8%)
Long term receivables % change - incr(decr)	18(1)a	12	N.A.	(69.4%)	(0.2%)	(64.3%)	0.0%	0.0%	(72.0%)	0.0%	5.0%	5.0%
R&M % of Property Plant & Equipment	20(1)(vi)	13	(63.4%)	3.1%	2.3%	2.0%	1.8%	1.8%	1.1%	1.1%	0.8%	0.6%
Asset renewal % of capital budget	20(1)(vi)	14	186.2%	82.6%	91.9%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

References
1. Positive cash balances indicative of minimum compliance - subject to 2
2. Deduct cash and investment applications (defined) from cash balances
3. Indicative of sufficient liquidity to meet average monthly operating payments
4. Indicative of funded operational requirements
5. Indicative of adherence to macro-economic targets (prior to 2003/04 revenue not available for high capacity municipalities and later for other capacity classifications)
6. Realistic average cash collection forecasts as % of annual billed revenue
7. Realistic average increase in debt impairment (doubtful debt) provision
8. Indicative of planned capital expenditure level & cash payment timing
9. Indicative of compliance with borrowing 'only' for the capital budget - should not exceed 100% unless refinancing
10. Substantiation of National/Province allocations included in budget
11. Indicative of realistic current arrear debtor collection targets (prior to 2003/04 revenue not available for high capacity municipalities and later for other capacity classifications)
12. Indicative of realistic long term arrear debtor collection targets (prior to 2003/04 revenue not available for high capacity municipalities and later for other capacity classifications)
13. Indicative of a credible allowance for repairs & maintenance of assets - functioning assets revenue protection
14. Indicative of a credible allowance for asset renewal (requires analysis of asset renewal projects as % of total capital projects - detailed capital plan) - functioning assets revenue protection

Supporting indicators													
% incr *total service charges (incl prop rates)*	18(1)a			20.2%	(7.1%)	13.8%	(10.3%)	0.0%	(9.0%)	15.9%	5.0%	5.0%	
% incr Property Tax	18(1)a			(100.0%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
% incr Service charges - electricity revenue	18(1)a			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
% incr Service charges - water revenue	18(1)a			22.5%	(10.2%)	24.9%	(20.2%)	0.0%	(5.2%)	24.8%	5.0%	5.0%	
% incr Service charges - sanitation revenue	18(1)a			12.8%	3.7%	(20.0%)	36.8%	0.0%	(19.5%)	(8.8%)	5.0%	5.0%	
% incr Service charges - refuse revenue	18(1)a			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
% incr in	18(1)a			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Total billable revenue	18(1)a		394 687	474 533	440 852	501 878	449 977	449 977	409 517	521 380	547 449	574 821	
Service charges			394 687	474 533	440 852	501 878	449 977	449 977	409 517	521 380	547 449	574 821	
Property rates			(209)	–	–	–	–	–	–	–	–	–	
Service charges - electricity revenue			–	–	–	–	–	–	–	–	–	–	
Service charges - water revenue			301 867	369 638	332 056	414 793	330 810	330 810	313 566	412 756	433 394	455 064	
Service charges - sanitation revenue			93 028	104 894	108 796	87 084	119 167	119 167	95 951	108 623	114 054	119 757	
Service charges - refuse removal			–	–	–	–	–	–	–	–	–	–	
Service charges - other			–	–	–	–	–	–	–	–	–	–	
Rental of facilities and equipment			2 205	2 070	2 504	3 500	4 468	4 468	1 377	4 722	4 958	5 206	
Capital expenditure excluding capital grant funding			340 289	2 180 520	8 244 307	38 590	49 089	49 089	20 727	29 483	–	–	
Cash receipts from ratepayers	18(1)a		(11 751)	762	–	465 370	335 233	335 233	425 206	522 059	555 922	591 983	
Ratepayer & Other revenue	18(1)a		435 128	487 139	493 385	597 018	496 764	496 764	462 626	571 570	600 148	630 156	
Change in consumer debtors (current and non-current)			217 965	242 134	124 284	(31 070)	158 632	158 632	151 450	21 978	(18 224)	(23 820)	
Operating and Capital Grant Revenue	18(1)a		735 584	819 702	811 030	878 945	886 020	886 020	800 714	940 637	999 246	1 065 105	
Capital expenditure - total	20(1)(vi)		(164 571)	2 579 286	8 681 702	333 687	314 406	314 406	242 437	314 988	299 781	314 770	
Capital expenditure - renewal	20(1)(vi)		(306 372)	2 131 071	7 975 430	–	–	–		–	–	–	
Supporting benchmarks													
Growth guideline maximum			6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	
CPI guideline			4.3%	3.9%	4.6%	5.0%	5.0%	5.0%	5.0%	5.4%	5.6%	5.4%	
DoRA operating grants total MFY										655 132	648 391	695 964	1500 Opera Nationa
DoRA capital grants total MFY										285 505	350 855	369 141	3300 Capita Nation
Provincial operating grants										–	–	–	1500 Opera Provinc
Provincial capital grants										–	–	–	3300 Capita Provin
District Municipality grants										–	–	–	1500 3300 Distric
Total gazetted/advised national, provincial and district grants										940 637	999 246	1 065 105	
Average annual collection rate (arrears inclusive)													
DoRA operating													
Equitable Share										585 146	629 020	675 761	1500 Opera Equitat
Expanded Public Works Programme Integrated Grant										3 319	–	–	1500 Opera Expand
Infrastructure Skills Development Grant										–	–	–	1500 Opera Infrastr
Rural Road Asset Management Systems Grant										2 848	2 859	2 963	1500 Opera Rural F
Integrated National Electrification Programme Grant										–	–	–	1500 Opera Integra
Local Government Financial Management Grant										1 950	1 950	1 950	1500 Opera Local G
Neighbourhood Development Partnership Grant										–	–	–	1500 Opera Neighb
Specify (Add grant description)										–	–	–	1500 Opera Specify
										593 263	633 829	680 674	
DoRA capital													
Energy Efficiency and Demand Side Management Grant										–	–	–	3300 Capita Energy
Integrated National Electrification Programme Grant										–	–	–	3300 Capita Integra
Municipal Infrastructure Grant										215 505	275 855	289 001	3300 Capita Municip
Regional Bulk Infrastructure Grant										–	–	–	3300 Capita Region
Specify (Add grant description)										–	–	–	3300 Capita Specify
Transfer from Operational Revenue										–	–	–	3300 Capita Transfe
Water Services Infrastructure Grant										70 000	75 000	80 140	3300 Capita Water
										–	–	–	3300 Capita 0
										–	–	–	3300 Capita 0
										285 505	350 855	369 141	
Trend													
Change in consumer debtors (current and non-current)			217 965	242 134	124 284	151 450	21 978	(18 224)	(23 820)	–	–	–	
Total Operating Revenue			1 140 899	1 024 509	1 069 901	1 203 406	1 099 951	1 099 951	1 019 031	1 234 623	1 256 858	1 334 855	
Total Operating Expenditure			1 380 583	1 474 964	1 296 092	1 349 217	1 248 710	1 248 710	1 103 095	1 343 805	1 253 936	1 253 408	
Operating Performance Surplus/(Deficit)			(239 684)	(450 456)	(226 191)	(145 811)	(148 759)	(148 759)	(84 064)	(109 182)	2 921	81 447	3300 Capita 3400
Cash and Cash Equivalents (30 June 2012)										255 289			3300 Capita 3400
Revenue													3300 Capita 3400
% Increase in Total Operating Revenue				(10.2%)	4.4%	12.5%	(8.6%)	0.0%	(7.4%)	12.2%	1.8%	6.2%	3300 Capita 3400
% Increase in Property Rates Revenue				(100.0%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	3300 Capita 3400
% Increase in Electricity Revenue				0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	3300 Capita 3400
% Increase in Property Rates & Services Charges				20.2%	(7.1%)	13.8%	(10.3%)	0.0%	(9.0%)	15.9%	5.0%	5.0%	3300 Capita 3400
Expenditure													3300 Capita 3400
% Increase in Total Operating Expenditure				6.8%	(12.1%)	4.1%	(7.4%)	0.0%	(11.7%)	7.6%	(6.7%)	(0.0%)	3300 Capita 3400
% Increase in Employee Costs				3.1%	0.9%	(0.2%)	(5.4%)	0.0%	0.5%	8.8%	2.2%	0.5%	3300 Capita 3400
% Increase in Electricity Bulk Purchases				(100.0%)	0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%	3300 Capita 3400
Average Cost Per Budgeted Employee Position (Remuneration)					6516611.694	0				0			3300 Capita 3400
Average Cost Per Councillor (Remuneration)					0	0				0			3300 Capita 3400
R&M % of PPE			(63.4%)	3.1%	2.3%	2.0%	1.8%	1.8%		1.1%	0.8%	0.6%	3300 Capita 3400
Asset Renewal and R&M as a % of PPE			740.0%	72.0%	258.0%	5.0%	4.0%	4.0%		4.0%	4.0%	4.0%	
Debt Impairment % of Total Billable Revenue			4.9%	21.8%	10.9%	18.9%	20.7%	20.7%	5.8%	29.7%	13.4%	13.4%	
Capital Revenue													
Internally Funded & Other (R'000)			10 647	8 164 167	8 244 307	38 450	49 089	49 089	20 728	29 483	–	–	
Borrowing (R'000)			–	–	–	–	–	–	–	–	–	–	
Grant Funding and Other (R'000)			(504 860)	398 766	437 395	295 098	265 316	265 316	221 710	285 505	299 781	314 770	
Internally Generated funds % of Non Grant Funding			100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	0.0%	0.0%	
Borrowing % of Non Grant Funding			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Grant Funding % of Total Funding			102.2%	4.7%	5.0%	88.5%	84.4%	84.4%	91.5%	90.6%	100.0%	100.0%	
Capital Expenditure													
Total Capital Programme (R'000)			(164 571)	2 579 286	8 681 702	333 687	314 406	314 406	242 437	314 988	299 781	314 770	
Asset Renewal			1 564 269	2 265 076	8 305 440	89 009	79 817	79 817	79 817	100 000	105 000	110 250	
Asset Renewal % of Total Capital Expenditure			(316.5%)	26.5%	95.7%	26.7%	25.4%	25.4%	32.9%	31.7%	35.0%	35.0%	
Cash													
Cash Receipts % of Rate Payer & Other			(2.7%)	0.2%	0.0%	77.9%	67.5%	67.5%	91.9%	91.3%	92.6%	93.9%	
Cash Coverage Ratio			(0)	0	0	0	(0)	(0)	(0)	0	0	0	
Borrowing													
Credit Rating (2009/10)										0			
Capital Charges to Operating			0.8%	1.2%	1.4%	0.9%	2.5%	2.5%	1.7%	1.0%	1.1%	1.1%	
Borrowing Receipts % of Capital Expenditure			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Reserves													
Surplus/(Deficit)			(180 338)	(489 232)	(506 878)	284 655	(187 835)	(187 835)	125 822	158 797	174 312	178 350	
Free Services													
Free Basic Services as a % of Equitable Share			0.0%	0.0%	1.0%	13.9%	9.5%	9.5%		10.2%	9.9%	9.7%	
Free Services as a % of Operating Revenue (excl operational transfers)			0.0%	0.0%	1.1%	3.6%	4.2%	4.2%		0.0%	0.0%	0.0%	
High Level Outcome of Funding Compliance													
Total Operating Revenue			1 140 899	1 024 509	1 069 901	1 203 406	1 099 951	1 099 951	1 019 031	1 234 623	1 256 858	1 334 855	
Total Operating Expenditure			1 380 583	1 474 964	1 296 092	1 349 217	1 248 710	1 248 710	1 103 095	1 343 805	1 253 936	1 253 408	
Surplus/(Deficit) Budgeted Operating Statement			(239 684)	(450 456)	(226 191)	(145 811)	(148 759)	(148 759)	(84 064)	(109 182)	2 921	81 447	
Surplus/(Deficit) Considering Reserves and Cash Backing			(180 338)	(489 232)	(506 878)	284 655	(187 835)	(187 835)	125 822	158 797	174 312	178 350	
MTREF Funded (1) / Unfunded (0)		15	0	0	0	1	0	0	1	1	1	1	
MTREF Funded ✓ / Unfunded ✗		15	×	×	×	✓	×	×	✓	✓	✓	✓	

References
15. Subject to figures provided in Schedule.

DC21 Ugu - Supporting Table SA11 Property rates summary

Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Valuation:	1									
Date of valuation:										
Financial year valuation used										
Municipal by-laws s6 in place? (Y/N)	2									
Municipal/assistant valuer appointed? (Y/N)										
Municipal partnership s38 used? (Y/N)										
No. of assistant valuers (FTE)	3									
No. of data collectors (FTE)	3									
No. of internal valuers (FTE)	3									
No. of external valuers (FTE)	3									
No. of additional valuers (FTE)	4									
Valuation appeal board established? (Y/N)										
Implementation time of new valuation roll (mths)										
No. of properties	5									
No. of sectional title values	5									
No. of unreasonably difficult properties s7(2)										
No. of supplementary valuations										
No. of valuation roll amendments										
No. of objections by rate payers										
No. of appeals by rate payers										
No. of successful objections	8									
No. of successful objections > 10%	8									
Supplementary valuation										
Public service infrastructure value (Rm)	5									
Municipality owned property value (Rm)										
Valuation reductions:										
Valuation reductions-public infrastructure (Rm)										
Valuation reductions-nature reserves/park (Rm)										
Valuation reductions-mineral rights (Rm)										
Valuation reductions-R15,000 threshold (Rm)										
Valuation reductions-public worship (Rm)										
Valuation reductions-other (Rm)										
Total valuation reductions:		–	–	–	–	–	–	–	–	–
Total value used for rating (Rm)	5									
Total land value (Rm)	5									
Total value of improvements (Rm)	5									
Total market value (Rm)	5									
Rating:										
Residential rate used to determine rate for other categories? (Y/N)										
Differential rates used? (Y/N)	5									
Limit on annual rate increase (s20)? (Y/N)										
Special rating area used? (Y/N)										
Phasing-in properties s21 (number)										
Rates policy accompanying budget? (Y/N)										
Fixed amount minimum value (R'000)										
Non-residential prescribed ratio s19? (%)										
Rate revenue:										
Rate revenue budget (R '000)	6									
Rate revenue expected to collect (R'000)	6									
Expected cash collection rate (%)										
Special rating areas (R'000)	7									
Rebates, exemptions - indigent (R'000)										
Rebates, exemptions - pensioners (R'000)										
Rebates, exemptions - bona fide farm. (R'000)										
Rebates, exemptions - other (R'000)										
Phase-in reductions/discounts (R'000)										
Total rebates,exemptns,reductns,discs (R'000)		–	–	–	–	–	–	–	–	–

References

1. All numbers to be expressed as whole numbers except FTEs and Rates in the Rand
2. To give effect to rates policy
3. Full Time Equivalent (FTE) should be expressed to one decimal place and takes into account full time and part time staff
4. Required to implement new system (FTE)
5. Provide relevant information for historical comparisons. Must reconcile to the total of Table SA12
6. Current and budget year must reconcile to Table A4 Budgeted Financial Performance (revenue and expenditure)
7. Included in rate revenue budget
8. In favour of the rate-payer

DC21 Ugu - Supporting Table SA12a Property rates by category (current year)

Description	Ref	Resi.	Indust.	Bus. & Comm.	Farm props.	State-owned	Muni props.	Public service infra.	Private owned towns	Formal & Informal Settle.	Comm. Land	State trust land	Section 8(2)(n) (note 1)	Protect. Areas	National Monum/ts	Public benefit organs.	Mining Props.
Current Year 2021/22																	
Valuation:																	
No. of properties																	
No. of sectional title property values																	
No. of unreasonably difficult properties s7(2)																	
No. of supplementary valuations																	
Supplementary valuation (Rm)																	
No. of valuation roll amendments																	
No. of objections by rate-payers																	
No. of appeals by rate-payers																	
No. of appeals by rate-payers finalised																	
No. of successful objections	5																
No. of successful objections > 10%	5																
Estimated no. of properties not valued																	
Years since last valuation (select)																	
Frequency of valuation (select)																	
Method of valuation used (select)																	
Base of valuation (select)																	
Phasing-in properties s21 (number)																	
Combination of rating types used? (Y/N)																	
Flat rate used? (Y/N)																	
Is balance rated by uniform rate/variable rate?																	
Valuation reductions:																	
Valuation reductions-public infrastructure (Rm)																	
Valuation reductions-nature reserves/park (Rm)																	
Valuation reductions-mineral rights (Rm)																	
Valuation reductions-R15,000 threshold (Rm)																	
Valuation reductions-public worship (Rm)																	
Valuation reductions-other (Rm)	2																
Total valuation reductions:																	
Total value used for rating (Rm)	6																
Total land value (Rm)	6																
Total value of improvements (Rm)	6																
Total market value (Rm)	6																
Rating:																	
Average rate	3																
Rate revenue budget (R '000)																	
Rate revenue expected to collect (R'000)																	
Expected cash collection rate (%)	4																
Special rating areas (R'000)																	
Rebates, exemptions - indigent (R'000)																	
Rebates, exemptions - pensioners (R'000)																	
Rebates, exemptions - bona fide farm. (R'000)																	
Rebates, exemptions - other (R'000)																	
Phase-in reductions/discounts (R'000)																	
Total rebates,exemptns,reductns,discs (R'000)																	

References

1. Land & Assistance Act, Restitution of Land Rights, Communual Property Associations
2. Include value of additional reductions is 'free' value greater than MPRA minimum.
3. Average rate - cents in the Rand. Eg 10.26 cents in the Rand is 0.1026, expressed to 6 decimal places maximum
4. Include arrears collections
5. In favour of the rate-payer
6. Provide relevant information for historical comparisons.

DC21 Ugu - Supporting Table SA12b Property rates by category (budget year)

Description	Ref	Resi.	Indust.	Bus. & Comm.	Farm props.	State-owned	Muni props.	Public service infra.	Private owned towns	Formal & Informal Settle.	Comm. Land	State trust land	Section 8(2)(n) (note 1)	Protect. Areas	National Monum/ts	Public benefit organs.	Mining Props.
Budget Year 2022/23																	
Valuation:																	
No. of properties																	
No. of sectional title property values																	
No. of unreasonably difficult properties s7(2)																	
No. of supplementary valuations																	
Supplementary valuation (Rm)																	
No. of valuation roll amendments																	
No. of objections by rate-payers																	
No. of appeals by rate-payers																	
No. of appeals by rate-payers finalised																	
No. of successful objections	5																
No. of successful objections > 10%	5																
Estimated no. of properties not valued																	
Years since last valuation (select)																	
Frequency of valuation (select)																	
Method of valuation used (select)																	
Base of valuation (select)																	
Phasing-in properties s21 (number)																	
Combination of rating types used? (Y/N)																	
Flat rate used? (Y/N)																	
Is balance rated by uniform rate/variable rate?																	
Valuation reductions:																	
Valuation reductions-public infrastructure (Rm)																	
Valuation reductions-nature reserves/park (Rm)																	
Valuation reductions-mineral rights (Rm)																	
Valuation reductions-R15,000 threshold (Rm)																	
Valuation reductions-public worship (Rm)																	
Valuation reductions-other (Rm)	2																
Total valuation reductions:																	
Total value used for rating (Rm)	6																
Total land value (Rm)	6																
Total value of improvements (Rm)	6																
Total market value (Rm)	6																
Rating:																	
Average rate	3																
Rate revenue budget (R '000)																	
Rate revenue expected to collect (R'000)																	
Expected cash collection rate (%)	4																
Special rating areas (R'000)																	
Rebates, exemptions - indigent (R'000)																	
Rebates, exemptions - pensioners (R'000)																	
Rebates, exemptions - bona fide farm. (R'000)																	
Rebates, exemptions - other (R'000)																	
Phase-in reductions/discounts (R'000)																	
Total rebates,exemptns,reductns,discs (R'000)																	

References

1. Land & Assistance Act, Restitution of Land Rights, Communual Property Associations
2. Include value of additional reductions is 'free' value greater than MPRA minimum.
3. Average rate - cents in the Rand. Eg 10.26 cents in the Rand is 0.1026, expressed to 6 decimal places maximum
4. Include arrears collections
5. In favour of the rate-payer
6. Provide relevant information for historical comparisons.

DC21 Ugu - Supporting Table SA13a Service Tariffs by category

Description	Ref	Provide description of tariff structure where appropriate	2018/19	2019/20	2020/21	Current Year 2021/22	2022/23 Medium Term Revenue & Expenditure Framework		
							Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Property rates *(rate in the Rand)*	1								
Residential properties									
Residential properties - vacant land									
Formal/informal settlements									
Small holdings									
Farm properties - used									
Farm properties - not used									
Industrial properties									
Business and commercial properties									
Communal land - residential									
Communal land - small holdings									
Communal land - farm property									
Communal land - business and commercial									
Communal land - other									
State-owned properties									
Municipal properties									
Public service infrastructure									
Privately owned towns serviced by the owner									
State trust land									
Restitution and redistribution properties									
Protected areas									
National monuments properties									
Exemptions, reductions and rebates *(Rands)*									
Residential properties									
R15 000 threshhold rebate			15 000	15 000	15 000	15 000	15 000	15 000	15 000
General residential rebate									
Indigent rebate or exemption									
Pensioners/social grants rebate or exemption									
Temporary relief rebate or exemption									
Bona fide farmers rebate or exemption									
Other rebates or exemptions	2								
Water tariffs									
Domestic									
Basic charge/fixed fee *(Rands/month)*			269	318	343	566	603	633	665
Service point - vacant land *(Rands/month)*									
Water usage - flat rate tariff *(c/kl)*			4	5	5	8	9	9	9
Water usage - life line tariff		(describe structure)							
Water usage - Block 1 (c/kl)		(fill in thresholds)							
Water usage - Block 2 (c/kl)		(fill in thresholds)							
Water usage - Block 3 (c/kl)		(fill in thresholds)							
Water usage - Block 4 (c/kl)		(fill in thresholds)							
Other	2		575	679	733	1 210	1 289	1 353	1 421

Waste water tariffs									
Domestic									
Basic charge/fixed fee *(Rands/month)*									
Service point - vacant land *(Rands/month)*									
Waste water - flat rate tariff *(c/kl)*									
Volumetric charge - Block 1 (c/kl)		(fill in structure)							
Volumetric charge - Block 2 (c/kl)		(fill in structure)							
Volumetric charge - Block 3 (c/kl)		(fill in structure)							
Volumetric charge - Block 4 (c/kl)		(fill in structure)							
Other	2								
Electricity tariffs									
Domestic									
Basic charge/fixed fee *(Rands/month)*									
Service point - vacant land *(Rands/month)*									
FBE		(how is this targeted?)							
Life-line tariff - meter		(describe structure)							
Life-line tariff - prepaid		(describe structure)							
Flat rate tariff - meter *(c/kwh)*									
Flat rate tariff - prepaid *(c/kwh)*									
Meter - IBT Block 1 (c/kwh)		(fill in thresholds)							
Meter - IBT Block 2 (c/kwh)		(fill in thresholds)							
Meter - IBT Block 3 (c/kwh)		(fill in thresholds)							
Meter - IBT Block 4 (c/kwh)		(fill in thresholds)							
Meter - IBT Block 5 (c/kwh)		(fill in thresholds)							
Prepaid - IBT Block 1 (c/kwh)		(fill in thresholds)							
Prepaid - IBT Block 2 (c/kwh)		(fill in thresholds)							
Prepaid - IBT Block 3 (c/kwh)		(fill in thresholds)							
Prepaid - IBT Block 4 (c/kwh)		(fill in thresholds)							
Prepaid - IBT Block 5 (c/kwh)		(fill in thresholds)							
Other	2								
Waste management tariffs									
Domestic									
Street cleaning charge									
Basic charge/fixed fee									
80l bin - once a week									
250l bin - once a week									

References

1. If properties are not rated or zero rated this must be indicated as such

2.Please provide detailed descriptions on Sheet SA13b

DC21 Ugu - Supporting Table SA13b Service Tariffs by category - explanatory

Description	Ref	Provide description of tariff structure where appropriate	2018/19	2019/20	2020/21	Current Year 2021/22	2022/23 Medium Term Revenue & Expenditure Framework		
							Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Exemptions, reductions and rebates *(Rands)*									
[Insert lines as applicable]									
Water tariffs									
[Insert blocks as applicable]		(fill in thresholds)	165	165	165	165	165	165	165
		(fill in thresholds)	13	15	16	18	19	20	21
		(fill in thresholds)	21	24	26	28	30	31	33
		(fill in thresholds)	26	31	30	32	34	36	38
		(fill in thresholds)							
		(fill in thresholds)							
		(fill in thresholds)							
		(fill in thresholds)							
		(fill in thresholds)							
		(fill in thresholds)							
Waste water tariffs									
[Insert blocks as applicable]		(fill in structure)	269	269	269	269	269	269	269
		(fill in structure)	4	5	5	5	5	6	6
		(fill in structure)	575	679	750	814	867	910	956
		(fill in structure)							
		(fill in structure)							
		(fill in structure)							
		(fill in structure)							
		(fill in structure)							
		(fill in structure)							
Electricity tariffs									
[Insert blocks as applicable]		(fill in thresholds)							
		(fill in thresholds)							
		(fill in thresholds)							
		(fill in thresholds)							
		(fill in thresholds)							
		(fill in thresholds)							
		(fill in thresholds)							
		(fill in thresholds)							
		(fill in thresholds)							
		(fill in thresholds)							
		(fill in thresholds)							
		(fill in thresholds)							
		(fill in thresholds)							

DC21 Ugu - Supporting Table SA14 Household bills

Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure Framework			
Rand/cent		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23 % incr.	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Monthly Account for Household - 'Middle Income Range'	1										
Rates and services charges:											
Property rates		–	–	–	–	–	–		–	–	–
Electricity: Basic levy		–	–	–	–	–	–		–	–	–
Electricity: Consumption		–	–	–	–	–	–		–	–	–
Water: Basic levy		145.63	171.84	185.59	198.09	198.09	198.09	650.0%	210.87	221.41	232.48
Water: Consumption		284.96	336.25	363.15	386.60	386.60	386.60	650.0%	412.16	432.77	454.41
Sanitation		389.72	459.87	496.66	529.31	529.31	529.31	650.0%	563.39	591.56	621.14
Refuse removal		–	–	–	–	–	–		–	–	–
Other		–	–	–	–	–	–		–	–	–
sub-total		820.31	967.97	1 045.40	1 114.00	1 114.00	1 114.00	6.5%	1 186.42	1 245.74	1 308.03
VAT on Services		943.36	1 113.16	1 202.21	1 281.10	1 281.10	1 281.10		1 364.38	1 432.60	1 504.23
Total large household bill:		1 763.67	2 081.13	2 247.62	2 395.10	2 395.10	2 395.10	6.5%	2 550.80	2 678.34	2 812.26
% increase/-decrease			18.0%	8.0%	6.6%	–	–		6.5%	5.0%	5.0%
Monthly Account for Household - 'Affordable Range'	2										
Rates and services charges:											
Property rates		–	–	–	–	–	–		–	–	–
Electricity: Basic levy		–	–	–	–	–	–		–	–	–
Electricity: Consumption		–	–	–	–	–	–		–	–	–
Water: Basic levy		–	–	–	–	–	–		–	–	–
Water: Consumption		–	–	–	–	–	–		–	–	–
Sanitation		–	–	–	–	–	–		–	–	–
Refuse removal		–	–	–	–	–	–		–	–	–
Other		–	–	–	–	–	–		–	–	–
sub-total		–	–	–	–	–	–	–	–	–	–
VAT on Services		–	–	–	–	–	–		–	–	–
Total small household bill:		–	–	–	–	–	–	–	–	–	–
% increase/-decrease			–	–	–	–	–		–	–	–
Monthly Account for Household - 'Indigent' Household receiving free basic services	3										
Rates and services charges:											
Property rates		–	–	–	–	–	–		–	–	–
Electricity: Basic levy		–	–	–	–	–	–		–	–	–
Electricity: Consumption		–	–	–	–	–	–		–	–	–
Water: Basic levy		–	–	–	–	–	–		–	–	–
Water: Consumption		–	–	–	–	–	–		–	–	–
Sanitation		–	–	–	–	–	–		–	–	–
Refuse removal		–	–	–	–	–	–		–	–	–
Other		–	–	–	–	–	–		–	–	–
sub-total		–	–	–	–	–	–	–	–	–	–
VAT on Services		–	–	–	–	–	–		–	–	–
Total small household bill:		–	–	–	–	–	–	–	–	–	–
% increase/-decrease			–	–	–	–	–		–	–	–

References

1. Use as basis property value of R700 000, 1 000 kWh electricity and 30kl water

2. Use as basis property value of R500 000 and R700 000, 500 kWh electricity and 25kl water

3. Use as basis property value of R 300 000, 350kWh electricity and 20kl water (50 kWh electricity and 6 kl water free)

DC21 Ugu - Supporting Table SA15 Investment particulars by type

Investment type	Ref	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Parent municipality										
Securities - National Government		–	–	–	–	–	–	–	–	–
Listed Corporate Bonds		–	0	0	–	–	–	–	–	–
Deposits - Bank		20 035	63 753	56 651	80 000	84 200	84 200	88 410	92 831	92 831
Deposits - Public Investment Commissioners		–	–	–	–	–	–	–	–	–
Deposits - Corporation for Public Deposits		14 718	73 579	76 043	–	–	–	–	–	–
Bankers Acceptance Certificates		–	(0)	(0)	–	–	–	–	–	–
Negotiable Certificates of Deposit - Banks		–	–	–	–	–	–	–	–	–
Guaranteed Endowment Policies (sinking)		–	–	–	–	–	–	–	–	–
Repurchase Agreements - Banks		–	–	–	–	–	–	–	–	–
Municipal Bonds		–	–	–	–	–	–	–	–	–
Municipality sub-total	1	34 753	137 332	132 694	80 000	84 200	84 200	88 410	92 831	92 831
Entities										
Securities - National Government		–	–	–	–	–	–	–	–	–
Listed Corporate Bonds		–	–	–	–	–	–	–	–	–
Deposits - Bank		–	–	–	–	–	–	–	–	–
Deposits - Public Investment Commissioners		–	–	–	–	–	–	–	–	–
Deposits - Corporation for Public Deposits		–	–	85	–	–	–	–	–	–
Bankers Acceptance Certificates		–	–	45	–	–	–	–	–	–
Negotiable Certificates of Deposit - Banks		–	–	–	–	–	–	–	–	–
Guaranteed Endowment Policies (sinking)		–	–	–	–	–	–	–	–	–
Repurchase Agreements - Banks		–	–	–	–	–	–	–	–	–
Entities sub-total		–	–	129	–	–	–	–	–	–
Consolidated total:		34 753	137 332	132 824	80 000	84 200	84 200	88 410	92 831	92 831

References

1. Total investments must reconcile to Budgeted Financial Position ('current' call investment deposits plus 'non-current' investments)

DC21 Ugu - Supporting Table SA16 Investment particulars by maturity

Investments by Maturity Name of institution & investment ID	Ref 1	Period of Investment Yrs/Months	Type of Investment	Capital Guarantee (Yes/ No)	Variable or Fixed interest rate	Interest Rate [3]	Commission Paid (Rands)	Commission Recipient	Expiry date of investment	Opening balance	Interest to be realised	Partial / Premature Withdrawal (4)	Investment Top Up	Closing Balance
Parent municipality														
First National Bank		On call	On Call		variable		0	N/A	On Call	35	1	–	–	36
Nedbank		1 months	short term dep		fixed		0	N/A	43647	20 000	103	–	–	20 103
Absa		On Call	On Call		fixed		0	N/A	On Call	58 666	145	–	–	58 810
First National Bank		2 months	short term dep		fixed		0	N/A	44015	5 088	42	–	–	5 130
Absa		On Call	On Call		fixed		0	N/A	On Call	56 557	137	–	–	56 694
First National Bank		On Call	On Call		fixwd		0	N/A	On Call	94	0	–	–	94
- : Ugu District Municipality		0	0	0	0	0	0	0	0	–	–	–	–	–
- : Ugu District Municipality		0	0	0	0	0	0	0	0	–	–	–	–	–
- : Ugu District Municipality		0	0	0	0	0	0	0	0	–	–	–	–	–
- : Ugu District Municipality		0	0	0	0	0	0	0	0	–	–	–	–	–
- : Ugu District Municipality		0	0	0	0	0	0	0	0	–	–	–	–	–
Municipality sub-total										140 440	427	–	–	140 867
Entities														
														–
														–
														–
														–
														–
														–
														–
Entities sub-total										–	–	–	–	–
TOTAL INVESTMENTS AND INTEREST	1									140 440	427	–	–	140 867

References

1. Total investments must reconcile to all items in Table SA15 for the Current Year (30 June)

2. List investments in expiry date order

3. If 'variable' is selected in column F, input interest rate range

4. Withdrawals to be entered as negative

check (140 867)

DC21 Ugu - Supporting Table SA17 Borrowing

Borrowing - Categorised by type	Ref	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Parent municipality										
Annuity and Bullet Loans		(7 467)	46 797	38 222	40 158	28 595	28 595	28 595	30 025	31 526
Long-Term Loans (non-annuity)		–	–	–	–	–	–	–	–	–
Local registered stock		–	–	–	–	–	–	–	–	–
Instalment Credit		–	–	–	–	–	–	–	–	–
Financial Leases		–	–	–	–	–	–	–	–	–
PPP liabilities		–	–	–	–	–	–	–	–	–
Finance Granted By Cap Equipment Supplier		–	–	–	–	–	–	–	–	–
Marketable Bonds		–	–	–	–	–	–	–	–	–
Non-Marketable Bonds		–	–	–	–	–	–	–	–	–
Bankers Acceptances		–	–	–	–	–	–	–	–	–
Financial derivatives		–	–	–	–	–	–	–	–	–
Other Securities		–	–	–	–	–	–	–	–	–
Municipality sub-total	1	(7 467)	46 797	38 222	40 158	28 595	28 595	28 595	30 025	31 526
Entities										
Annuity and Bullet Loans		–	–	–	–	–	–	–	–	–
Long-Term Loans (non-annuity)		–	–	–	–	–	–	–	–	–
Local registered stock		–	–	–	–	–	–	–	–	–
Instalment Credit		–	–	–	–	–	–	–	–	–
Financial Leases		–	–	–	–	–	–	–	–	–
PPP liabilities		–	–	–	–	–	–	–	–	–
Finance Granted By Cap Equipment Supplier		–	–	–	–	–	–	–	–	–
Marketable Bonds		–	–	–	–	–	–	–	–	–
Non-Marketable Bonds		–	–	–	–	–	–	–	–	–
Bankers Acceptances		–	–	–	–	–	–	–	–	–
Financial derivatives		–	–	–	–	–	–	–	–	–
Other Securities		–	–	–	–	–	–	–	–	–
Entities sub-total	1	–	–	–	–	–	–	–	–	–
Total Borrowing	1	(7 467)	46 797	38 222	40 158	28 595	28 595	28 595	30 025	31 526
Unspent Borrowing - Categorised by type										
Parent municipality										
Long-Term Loans (annuity/reducing balance)		–	–	–	–	–	–	–	–	–
Long-Term Loans (non-annuity)		–	–	–	–	–	–	–	–	–
Local registered stock		–	–	–	–	–	–	–	–	–
Instalment Credit		–	–	–	–	–	–	–	–	–
Financial Leases		15	6 571	7 613	–	–	–	–	–	–
PPP liabilities		–	–	–	–	–	–	–	–	–
Finance Granted By Cap Equipment Supplier		–	–	–	–	–	–	–	–	–
Marketable Bonds		–	–	–	–	–	–	–	–	–
Non-Marketable Bonds		–	–	–	–	–	–	–	–	–
Bankers Acceptances		–	–	–	–	–	–	–	–	–
Financial derivatives		–	–	–	–	–	–	–	–	–
Other Securities		–	–	–	–	–	–	–	–	–
Municipality sub-total	1	15	6 571	7 613	–	–	–	–	–	–
Entities										
Long-Term Loans (annuity/reducing balance)		–	–	–	–	–	–	–	–	–
Long-Term Loans (non-annuity)		–	–	–	–	–	–	–	–	–
Local registered stock		–	–	–	–	–	–	–	–	–
Instalment Credit		–	–	–	–	–	–	–	–	–
Financial Leases		–	–	17	18	–	–	–	–	–
PPP liabilities		–	–	–	–	–	–	–	–	–
Finance Granted By Cap Equipment Supplier		–	–	–	–	–	–	–	–	–
Marketable Bonds		–	–	–	–	–	–	–	–	–
Non-Marketable Bonds		–	–	–	–	–	–	–	–	–
Bankers Acceptances		–	–	–	–	–	–	–	–	–
Financial derivatives		–	–	–	–	–	–	–	–	–
Other Securities		–	–	–	–	–	–	–	–	–
Entities sub-total	1	–	–	17	18	–	–	–	–	–
Total Unspent Borrowing	1	15	6 571	7 630	18	–	–	–	–	–

References

1. Total borrowing must reconcile to Budgeted Financial Position (Borrowing - non-current)

check borrowing balance	(948)	(143)	(127)	–	–	–	(254 021)	(190 516)	(127 011)

DC21 Ugu - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		679 543	511 369	563 550	655 422	595 788	595 788	655 132	648 391	695 964
Local Government Equitable Share		435 877	462 844	557 282	521 339	523 227	523 227	585 146	629 020	675 761
Integrated National Electrification Programme Gra		–	–	–	–	–	–	–	–	–
Expanded Public Works Programme Integrated G		3 250	4 523	4 468	3 611	3 611	3 611	3 319	–	–
Local Government Financial Management Grant		1 865	1 865	1 800	1 750	1 750	1 750	1 950	1 950	1 950
Public Transport Network Grant		–	–	–	–	–	–	–	–	–
Municipal Disaster Relief Grant		–	745	–	–	–	–	–	–	–
Rural Road Asset Management Systems Grant		2 663	2 821	–	2 721	2 721	2 721	2 848	2 859	2 963
Infrastructure Skills Development Grant		–	–	–	–	–	–	–	–	–
Integrated City Development Grant		–	–	–	–	–	–	–	–	–
Electricity Demand Side Management		–	–	–	–	–	–	–	–	–
Neighbourhood Development Partnership Grant		–	–	–	–	–	–	–	–	–
Specify (Add grant description)		–	–	–	–	–	–	–	–	–
Municipal Infrastructure Grant		235 888	–	–	42 776	64 478	64 478	61 869	14 562	15 290
Municipal Disaster Recovery Grant		–	38 571	–	–	–	–	–	–	–
RSC Levy Replacement		–	–	–	83 225	–	–	–	–	–
Municipal Water Infrastructure Grant		–	–	–	–	–	–	0	–	–
Municipal Systems Improvement Grant		–	–	–	–	–	–	–	–	–
Other transfers/grants [insert description]		–	–	–	–	–	–	–	–	–
Provincial Government:		400	2 027	2 700	638	–	–	–	–	–
Specify (Add grant description)		–	–	–	–	–	–	–	–	–
Parent Municipality		–	–	–	–	–	–	–	–	–
Infrastructure		–	2 000	2 700	–	–	–	–	–	–
Capacity Building and Other		–	27		–	–	–	–	–	–
Development Planning and Shared Services		400	–	–	–	–	–	–	–	–
Unspecified		–	–	–	638	–	–	–	–	–
		–	–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–
Other transfers/grants [insert description]		–	–	–	–	–	–	–	–	–
District Municipality:		–	–	–	18 416	–	–	–	–	–
Specify (Add grant description)		–	–	–	–	–	–	–	–	–
Monetary Allocations		–	–	–	18 416	–	–	–	–	–
		–	–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–
Other capital transfers/grants [insert description]		–	–	–	–	–	–	–	–	–
Other grant providers:		641	241	2 445	2 597	1 137	1 137	–	–	–
Specify (Add grant description)		–	–	–	–	–	–	–	–	–
Development Bank of South Africa		(181)	(139)	–	–	–	–	–	–	–
KwazuluNatal Provincial Planning and Development Commission			56	47	–	–	–	–	–	–
Unspecified		822	324	2 398	2 597	1 137	1 137	–	–	–
Other capital transfers/grants [insert description]		–	–	–	–	–	–	–	–	–
Total Operating Transfers and Grants	5	680 584	513 637	568 695	677 072	596 924	596 924	655 132	648 391	695 964
Capital Transfers and Grants										
National Government:		55 000	290 755	242 335	285 098	263 396	263 396	285 505	349 355	366 176
Municipal Infrastructure Grant		–	240 755	191 399	212 748	191 046	191 046	215 505	275 855	289 001
Integrated National Electrification Programme Grant		–	–	–	–	–	–	–	–	–
Water Services Infrastructure Grant		55 000	50 000	50 000	72 350	72 350	72 350	70 000	73 500	77 175
Regional Bulk Infrastructure Grant		–	–	–	–	–	–	–	–	–
Integrated National Electrification Programme Grant		–	–	–	–	–	–	–	–	–
Energy Efficiency and Demand Side Management Gran		–	–	–	–	–	–	–	–	–
Expanded Public Works Programme Integrated Grant fo		–	–	–	–	–	–	–	–	–
Integrated Urban Development Grant		–	–	–	–	–	–	–	–	–
Neighbourhood Development Partnership Grant		–	–	–	–	–	–	–	–	–
Rural Road Asset Management Systems Grant		–	–	936	–	–	–	–	–	–
Specify (Add grant description)		–	–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–
Other capital transfers/grants [insert desc]		–	–	–	–	–	–	–	–	–
Provincial Government:		–	15 310	–	–	25 700	25 700	–	–	–
Specify (Add grant description)		–	15 310	–	–	25 700	25 700	–	–	–
		–	–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–
Other capital transfers/grants [insert description]		–	–	–	–	–	–	–	–	–
District Municipality:		–	–	–	–	–	–	–	–	–
Specify (Add grant description)		–	–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–
Other capital transfers/grants [insert description]		–	–	–	–	–	–	–	–	–
Other grant providers:		–	–	–	–	–	–	–	–	–
Specify (Add grant description)		–	–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–
Other capital transfers/grants [insert description]		–	–	–	–	–	–	–	–	–
Total Capital Transfers and Grants	5	55 000	306 065	242 335	285 098	289 096	289 096	285 505	349 355	366 176
TOTAL RECEIPTS OF TRANSFERS & GRANTS		735 584	819 702	811 030	962 170	886 020	886 020	940 637	997 746	1 062 140

References

1. Each transfer/grant is listed by name as gazetted together with the name of the transferring department or municipality, donor or other organisation

2. Amounts actually RECEIVED; not revenue recognised (objective is to confirm grants transferred)

3. Replacement of RSC levies

4. Housing subsidies for housing where ownership transferred to organisations or persons outside the control of the municipality

5. Total transfers and grants must reconcile to Budgeted Cash Flows

6. Motor vehicle licensing refunds to be included under 'agency' services (Not Grant Receipts)

DC21 Ugu - Supporting Table SA19 Expenditure on transfers and grant programme

Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
EXPENDITURE:	1									
Operating expenditure of Transfers and Grants										
National Government:		151 699	86 169	70 445	488 905	367 481	367 481	655 132	648 391	695 964
Local Government Equitable Share		144 777	16 950	58 465	437 774	317 950	317 950	585 146	629 020	675 761
Integrated National Electrification Programme Grant		–	–	–	–	–	–	–	–	–
Expanded Public Works Programme Integrated Grant		3 161	4 510	4 773	3 614	3 611	3 611	3 319	–	–
Local Government Financial Management Grant		1 575	1 223	991	1 743	2 198	2 198	1 950	1 950	1 950
Public Transport Network Grant		–	–	–	–	–	–	–	–	–
Municipal Disaster Relief Grant		–	386	(88)	–	–	–	–	–	–
Rural Road Asset Management Systems Grant		–	2 453	–	2 723	2 721	2 721	2 848	2 859	2 963
Infrastructure Skills Development Grant		–	–	–	–	–	–	–	–	–
Integrated City Development Grant		–	–	–	–	–	–	–	–	–
Electricity Demand Side Management		–	–	–	–	–	–	–	–	–
Neighbourhood Development Partnership Grant		–	–	–	–	–	–	–	–	–
Specify (Add grant description)		–	–	–	–	–	–	–	–	–
Municipal Infrastructure Grant		2 185	23 557	4 411	42 991	37 966	37 966	61 869	14 562	15 290
Municipal Disaster Recovery Grant		–	36 251	–	–	–	–	–	–	–
RSC Levy Replacement		–	–	–	–	–	–	–	–	–
Municipal Water Infrastructure Grant		–	839	–	61	–	–	–	–	–
Municipal Systems Improvement Grant		–	–	1 893	–	3 035	3 035	–	–	–
Other transfers/grants [insert description]		–	–	–	–	–	–	–	–	–
Provincial Government:		100	1 763	814	–	–	–	–	–	–
Specify (Add grant description)		100	–	–	–	–	–	–	–	–
Parent Municipality		–	–	–	–	–	–	–	–	–
Infrastructure		–	–	–	–	–	–	–	–	–
Capacity Building and Other		–	1 763	814	–	–	–	–	–	–
Development Planning and Shared Services		–	–	–	–	–	–	–	–	–
Unspecified		–	–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–
Other transfers/grants [insert description]		–	–	–	–	–	–	–	–	–
District Municipality:		–	–	–	–	–	–	–	–	–
Specify (Add grant description)		–	–	–	–	–	–	–	–	–
Monetary Allocations		–	–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–
Other capital transfers/grants [insert description]		–	–	–	–	–	–	–	–	–
Other grant providers:		–	–	–	–	–	–	–	–	–
Specify (Add grant description)		–	–	–	–	–	–	–	–	–
Development Bank of South Africa		–	–	–	–	–	–	–	–	–
KwazuluNatal Provincial Planning and Development Co		–	–	–	–	–	–	–	–	–
Unspecified		–	–	–	–	–	–	–	–	–
Other capital transfers/grants [insert description]		–	–	–	–	–	–	–	–	–
Total operating expenditure of Transfers and Grants:		151 799	87 932	71 259	488 905	367 481	367 481	655 132	648 391	695 964
Capital expenditure of Transfers and Grants										
National Government:		(504 860)	386 593	425 221	295 098	258 916	258 916	285 505	299 781	314 770
Municipal Infrastructure Grant		(483 735)	322 967	320 134	222 748	186 566	186 566	215 505	226 281	237 595
Integrated National Electrification Programme Grant		–	–	–	–	–	–	–	–	–
Water Services Infrastructure Grant		(21 126)	63 626	105 087	72 350	72 350	72 350	70 000	73 500	77 175
Regional Bulk Infrastructure Grant		–	–	–	–	–	–	–	–	–
Integrated National Electrification Programme Grant		–	–	–	–	–	–	–	–	–
Energy Efficiency and Demand Side Management Grant		–	–	–	–	–	–	–	–	–
Expanded Public Works Programme Integrated Grant fo		–	–	–	–	–	–	–	–	–
Integrated Urban Development Grant		–	–	–	–	–	–	–	–	–
Neighbourhood Development Partnership Grant		–	–	–	–	–	–	–	–	–
Rural Road Asset Management Systems Grant		–	–	–	–	–	–	–	–	–
Specify (Add grant description)		–	–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–
Other capital transfers/grants [insert desc]		–	–	–	–	–	–	–	–	–
Provincial Government:		–	12 174	12 174	–	6 400	6 400	–	–	–
Specify (Add grant description)		–	12 174	12 174	–	6 400	6 400	–	–	–
		–	–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–
Other capital transfers/grants [insert description]		–	–	–	–	–	–	–	–	–
District Municipality:		–	–	–	–	–	–	–	–	–
Specify (Add grant description)		–	–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–
Other capital transfers/grants [insert description]		–	–	–	–	–	–	–	–	–
Other grant providers:		–	–	–	–	–	–	–	–	–
Specify (Add grant description)		–	–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–
Other capital transfers/grants [insert description]		–	–	–	–	–	–	–	–	–
Total capital expenditure of Transfers and Grants		(504 860)	398 766	437 395	295 098	265 316	265 316	285 505	299 781	314 770
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		(353 062)	486 699	508 654	784 003	632 797	632 797	940 637	948 172	1 010 734

References

1. Expenditure must be separately listed for each transfer or grant received or recognised

DC21 Ugu - Supporting Table SA20 Reconciliation of transfers, grant receipts and unspent funds

Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Operating transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year		–	–	1 903	–	–	–	–	–	–
Current year receipts		78 551	50 428	7 013	50 858	48 137	48 137	655 132	648 391	695 964
Conditions met - transferred to revenue		60 437	48 525	7 949	8 082	5 361	5 361	0	–	–
Conditions still to be met - transferred to liabilities		18 114	1 903	967	42 776	42 776	42 776	655 132	648 391	695 964
Provincial Government:										
Balance unspent at beginning of the year		–	–	–	–	–	–	–	–	–
Current year receipts		1 000	6 650	5 100	–	–	–	–	–	–
Conditions met - transferred to revenue		–	2 427	5 100	–	–	–	–	–	–
Conditions still to be met - transferred to liabilities		1 000	4 223	–	–	–	–	–	–	–
District Municipality:										
Balance unspent at beginning of the year		–	–	–	–	–	–	–	–	–
Current year receipts		–	–	–	–	–	–	–	–	–
Conditions met - transferred to revenue		–	–	–	–	–	–	–	–	–
Conditions still to be met - transferred to liabilities		–	–	–	–	–	–	–	–	–
Other grant providers:										
Balance unspent at beginning of the year		–	–	–	–	–	–	–	–	–
Current year receipts		–	300	1 166	–	3 400	3 400	–	–	–
Conditions met - transferred to revenue		–	239	47	–	–	–	–	–	–
Conditions still to be met - transferred to liabilities		–	61	1 119	–	3 400	3 400	–	–	–
Total operating transfers and grants revenue		60 437	51 191	13 096	8 082	5 361	5 361	0	–	–
Total operating transfers and grants - CTBM	2	19 114	6 187	2 086	42 776	46 176	46 176	655 132	648 391	695 964
Capital transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year		–	–	241 038	–	–	–	–	–	–
Current year receipts		242 486	303 814	254 175	285 098	285 098	285 098	285 505	349 355	366 176
Conditions met - transferred to revenue		190 921	303 531	254 175	242 322	242 322	242 322	–	49 574	51 406
Conditions still to be met - transferred to liabilities		51 565	283	241 038	42 776	42 776	42 776	285 505	299 781	314 770
Provincial Government:										
Balance unspent at beginning of the year		–	–	–	–	–	–	–	–	–
Current year receipts		–	15 385	15 385	–	19 300	19 300	–	–	–
Conditions met - transferred to revenue		–	15 310	15 310	–	–	–	–	–	–
Conditions still to be met - transferred to liabilities		–	75	75	–	19 300	19 300	–	–	–
District Municipality:										
Balance unspent at beginning of the year		–	–	–	–	–	–	–	–	–
Current year receipts		–	–	–	–	–	–	–	–	–
Conditions met - transferred to revenue		–	–	–	–	–	–	–	–	–
Conditions still to be met - transferred to liabilities		–	–	–	–	–	–	–	–	–
Other grant providers:										
Balance unspent at beginning of the year		–	–	–	–	–	–	–	–	–
Current year receipts		–	–	–	–	–	–	–	–	–
Conditions met - transferred to revenue		–	–	–	–	–	–	–	–	–
Conditions still to be met - transferred to liabilities		–	–	–	–	–	–	–	–	–
Total capital transfers and grants revenue		190 921	318 841	269 485	242 322	242 322	242 322	–	49 574	51 406
Total capital transfers and grants - CTBM	2	51 565	358	241 113	42 776	62 076	62 076	285 505	299 781	314 770
TOTAL TRANSFERS AND GRANTS REVENUE		251 358	370 032	282 581	250 404	247 683	247 683	0	49 574	51 406
TOTAL TRANSFERS AND GRANTS - CTBM		70 679	6 545	243 199	85 552	108 252	108 252	940 637	948 172	1 010 734

References

1. Total capital transfers and grants revenue must reconcile to Budgeted Financial Performance and Financial Position; total recurrent grants revenue must reconcile to Budgeted Financial Performance

2. CTBM = conditions to be met

3. National Treasury database will require this reconciliation for each transfer/grant

Check opex	(620 147)	(462 446)	(555 599)	(585 766)	(591 563)	(591 563)	(655 132)	(648 391)	(695 964)
Check capex	695 781	(79 925)	(167 910)	(52 776)	(22 995)	(22 995)	(285 505)	(250 206)	(263 363)

DC21 Ugu - Supporting Table SA21 Transfers and grants made by the municipality

Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Cash Transfers to other municipalities											
Municipal Entities	1	–	19 723	17 914	20 070	20 070	20 070	9 191	21 650	22 733	23 870
Unspecified		–	24 375	–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–	–
Total Cash Transfers To Municipalities:		–	44 098	17 914	20 070	20 070	20 070	9 191	21 650	22 733	23 870
Cash Transfers to Entities/Other External Mechanisms											
Departmental Agencies and Accounts	2	162	–	–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–	–
Total Cash Transfers To Entities/Ems'		162	–	–	–	–	–	–	–	–	–
Cash Transfers to other Organs of State											
Provincial Government	3	–	–	–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–	–
Total Cash Transfers To Other Organs Of State:		–	–	–	–	–	–	–	–	–	–
Cash Transfers to Organisations											
Households		0	–	–	–	–	–	–	–	–	–
Non-profit Institutions		–	–	–	–	–	–	–	–	–	–
Private Enterprises		–	–	–	–	–	–	–	–	–	–
Total Cash Transfers To Organisations		0	–	–	–	–	–	–	–	–	–
Cash Transfers to Groups of Individuals											
Specify (Add grant description)		–	–	–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–	–
Total Cash Transfers To Groups Of Individuals:		–	–	–	–	–	–	–	–	–	–
TOTAL CASH TRANSFERS AND GRANTS	6	162	44 098	17 914	20 070	20 070	20 070	9 191	21 650	22 733	23 870
Non-Cash Transfers to other municipalities											
Unspecified	1	–	–	–	–	–	–	–	–	–	–
Municipal Entities		–	–	–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–	–
Total Non-Cash Transfers To Municipalities:		–	–	–	–	–	–	–	–	–	–
Non-Cash Transfers to Entities/Other External Mechanisms											
Departmental Agencies and Accounts	2	–	–	–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–	–
Total Non-Cash Transfers To Entities/Ems'		–	–	–	–	–	–	–	–	–	–
Non-Cash Transfers to other Organs of State											
Provincial Government	3	–	–	–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–	–
Total Non-Cash Transfers To Other Organs Of State:		–	–	–	–	–	–	–	–	–	–
Non-Cash Grants to Organisations											
Households	4	–	–	–	–	–	–	–	–	–	–
Non-profit Institutions		–	–	–	–	–	–	–	–	–	–
Private Enterprises		–	–	–	–	–	–	–	–	–	–
Total Non-Cash Grants To Organisations		–	–	–	–	–	–	–	–	–	–
Groups of Individuals											
Specify (Add grant description)	5	–	–	–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–	–
Total Non-Cash Grants To Groups Of Individuals:		–	–	–	–	–	–	–	–	–	–
TOTAL NON-CASH TRANSFERS AND GRANTS		–	–	–	–	–	–	–	–	–	–
TOTAL TRANSFERS AND GRANTS	6	162	44 098	17 914	20 070	20 070	20 070	9 191	21 650	22 733	23 870

References

1. Insert description listed by municipal name and demarcation code of recipient

2. Insert description of each entity or external mechanism (an external mechanism may be provided with resources to ensure a minimum level of service)

3. Insert description of each Organ of State (e.g. transfer to electricity provider to compensate for FBS provided)

4. Insert description of each other organisation (e.g. charity)

5 Insert description of each other organisation (e.g. the aged, child-headed households)

6. All descriptions should separate transfers for 'capital purposes' and 'operating purposes'

DC21 Ugu - Supporting Table SA22 Summary councillor and staff benefits

Summary of Employee and Councillor remuneration	Ref	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
	1	A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)										
Basic Salaries and Wages		7 068	5 861	7 508	4 892	4 892	4 892	8 567	8 996	9 446
Pension and UIF Contributions		0	148	–	262	262	262	–	–	–
Medical Aid Contributions		–	125	–	221	221	221	–	–	–
Motor Vehicle Allowance		–	1 583	–	2 789	2 789	2 789	396	416	437
Cellphone Allowance		–	565	–	738	738	738	707	742	779
Housing Allowances		–	1 266	–	1 706	1 706	1 706	–	–	–
Other benefits and allowances		2 372	945	2 211	42	42	42	2 088	2 192	2 302
Sub Total - Councillors		9 441	10 495	9 719	10 650	10 650	10 650	11 758	12 346	12 964
% increase	4		11.2%	(7.4%)	9.6%	–	–	10.4%	5.0%	5.0%
Senior Managers of the Municipality	2									
Basic Salaries and Wages		252	5 346	613	8 919	423	423	4 916	5 158	5 411
Pension and UIF Contributions		20	53	135	–	93	93	–	–	–
Medical Aid Contributions		8	22	54	–	31	31	62	65	69
Overtime		–	–	–	–	–	–	–	–	–
Performance Bonus		–	–	51	–	–	–	–	–	–
Motor Vehicle Allowance	3	305	257	332	–	428	428	1 632	1 711	1 795
Cellphone Allowance	3	4	65	12	161	8	8	141	148	155
Housing Allowances	3	14	36	2	–	1	1	470	493	517
Other benefits and allowances	3	2	2	–	–	4	4	–	–	–
Payments in lieu of leave		248	–	62	–	–	–	–	–	–
Long service awards		–	–	74	–	–	–	–	–	–
Post-retirement benefit obligations	6	–	–	–	–	–	–	–	–	–
Sub Total - Senior Managers of Municipality		853	5 781	1 334	9 080	988	988	7 222	7 576	7 947
% increase	4		577.8%	(76.9%)	580.7%	(89.1%)	–	631.2%	4.9%	4.9%
Other Municipal Staff										
Basic Salaries and Wages		243 659	207 257	260 011	263 976	259 385	259 385	293 804	296 598	291 738
Pension and UIF Contributions		42 091	45 545	41 795	43 498	39 435	39 435	41 247	43 309	45 475
Medical Aid Contributions		16 760	17 461	16 991	18 661	14 966	14 966	19 402	20 372	21 390
Overtime		52 938	92 849	44 198	29 579	40 688	40 688	26 255	27 568	28 946
Performance Bonus		–	–	–	–	–	–	978	1 281	1 845
Motor Vehicle Allowance	3	9 106	9 865	9 439	9 860	7 932	7 932	8 234	8 646	9 078
Cellphone Allowance	3	1 590	2 942	2 801	2 859	2 732	2 732	2 902	3 047	3 200
Housing Allowances	3	2 970	2 430	1 844	1 827	1 040	1 040	1 676	1 760	1 847
Other benefits and allowances	3	8 650	8 413	10 361	6 926	9 419	9 419	9 068	9 521	9 996
Payments in lieu of leave		3 306	7 626	4 788	3 133	3 133	3 133	1 917	2 013	2 113
Long service awards		2 580	1 803	2 176	1 917	1 917	1 917	2 288	2 403	2 523
Post-retirement benefit obligations	6	1 605	1 680	8 292	–	–	–	–	–	–
Sub Total - Other Municipal Staff		385 256	397 871	402 696	382 236	380 648	380 648	407 772	416 517	418 152
% increase	4		3.3%	1.2%	(5.1%)	(0.4%)	–	7.1%	2.1%	0.4%
Total Parent Municipality		395 549	414 146	413 749	401 966	392 285	392 285	426 752	436 439	439 063
			4.7%	(0.1%)	(2.8%)	(2.4%)	–	8.8%	2.3%	0.6%
Board Members of Entities										
Basic Salaries and Wages		–	–	–	549	10 634	10 634	–	–	–
Pension and UIF Contributions		–	–	–	–	–	–	–	–	–
Medical Aid Contributions		–	–	–	–	–	–	–	–	–
Overtime		–	–	–	–	–	–	–	–	–
Performance Bonus		–	–	–	–	–	–	–	–	–
Motor Vehicle Allowance	3	–	–	–	–	–	–	–	–	–
Cellphone Allowance	3	–	–	–	–	–	–	–	–	–
Housing Allowances	3	–	–	–	–	–	–	–	–	–
Other benefits and allowances	3	–	–	–	–	–	–	–	–	–
Board Fees		–	–	–	–	–	–	–	–	–
Payments in lieu of leave		–	–	–	–	–	–	–	–	–
Long service awards		–	–	–	–	–	–	–	–	–
Post-retirement benefit obligations	6	–	–	–	–	–	–	–	–	–
Sub Total - Board Members of Entities		–	–	–	549	10 634	10 634	–	–	–
% increase	4		–	–	–	1 835.5%	–	(100.0%)	–	–

Senior Managers of Entities										
Basic Salaries and Wages		–	–	–	4 704	4 614	4 614	–	–	–
Pension and UIF Contributions		–	–	–	940	104	104	–	–	–
Medical Aid Contributions		–	–	–	–	–	–	–	–	–
Overtime		–	–	–	–	–	–	–	–	–
Performance Bonus		–	–	–	230	267	267	–	–	–
Motor Vehicle Allowance	3	–	–	–	233	233	233	–	–	–
Cellphone Allowance	3	–	–	–	–	–	–	–	–	–
Housing Allowances	3	–	–	–	–	–	–	–	–	–
Other benefits and allowances	3	–	–	–	–	–	–	–	–	–
Payments in lieu of leave		–	–	–	–	–	–	–	–	–
Long service awards		–	–	–	–	–	–	–	–	–
Post-retirement benefit obligations	6	–	–	–	–	–	–	–	–	–
Sub Total - Senior Managers of Entities		–	–	–	6 107	5 218	5 218	–	–	–
% increase	4		–	–	–	(14.6%)	–	(100.0%)	–	–
Other Staff of Entities										
Basic Salaries and Wages		–	–	–	4 204	4 110	4 110	–	–	–
Pension and UIF Contributions		–	–	–	293	255	255	–	–	–
Medical Aid Contributions		–	–	–	249	160	160	–	–	–
Overtime		–	–	–	–	79	79	–	–	–
Performance Bonus		–	–	–	–	–	–	–	–	–
Motor Vehicle Allowance	3	–	–	–	513	513	513	–	–	–
Cellphone Allowance	3	–	–	–	32	31	31	–	–	–
Housing Allowances	3	–	–	–	18	10	10	–	–	–
Other benefits and allowances	3	–	–	–	–	–	–	–	–	–
Payments in lieu of leave		–	–	–	137	140	140	–	–	–
Long service awards		–	–	–	–	–	–	–	–	–
Post-retirement benefit obligations	6	–	–	–	–	–	–	–	–	–
Sub Total - Other Staff of Entities		–	–	–	5 446	5 297	5 297	–	–	–
% increase	4		–	–	–	(2.7%)	–	(100.0%)	–	–
Total Municipal Entities		–	–	–	12 102	21 149	21 149	–	–	–
TOTAL SALARY, ALLOWANCES & BENEFITS		395 549	414 146	413 749	414 068	413 434	413 434	426 752	436 439	439 063
% increase	4		4.7%	(0.1%)	0.1%	(0.2%)	–	3.2%	2.3%	0.6%
TOTAL MANAGERS AND STAFF	5,7	386 109	403 652	404 030	402 868	392 150	392 150	414 993	424 093	426 099

References

1. Include 'Loans and advances' where applicable if any reportable amounts until phased compliance with s164 of MFMA achieved
2. s57 of the Systems Act
3. In kind benefits (e.g. provision of living quarters) must be shown as the cost (full market value) to the municipality, as part of the relevant allowance
4. B/A, C/B, D/C, E/C, F/C, G/D, H/D, I/D
5. Must agree to the sub-total appearing on Table A1 (Employee costs)
6. Includes pension payments and employer contributions to medical aid
7. Correct as at 30 June

Column Definitions:

A, B and C. Audited actual as per the audited financial statements. If audited amounts are unavailable, unaudited amounts must be provided with a note stating these are unaudited
D. The original budget approved by council for the budget year.
E. The budget for the budget year as adjusted by council resolution in terms of section 28 of the MFMA.
F. An estimate of final actual amounts (pre audit) for the current year at the point in time of preparing the budget for the budget year. This may differ from E.
G. The amount to be appropriated for the budget year.
H and I. The indicative projection

DC21 Ugu - Supporting Table SA23 Salaries, allowances & benefits (political office bearers/councillors/senior managers)

Disclosure of Salaries, Allowances & Benefits 1. Rand per annum	Ref	No.	Salary	Contributions 1.	Allowances	Performance Bonuses	In-kind benefits	Total Package 2.
Councillors	3							
Speaker	4		613 910	–	251 568			865 478
Chief Whip			575 540	–	238 778			814 318
Executive Mayor			767 388	–	302 727			1 070 115
Deputy Executive Mayor			613 910	–	251 568			865 478
Executive Committee			2 877 702	–	1 193 888			4 071 590
Total for all other councillors			3 118 964	–	952 478			4 071 442
Total Councillors	8	–	8 567 414	–	3 191 007			11 758 421
Senior Managers of the Municipality	5							
Municipal Manager (MM)			1 347 648	13 619	474 198	–		1 835 465
Chief Financial Officer			845 943	11 953	426 450	–		1 284 346
			–	–	–	–		–
			–	–	–	–		–
			–	–	–	–		–
Section 57 - Designated Managers			2 722 880	36 765	1 342 273	–		4 101 918
List of each offical with packages >= senior manager								
			–	–	–	–		–
			–	–	–	–		–
			–	–	–	–		–
			–	–	–	–		–
			–	–	–	–		–
			–	–	–	–		–
			–	–	–	–		–
			–	–	–	–		–
			–	–	–	–		–
			–	–	–	–		–
			–	–	–	–		–
			–	–	–	–		–
Total Senior Managers of the Municipality	8,10	–	4 916 471	62 337	2 242 921	–		7 221 729
A Heading for Each Entity	6,7							
List each member of board by designation								
			–	–	–	–		–
			–	–	–	–		–
			–	–	–	–		–
			–	–	–	–		–
			–	–	–	–		–
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			–	–	–	–		–
			–	–	–	–		–
			–	–	–	–		–
			–	–	–	–		–
Total for municipal entities	8,10	–	–	–	–	–		–
TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION	10	–	13 483 885	62 337	5 433 928	–		18 980 150

References

1. Pension and medical aid
2. Total package must equal the total cost to the municipality
3. List each political office bearer by designation. Provide a total for all other councillors
4. Political office bearer is defined in MFMA s 1: speaker, executive mayor, deputy executive mayor, member of executive committee, mayor, deputy mayor, member of mayoral committee, the councillor designated to exercise powers and duties of mayor (MSA s 57)
5. Also list each senior manager reporting to MM by designation and each official with package >= senior manager by designation
6. List each entity where municipality has an interest and state percentage ownership and control
7. List each senior manager reporting to the CEO of an Entity by designation
8. Must reconcile to relevant section of Table SA24
9. Must reconcile to totals shown for the budget year of Table SA22
10. Correct as at 30 June

DC21 Ugu - Supporting Table SA24 Summary of personnel numbers

Summary of Personnel Numbers	Ref	2020/21			Current Year 2021/22			Budget Year 2022/23		
Number	1,2	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities		–	21	41	–	23	43			
Councillors (Political Office Bearers plus Other Councillors)		–	–	35	–	–	37	–	–	37
Board Members of municipal entities	4	–	–	1	–	–	1	–	–	–
Municipal employees	5									
Municipal Manager and Senior Managers	3	–	–	5	–	–	5	–	–	5
Other Managers	7	–	21	–	–	23	–	–	25	–
Professionals		–	–	–	–	*59*	–	–	*62*	–
Finance		–	–	–	–	–	–	–	–	–
Spatial/town planning		–	–	–	–	–	–	–	–	–
Information Technology		–	–	–	–	–	–	–	–	–
Roads		–	–	–	–	–	–	–	–	–
Electricity		–	–	–	–	–	–	–	–	–
Water		–	–	–	–	–	–	–	–	–
Sanitation		–	–	–	–	–	–	–	–	–
Refuse		–	–	–	–	–	–	–	–	–
Other		–	–	–	–	59	–	–	62	–
Technicians		–	–	–	–	*550*	–	–	*578*	–
Finance		–	–	–	–	–	–	–	–	–
Spatial/town planning		–	–	–	–	–	–	–	–	–
Information Technology		–	–	–	–	9	–	–	9	–
Roads		–	–	–	–	–	–	–	–	–
Electricity		–	–	–	–	–	–	–	–	–
Water		–	–	–	–	220	–	–	231	–
Sanitation		–	–	–	–	208	–	–	218	–
Refuse		–	–	–	–	–	–	–	–	–
Other		–	–	–	–	113	–	–	119	–
Clerks (Clerical and administrative)		–	–	–	–	69	2	–	72	2
Service and sales workers		–	–	–	–	–	–	–	–	–
Skilled agricultural and fishery workers		–	–	–	–	–	–	–	–	–
Craft and related trades		–	–	–	–	–	–	–	–	–
Plant and Machine Operators		–	–	–	–	32	–	–	34	–
Elementary Occupations		–	–	–	–	–	–	–	–	–
TOTAL PERSONNEL NUMBERS	9	–	21	41	–	733	45	–	771	44
% increase					–	3 390.5%	9.8%	–	5.1%	(2.2%)
Total municipal employees headcount	6, 10									
Finance personnel headcount	8, 10									
Human Resources personnel headcount	8, 10									

References

1. Positions must be funded and aligned to the municipality's current organisational structure

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

3. s57 of the Systems Act

4. Include only in Consolidated Statements

5. Include municipal entity employees in Consolidated Statements

6. Include headcount (number fo persons, Not FTE) of managers and staff only (exclude councillors)

7. Managers who provide the direction of a critical technical function

8. Total number of employees working on these functions

DC21 Ugu - Supporting Table SA25 Budgeted monthly revenue and expenditure

Description	Ref	Budget Year 2022/23												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Revenue By Source		1	2	3	4	5	6	7	8	9	10	11				
Property rates		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Service charges - electricity revenue		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Service charges - water revenue		34 396	34 396	34 396	34 396	34 396	34 396	34 396	34 396	34 396	34 396	34 396	34 396	412 756	433 394	455 064
Service charges - sanitation revenue		9 052	9 052	9 052	9 052	9 052	9 052	9 052	9 052	9 052	9 052	9 052	9 052	108 623	114 054	119 757
Service charges - refuse revenue		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Rental of facilities and equipment		394	394	394	394	394	394	394	394	394	394	394	394	4 722	4 958	5 206
Interest earned - external investments		652	652	652	652	652	652	652	652	652	652	652	652	7 821	8 212	8 623
Interest earned - outstanding debtors		3 147	3 147	3 147	3 147	3 147	3 147	3 147	3 147	3 147	3 147	3 147	3 147	37 768	39 656	41 639
Dividends received		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Fines, penalties and forfeits		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Licences and permits		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Agency services		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Transfers and subsidies		54 594	54 594	54 594	54 594	54 594	54 594	54 594	54 594	54 594	54 594	54 594	54 594	655 132	648 391	695 964
Other revenue		642	642	642	642	642	642	642	642	642	642	642	642	7 700	8 085	8 489
Gains		8	8	8	8	8	8	8	8	8	8	8	8	100	106	112
Total Revenue (excluding capital transfers and contribution		102 885	102 885	102 885	102 885	102 885	102 885	102 885	102 885	102 885	102 885	102 885	102 885	1 234 623	1 256 858	1 334 855
Expenditure By Type																
Employee related costs		34 583	34 583	34 583	34 583	34 583	34 583	34 583	34 583	34 583	34 583	34 583	34 583	414 993	424 093	426 099
Remuneration of councillors		980	980	980	980	980	980	980	980	980	980	980	980	11 758	12 346	12 964
Debt impairment		12 909	12 909	12 909	12 909	12 909	12 909	12 909	12 909	12 909	12 909	12 909	12 909	154 905	73 500	77 175
Depreciation & asset impairment		26 417	26 417	26 417	26 417	26 417	26 417	26 417	26 417	26 417	26 417	26 417	26 417	317 000	332 850	349 493
Finance charges		1 158	1 158	1 158	1 158	1 158	1 158	1 158	1 158	1 158	1 158	1 158	1 158	13 892	13 476	13 198
Bulk purchases - electricity		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Inventory consumed		12 791	12 791	12 791	12 791	12 791	12 791	12 791	12 791	12 791	12 791	12 791	12 791	153 492	138 887	127 817
Contracted services		9 299	9 299	9 299	9 299	9 299	9 299	9 299	9 299	9 299	9 299	9 299	9 299	111 587	94 841	83 649
Transfers and subsidies		1 804	1 804	1 804	1 804	1 804	1 804	1 804	1 804	1 804	1 804	1 804	1 804	21 650	22 733	23 870
Other expenditure		12 044	12 044	12 044	12 044	12 044	12 044	12 044	12 044	12 044	12 044	12 044	12 044	144 526	141 210	139 143
Losses		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Expenditure		111 984	111 984	111 984	111 984	111 984	111 984	111 984	111 984	111 984	111 984	111 984	111 984	1 343 805	1 253 936	1 253 408
Surplus/(Deficit)		(9 098)	(9 098)	(9 098)	(9 098)	(9 098)	(9 098)	(9 098)	(9 098)	(9 098)	(9 098)	(9 098)	(9 098)	(109 182)	2 921	81 447
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		23 792	23 792	23 792	23 792	23 792	23 792	23 792	23 792	23 792	23 792	23 792	23 792	285 505	350 855	369 141
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions)		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Transfers and subsidies - capital (in-kind - all)		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions		14 694	14 694	14 694	14 694	14 694	14 694	14 694	14 694	14 694	14 694	14 694	14 694	176 324	353 776	450 588
Taxation		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Attributable to minorities		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Share of surplus/ (deficit) of associate		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit)	1	14 694	14 694	14 694	14 694	14 694	14 694	14 694	14 694	14 694	14 694	14 694	14 694	176 324	353 776	450 588

References

1. Surplus (Deficit) must reconcile with Budgeted Financial Performance

DC21 Ugu - Supporting Table SA26 Budgeted monthly revenue and expenditure (municipal vote)

Description	Ref	Budget Year 2022/23												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Revenue by Vote		1	2	3	4	5	6	7	8	9	10	11				
Vote 1 - Executive and Council		277	277	277	277	277	277	277	277	277	277	277	277	3 319	–	–
Vote 2 - Finance and Administration		51 197	51 197	51 197	51 197	51 197	51 197	51 197	51 197	51 197	51 197	51 197	51 197	614 369	659 608	707 781
Vote 3 - Internal Audit		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 4 - Community and Social Services		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 5 - Sport and Recreation		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 6 - Public Safety		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 7 - Other		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 8 - Health		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 9 - Planning and Development		120	120	120	120	120	120	120	120	120	120	120	120	1 438	1 510	1 586
Vote 10 - Road Transport		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 11 - Environmental Protection		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 12 - Energy Sources		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 13 - Water Management		66 032	66 032	66 032	66 032	66 032	66 032	66 032	66 032	66 032	66 032	66 032	66 032	792 378	832 540	874 871
Vote 14 - Waste Water Management		9 052	9 052	9 052	9 052	9 052	9 052	9 052	9 052	9 052	9 052	9 052	9 052	108 623	114 054	119 757
Vote 15 - Waste Management		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Revenue by Vote		126 677	126 677	126 677	126 677	126 677	126 677	126 677	126 677	126 677	126 677	126 677	126 677	1 520 128	1 607 712	1 703 995
Expenditure by Vote to be appropriated																
Vote 1 - Executive and Council		3 728	3 728	3 728	3 728	3 728	3 728	3 728	3 728	3 728	3 728	3 728	3 728	44 737	46 715	48 827
Vote 2 - Finance and Administration		50 409	50 409	50 409	50 409	50 409	50 409	50 409	50 409	50 409	50 409	50 409	31 485	585 987	517 682	518 108
Vote 3 - Internal Audit		42	42	42	42	42	42	42	42	42	42	42	18 966	19 424	19 342	19 306
Vote 4 - Community and Social Services		353	353	353	353	353	353	353	353	353	353	353	353	4 235	4 108	4 023
Vote 5 - Sport and Recreation		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 6 - Public Safety		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 7 - Other		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 8 - Health		17	17	17	17	17	17	17	17	17	17	17	17	200	194	190
Vote 9 - Planning and Development		3 436	3 436	3 436	3 436	3 436	3 436	3 436	3 436	3 436	3 436	3 436	3 436	41 237	42 142	43 267
Vote 10 - Road Transport		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 11 - Environmental Protection		63	63	63	63	63	63	63	63	63	63	63	63	750	728	713
Vote 12 - Energy Sources		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 13 - Water Management		41 700	41 700	41 700	41 700	41 700	41 700	41 700	41 700	41 700	41 700	41 700	41 700	500 402	477 459	472 775
Vote 14 - Waste Water Management		12 236	12 236	12 236	12 236	12 236	12 236	12 236	12 236	12 236	12 236	12 236	12 236	146 831	145 567	146 199
Vote 15 - Waste Management		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Expenditure by Vote		111 984	111 984	111 984	111 984	111 984	111 984	111 984	111 984	111 984	111 984	111 984	111 984	1 343 805	1 253 936	1 253 408
Surplus/(Deficit) before assoc.		14 694	14 694	14 694	14 694	14 694	14 694	14 694	14 694	14 694	14 694	14 694	14 694	176 324	353 776	450 588
Taxation		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Attributable to minorities		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Share of surplus/ (deficit) of associate		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit)	1	14 694	14 694	14 694	14 694	14 694	14 694	14 694	14 694	14 694	14 694	14 694	14 694	176 324	353 776	450 588

References

1. Surplus (Deficit) must reconcile with Budgeted Financial Performance

DC21 Ugu - Supporting Table SA27 Budgeted monthly revenue and expenditure (functional classification)

Description	Ref	Budget Year 2022/23												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Revenue - Functional		1	2	3	4	5	6	7	8	9	10	11				
Governance and administration		51 474	51 474	51 474	51 474	51 474	51 474	51 474	51 474	51 474	51 474	51 474	51 474	617 688	659 608	707 781
Executive and council		277	277	277	277	277	277	277	277	277	277	277	277	3 319	–	–
Finance and administration		51 197	51 197	51 197	51 197	51 197	51 197	51 197	51 197	51 197	51 197	51 197	51 197	614 369	659 608	707 781
Internal audit		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Community and public safety		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Community and social services		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Sport and recreation		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Public safety		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Housing		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Health		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Economic and environmental services		120	120	120	120	120	120	120	120	120	120	120	120	1 438	1 510	1 586
Planning and development		120	120	120	120	120	120	120	120	120	120	120	120	1 438	1 510	1 586
Road transport		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Environmental protection		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Trading services		75 083	75 083	75 083	75 083	75 083	75 083	75 083	75 083	75 083	75 083	75 083	75 083	901 002	946 595	994 629
Energy sources		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Water management		66 032	66 032	66 032	66 032	66 032	66 032	66 032	66 032	66 032	66 032	66 032	66 032	792 378	832 540	874 871
Waste water management		9 052	9 052	9 052	9 052	9 052	9 052	9 052	9 052	9 052	9 052	9 052	9 052	108 623	114 054	119 757
Waste management		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Other		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Revenue - Functional		126 677	126 677	126 677	126 677	126 677	126 677	126 677	126 677	126 677	126 677	126 677	126 677	1 520 128	1 607 712	1 703 995
Expenditure - Functional																
Governance and administration		54 179	54 179	54 179	54 179	54 179	54 179	54 179	54 179	54 179	54 179	54 179	54 179	650 149	583 738	586 241
Executive and council		3 728	3 728	3 728	3 728	3 728	3 728	3 728	3 728	3 728	3 728	3 728	3 728	44 737	46 715	48 827
Finance and administration		50 409	50 409	50 409	50 409	50 409	50 409	50 409	50 409	50 409	50 409	50 409	50 409	604 912	536 539	536 939
Internal audit		42	42	42	42	42	42	42	42	42	42	42	42	500	485	475
Community and public safety		370	370	370	370	370	370	370	370	370	370	370	370	4 435	4 302	4 213
Community and social services		353	353	353	353	353	353	353	353	353	353	353	353	4 235	4 108	4 023
Sport and recreation		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Public safety		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Housing		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Health		17	17	17	17	17	17	17	17	17	17	17	17	200	194	190
Economic and environmental services		3 499	3 499	3 499	3 499	3 499	3 499	3 499	3 499	3 499	3 499	3 499	3 499	41 987	42 870	43 980
Planning and development		3 436	3 436	3 436	3 436	3 436	3 436	3 436	3 436	3 436	3 436	3 436	3 436	41 237	42 142	43 267
Road transport		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Environmental protection		63	63	63	63	63	63	63	63	63	63	63	63	750	728	713
Trading services		53 936	53 936	53 936	53 936	53 936	53 936	53 936	53 936	53 936	53 936	53 936	53 936	647 233	623 026	618 974
Energy sources		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Water management		41 700	41 700	41 700	41 700	41 700	41 700	41 700	41 700	41 700	41 700	41 700	41 700	500 402	477 459	472 775
Waste water management		12 236	12 236	12 236	12 236	12 236	12 236	12 236	12 236	12 236	12 236	12 236	12 236	146 831	145 567	146 199
Waste management		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Other		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Expenditure - Functional		111 984	111 984	111 984	111 984	111 984	111 984	111 984	111 984	111 984	111 984	111 984	111 984	1 343 805	1 253 936	1 253 408
Surplus/(Deficit) before assoc.		14 694	14 694	14 694	14 694	14 694	14 694	14 694	14 694	14 694	14 694	14 694	14 694	176 324	353 776	450 588
Share of surplus/ (deficit) of associate		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit)	1	14 694	14 694	14 694	14 694	14 694	14 694	14 694	14 694	14 694	14 694	14 694	14 694	176 324	353 776	450 588

References

1. Surplus (Deficit) must reconcile with Budeted Financial Performance

DC21 Ugu - Supporting Table SA28 Budgeted monthly capital expenditure (municipal vote)

Description	Ref	Budget Year 2022/23												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Multi-year expenditure *to be appropriated*	1	1	2	3	4	5	6	7	8	9	10	11				
Vote 1 - Executive and Council		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 2 - Finance and Administration		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 3 - Internal Audit		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 4 - Community and Social Services		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 5 - Sport and Recreation		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 6 - Public Safety		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 7 - Other		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 8 - Health		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 9 - Planning and Development		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 10 - Road Transport		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 11 - Environmental Protection		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 12 - Energy Sources		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 13 - Water Management		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 14 - Waste Water Management		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 15 - Waste Management		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Capital multi-year expenditure sub-total	2	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Single-year expenditure *to be appropriated*																
Vote 1 - Executive and Council		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 2 - Finance and Administration		2 082	2 082	2 082	2 082	2 082	2 082	2 082	2 082	2 082	2 082	2 082	2 082	24 983	–	–
Vote 3 - Internal Audit		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 4 - Community and Social Services		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 5 - Sport and Recreation		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 6 - Public Safety		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 7 - Other		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 8 - Health		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 9 - Planning and Development		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 10 - Road Transport		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 11 - Environmental Protection		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 12 - Energy Sources		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 13 - Water Management		16 178	16 178	16 178	16 178	16 178	16 178	16 178	16 178	16 178	16 178	16 178	16 178	194 135	199 117	209 072
Vote 14 - Waste Water Management		7 989	7 989	7 989	7 989	7 989	7 989	7 989	7 989	7 989	7 989	7 989	7 989	95 870	100 664	105 697
Vote 15 - Waste Management		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Capital single-year expenditure sub-total	2	26 249	26 249	26 249	26 249	26 249	26 249	26 249	26 249	26 249	26 249	26 249	26 249	314 988	299 781	314 770
Total Capital Expenditure	2	26 249	26 249	26 249	26 249	26 249	26 249	26 249	26 249	26 249	26 249	26 249	26 249	314 988	299 781	314 770

References

1. Table should be completed as either Multi-Year expenditure appropriation or Budget Year and Forward Year estimates

2. Total Capital Expenditure must reconcile to Budgeted Capital Expenditure

DC21 Ugu - Supporting Table SA29 Budgeted monthly capital expenditure (functional classification)

Description	Ref	Budget Year 2022/23												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Capital Expenditure - Functional	1	1	2	3	4	5	6	7	8	9	10	11				
Governance and administration		2 082	2 082	2 082	2 082	2 082	2 082	2 082	2 082	2 082	2 082	2 082	2 082	24 983	–	–
Executive and council		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Finance and administration		2 082	2 082	2 082	2 082	2 082	2 082	2 082	2 082	2 082	2 082	2 082	2 082	24 983	–	–
Internal audit		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Community and public safety		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Community and social services		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Sport and recreation		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Public safety		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Housing		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Health		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Economic and environmental services		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Planning and development		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Road transport		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Environmental protection		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Trading services		24 167	24 167	24 167	24 167	24 167	24 167	24 167	24 167	24 167	24 167	24 167	24 167	290 005	299 781	314 770
Energy sources		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Water management		16 178	16 178	16 178	16 178	16 178	16 178	16 178	16 178	16 178	16 178	16 178	16 178	194 135	199 117	209 072
Waste water management		7 989	7 989	7 989	7 989	7 989	7 989	7 989	7 989	7 989	7 989	7 989	7 989	95 870	100 664	105 697
Waste management		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Other		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Capital Expenditure - Functional	2	26 249	26 249	26 249	26 249	26 249	26 249	26 249	26 249	26 249	26 249	26 249	26 249	314 988	299 781	314 770
Funded by:																
National Government		23 792	23 792	23 792	23 792	23 792	23 792	23 792	23 792	23 792	23 792	23 792	23 792	285 505	299 781	314 770
Provincial Government		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
District Municipality		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions)		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Transfers recognised - capital		23 792	23 792	23 792	23 792	23 792	23 792	23 792	23 792	23 792	23 792	23 792	23 792	285 505	299 781	314 770
Borrowing		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Internally generated funds		2 457	2 457	2 457	2 457	2 457	2 457	2 457	2 457	2 457	2 457	2 457	2 457	29 483	–	–
Total Capital Funding		26 249	26 249	26 249	26 249	26 249	26 249	26 249	26 249	26 249	26 249	26 249	26 249	314 988	299 781	314 770
References																
1. Table should be completed as either Multi-Year expenditure appropriation or Budget Year and Forward Year estimates																
2. Total Capital Expenditure must reconcile to Budgeted Capital Expenditure																
check		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–

DC21 Ugu - Supporting Table SA30 Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2022/23												Medium Term Revenue and Expenditure Framework		
R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Cash Receipts By Source	1	2	3	4	5	6	7	8	9	10	11	0			
Property rates	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Service charges - electricity revenue	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Service charges - water revenue	25 625	25 625	25 625	25 625	25 625	25 625	25 625	25 625	25 625	25 625	25 625	25 625	307 503	327 491	348 778
Service charges - sanitation revenue	6 744	6 744	6 744	6 744	6 744	6 744	6 744	6 744	6 744	6 744	6 744	6 744	80 924	86 184	91 786
Service charges - refuse revenue	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Rental of facilities and equipment	394	394	394	394	394	394	394	394	394	394	394	394	4 722	4 958	5 206
Interest earned - external investments	2 997	2 997	2 997	2 997	2 997	2 997	2 997	2 997	2 997	2 997	2 997	2 997	35 965	37 763	39 651
Interest earned - outstanding debtors	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Dividends received	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Fines, penalties and forfeits	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Licences and permits	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Agency services	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Transfers and Subsidies - Operational	56 300	56 300	56 300	56 300	56 300	56 300	56 300	56 300	56 300	56 300	56 300	56 300	675 600	686 020	738 115
Other revenue	10 742	10 742	10 742	10 742	10 742	10 742	10 742	10 742	10 742	10 742	10 742	10 742	128 909	137 288	146 212
Cash Receipts by Source	102 802	102 802	102 802	102 802	102 802	102 802	102 802	102 802	102 802	102 802	102 802	102 802	1 233 624	1 279 705	1 369 749
Other Cash Flows by Source															
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	23 792	23 792	23 792	23 792	23 792	23 792	23 792	23 792	23 792	23 792	23 792	23 792	285 505	301 281	317 735
Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions)	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Proceeds on Disposal of Fixed and Intangible Assets	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Short term loans	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Borrowing long term/refinancing	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Increase (decrease) in consumer deposits	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Decrease (increase) in non-current receivables	–	–	–	–	–	–	–	–	–	–	–	–	–	(114)	(119)
Decrease (increase) in non-current investments	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Cash Receipts by Source	126 594	126 594	126 594	126 594	126 594	126 594	126 594	126 594	126 594	126 594	126 594	126 594	1 519 129	1 580 872	1 687 365
Cash Payments by Type															
Employee related costs	35 563	35 563	35 563	35 563	35 563	35 563	35 563	35 563	35 563	35 563	35 563	35 563	426 752	427 547	431 175
Remuneration of councillors	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Finance charges	1 158	1 158	1 158	1 158	1 158	1 158	1 158	1 158	1 158	1 158	1 158	1 158	13 892	14 587	15 316
Bulk purchases - electricity	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Acquisitions - water & other inventory	12 791	12 791	12 791	12 791	12 791	12 791	12 791	12 791	12 791	12 791	12 791	12 791	153 492	148 887	141 443
Contracted services	15 646	15 646	15 646	15 646	15 646	15 646	15 646	15 646	15 646	15 646	15 646	15 646	187 756	162 123	153 368
Transfers and grants - other municipalities	1 804	1 804	1 804	1 804	1 804	1 804	1 804	1 804	1 804	1 804	1 804	1 804	21 650	22 733	23 870
Transfers and grants - other	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Other expenditure	18 733	18 733	18 733	18 733	18 733	18 733	18 733	18 733	18 733	18 733	18 733	18 733	224 791	208 691	193 780
Cash Payments by Type	85 694	85 694	85 694	85 694	85 694	85 694	85 694	85 694	85 694	85 694	85 694	85 694	1 028 333	984 568	958 952
Other Cash Flows/Payments by Type															
Capital assets	27 541	27 541	27 541	27 541	27 541	27 541	27 541	27 541	27 541	27 541	27 541	12 041	314 988	330 737	347 274
Repayment of borrowing	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Other Cash Flows/Payments	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Cash Payments by Type	113 235	113 235	113 235	113 235	113 235	113 235	113 235	113 235	113 235	113 235	113 235	97 735	1 343 321	1 315 305	1 306 226
NET INCREASE/(DECREASE) IN CASH HELD	13 359	13 359	13 359	13 359	13 359	13 359	13 359	13 359	13 359	13 359	13 359	28 859	175 808	265 567	381 139
Cash/cash equivalents at the month/year begin:	79 481	92 840	106 199	119 558	132 917	146 276	159 635	172 994	186 353	199 712	213 071	226 430	79 481	255 289	520 856
Cash/cash equivalents at the month/year end:	92 840	106 199	119 558	132 917	146 276	159 635	172 994	186 353	199 712	213 071	226 430	255 289	255 289	520 856	901 995

References

1. Note that this section of Table SA 30 is deliberately not linked to Table A4 because timing differences between the invoicing of clients and receiving the cash means that the cashflow will differ from budgeted revenue, and similarly for budgeted expenditure. However for the MTREF it is now directly linked to A7.

DC21 Ugu - NOT REQUIRED - municipality does not have entities

Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure Framework		
R million		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Financial Performance										
Property rates		–	–	–	–	–	–	–	–	–
Service charges		–	–	–	–	–	–	–	–	–
Investment revenue		–	–	0	0	–	–	–	–	–
Transfers recognised - operational		–	–	24	22	–	–	–	–	–
Other own revenue		–	–	6	7	–	–	–	–	–
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions) & Transfers and subsidies - capital (in-kind - all)		–	–	–	–	–	–	–	–	–
Total Revenue (excluding capital transfers and contributions)		–	–	31	29	–	–	–	–	–
Employee costs		–	–	12	12	(0)	(0)	–	–	–
Remuneration of Board Members		–	–	–	–	–	–	–	–	–
Depreciation & asset impairment		–	–	0	0	–	–	–	–	–
Finance charges		–	–	0	0	–	–	–	–	–
Inventory consumed and bulk purchases		–	–	2	1	1	1	–	–	–
Transfers and grants		–	–	–	–	–	–	–	–	–
Other expenditure		–	–	8	15	12	12	–	–	–
Total Expenditure		–	–	23	29	12	12	–	–	–
Surplus/(Deficit)		–	–	8	0	(12)	(12)	–	–	–
Capital expenditure & funds sources										
Capital expenditure		–	–	0	0	–	–	–	–	–
Transfers recognised - operational		–	–	–	–	–	–	–	–	–
Borrowing		–	–	–	–	–	–	–	–	–
Internally generated funds		–	–	–	0	–	–	–	–	–
Total sources		–	–	–	0	–	–	–	–	–
Financial position										
Total current assets		–	–	35	28	(112)	(112)	–	–	–
Total non current assets		–	–	10	11	1	1	–	–	–
Total current liabilities		–	–	10	5	263	263	–	–	–
Total non current liabilities		–	–	0	0	–	–	–	–	–
Equity		–	–	27	34	19	19	–	–	–
Cash flows										
Net cash from (used) operating		–	–	11	7	(2)	(2)	–	–	–
Net cash from (used) investing		–	–	–	–	–	–	–	–	–
Net cash from (used) financing		–	–	–	–	–	–	–	–	–
Cash/cash equivalents at the year end		–	–	11	7	(2)	(2)	–	–	–

DC21 Ugu - Supporting Table SA32 List of external mechanisms

External mechanism Name of organisation	Yrs/ Mths	Period of agreement 1. Number	Service provided	Expiry date of service delivery agreement or contract	Monetary value of agreement 2. R thousand
MZANSI LDK TRADING CC	10		SUPPLY, REPAIR, INSTALL AND COMMISSION REFUR	30 April 2021	991
MZANSI LDK TRADING CC	10		UMTAMVUNA WATER TREATMENT WORKS CLARIFIEI	30 April 2021	1 242
Jorano Inverstments CC	36		Requesting for the provision of office accomondation/space	31 October 2024	7 957
VODACOM	36		PROVISION OF SOFTWARE DEFINED WIDE AREA NET	30 November 2024	8 786
SIZABONKE CIVILS T/A PILCON PROJECTS	6		MALANGENI LOW COST HOUSING DEVELOPMENT WA	30 April 2022	29 941
Q AND A HOLDINGS	6		MALANGENI LOW COST HOUSING DEVELOPMENT WA	30 June 2022	14 424
DYNAMO-DUCK JV APPILEH NANDIE	6		MALANGENI LOW COST HOUSING DEVELOPMENT WA	30 November 2022	19 599
CONSOLIDATED AFRICAN	36		THE PROVISON OF R.M.A NET SOFTWARE LICENSE &	31 January 2025	905
PLUS1X COMMUNICATIONS	36		PROVISION OF SUPPORT SERVICES AND A SERVICE	31 March 2025	1 438
CHM VUWAN Computer Solution KZN (PTY) LTD	36		LEASING OF DESKTOPS AND LAPTOPS TO UGU DIST	31 March 2025	11 805
DATACENTRIX	36		Provision and Installation of Back Up Storage	31 March 2025	652
The Document Warehouse (pty) Ltd	36		Provision of Off-Site Storage facilities and document mana	31 March 2025	1 542
Supper T Trading cc	36		The Supply, Delivery, Installing, Commissioning and Maint	31 March 2025	2 862
16 Twelve Security and Projects (PTY) LTD	36		Appointment of a service provider to provide Hygen service	31 March 2025	444
Eneled (Pty) Ltd	10		Malangeni Low-Housing Developmet sanatation project-ph	31 October 2024	70 243
Umoya - Nilu Consulting	36		Supply and Installation of PM10 and PM2.5 Analyser and M	28 February 2025	2 631
Supper T Trading cc	36		Repair of existing VRVIII Daiken AIR Condition units at the	28 February 2025	1 592
ETHOS TRANSPORT AND ROAD SERVICES	36		SUPPLY AND DELIVERY OF POTABLE WATER TO UGU	31 July 2022	RATE BASED
AQUA TRANSPORT AND PLANT HIRE	36		SUPPLY AND DELIVERY OF POTABLE WATER TO UGU	31 July 2022	RATE BASED
DYNAMO-DUCK TRADING AND PROJECTS 192	36		SUPPLY AND DELIVERY OF POTABLE WATER TO UGU	31 July 2022	RATE BASED
ESILIVA ENTERPRISES	36		SUPPLY AND DELIVERY OF POTABLE WATER TO UGU	31 July 2022	RATE BASED
HALALASIZWE	36		SUPPLY AND DELIVERY OF POTABLE WATER TO UGU	31 July 2022	RATE BASED
HARAPPA TRADING	36		SUPPLY AND DELIVERY OF POTABLE WATER TO UGU	31 July 2022	RATE BASED
ITHUNZI PROTECTION SERVICES	36		SUPPLY AND DELIVERY OF POTABLE WATER TO UGU	31 July 2022	RATE BASED
MLONDI 2003 PROJECTS	36		SUPPLY AND DELIVERY OF POTABLE WATER TO UGU	31 July 2022	RATE BASED
MPHO MOLOYI	36		SUPPLY AND DELIVERY OF POTABLE WATER TO UGU	31 July 2022	RATE BASED
SIYA BONGA CONSTRUCTION	36		SUPPLY AND DELIVERY OF POTABLE WATER TO UGU	31 July 2022	RATE BASED
WASTENG	36		SUPPLY AND DELIVERY OF POTABLE WATER TO UGU	31 July 2022	RATE BASED
EZIKAMSHALAZA TRADING AND PROJECTS	36		PROVISION OF JETTING AND SEWAGE VACUUM TANI	31 July 2022	RATE BASED
MKHEWULE (PTY) LTD	36		SUPPLY AND DELIVERY OF POTABLE WATER TO UGU	31 July 2022	RATE BASED
ASISBONGI TRADING	36		SUPPLY AND DELIVERY OF POTABLE WATER TO UGU	31 July 2022	RATE BASED
MZANZI LDK TRADING	36		SUPPLY AND DELIVERY OF POTABLE WATER TO UGU	31 July 2022	RATE BASED
SENELISO PROJECTS	36		SUPPLY AND DELIVERY OF POTABLE WATER TO UGU	31 July 2022	RATE BASED

References

1. Total agreement period from commencement until end

2. Annual value

DC21 Ugu - Supporting Table SA33 Contracts having future budgetary implications

Description	Ref	Preceding Years	Current Year 2021/22	2022/23 Medium Term Revenue & Expenditure Framework			Forecast 2025/26	Forecast 2026/27	Forecast 2027/28	Forecast 2028/29	Forecast 2029/30	Forecast 2030/31	Forecast 2031/32	Total Contract Value
R thousand	1,3	Total	Original Budget	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate
Parent Municipality:														
Revenue Obligation By Contract	2													
Capital Office			886	886	886	886	3 722	3 908	4 104	4 309	4 524	4 751	4 988	33 852
East Coast Solutions			478	478	478	478	2 007	2 107	2 212	2 323	2 439	2 561	2 689	
Phandu Communications			403	403	403	403	1 693	1 777	1 866	1 960	2 058	2 160	2 268	
Nashua Communications			255	255	255	255	1 070	1 124	1 180	1 239	1 301	1 366	1 434	
Macalafuze Development			1 170	1 170	1 170	1 170	4 913	5 159	5 417	5 688	5 972	6 271	6 584	
Simple IT			227	227	227	227	954	1 002	1 052	1 105	1 160	1 218	1 279	
Ithemba lempumelelo			215	215	215	215	901	946	993	1 043	1 095	1 150	1 208	
CCG Systems			748	748	748	748	3 141	3 298	3 463	3 636	3 818	4 008	4 209	
Datacentrix			594	594	594	594	2 497	2 621	2 752	2 890	3 035	3 186	3 346	
Trendtech			1 428	1 428	1 428	1 428	5 996	6 296	6 611	6 941	7 289	7 653	8 036	
Ezogu			1 932	1 932	1 932	1 932	8 113	8 519	8 945	9 392	9 862	10 355	10 872	
SMEC South Coast			1 493	1 493	1 493	1 493	6 273	6 586	6 915	7 261	7 624	8 005	8 406	
VK Distribution			439	439	439	439	1 843	1 936	2 032	2 134	2 241	2 353	2 470	
Servipro			306	306	306	306	1 283	1 348	1 415	1 486	1 560	1 638	1 720	
Contract 2														–
Contract 3 etc														–
Total Operating Revenue Implication		–	10 573	10 573	10 573	10 573	44 407	46 627	48 958	51 406	53 977	56 675	59 509	403 852
Expenditure Obligation By Contract	2													
Capital Office			886	886	886	886	3 722	3 908	4 104	4 309	4 524	4 751	4 988	33 852
East Coast Solutions			478	478	478	478	2 007	2 107	2 212	2 323	2 439	2 561	2 689	18 250
Phandu Communications			403	403	403	403	1 693	1 777	1 866	1 960	2 058	2 160	2 268	15 395
Nashua Communications			255	255	255	255	1 070	1 124	1 180	1 239	1 301	1 366	1 434	9 732
Macalafuze Development			1 170	1 170	1 170	1 170	4 913	5 159	5 417	5 688	5 972	6 271	6 584	44 684
Simple IT			227	227	227	227	954	1 002	1 052	1 105	1 160	1 218	1 279	8 679
Ithemba lempumelelo			215	215	215	215	901	946	993	1 043	1 095	1 150	1 208	8 195
CCG Systems			748	748	748	748	3 141	3 298	3 463	3 636	3 818	4 008	4 209	28 563
Datacentrix			594	594	594	594	2 497	2 621	2 752	2 890	3 035	3 186	3 346	22 705
Trendtech			1 428	1 428	1 428	1 428	5 996	6 296	6 611	6 941	7 289	7 653	8 036	54 533
Ezogu			1 932	1 932	1 932	1 932	8 113	8 519	8 945	9 392	9 862	10 355	10 872	73 784
SMEC South Coast			1 493	1 493	1 493	1 493	6 273	6 586	6 915	7 261	7 624	8 005	8 406	57 045
VK Distribution			439	439	439	439	1 843	1 936	2 032	2 134	2 241	2 353	2 470	16 764
Servipro			306	306	306	306	1 283	1 348	1 415	1 486	1 560	1 638	1 720	11 672
Contract 2														–
Contract 3 etc														–
Total Operating Expenditure Implication		–	10 573	10 573	10 573	10 573	44 407	46 627	48 958	51 406	53 977	56 675	59 509	403 852
Capital Expenditure Obligation By Contract	2													

Contract 1														–
Contract 2														–
Contract 3 etc														–
Total Capital Expenditure Implication		–	–	–	–	–	–	–	–	–	–	–	–	–
Total Parent Expenditure Implication		–	10 573	10 573	10 573	10 573	44 407	46 627	48 958	51 406	53 977	56 675	59 509	403 852
Entities:														
Revenue Obligation By Contract	2													
Contract 1														–
Contract 2														–
Contract 3 etc														–
Total Operating Revenue Implication		–	–	–	–	–	–	–	–	–	–	–	–	–
Expenditure Obligation By Contract	2													
Contract 1														–
Contract 2														–
Contract 3 etc														–
Total Operating Expenditure Implication		–	–	–	–	–	–	–	–	–	–	–	–	–
Capital Expenditure Obligation By Contract	2													
Contract 1														–
Contract 2														–
Contract 3 etc														–
Total Capital Expenditure Implication		–	–	–	–	–	–	–	–	–	–	–	–	–
Total Entity Expenditure Implication		–	–	–	–	–	–	–	–	–	–	–	–	–

References

1. Total implication for all preceding years to be summed and total stated in 'Preceding Years' column

2. List all contracts with future financial obligations beyond the three years covered by the MTREF (MFMA s33)

3. For municipalities with approved total revenue not exceeding R250 m - all contracts with an annual cost greater than R500 000. For municipalities with approved total revenue greater than R250 m - all contracts with an annual cost greater than R1million. For municipalities with approved total revenue greater than R500 m - all contracts with an annual cost greater than R5 million

DC21 Ugu - Supporting Table SA34a Capital expenditure on new assets by asset class

Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Capital expenditure on new assets by Asset Class/Sub-class										
Infrastructure		(1 499 808)	79 464	150 412	202 889	197 978	197 978	188 505	194 781	204 520
Roads Infrastructure		–	–	–	–	–	–	–	–	–
Roads		–	–	–	–	–	–	–	–	–
Road Structures		–	–	–	–	–	–	–	–	–
Road Furniture		–	–	–	–	–	–	–	–	–
Capital Spares		–	–	–	–	–	–	–	–	–
Storm water Infrastructure		–	–	–	–	–	–	–	–	–
Drainage Collection		–	–	–	–	–	–	–	–	–
Storm water Conveyance		–	–	–	–	–	–	–	–	–
Attenuation		–	–	–	–	–	–	–	–	–
Electrical Infrastructure		–	–	–	–	–	–	–	–	–
Power Plants		–	–	–	–	–	–	–	–	–
HV Substations		–	–	–	–	–	–	–	–	–
HV Switching Station		–	–	–	–	–	–	–	–	–
HV Transmission Conductors		–	–	–	–	–	–	–	–	–
MV Substations		–	–	–	–	–	–	–	–	–
MV Switching Stations		–	–	–	–	–	–	–	–	–
MV Networks		–	–	–	–	–	–	–	–	–
LV Networks		–	–	–	–	–	–	–	–	–
Capital Spares		–	–	–	–	–	–	–	–	–
Water Supply Infrastructure		(1 474 185)	33 321	86 045	117 584	80 668	80 668	88 767	90 055	94 558
Dams and Weirs		–	–	–	–	–	–	–	–	–
Boreholes		–	–	4 797	20 000	–	–	–	–	–
Reservoirs		(10 499)	–	1 000	–	–	–	–	–	–
Pump Stations		(11 098)	–	2 250	–	–	–	–	–	–
Water Treatment Works		(72 865)	10 887	26 340	58 962	32 803	32 803	64 267	64 330	67 547
Bulk Mains		(1 356 309)	20 043	40 619	5 000	16 600	16 600	3 500	3 675	3 859
Distribution		(23 415)	2 392	11 039	33 623	31 266	31 266	21 000	22 050	23 153
Distribution Points		–	–	–	–	–	–	–	–	–
PRV Stations		–	–	–	–	–	–	–	–	–
Capital Spares		–	–	–	–	–	–	–	–	–
Sanitation Infrastructure		(26 456)	42 033	60 076	84 505	117 310	117 310	99 738	104 725	109 962
Pump Station		(2 066)	12 186	12 395	4 768	3 497	3 497	14 000	14 700	15 435
Reticulation		(18 765)	3 741	5 056	3 447	13 380	13 380	3 000	3 150	3 308
Waste Water Treatment Works		(4 928)	25 966	42 486	76 290	100 434	100 434	82 738	86 875	91 219
Outfall Sewers		(697)	140	140	–	–	–	–	–	–
Toilet Facilities		–	–	–	–	–	–	–	–	–
Capital Spares		–	–	–	–	–	–	–	–	–
Solid Waste Infrastructure		–	–	–	–	–	–	–	–	–
Landfill Sites		–	–	–	–	–	–	–	–	–
Waste Transfer Stations		–	–	–	–	–	–	–	–	–
Waste Processing Facilities		–	–	–	–	–	–	–	–	–
Waste Drop-off Points		–	–	–	–	–	–	–	–	–
Waste Separation Facilities		–	–	–	–	–	–	–	–	–
Electricity Generation Facilities		–	–	–	–	–	–	–	–	–
Capital Spares		–	–	–	–	–	–	–	–	–
Rail Infrastructure		–	–	–	–	–	–	–	–	–
Rail Lines		–	–	–	–	–	–	–	–	–
Rail Structures		–	–	–	–	–	–	–	–	–
Rail Furniture		–	–	–	–	–	–	–	–	–
Drainage Collection		–	–	–	–	–	–	–	–	–
Storm water Conveyance		–	–	–	–	–	–	–	–	–
Attenuation		–	–	–	–	–	–	–	–	–
MV Substations		–	–	–	–	–	–	–	–	–
LV Networks		–	–	–	–	–	–	–	–	–
Capital Spares		–	–	–	–	–	–	–	–	–

Coastal Infrastructure	–	–	–	–	–	–	–	–	–
Sand Pumps	–	–	–	–	–	–	–	–	–
Piers	–	–	–	–	–	–	–	–	–
Revetments	–	–	–	–	–	–	–	–	–
Promenades	–	–	–	–	–	–	–	–	–
Capital Spares	–	–	–	–	–	–	–	–	–
Information and Communication Infrastructure	833	4 109	4 290	800	–	–	–	–	–
Data Centres	833	4 109	4 290	800	–	–	–	–	–
Core Layers	–	–	–	–	–	–	–	–	–
Distribution Layers	–	–	–	–	–	–	–	–	–
Capital Spares	–	–	–	–	–	–	–	–	–
Community Assets	–	–	–	–	–	–	–	–	–
Community Facilities	–	–	–	–	–	–	–	–	–
Halls	–	–	–	–	–	–	–	–	–
Centres	–	–	–	–	–	–	–	–	–
Crèches	–	–	–	–	–	–	–	–	–
Clinics/Care Centres	–	–	–	–	–	–	–	–	–
Fire/Ambulance Stations	–	–	–	–	–	–	–	–	–
Testing Stations	–	–	–	–	–	–	–	–	–
Museums	–	–	–	–	–	–	–	–	–
Galleries	–	–	–	–	–	–	–	–	–
Theatres	–	–	–	–	–	–	–	–	–
Libraries	–	–	–	–	–	–	–	–	–
Cemeteries/Crematoria	–	–	–	–	–	–	–	–	–
Police	–	–	–	–	–	–	–	–	–
Parks	–	–	–	–	–	–	–	–	–
Public Open Space	–	–	–	–	–	–	–	–	–
Nature Reserves	–	–	–	–	–	–	–	–	–
Public Ablution Facilities	–	–	–	–	–	–	–	–	–
Markets	–	–	–	–	–	–	–	–	–
Stalls	–	–	–	–	–	–	–	–	–
Abattoirs	–	–	–	–	–	–	–	–	–
Airports	–	–	–	–	–	–	–	–	–
Taxi Ranks/Bus Terminals	–	–	–	–	–	–	–	–	–
Capital Spares	–	–	–	–	–	–	–	–	–
Sport and Recreation Facilities	–	–	–	–	–	–	–	–	–
Indoor Facilities	–	–	–	–	–	–	–	–	–
Outdoor Facilities	–	–	–	–	–	–	–	–	–
Capital Spares	–	–	–	–	–	–	–	–	–
Heritage assets	–	–	–	–	–	–	–	–	–
Monuments	–	–	–	–	–	–	–	–	–
Historic Buildings	–	–	–	–	–	–	–	–	–
Works of Art	–	–	–	–	–	–	–	–	–
Conservation Areas	–	–	–	–	–	–	–	–	–
Other Heritage	–	–	–	–	–	–	–	–	–
Investment properties	–	–	–	–	–	–	–	–	–
Revenue Generating	–	–	–	–	–	–	–	–	–
Improved Property	–	–	–	–	–	–	–	–	–
Unimproved Property	–	–	–	–	–	–	–	–	–
Non-revenue Generating	–	–	–	–	–	–	–	–	–
Improved Property	–	–	–	–	–	–	–	–	–
Unimproved Property	–	–	–	–	–	–	–	–	–
Other assets	6 351	16 277	19 414	18 750	10 210	10 210	13 283	–	–
Operational Buildings	6 351	16 133	19 271	18 600	10 200	10 200	13 283	–	–
Municipal Offices	6 351	16 133	19 271	18 600	10 200	10 200	13 283	–	–
Pay/Enquiry Points	–	–	–	–	–	–	–	–	–
Building Plan Offices	–	–	–	–	–	–	–	–	–
Workshops	–	–	–	–	–	–	–	–	–
Yards	–	–	–	–	–	–	–	–	–
Stores	–	–	–	–	–	–	–	–	–
Laboratories	–	–	–	–	–	–	–	–	–
Training Centres	–	–	–	–	–	–	–	–	–
Manufacturing Plant	–	–	–	–	–	–	–	–	–
Depots	–	–	–	–	–	–	–	–	–
Capital Spares	–	–	–	–	–	–	–	–	–
Housing	–	144	144	150	10	10	–	–	–
Staff Housing	–	144	144	150	10	10	–	–	–
Social Housing	–	–	–	–	–	–	–	–	–
Capital Spares	–	–	–	–	–	–	–	–	–

Biological or Cultivated Assets		–	–	–	–	–	–	–	–	–
Biological or Cultivated Assets		–	–	–	–	–	–	–	–	–
Intangible Assets		(266 332)	36 754	36 754	45	–	–	–	–	–
Servitudes		–	–	–	–	–	–	–	–	–
Licences and Rights		(266 332)	36 754	36 754	45	–	–	–	–	–
Water Rights		–	–	–	–	–	–	–	–	–
Effluent Licenses		–	–	–	–	–	–	–	–	–
Solid Waste Licenses		–	–	–	–	–	–	–	–	–
Computer Software and Applications		(2 659)	36 754	36 754	45	–	–	–	–	–
Load Settlement Software Applications		–	–	–	–	–	–	–	–	–
Unspecified		(263 673)	–	–	–	–	–	–	–	–
Computer Equipment		–	2 027	3 663	2 085	1 400	1 400	1 700	–	–
Computer Equipment		–	2 027	3 663	2 085	1 400	1 400	1 700	–	–
Furniture and Office Equipment		–	16 192	2 286	4 110	9 000	9 000	–	–	–
Furniture and Office Equipment		–	16 192	2 286	4 110	9 000	9 000	–	–	–
Machinery and Equipment		–	4 321	7 981	6 800	6 000	6 000	1 500	–	–
Machinery and Equipment		–	4 321	7 981	6 800	6 000	6 000	1 500	–	–
Transport Assets		30 949	193 014	189 482	10 000	10 000	10 000	10 000	–	–
Transport Assets		30 949	193 014	189 482	10 000	10 000	10 000	10 000	–	–
Land		–	(33 838)	(33 730)	–	–	–	–	–	–
Land		–	(33 838)	(33 730)	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–
Total Capital Expenditure on new assets	1	(1 728 840)	314 210	376 262	244 679	234 588	234 588	214 988	194 781	204 520

References

1. Total Capital Expenditure on new assets (SA34a) plus Total Capital Expenditure on renewal of existing assets (SA34b) plus Total Capital Expenditure on upgrading of existing assets (SA34e) must reconcile to total capi

	check balance	-207	2	2	-	-	-	-	-	-

DC21 Ugu - Supporting Table SA34b Capital expenditure on the renewal of existing assets by asset class

Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Capital expenditure on renewal of existing assets by Asset Class/Sub-class										
Infrastructure		(309 087)	1 943 971	7 788 302	–	–	–	–	–	–
Roads Infrastructure		–	–	–	–	–	–	–	–	–
Roads		–	–	–	–	–	–	–	–	–
Road Structures		–	–	–	–	–	–	–	–	–
Road Furniture		–	–	–	–	–	–	–	–	–
Capital Spares		–	–	–	–	–	–	–	–	–
Storm water Infrastructure		–	–	–	–	–	–	–	–	–
Drainage Collection		–	–	–	–	–	–	–	–	–
Storm water Conveyance		–	–	–	–	–	–	–	–	–
Attenuation		–	–	–	–	–	–	–	–	–
Electrical Infrastructure		–	–	–	–	–	–	–	–	–
Power Plants		–	–	–	–	–	–	–	–	–
HV Substations		–	–	–	–	–	–	–	–	–
HV Switching Station		–	–	–	–	–	–	–	–	–
HV Transmission Conductors		–	–	–	–	–	–	–	–	–
MV Substations		–	–	–	–	–	–	–	–	–
MV Switching Stations		–	–	–	–	–	–	–	–	–
MV Networks		–	–	–	–	–	–	–	–	–
LV Networks		–	–	–	–	–	–	–	–	–
Capital Spares		–	–	–	–	–	–	–	–	–
Water Supply Infrastructure		(91 244)	146 308	5 990 639	–	–	–	–	–	–
Dams and Weirs		–	–	–	–	–	–	–	–	–
Boreholes		–	–	–	–	–	–	–	–	–
Reservoirs		–	–	–	–	–	–	–	–	–
Pump Stations		–	–	–	–	–	–	–	–	–
Water Treatment Works		–	–	–	–	–	–	–	–	–
Bulk Mains		–	–	–	–	–	–	–	–	–
Distribution		(90 281)	125 448	(13 868)	–	–	–	–	–	–
Distribution Points		(963)	20 859	20 859	–	–	–	–	–	–
PRV Stations		–	–	–	–	–	–	–	–	–
Capital Spares		–	–	5 983 648	–	–	–	–	–	–
Sanitation Infrastructure		(217 842)	1 797 663	1 797 663	–	–	–	–	–	–
Pump Station		–	–	–	–	–	–	–	–	–
Reticulation		(217 842)	(72 978)	(72 978)	–	–	–	–	–	–
Waste Water Treatment Works		–	1 870 641	1 870 641	–	–	–	–	–	–
Outfall Sewers		–	–	–	–	–	–	–	–	–
Toilet Facilities		–	–	–	–	–	–	–	–	–
Capital Spares		–	–	–	–	–	–	–	–	–
Solid Waste Infrastructure		–	–	–	–	–	–	–	–	–
Landfill Sites		–	–	–	–	–	–	–	–	–
Waste Transfer Stations		–	–	–	–	–	–	–	–	–
Waste Processing Facilities		–	–	–	–	–	–	–	–	–
Waste Drop-off Points		–	–	–	–	–	–	–	–	–
Waste Separation Facilities		–	–	–	–	–	–	–	–	–
Electricity Generation Facilities		–	–	–	–	–	–	–	–	–
Capital Spares		–	–	–	–	–	–	–	–	–
Rail Infrastructure		–	–	–	–	–	–	–	–	–
Rail Lines		–	–	–	–	–	–	–	–	–
Rail Structures		–	–	–	–	–	–	–	–	–
Rail Furniture		–	–	–	–	–	–	–	–	–
Drainage Collection		–	–	–	–	–	–	–	–	–
Storm water Conveyance		–	–	–	–	–	–	–	–	–
Attenuation		–	–	–	–	–	–	–	–	–
MV Substations		–	–	–	–	–	–	–	–	–
LV Networks		–	–	–	–	–	–	–	–	–
Capital Spares		–	–	–	–	–	–	–	–	–
Coastal Infrastructure		–	–	–	–	–	–	–	–	–
Sand Pumps		–	–	–	–	–	–	–	–	–
Piers		–	–	–	–	–	–	–	–	–
Revetments		–	–	–	–	–	–	–	–	–
Promenades		–	–	–	–	–	–	–	–	–
Capital Spares		–	–	–	–	–	–	–	–	–
Information and Communication Infrastructure		–	–	–	–	–	–	–	–	–
Data Centres		–	–	–	–	–	–	–	–	–
Core Layers		–	–	–	–	–	–	–	–	–
Distribution Layers		–	–	–	–	–	–	–	–	–
Capital Spares		–	–	–	–	–	–	–	–	–

Community Assets	–	–	–	–	–	–	–	–	–
Community Facilities	–	–	–	–	–	–	–	–	–
Halls	–	–	–	–	–	–	–	–	–
Centres	–	–	–	–	–	–	–	–	–
Crèches	–	–	–	–	–	–	–	–	–
Clinics/Care Centres	–	–	–	–	–	–	–	–	–
Fire/Ambulance Stations	–	–	–	–	–	–	–	–	–
Testing Stations	–	–	–	–	–	–	–	–	–
Museums	–	–	–	–	–	–	–	–	–
Galleries	–	–	–	–	–	–	–	–	–
Theatres	–	–	–	–	–	–	–	–	–
Libraries	–	–	–	–	–	–	–	–	–
Cemeteries/Crematoria	–	–	–	–	–	–	–	–	–
Police	–	–	–	–	–	–	–	–	–
Parks	–	–	–	–	–	–	–	–	–
Public Open Space	–	–	–	–	–	–	–	–	–
Nature Reserves	–	–	–	–	–	–	–	–	–
Public Ablution Facilities	–	–	–	–	–	–	–	–	–
Markets	–	–	–	–	–	–	–	–	–
Stalls	–	–	–	–	–	–	–	–	–
Abattoirs	–	–	–	–	–	–	–	–	–
Airports	–	–	–	–	–	–	–	–	–
Taxi Ranks/Bus Terminals	–	–	–	–	–	–	–	–	–
Capital Spares	–	–	–	–	–	–	–	–	–
Sport and Recreation Facilities	–	–	–	–	–	–	–	–	–
Indoor Facilities	–	–	–	–	–	–	–	–	–
Outdoor Facilities	–	–	–	–	–	–	–	–	–
Capital Spares	–	–	–	–	–	–	–	–	–
Heritage assets	–	–	–	–	–	–	–	–	–
Monuments	–	–	–	–	–	–	–	–	–
Historic Buildings	–	–	–	–	–	–	–	–	–
Works of Art	–	–	–	–	–	–	–	–	–
Conservation Areas	–	–	–	–	–	–	–	–	–
Other Heritage	–	–	–	–	–	–	–	–	–
Investment properties	–	642	642	–	–	–	–	–	–
Revenue Generating	–	642	642	–	–	–	–	–	–
Improved Property	–	–	–	–	–	–	–	–	–
Unimproved Property	–	642	642	–	–	–	–	–	–
Non-revenue Generating	–	–	–	–	–	–	–	–	–
Improved Property	–	–	–	–	–	–	–	–	–
Unimproved Property	–	–	–	–	–	–	–	–	–
Other assets	55	6 355	6 355	–	–	–	–	–	–
Operational Buildings	55	6 355	6 355	–	–	–	–	–	–
Municipal Offices	55	6 355	6 355	–	–	–	–	–	–
Pay/Enquiry Points	–	–	–	–	–	–	–	–	–
Building Plan Offices	–	–	–	–	–	–	–	–	–
Workshops	–	–	–	–	–	–	–	–	–
Yards	–	–	–	–	–	–	–	–	–
Stores	–	–	–	–	–	–	–	–	–
Laboratories	–	–	–	–	–	–	–	–	–
Training Centres	–	–	–	–	–	–	–	–	–
Manufacturing Plant	–	–	–	–	–	–	–	–	–
Depots	–	–	–	–	–	–	–	–	–
Capital Spares	–	–	–	–	–	–	–	–	–
Housing	–	–	–	–	–	–	–	–	–
Staff Housing	–	–	–	–	–	–	–	–	–
Social Housing	–	–	–	–	–	–	–	–	–
Capital Spares	–	–	–	–	–	–	–	–	–
Biological or Cultivated Assets	–	–	–	–	–	–	–	–	–
Biological or Cultivated Assets	–	–	–	–	–	–	–	–	–
Intangible Assets	2 659	10 959	10 959	–	–	–	–	–	–
Servitudes	2 659	2 659	2 659	–	–	–	–	–	–
Licences and Rights	–	8 300	8 300	–	–	–	–	–	–
Water Rights	–	–	–	–	–	–	–	–	–
Effluent Licenses	–	–	–	–	–	–	–	–	–
Solid Waste Licenses	–	–	–	–	–	–	–	–	–
Computer Software and Applications	–	8 300	8 300	–	–	–	–	–	–
Load Settlement Software Applications	–	–	–	–	–	–	–	–	–
Unspecified	–	–	–	–	–	–	–	–	–

Computer Equipment		–	–	–	–	–	–	–	–	–
Computer Equipment		–	–	–	–	–	–	–	–	–
Furniture and Office Equipment		–	146 104	146 104	–	–	–	–	–	–
Furniture and Office Equipment		–	146 104	146 104	–	–	–	–	–	–
Machinery and Equipment		–	17 519	17 519	–	–	–	–	–	–
Machinery and Equipment		–	17 519	17 519	–	–	–	–	–	–
Transport Assets		–	5 520	5 549	–	–	–	–	–	–
Transport Assets		–	5 520	5 549	–	–	–	–	–	–
Land		–	–	–	–	–	–	–	–	–
Land		–	–	–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–
Total Capital Expenditure on renewal of existing assets	1	(306 372)	2 131 071	7 975 430	–	–	–	–	–	–
Renewal of Existing Assets as % of total capex		*-16.4%*	*82.6%*	*91.9%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*
Renewal of Existing Assets as % of deprecn"		*-125.3%*	*1019.8%*	*3704.9%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*

References

1. Total Capital Expenditure on renewal of existing assets (SA34b) plus Total Capital Expenditure on new assets (SA34a) plus Total Capital Expenditure on upgrading of existing assets (SA34e) must reconcile to total capi

	check balance	-207	2	2	-	-	-	-	-	-

DC21 Ugu - Supporting Table SA34c Repairs and maintenance expenditure by asset class

Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure Framework			
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25	
Repairs and maintenance expenditure by Asset Class/Sub-class											
Infrastructure		114 674	46 021	61 830	46 973	42 101	42 101	34 818	23 703	16 272	
Roads Infrastructure		15 097	5 453	1 038	4 400	2 725	2 725	10 098	7 475	5 722	
Roads		13 280	7 504	1 038	3 400	1 825	1 825	9 098	6 825	5 306	SA34c
Road Structures		1 817	(2 051)	–	1 000	900	900	1 000	650	416	SA34c
Road Furniture		–	–	–	–	–	–	–	–	–	SA34c
Capital Spares		–	–	–	–	–	–	–	–	–	SA34c
Storm water Infrastructure		–	–	–	–	–	–	–	–	–	
Drainage Collection		–	–	–	–	–	–	–	–	–	SA34c
Storm water Conveyance		–	–	–	–	–	–	–	–	–	SA34c
Attenuation		–	–	–	–	–	–	–	–	–	SA34c
Electrical Infrastructure		594	311	195	2 000	1 400	1 400	2 150	1 398	894	
Power Plants		594	(10)	–	–	–	–	–	–	–	SA34c
HV Substations		–	–	–	–	–	–	–	–	–	SA34c
HV Switching Station		–	–	–	–	–	–	–	–	–	SA34c
HV Transmission Conductors		–	–	–	–	–	–	–	–	–	SA34c
MV Substations		–	–	–	–	–	–	–	–	–	SA34c
MV Switching Stations		–	–	–	–	–	–	–	–	–	SA34c
MV Networks		–	–	–	–	–	–	–	–	–	SA34c
LV Networks		–	321	195	2 000	1 400	1 400	2 150	1 398	894	SA34c
Capital Spares		–	–	–	–	–	–	–	–	–	SA34c
Water Supply Infrastructure		91 815	37 487	28 314	38 393	34 884	34 884	19 870	13 076	8 533	
Dams and Weirs		–	–	–	–	–	–	–	–	–	SA34c
Boreholes		3 800	1 499	641	2 700	1 250	1 250	–	–	–	SA34c
Reservoirs		3 765	3 208	3 041	1 500	700	700	2 900	2 045	1 473	SA34c
Pump Stations		1 548	1 046	1 548	2 725	1 393	1 393	2 800	1 820	1 165	SA34c
Water Treatment Works		15 707	13 878	11 942	3 650	13 866	13 866	300	195	125	SA34c
Bulk Mains		738	9	–	–	–	–	–	–	–	SA34c
Distribution		63 828	6 931	6 183	19 818	11 210	11 210	11 870	7 716	4 938	SA34c
Distribution Points		–	–	–	–	–	–	–	–	–	SA34c
PRV Stations		2 428	10 916	4 959	8 000	6 467	6 467	2 000	1 300	832	SA34c
Capital Spares		–	–	–	–	–	–	–	–	–	SA34c
Sanitation Infrastructure		6 431	2 498	32 284	1 675	2 597	2 597	2 700	1 755	1 123	
Pump Station		791	(68)	–	300	78	78	200	130	83	SA34c
Reticulation		530	3	–	–	–	–	–	–	–	SA34c
Waste Water Treatment Works		971	531	–	375	19	19	–	–	–	SA34c
Outfall Sewers		–	–	–	–	–	–	–	–	–	SA34c
Toilet Facilities		4 138	2 032	32 284	1 000	2 500	2 500	2 500	1 625	1 040	SA34c
Capital Spares		–	–	–	–	–	–	–	–	–	SA34c
Solid Waste Infrastructure		–	–	–	–	–	–	–	–	–	
Landfill Sites		–	–	–	–	–	–	–	–	–	SA34c
Waste Transfer Stations		–	–	–	–	–	–	–	–	–	SA34c
Waste Processing Facilities		–	–	–	–	–	–	–	–	–	SA34c
Waste Drop-off Points		–	–	–	–	–	–	–	–	–	SA34c
Waste Separation Facilities		–	–	–	–	–	–	–	–	–	SA34c
Electricity Generation Facilities		–	–	–	–	–	–	–	–	–	SA34c
Capital Spares		–	–	–	–	–	–	–	–	–	SA34c
Rail Infrastructure		–	–	–	–	–	–	–	–	–	
Rail Lines		–	–	–	–	–	–	–	–	–	SA34c
Rail Structures		–	–	–	–	–	–	–	–	–	SA34c
Rail Furniture		–	–	–	–	–	–	–	–	–	SA34c
Drainage Collection		–	–	–	–	–	–	–	–	–	SA34c
Storm water Conveyance		–	–	–	–	–	–	–	–	–	SA34c
Attenuation		–	–	–	–	–	–	–	–	–	SA34c
MV Substations		–	–	–	–	–	–	–	–	–	SA34c
LV Networks		–	–	–	–	–	–	–	–	–	SA34c
Capital Spares		–	–	–	–	–	–	–	–	–	SA34c
Coastal Infrastructure		387	272	–	405	495	495	–	–	–	
Sand Pumps		–	–	–	–	–	–	–	–	–	SA34c
Piers		–	–	–	–	–	–	–	–	–	SA34c
Revetments		–	–	–	–	–	–	–	–	–	SA34c
Promenades		–	–	–	–	–	–	–	–	–	SA34c
Capital Spares		387	272	–	405	495	495	–	–	–	SA34c
Information and Communication Infrastructure		352	–	–	100	–	–	–	–	–	
Data Centres		–	–	–	–	–	–	–	–	–	SA34c
Core Layers		325	–	–	–	–	–	–	–	–	SA34c
Distribution Layers		27	–	–	100	–	–	–	–	–	SA34c
Capital Spares		–	–	–	–	–	–	–	–	–	SA34c

Community Assets	–	–	–	–	–	–	–	–	–	
Community Facilities	–	–	–	–	–	–	–	–	–	
Halls	–	–	–	–	–	–	–	–	–	SA34c
Centres	–	–	–	–	–	–	–	–	–	SA34c
Crèches	–	–	–	–	–	–	–	–	–	SA34c
Clinics/Care Centres	–	–	–	–	–	–	–	–	–	SA34c
Fire/Ambulance Stations	–	–	–	–	–	–	–	–	–	SA34c
Testing Stations	–	–	–	–	–	–	–	–	–	SA34c
Museums	–	–	–	–	–	–	–	–	–	SA34c
Galleries	–	–	–	–	–	–	–	–	–	SA34c
Theatres	–	–	–	–	–	–	–	–	–	SA34c
Libraries	–	–	–	–	–	–	–	–	–	SA34c
Cemeteries/Crematoria	–	–	–	–	–	–	–	–	–	SA34c
Police	–	–	–	–	–	–	–	–	–	SA34c
Parks	–	–	–	–	–	–	–	–	–	SA34c
Public Open Space	–	–	–	–	–	–	–	–	–	SA34c
Nature Reserves	–	–	–	–	–	–	–	–	–	SA34c
Public Ablution Facilities	–	–	–	–	–	–	–	–	–	SA34c
Markets	–	–	–	–	–	–	–	–	–	SA34c
Stalls	–	–	–	–	–	–	–	–	–	SA34c
Abattoirs	–	–	–	–	–	–	–	–	–	SA34c
Airports	–	–	–	–	–	–	–	–	–	SA34c
Taxi Ranks/Bus Terminals	–	–	–	–	–	–	–	–	–	SA34c
Capital Spares	–	–	–	–	–	–	–	–	–	SA34c
Sport and Recreation Facilities	–	–	–	–	–	–	–	–	–	
Indoor Facilities	–	–	–	–	–	–	–	–	–	SA34c
Outdoor Facilities	–	–	–	–	–	–	–	–	–	SA34c
Capital Spares	–	–	–	–	–	–	–	–	–	SA34c
Heritage assets	–	–	–	–	–	–	–	–	–	
Monuments	–	–	–	–	–	–	–	–	–	SA34c
Historic Buildings	–	–	–	–	–	–	–	–	–	SA34c
Works of Art	–	–	–	–	–	–	–	–	–	SA34c
Conservation Areas	–	–	–	–	–	–	–	–	–	SA34c
Other Heritage	–	–	–	–	–	–	–	–	–	SA34c
Investment properties	–	221	166	920	1 120	1 120	100	97	95	
Revenue Generating	–	221	166	920	1 120	1 120	100	97	95	
Improved Property	–	221	166	920	1 120	1 120	–	–	–	SA34c
Unimproved Property	–	–	–	–	–	–	100	97	95	SA34c
Non-revenue Generating	–	–	–	–	–	–	–	–	–	
Improved Property	–	–	–	–	–	–	–	–	–	SA34c
Unimproved Property	–	–	–	–	–	–	–	–	–	SA34c
Other assets	698	682	2 831	5 021	5 721	5 721	2 650	2 571	2 518	
Operational Buildings	698	682	2 831	5 021	5 721	5 721	2 650	2 571	2 518	
Municipal Offices	400	637	2 017	2 200	3 000	3 000	2 650	2 571	2 518	SA34c
Pay/Enquiry Points	–	–	–	–	–	–	–	–	–	SA34c
Building Plan Offices	–	–	–	–	–	–	–	–	–	SA34c
Workshops	–	–	–	–	–	–	–	–	–	SA34c
Yards	–	–	814	2 721	2 721	2 721	–	–	–	SA34c
Stores	–	–	–	–	–	–	–	–	–	SA34c
Laboratories	–	–	–	–	–	–	–	–	–	SA34c
Training Centres	–	–	–	–	–	–	–	–	–	SA34c
Manufacturing Plant	298	45	–	100	–	–	–	–	–	SA34c
Depots	–	–	–	–	–	–	–	–	–	SA34c
Capital Spares	–	–	–	–	–	–	–	–	–	SA34c
Housing	–	–	–	–	–	–	–	–	–	
Staff Housing	–	–	–	–	–	–	–	–	–	SA34c
Social Housing	–	–	–	–	–	–	–	–	–	SA34c
Capital Spares	–	–	–	–	–	–	–	–	–	SA34c

Biological or Cultivated Assets		–	–	–	–	–	–	–	–	–	
Biological or Cultivated Assets		–	–	–	–	–	–	–	–	–	SA34c
Intangible Assets		6 158	3 665	2 079	2 745	3 094	3 094	3 264	3 166	3 100	
Servitudes		–	–	–	–	–	–	–	–	–	SA34c
Licences and Rights		6 158	3 665	2 079	2 745	3 094	3 094	3 264	3 166	3 100	
Water Rights		–	–	–	–	–	–	–	–	–	SA34c
Effluent Licenses		–	–	–	–	–	–	–	–	–	SA34c
Solid Waste Licenses		–	–	–	–	–	–	–	–	–	SA34c
Computer Software and Applications		6 158	3 665	2 079	2 745	3 094	3 094	3 264	3 166	3 100	SA34c
Load Settlement Software Applications		–	–	–	–	–	–	–	–	–	SA34c
Unspecified		–	–	–	–	–	–	–	–	–	SA34c
Computer Equipment		33	–	–	–	–	–	–	–	–	
Computer Equipment		33	–	–	–	–	–	–	–	–	SA34c
Furniture and Office Equipment		–	156	–	–	–	–	–	–	–	
Furniture and Office Equipment		–	156	–	–	–	–	–	–	–	SA34c
Machinery and Equipment		1 864	48 436	575	1 400	1 100	1 100	1 000	810	683	
Machinery and Equipment		1 864	48 436	575	1 400	1 100	1 100	1 000	810	683	SA34c
Transport Assets		44 514	14 828	14 247	10 010	12 160	12 160	–	–	–	
Transport Assets		44 514	14 828	14 247	10 010	12 160	12 160	–	–	–	SA34c
Land		–	–	–	–	–	–	–	–	–	
Land		–	–	–	–	–	–	–	–	–	SA34c
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–	
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–	SA34c
Total Repairs and Maintenance Expenditure	1	167 942	114 010	81 727	67 069	65 296	65 296	41 832	30 346	22 668	
R&M as a % of PPE		*-63.4%*	*3.1%*	*2.3%*	*2.0%*	*1.8%*	*1.8%*	*1.1%*	*0.8%*	*0.6%*	
R&M as % Operating Expenditure		*12.2%*	*7.7%*	*6.3%*	*5.0%*	*5.2%*	*5.2%*	*3.8%*	*2.3%*	*1.8%*	

References

1. Total Repairs and Maintenance Expenditure by Asset Category must reconcile to total repairs and maintenance expenditure on Table SA1

check balance	9 501	24 375	702	–	5 792	5 792	–	–	–

DC21 Ugu - Supporting Table SA34d Depreciation by asset class

Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Depreciation by Asset Class/Sub-class										
Infrastructure		211 455	206 847	210 155	147 941	152 930	152 930	167 930	176 326	185 142
Roads Infrastructure		–	–	–	–	–	–	–	–	–
Roads		–	–	–	–	–	–	–	–	–
Road Structures		–	–	–	–	–	–	–	–	–
Road Furniture		–	–	–	–	–	–	–	–	–
Capital Spares		–	–	–	–	–	–	–	–	–
Storm water Infrastructure		–	–	–	–	–	–	–	–	–
Drainage Collection		–	–	–	–	–	–	–	–	–
Storm water Conveyance		–	–	–	–	–	–	–	–	–
Attenuation		–	–	–	–	–	–	–	–	–
Electrical Infrastructure		–	–	–	–	–	–	–	–	–
Power Plants		–	–	–	–	–	–	–	–	–
HV Substations		–	–	–	–	–	–	–	–	–
HV Switching Station		–	–	–	–	–	–	–	–	–
HV Transmission Conductors		–	–	–	–	–	–	–	–	–
MV Substations		–	–	–	–	–	–	–	–	–
MV Switching Stations		–	–	–	–	–	–	–	–	–
MV Networks		–	–	–	–	–	–	–	–	–
LV Networks		–	–	–	–	–	–	–	–	–
Capital Spares		–	–	–	–	–	–	–	–	–
Water Supply Infrastructure		–	–	210 155	117 353	122 353	122 353	137 353	144 220	151 431
Dams and Weirs		–	–	–	2 931	2 931	2 931	2 931	3 078	3 231
Boreholes		–	–	–	586	586	586	586	616	646
Reservoirs		–	–	–	8 793	8 793	8 793	8 793	9 233	9 694
Pump Stations		–	–	–	10 552	10 552	10 552	10 552	11 079	11 633
Water Treatment Works		–	–	–	15 241	15 241	15 241	15 241	16 003	16 803
Bulk Mains		–	–	–	4 690	4 690	4 690	4 690	4 924	5 170
Distribution		–	–	210 155	65 767	70 767	70 767	85 767	90 056	94 559
Distribution Points		–	–	–	–	–	–	–	–	–
PRV Stations		–	–	–	8 793	8 793	8 793	8 793	9 233	9 694
Capital Spares		–	–	–	–	–	–	–	–	–
Sanitation Infrastructure		211 455	206 847	–	30 577	30 577	30 577	30 577	32 106	33 711
Pump Station		–	–	–	13 528	13 528	13 528	13 528	14 204	14 914
Reticulation		211 455	206 847	–	5 325	5 325	5 325	5 325	5 592	5 871
Waste Water Treatment Works		–	–	–	11 724	11 724	11 724	11 724	12 310	12 926
Outfall Sewers		–	–	–	–	–	–	–	–	–
Toilet Facilities		–	–	–	–	–	–	–	–	–
Capital Spares		–	–	–	–	–	–	–	–	–
Solid Waste Infrastructure		–	–	–	–	–	–	–	–	–
Landfill Sites		–	–	–	–	–	–	–	–	–
Waste Transfer Stations		–	–	–	–	–	–	–	–	–
Waste Processing Facilities		–	–	–	–	–	–	–	–	–
Waste Drop-off Points		–	–	–	–	–	–	–	–	–
Waste Separation Facilities		–	–	–	–	–	–	–	–	–
Electricity Generation Facilities		–	–	–	–	–	–	–	–	–
Capital Spares		–	–	–	–	–	–	–	–	–

Rail Infrastructure	–	–	–	–	–	–	–	–	–
Rail Lines	–	–	–	–	–	–	–	–	–
Rail Structures	–	–	–	–	–	–	–	–	–
Rail Furniture	–	–	–	–	–	–	–	–	–
Drainage Collection	–	–	–	–	–	–	–	–	–
Storm water Conveyance	–	–	–	–	–	–	–	–	–
Attenuation	–	–	–	–	–	–	–	–	–
MV Substations	–	–	–	–	–	–	–	–	–
LV Networks	–	–	–	–	–	–	–	–	–
Capital Spares	–	–	–	–	–	–	–	–	–
Coastal Infrastructure	–	–	–	–	–	–	–	–	–
Sand Pumps	–	–	–	–	–	–	–	–	–
Piers	–	–	–	–	–	–	–	–	–
Revetments	–	–	–	–	–	–	–	–	–
Promenades	–	–	–	–	–	–	–	–	–
Capital Spares	–	–	–	–	–	–	–	–	–
Information and Communication Infrastructure	–	–	–	11	–	–	–	–	–
Data Centres	–	–	–	–	–	–	–	–	–
Core Layers	–	–	–	–	–	–	–	–	–
Distribution Layers	–	–	–	–	–	–	–	–	–
Capital Spares	–	–	–	11	–	–	–	–	–
Community Assets	–	–	–	–	–	–	–	–	–
Community Facilities	–	–	–	–	–	–	–	–	–
Halls	–	–	–	–	–	–	–	–	–
Centres	–	–	–	–	–	–	–	–	–
Crèches	–	–	–	–	–	–	–	–	–
Clinics/Care Centres	–	–	–	–	–	–	–	–	–
Fire/Ambulance Stations	–	–	–	–	–	–	–	–	–
Testing Stations	–	–	–	–	–	–	–	–	–
Museums	–	–	–	–	–	–	–	–	–
Galleries	–	–	–	–	–	–	–	–	–
Theatres	–	–	–	–	–	–	–	–	–
Libraries	–	–	–	–	–	–	–	–	–
Cemeteries/Crematoria	–	–	–	–	–	–	–	–	–
Police	–	–	–	–	–	–	–	–	–
Parks	–	–	–	–	–	–	–	–	–
Public Open Space	–	–	–	–	–	–	–	–	–
Nature Reserves	–	–	–	–	–	–	–	–	–
Public Ablution Facilities	–	–	–	–	–	–	–	–	–
Markets	–	–	–	–	–	–	–	–	–
Stalls	–	–	–	–	–	–	–	–	–
Abattoirs	–	–	–	–	–	–	–	–	–
Airports	–	–	–	–	–	–	–	–	–
Taxi Ranks/Bus Terminals	–	–	–	–	–	–	–	–	–
Capital Spares	–	–	–	–	–	–	–	–	–
Sport and Recreation Facilities	–	–	–	–	–	–	–	–	–
Indoor Facilities	–	–	–	–	–	–	–	–	–
Outdoor Facilities	–	–	–	–	–	–	–	–	–
Capital Spares	–	–	–	–	–	–	–	–	–
Heritage assets	–	–	–	–	–	–	–	–	–
Monuments	–	–	–	–	–	–	–	–	–
Historic Buildings	–	–	–	–	–	–	–	–	–
Works of Art	–	–	–	–	–	–	–	–	–
Conservation Areas	–	–	–	–	–	–	–	–	–
Other Heritage	–	–	–	–	–	–	–	–	–
Investment properties	20 910	–	–	–	–	–	–	–	–
Revenue Generating	20 910	–	–	–	–	–	–	–	–
Improved Property	20 910	–	–	–	–	–	–	–	–
Unimproved Property	–	–	–	–	–	–	–	–	–
Non-revenue Generating	–	–	–	–	–	–	–	–	–
Improved Property	–	–	–	–	–	–	–	–	–
Unimproved Property	–	–	–	–	–	–	–	–	–

Other assets		2 585	–	2 585	67 906	67 898	67 898	69 332	72 799	76 439
Operational Buildings		2 585	–	2 585	67 906	67 898	67 898	69 332	72 799	76 439
Municipal Offices		2 585	–	2 585	67 898	67 898	67 898	69 332	72 799	76 439
Pay/Enquiry Points		–	–	–	–	–	–	–	–	–
Building Plan Offices		–	–	–	–	–	–	–	–	–
Workshops		–	–	–	–	–	–	–	–	–
Yards		–	–	–	–	–	–	–	–	–
Stores		–	–	–	–	–	–	–	–	–
Laboratories		–	–	–	–	–	–	–	–	–
Training Centres		–	–	–	–	–	–	–	–	–
Manufacturing Plant		–	–	–	–	–	–	–	–	–
Depots		–	–	–	–	–	–	–	–	–
Capital Spares		–	–	–	8	–	–	–	–	–
Housing		–	–	–	–	–	–	–	–	–
Staff Housing		–	–	–	–	–	–	–	–	–
Social Housing		–	–	–	–	–	–	–	–	–
Capital Spares		–	–	–	–	–	–	–	–	–
Biological or Cultivated Assets		–	–	–	–	–	–	–	–	–
Biological or Cultivated Assets		–	–	–	–	–	–	–	–	–
Intangible Assets		3 171	2 117	2 529	2 677	2 663	2 663	2 663	2 796	2 936
Servitudes		–	–	–	–	–	–	–	–	–
Licences and Rights		3 171	2 117	2 529	2 677	2 663	2 663	2 663	2 796	2 936
Water Rights		–	–	–	–	–	–	–	–	–
Effluent Licenses		–	–	–	–	–	–	–	–	–
Solid Waste Licenses		–	–	–	–	–	–	–	–	–
Computer Software and Applications		3 171	2 117	2 529	2 677	2 663	2 663	2 663	2 796	2 936
Load Settlement Software Applications		–	–	–	–	–	–	–	–	–
Unspecified		–	–	–	–	–	–	–	–	–
Computer Equipment		–	–	–	374	–	–	4 000	4 200	4 410
Computer Equipment		–	–	–	374	–	–	4 000	4 200	4 410
Furniture and Office Equipment		–	–	–	475	–	–	69 000	72 450	76 073
Furniture and Office Equipment		–	–	–	475	–	–	69 000	72 450	76 073
Machinery and Equipment		6 302	–	–	76	76	76	76	79	83
Machinery and Equipment		6 302	–	–	76	76	76	76	79	83
Transport Assets		–	–	–	825	–	–	4 000	4 200	4 410
Transport Assets		–	–	–	825	–	–	4 000	4 200	4 410
Land		–	–	–	–	–	–	–	–	–
Land		–	–	–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–
Total Depreciation	1	244 424	208 964	215 269	220 272	223 565	223 565	317 000	332 850	349 493

References

1. Depreciation based on write down values. Not including Depreciation resulting from revaluation.

	Check	(16 853)	(12 829)	(4 511)	–	–	–	–	–	–

DC21 Ugu - Supporting Table SA34e Capital expenditure on the upgrading of existing assets by asset class

Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Capital expenditure on upgrading of existing assets by Asset Class/Sub-class										
Infrastructure		1 870 641	134 338	200 054	89 009	79 817	79 817	100 000	105 000	110 250
Roads Infrastructure		–	–	–	–	–	–	–	–	–
Roads		–	–	–	–	–	–	–	–	–
Road Structures		–	–	–	–	–	–	–	–	–
Road Furniture		–	–	–	–	–	–	–	–	–
Capital Spares		–	–	–	–	–	–	–	–	–
Storm water Infrastructure		–	–	–	–	–	–	–	–	–
Drainage Collection		–	–	–	–	–	–	–	–	–
Storm water Conveyance		–	–	–	–	–	–	–	–	–
Attenuation		–	–	–	–	–	–	–	–	–
Electrical Infrastructure		–	–	–	–	6 400	6 400	–	–	–
Power Plants		–	–	–	–	–	–	–	–	–
HV Substations		–	–	–	–	–	–	–	–	–
HV Switching Station		–	–	–	–	–	–	–	–	–
HV Transmission Conductors		–	–	–	–	–	–	–	–	–
MV Substations		–	–	–	–	–	–	–	–	–
MV Switching Stations		–	–	–	–	–	–	–	–	–
MV Networks		–	–	–	–	–	–	–	–	–
LV Networks		–	–	–	–	–	–	–	–	–
Capital Spares		–	–	–	–	6 400	6 400	–	–	–
Water Supply Infrastructure		–	134 338	200 054	89 009	73 417	73 417	100 000	105 000	110 250
Dams and Weirs		–	–	–	–	–	–	–	–	–
Boreholes		–	–	–	–	–	–	–	–	–
Reservoirs		–	–	10 399	–	1 067	1 067	–	–	–
Pump Stations		–	–	–	–	–	–	–	–	–
Water Treatment Works		–	–	–	–	–	–	–	–	–
Bulk Mains		–	122 164	123 715	16 659	–	–	10 000	10 500	11 025
Distribution		–	–	53 766	62 350	59 571	59 571	90 000	94 500	99 225
Distribution Points		–	–	–	10 000	12 779	12 779	–	–	–
PRV Stations		–	12 174	12 174	–	–	–	–	–	–
Capital Spares		–	–	–	–	–	–	–	–	–
Sanitation Infrastructure		1 870 641	–	–	–	–	–	–	–	–
Pump Station		–	–	–	–	–	–	–	–	–
Reticulation		–	–	–	–	–	–	–	–	–
Waste Water Treatment Works		1 870 641	–	–	–	–	–	–	–	–
Outfall Sewers		–	–	–	–	–	–	–	–	–
Toilet Facilities		–	–	–	–	–	–	–	–	–
Capital Spares		–	–	–	–	–	–	–	–	–
Solid Waste Infrastructure		–	–	–	–	–	–	–	–	–
Landfill Sites		–	–	–	–	–	–	–	–	–
Waste Transfer Stations		–	–	–	–	–	–	–	–	–
Waste Processing Facilities		–	–	–	–	–	–	–	–	–
Waste Drop-off Points		–	–	–	–	–	–	–	–	–
Waste Separation Facilities		–	–	–	–	–	–	–	–	–
Electricity Generation Facilities		–	–	–	–	–	–	–	–	–
Capital Spares		–	–	–	–	–	–	–	–	–

Rail Infrastructure	–	–	–	–	–	–	–	–	–
Rail Lines	–	–	–	–	–	–	–	–	–
Rail Structures	–	–	–	–	–	–	–	–	–
Rail Furniture	–	–	–	–	–	–	–	–	–
Drainage Collection	–	–	–	–	–	–	–	–	–
Storm water Conveyance	–	–	–	–	–	–	–	–	–
Attenuation	–	–	–	–	–	–	–	–	–
MV Substations	–	–	–	–	–	–	–	–	–
LV Networks	–	–	–	–	–	–	–	–	–
Capital Spares	–	–	–	–	–	–	–	–	–
Coastal Infrastructure	–	–	–	–	–	–	–	–	–
Sand Pumps	–	–	–	–	–	–	–	–	–
Piers	–	–	–	–	–	–	–	–	–
Revetments	–	–	–	–	–	–	–	–	–
Promenades	–	–	–	–	–	–	–	–	–
Capital Spares	–	–	–	–	–	–	–	–	–
Information and Communication Infrastructure	–	–	–	–	–	–	–	–	–
Data Centres	–	–	–	–	–	–	–	–	–
Core Layers	–	–	–	–	–	–	–	–	–
Distribution Layers	–	–	–	–	–	–	–	–	–
Capital Spares	–	–	–	–	–	–	–	–	–
Community Assets	–	–	–	–	–	–	–	–	–
Community Facilities	–	–	–	–	–	–	–	–	–
Halls	–	–	–	–	–	–	–	–	–
Centres	–	–	–	–	–	–	–	–	–
Crèches	–	–	–	–	–	–	–	–	–
Clinics/Care Centres	–	–	–	–	–	–	–	–	–
Fire/Ambulance Stations	–	–	–	–	–	–	–	–	–
Testing Stations	–	–	–	–	–	–	–	–	–
Museums	–	–	–	–	–	–	–	–	–
Galleries	–	–	–	–	–	–	–	–	–
Theatres	–	–	–	–	–	–	–	–	–
Libraries	–	–	–	–	–	–	–	–	–
Cemeteries/Crematoria	–	–	–	–	–	–	–	–	–
Police	–	–	–	–	–	–	–	–	–
Parks	–	–	–	–	–	–	–	–	–
Public Open Space	–	–	–	–	–	–	–	–	–
Nature Reserves	–	–	–	–	–	–	–	–	–
Public Ablution Facilities	–	–	–	–	–	–	–	–	–
Markets	–	–	–	–	–	–	–	–	–
Stalls	–	–	–	–	–	–	–	–	–
Abattoirs	–	–	–	–	–	–	–	–	–
Airports	–	–	–	–	–	–	–	–	–
Taxi Ranks/Bus Terminals	–	–	–	–	–	–	–	–	–
Capital Spares	–	–	–	–	–	–	–	–	–
Sport and Recreation Facilities	–	–	–	–	–	–	–	–	–
Indoor Facilities	–	–	–	–	–	–	–	–	–
Outdoor Facilities	–	–	–	–	–	–	–	–	–
Capital Spares	–	–	–	–	–	–	–	–	–
Heritage assets	–	–	–	–	–	–	–	–	–
Monuments	–	–	–	–	–	–	–	–	–
Historic Buildings	–	–	–	–	–	–	–	–	–
Works of Art	–	–	–	–	–	–	–	–	–
Conservation Areas	–	–	–	–	–	–	–	–	–
Other Heritage	–	–	–	–	–	–	–	–	–
Investment properties	–	–	–	–	–	–	–	–	–
Revenue Generating	–	–	–	–	–	–	–	–	–
Improved Property	–	–	–	–	–	–	–	–	–
Unimproved Property	–	–	–	–	–	–	–	–	–
Non-revenue Generating	–	–	–	–	–	–	–	–	–
Improved Property	–	–	–	–	–	–	–	–	–
Unimproved Property	–	–	–	–	–	–	–	–	–

Other assets		–	0	0	–	–	–	–	–	–
Operational Buildings		–	0	0	–	–	–	–	–	–
Municipal Offices		–	0	0	–	–	–	–	–	–
Pay/Enquiry Points		–	–	–	–	–	–	–	–	–
Building Plan Offices		–	–	–	–	–	–	–	–	–
Workshops		–	–	–	–	–	–	–	–	–
Yards		–	–	–	–	–	–	–	–	–
Stores		–	–	–	–	–	–	–	–	–
Laboratories		–	–	–	–	–	–	–	–	–
Training Centres		–	–	–	–	–	–	–	–	–
Manufacturing Plant		–	–	–	–	–	–	–	–	–
Depots		–	–	–	–	–	–	–	–	–
Capital Spares		–	–	–	–	–	–	–	–	–
Housing		–	–	–	–	–	–	–	–	–
Staff Housing		–	–	–	–	–	–	–	–	–
Social Housing		–	–	–	–	–	–	–	–	–
Capital Spares		–	–	–	–	–	–	–	–	–
Biological or Cultivated Assets		–	–	–	–	–	–	–	–	–
Biological or Cultivated Assets		–	–	–	–	–	–	–	–	–
Intangible Assets		–	–	–	–	–	–	–	–	–
Servitudes		–	–	–	–	–	–	–	–	–
Licences and Rights		–	–	–	–	–	–	–	–	–
Water Rights		–	–	–	–	–	–	–	–	–
Effluent Licenses		–	–	–	–	–	–	–	–	–
Solid Waste Licenses		–	–	–	–	–	–	–	–	–
Computer Software and Applications		–	–	–	–	–	–	–	–	–
Load Settlement Software Applications		–	–	–	–	–	–	–	–	–
Unspecified		–	–	–	–	–	–	–	–	–
Computer Equipment		–	42 766	84 228	–	–	–	–	–	–
Computer Equipment		–	42 766	84 228	–	–	–	–	–	–
Furniture and Office Equipment		–	–	–	–	–	–	–	–	–
Furniture and Office Equipment		–	–	–	–	–	–	–	–	–
Machinery and Equipment		–	(44 039)	44 788	–	–	–	–	–	–
Machinery and Equipment		–	(44 039)	44 788	–	–	–	–	–	–
Transport Assets		–	940	940	–	–	–	–	–	–
Transport Assets		–	940	940	–	–	–	–	–	–
Land		–	–	–	–	–	–	–	–	–
Land		–	–	–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–
Total Capital Expenditure on upgrading of existing assets	1	1 870 641	134 005	330 010	89 009	79 817	79 817	100 000	105 000	110 250
Upgrading of Existing Assets as % of total capex		*0.0%*	*5.2%*	*3.8%*	*26.7%*	*25.4%*	*25.4%*	*31.7%*	*35.0%*	*35.0%*
Upgrading of Existing Assets as % of deprecn"		*765.3%*	*64.1%*	*153.3%*	*40.4%*	*35.7%*	*35.7%*	*31.5%*	*31.5%*	*31.5%*

References

1. Total Capital Expenditure on upgrading of existing assets (SA34e) plus Total Capital Expenditure on new assets (SA34a) plus Total Capital Expenditure on renewal of existing assets (SA34b) must reconcile to total capital

check balance		-207	2	2	-	-	-	-	-	-

DC21 Ugu - Supporting Table SA35 Future financial implications of the capital budget

Vote Description	Ref	2022/23 Medium Term Revenue & Expenditure Framework			Forecasts			
R thousand		Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25	Forecast 2025/26	Forecast 2026/27	Forecast 2027/28	Present value
Capital expenditure	1							
Vote 1 - Executive and Council		–	–	–				
Vote 2 - Finance and Administration		24 983	–	–				
Vote 3 - Internal Audit		–	–	–				
Vote 4 - Community and Social Services		–	–	–				
Vote 5 - Sport and Recreation		–	–	–				
Vote 6 - Public Safety		–	–	–				
Vote 7 - Other		–	–	–				
Vote 8 - Health		–	–	–				
Vote 9 - Planning and Development		–	–	–				
Vote 10 - Road Transport		–	–	–				
Vote 11 - Environmental Protection		–	–	–				
Vote 12 - Energy Sources		–	–	–				
Vote 13 - Water Management		194 135	199 117	209 072				
Vote 14 - Waste Water Management		95 870	100 664	105 697				
Vote 15 - Waste Management		–	–	–				
List entity summary if applicable		–	–	–				
Total Capital Expenditure		314 988	299 781	314 770	–	–	–	–
Future operational costs by vote	2							
Vote 1 - Executive and Council		44 737	46 715	48 827				
Vote 2 - Finance and Administration		604 912	536 539	536 939				
Vote 3 - Internal Audit		500	485	475				
Vote 4 - Community and Social Services		4 235	4 108	4 023				
Vote 5 - Sport and Recreation		–	–	–				
Vote 6 - Public Safety		–	–	–				
Vote 7 - Other		–	–	–				
Vote 8 - Health		200	194	190				
Vote 9 - Planning and Development		41 237	42 142	43 267				
Vote 10 - Road Transport		–	–	–				
Vote 11 - Environmental Protection		750	728	713				
Vote 12 - Energy Sources		–	–	–				
Vote 13 - Water Management		500 402	477 459	472 775				
Vote 14 - Waste Water Management		146 831	145 567	146 199				
Vote 15 - Waste Management		–	–	–				
List entity summary if applicable		–	–	–				
Total future operational costs		1 343 805	1 253 936	1 253 408	–	–	–	–
Future revenue by source	3							
Property rates		–	–	–				
Service charges - electricity revenue		–	–	–				
Service charges - water revenue		412 756	433 394	455 064				
Service charges - sanitation revenue		108 623	114 054	119 757				
Service charges - refuse revenue		–	–	–				
Rental of facilities and equipment		4 722	4 958	5 206				
List other revenues sources if applicable		7 700	8 085	8 489				
List entity summary if applicable		–	–	–				
Total future revenue		533 802	560 492	588 517	–	–	–	–
Net Financial Implications		1 124 990	993 225	979 660	–	–	–	–

References

1. Summarise the total capital cost until capital project is operational (MFMA s19(2)(a))

2. Summary of future operational costs from when projects operational (present value until the end of each asset's useful life) (MFMA s19(2)(b))

3. Summarise the future revenue from when projects are operational, including municipal tax and tariff implications, (present value until the end of asset's useful life)

DC21 Ugu - Supporting Table SA36 Detailed capital budget

R thousand														2022/23 Medium Term Revenue & Expenditure Framework		
Function	Project Description	Project Number	Type	MTSF Service Outcome	IUDF	Own Strategic Objectives	Asset Class	Asset Sub-Class	Ward Location	GPS Longitude	GPS Lattitude	Audited Outcome 2020/21	Current Year 2021/22 Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Parent municipality:																
List all capital projects grouped by Function																
Trading services / Waste water manageme	Waste Water Treatment Works	c1d33888-0e40-430	–	*6*	*3*	Increase infrastructure capacity	*0*		Regional:Regional Identifier:Local Gove	3051888	*3021454*	–	80 529	76 870	80 714	84 750
Municipal governance and administration /	Computer Equipment	8-40f2-91e6-e89b7da	–	*6*	*3*	Optimise systems and operations	*0*	gional:Regional Identifier:Local Government by Province:KwazuluNatal:District M		-306218	*3025127*	–	1 400	1 700	–	–
Municipal governance and administration /	Machinery and Equipment	a6-452b-ad08-719955	–	*12*	*4*	romote clean and social governme	*0*	al:Regional Identifier:Local Government by Province:KwazuluNatal:District Munic		-31	*30*	–	16 440	1 500	–	–
Municipal governance and administration /	Computer Software and Applications	a-47bd-9b60-21384f1	–	*12*	*4*	Optimise systems and operations	*0*	gional:Regional Identifier:Local Government by Province:KwazuluNatal:District M		-31	*30*	–	–	–	–	–
Municipal governance and administration /	Bulk Mains	9-469d-80ad-81e0bc	–	*12*	*3*	TakeOn Balances	*0*	al:Regional Identifier:Local Government by Province:KwazuluNatal:District Munic		-306218	*3025127*	–	16 600	13 500	14 175	14 884
Municipal governance and administration /	Boreholes	9b-4092-83d6-afe940	–	*8*	*2*	TakeOn Balances	*0*	gional:Regional Identifier:Local Government by Province:KwazuluNatal:District M		-306218	*3025127*	–	–	–	–	–
Municipal governance and administration /	PRV Stations	38-4949-b3fa-0b0bac	–	*6*	*2*	TakeOn Balances	*0*	gional:Regional Identifier:Local Government by Province:KwazuluNatal:District M		-306218	*3025127*	–	–	–	–	–
Municipal governance and administration /	Distribution Points	06-4b7c-8004-3c93f2	–	*2*	*2*	TakeOn Balances	*0*	gional:Regional Identifier:Local Government by Province:KwazuluNatal:District M		-306218	*3025127*	–	12 779	–	–	–
Municipal governance and administration /	Pump Station	c-4549-bb4d-60e40d	–	*5*	*2*	TakeOn Balances	*0*	gional:Regional Identifier:Local Government by Province:KwazuluNatal:District M		-306218	*3025127*	–	–	14 000	14 700	15 435
Trading services / Water management / Wa	Water Treatment Works	39-438d-abf7-1d7ef3	–	*6*	*2*	o ensure access to free basic wate	*0*	gional:Regional Identifier:Local Government by Province:KwazuluNatal:District M		3044098	*3023342*	–	33 556	64 267	64 330	67 547
Trading services / Water management / Wa	Distribution	4f-449c-853f-d10bd7	–	*6*	*3*	o ensure access to free basic wate	*0*	gional:Regional Identifier:Local Government by Province:KwazuluNatal:District M		30	*3021179*	–	102 760	111 000	116 550	122 378
Municipal governance and administration /	Transport Assets	a-40ac-9d29-0a94d3	–	*12*	*4*	Optimise systems and operations	*0*	al:Regional Identifier:Local Government by Province:KwazuluNatal:District Munic		-306218	*3025127*	–	10 000	10 000	–	–
Trading services / Water management	Reticulation	f-4427-80d9-04dbe4	–	*6*	*3*	TakeOn Balances	*0*	gional:Regional Identifier:Local Government by Province:KwazuluNatal:District M		3019722	*3044197*	–	14 368	3 000	3 150	3 308
Trading services / Water manageme	Waste Water Treatment Works-18	80-4306-87f1-066334	–	*6*	*3*	pliance with decent sanitation stand	*0*	gional:Regional Identifier:Local Government by Province:KwazuluNatal:District M		-3044442	*3024075*	–	5 000	2 000	2 100	2 205
Trading services / Water management / Wa	Waste Water Treatment Works-21	80-4306-87f1-066334	–	*12*	*3*	pliance with decent sanitation stand	*0*	gional:Regional Identifier:Local Government by Province:KwazuluNatal:District M		-3044419	*3024075*	–	2 100	1 500	1 575	1 654
Trading services / Water management / Wa	Waste Water Treatment Works-23	80-4306-87f1-066334	–	*12*	*3*	pliance with decent sanitation stand	*0*	gional:Regional Identifier:Local Government by Province:KwazuluNatal:District M		-3044187	*3024075*	–	3 600	2 368	2 486	2 611
Economic and environmental services / Pla	Unimproved Property	5-4809-b531-c2956a	–	*6*	*2*	TakeOn Balances	*0*	al:Regional Identifier:Local Government by Province:KwazuluNatal:District Munic		-31	*30*	–	–	–	–	–
Municipal governance and administration /	Dams and Weirs	b3-4c00-98e9-44542c	–	*9*	*4*	TakeOn Balances	*0*	gional:Regional Identifier:Local Government by Province:KwazuluNatal:District M		-306218	*3025127*	–	–	–	–	–
Municipal governance and administration /	Furniture and Office Equipment	-464e-4ac0-a13a-e57	–	*3*	*2*	TakeOn Balances	*0*	gional:Regional Identifier:Local Government by Province:KwazuluNatal:District M		-306218	*3025127*	–	2 600	–	–	–
Municipal governance and administration /	Municipal Offices	28-4eb7-b198-a48833	–	*6*	*3*	TakeOn Balances	*0*	gional:Regional Identifier:Local Government by Province:KwazuluNatal:District M		-306218	*3025127*	–	16 500	13 283	–	–
0		(blank)	–	*09*	*04*	No Strategic Objective on IDP File	*0*		0	0	*0*	–	–	–

DC21 Ugu - Supporting Table SA37 Projects delayed from previous financial year/s

R thousand													Current Year 2021/22		2022/23 Medium Term Revenue & Expenditure Framework		
Function	Project name	Project number	Type	MTSF Service Outcome	IUDF	Own Strategic Objectives	Asset Class	Asset Sub-Class	Ward Location	GPS Longitude	GPS Lattitude	Previous target year to complete	Original Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Parent municipality:																	
List all capital projects grouped by Function																	
0		(blank)	–	*09*	*04*	No Strategic Obje	*0*		*0*	*0*	*0*		–	–	–	–	–
0		(blank)	–	*09*	*04*	ategic Objective on	*0*		*0*	*0*	*0*		–	–	–	–	–
0		(blank)	–	*09*	*04*	ategic Objective on	*0*		*0*	*0*	*0*		–	–	–	–	–
0		(blank)	–	*09*	*04*	ategic Objective on	*0*		*0*	*0*	*0*		–	–	–	–	–
0		(blank)	–	*09*	*04*	ategic Objective on	*0*		*0*	*0*	*0*		–	–	–	–	–
0		(blank)	–	*09*	*04*	ategic Objective on	*0*		*0*	*0*	*0*		–	–	–	–	–
0		(blank)	–	*09*	*04*	ategic Objective on	*0*		*0*	*0*	*0*		–	–	–	–	–
Entities:																	
List all capital projects grouped by Entity																	
Entity Name																	
0		(blank)	–	*09*	*04*	ategic Objective on	*0*		*0*	*0*	*0*		–	–	–	–	–
0		(blank)	–	*09*	*04*	ategic Objective on	*0*		*0*	*0*	*0*		–	–	–	–	–
0		(blank)	–	*09*	*04*	ategic Objective on	*0*		*0*	*0*	*0*		–	–	–	–	–
0		(blank)	–	*09*	*04*	ategic Objective on	*0*		*0*	*0*	*0*		–	–	–	–	–
0		(blank)	–	*09*	*04*	ategic Objective on	*0*		*0*	*0*	*0*		–	–	–	–	–

References

List all projects with planned completion dates in current year that have been re-budgeted in the MTREF

Asset class as per table A9 and asset sub-class as per table SA34

GPS coordinates correct to seconds. Provide a logical starting point on networked infrastructure.

DC3. Ugu - Supporting Table SA30 Consolidated detailed operational projects

R thousand

Function	Project Description	Project Number	Type	MTSF Service Outcome	IUDF	Own Strategic Objectives	Asset Class	Asset Sub-Class	National Asset Type	GPS Longitude	GPS Latitude	Prior year outcomes: Audited Outcome 2020/21	Prior year outcomes: Current Year 2021/22 Full Year Forecast	2 025/26 Medium Term Revenue & Expenditure Framework: Budget Year +1 2026/27	Budget Year +2 2027/28
Parent capital expenditure															
List all operational projects grouped by Function															
Municipal governance and administration	Backup disaster and Health and Safety	01-498e-a03-b4e0-df52	New	3	4	Optimise system assets and upgrades ma	Other	Investment Properties	Municipality	30	30	-	8 00	8 00	8 00
Municipal governance and administration	Audit tools	01-4777-a3f1-4dc-b77	New	3	4	Provide clean and sound governance str	Other	Investment Properties	Municipality	30	30	-	3 00	2 000	2 57 1
Community and social services	Municipal Pounds	01-4ca2-9288-df52d0	New	3	2	Provide viable facilities and assets to all Public assets	Other	Investment Properties	Municipality	30	30	-	1 00	1 00	1 14
Community and social services	Municipal Pounds Co st	01-58c8-934e-f0fc-30f	New	3	2	Optimise system assets and upgrades ma	Other	Investment Properties	Municipality	-999 238	1 0 0 5 2 7	-	634 9 53	1 639 498	964 414
Municipal governance and administration	Tow ncil Chamber bus ness	01-4ca2-9288-df52d0	New	3	4	Optimise system assets and upgrades ma	Other	Investment Properties	Municipality	-999 238	1 0 0 5 2 7	-	14 1 81	2 1 4 9	15 73 5
Trading services	Main mance and repa rs	01-4ca2-9288-df52d0	New	3	2	Optimise system assets and upgrades ma	Other	Investment Properties	Municipality	-999 238	1 0 0 5 2 7	-	1 0 0	1 0 0	1 0

UGU DISTRICT MUNICIPALITY

Policy Custodian	BTO
Policy Name	Asset Disposal Policy
Policy Number	5/17/P/1
Status Date	Review 22 February 2022
Approved by	Council
Date First Approved by Council	28 June 2018
Date Last Approved by Council	27 May 2021
Date for Next Review	2022/23 FY

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PREAMBLE

Policies are formulated at all three spheres of government – national, provincial and local and speak broadly of goals and desirable outcomes.

Given the fact that the Municipality is a big organisation, comprised of a number of Units which are managed by different individuals, it is essential that we strive to do things in a way that we all can understand, and that uniformity is maintained.

Based on this rationale, the Asset Disposal Policy has been developed in order to ensure that necessary consultation and protocol are adhered to in all the policies within the Municipality. The document will ensure collective ownership and effective implementation of all the policies within the Municipality.

Policies are not documents to be tucked away in cabinets; but are intended to guide our daily activities. They give a directive for each programme, establish its goals, measures and targets, and assigns responsibilities. They are used as the basis for protecting municipal information and guiding employee behaviours.

A policy does not guarantee a good outcome but in the absence of a policy, the Municipality is in high risk of a breach of security, poor standards, loss of competitive advantage, and loss of customer confidence.

1. INTRODUCTION

1.1. 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.

1.2. 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.

1.3. A municipality may transfer ownership or otherwise dispose of an asset, other than an asset mentioned above, only after the disposal committee meeting:

1.3.1. Has decided on reasonable grounds that the asset is not needed to provide the minimum level of basic municipal services; and

1.3.2. Has considered the fair market value of the asset and the economic and community value to be received in exchange for the asset.

2. 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. Disposal Committee means a committee as appointed by the Management Committee of the municipality to facilitate and recommend to council the disposal of all municipal assets.

2.7. 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.

2.8. Proceeds are the sales value, trade-in value or proceeds received from insurance if the asset was damaged or stolen.

2.9. Profit on disposal: when an asset is disposed for an amount higher than its carrying amount at the date of disposal.

2.10. Loss on disposal: when an asset is disposed for an amount lower than its carrying amount at the date of disposal.

2.11. Obsolete or redundant assets will mean and include :

2.11.1. assets which are not envisaged by the municipality to be required for the delivery of municipal Services;

2.11.2. assets which have become uneconomical to repair, maintain, or operate excluding assets of symbolic importance or cultural significance;

2.11.3. assets that have a negative impact on service delivery of the municipality, the environment, or the community,

2.11.4. assets that no longer support a directorate's service objective due to a change in type of service being delivered or the delivery method

2.11.5. 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.

2.11.6. assets where the technology has been outdated and which can no longer be used for the purpose originally intended.

3. POLICY OBJECTIVES

3.1. The objectives of the Asset Disposal Policy are to:

3.1.1. Ensure that only assets that do not provide the minimum level of basic municipal services are disposed of.

3.1.2. 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.

3.1.3. 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.

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 32 of 2000

4.1.3. Municipal Finance Management Act 56 of 2003

4.2. This policy does not overrule 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. Fleet Management Policy

4.2.4. Insurance Policy

4.2.5. Security Policy

4.2.6. Facilities Management Policy

4.2.7. Land Policy

4.2.8. Human Resources Development Plan and Strategy

5. POLICY APPLICATION

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

6. POLICY PRINCIPLES

6.1. PLANNING FOR AND IDENTIFICATION OF ASSETS TO BE DISPOSED

6.1.1. The Asset Management 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

6.1.2. 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.

6.1.3. 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.

6.2. ASSESSING ASSETS FOR DISPOSALS

6.2.1. 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:

6.2.1.1. Whether there are net disposal benefits, either in financial or other forms.

6.2.1.2. Whether there are secondary service obligations associated with the asset which dictates its retention.

6.2.1.3. Whether a disposal can be carried out without adverse impacts on the physical environment.

6.2.2. In assessing the benefits of disposal, the advantages and disadvantages for the whole municipality must be considered.

6.2.3. Assets that have been identified as surplus may need to be retained due to heritage, social, environmental considerations, or any other requirements.

6.2.4. The symbolic importance and the cultural significance of assets should also be considered when assessing the disposal of the asset.

6.2.5. The Disposal Committee should consider the advantages of engaging experts where necessary.

6.2.6. When disposing of the asset, consideration must be given to the costs of continued ownership. Examples of cost of continued ownership include:

6.2.6.1. Insurance
6.2.6.2. Maintenance
6.2.6.3. Storage costs
6.2.6.4. Operating costs
6.2.6.5. Staffing costs

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

6.2.7.1. Swapping one asset for another
6.2.7.2. Construction of a facility for the municipality in return for the asset.

6.3. RECOMMEND ASSETS FOR DISPOSAL

6.3.1. 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.

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

6.4. OBTAIN APPROVAL FOR DISPOSAL

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

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

6.4.3. 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.

6.5. METHODS TO DISPOSE OF THE ASSET

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

6.5.1.1.1. 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.

6.5.1.1.2. Any adverse environmental impacts should be avoided.

6.5.1.1.3. Movable assets are to be sold either by way of written price quotations, competitive bidding process, and auction or at market related prices, whichever is the most advantages.

6.5.1.1.4. Immovable property is to be sold at market related prices except when public interest or the plight of the poor demand otherwise.

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

6.5.2.1. ***AUCTION***

6.5.2.1.1. The benefits of an auction are as follows:

6.5.2.1.1.1. Process is more straightforward.

6.5.2.1.1.2. Process is open to public scrutiny.

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

6.5.2.2. ***DIRECT NEGOTIATIONS***

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

6.5.2.2.2. 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.

6.5.2.3. ***DONATION***

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

6.5.2.3.1.1. Registered welfare or Charitable Organisations

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

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

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

6.5.2.3.2.1. Obsolete furniture and redundant equipment

6.5.2.3.2.2. Computer equipment

6.5.2.3.2.3. Motor vehicles

6.5.2.4. ***THEFT/LOSS/DAMAGE***

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

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

6.5.2.4.3. 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.

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

6.5.2.5. ***DESTRUCTION***

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

6.5.2.6. ***TRANSFER TO ANOTHER ORGAN OF STATE***

6.5.2.6.1. 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.

6.5.2.6.2. 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.

6.5.2.7. ***OTHER METHOD OF DISPOSAL***

6.5.2.7.1. 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.

6.6. ACCOUNTING FOR THE DISPOSED ASSET

6.6.1. 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.

6.6.2. 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.

6.6.3. 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.

6.6.4. At the disposal date the asset being disposed of needs to be derecognised from the fixed asset register of the municipality.

6.6.5. Other accounting and disclosure matters discussed in the Asset Management Policy Document of the municipality also need to be adhered to.

6.7. CALCULATION OF THE PROFIT AND LOSS ON DISPOSAL

6.7.1. Profits and losses on the sale of property, plant and equipment are calculated as follows, and are disclosed in total in the financial statements:

6.7.1.1. PROCEEDS less CARRYING VALUE equals PROFIT (If proceeds greater than carrying value), or LOSS (If proceeds less than carrying value)

7. ROLES AND RESPONSIBILITIES

7.1. ACCOUNTING OFFICER

7.1.1. Shall ensure that the municipality has and maintains a system of internal control of assets regarding the disposal of municipal assets; and

7.1.2. Shall ensure that the General Managers and their departments comply with this policy

7.1.3. 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.

7.2. GENERAL MANAGER (DEPARTMENTS)

7.2.1. Shall ensure that employees in their departments adhere to the approved Asset Disposal Policy.
7.2.2. Shall ensure that the Asset Manager is notified of all assets needing disposal in writing.
7.2.3. Shall ensure that employees who contravenes the operational procedure or who use the municipal assets negligence and for their personal gain are disciplined accordingly.
7.2.4. shall be directly responsible for the physical safekeeping of any asset controlled or used by the Department in question.
7.2.5. 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.

7.3. ASSET MANAGER

7.3.1. Shall ensure that quarterly physical verification for movable assets are conducted where assets in need of disposal identified.
7.3.2. Shall ensure that annual physical verification for immovable assets are conducted where assets in need of disposal identified.
7.3.3. Shall liaise with user departments constantly regarding assets that needs to be disposed.
7.3.4. Shall ensure that the disposal committee is notified in writing of all the assets that needs to be considered for disposal
7.3.5. Shall be responsible for facilitating the disposal of the assets upon approval by council.

7.4. DISPOSAL COMMITTEE

7.4.1. The primary duties of the Committee include but are not limited to the following: -
7.4.1.1. 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:
7.4.1.1.1. Whether the capital asset may be required for the municipality's own use at a later stage.
7.4.1.1.2. Whether there are net disposal benefits, either in financial or other form.
7.4.1.1.3. Whether there is secondary service obligations associated with the asset which dictates its retention.
7.4.1.1.4. Whether a disposal can be carried out without adverse impacts on the physical environment.
7.4.1.1.5. Whether any conditions/ limitations are attached to the asset and the consequences of non-compliance with those conditions.
7.4.1.1.6. Consideration of the fair market value of the asset and the economic and community value.
7.4.2. Objectively evaluate the assets submitted for disposals and weigh disposal alternatives as per disposal procedure.
7.4.3. Review of the municipality's asset disposal process by
7.4.3.1. Monitoring asset disposal decisions to verify compliance with procedures;
7.4.3.2. Monitoring the implementation of asset disposal decisions
7.4.3.3. Making recommendations to Policy Review Committee on amendments to Asset Management and Asset Disposal Committee.

7.5. ALL MUNICIPAL PERSONNEL:

7.5.1. Shall ensure that assets assigned to them are utilized effectively, efficiently, economically, and transparently

7.5.2. Shall notify the assets coordinators and assets management section of all obsolete, damaged, and stolen assets, without delay.

7.5.3. Shall make available the assets under their possession for verification by the assets management unit quarterly and annually.

7.5.4. Shall ensure that they comply with the operational procedures.

8. MONITORING AND EVALUATION

8.1. 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

9. COMMENCEMENT OF THE POLICY

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

10. AMENDMENT AND/OR ABOLITION

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

11. COMPLIANCE AND ENFORCEMENT

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

12. POLICY REVIEW

12.1. This Policy will be reviewed annually to ensure applicability and relevance.

13. APPEAL PROCESS/ GRIEVANCE PROCEDURE

13.1. All appeals or grievances should be addressed to the Manager: Assets for them to addressed swiftly. Should the matter require the application of consequence management the Manager: Assets will then escalate the matter to Human Resource Section.

Records of Approval

Meeting	Date	Resolution
Review 2021/22		
Policy Committee	22 February 2022	Recommendation to MANCO
Extended MANCO/MANCO		Consultation comments
Portfolio Committee on Sound Governance and Human Resources		Recommended to EXCO
EXCO		Recommended to Council
Council		ADOPTED

UGU DISTRICT MUNICIPALITY

Policy Custodian	BTO
Policy Name	Asset Management Policy
Policy Number	5/17/P
Status Date	Review 22 February 2022
Approved by	Council
Date First Approved by Council	26 July 2017
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PREAMBLE

Policies are formulated at all three spheres of government – national, provincial and local and speak broadly of goals and desirable outcomes.

Given the fact that the Municipality is a big organisation, comprised of a number of Units which are managed by different individuals, it is essential that we strive to do things in a way that we all can understand, and that uniformity is maintained.

Based on this rationale, the Asset Management Policy has been developed in order to ensure that necessary consultation and protocol are adhered to in all the policies within the Municipality. The document will ensure collective ownership and effective implementation of all the policies within the Municipality.

Policies are not documents to be tucked away in cabinets; but are intended to guide our daily activities. They give a directive for each programme, establish its goals, measures and targets, and assigns responsibilities. They are used as the basis for protecting municipal information and guiding employee behaviours.

A policy does not guarantee a good outcome but in the absence of a policy, the Municipality is in high risk of a breach of security, poor standards, loss of competitive advantage, and loss of customer confidence.

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. Minimum amount to capitalize asset is R5 000. Any asset value under R5 000 should be depreciated over one year. This means that it will be classed as an expense in the statement of financial performance.

2.9. 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

2.10. 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.

2.11. 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.

2.12. 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

2.13. Depreciation is the systematic allocation of the depreciable amount of an asset over its useful life.

2.14. 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.

2.15. Economic Life is either:
2.15.1. the period over which an asset is expected to yield economic benefits or service potential to one or more users, or
2.15.2. the number of production or similar units expected to be obtained from the
2.15.3. asset by one or more users

2.16. 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

2.17. Fair value is the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction.

2.18. 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.

2.19. 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

2.20. 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.*

2.21. 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.

2.22. Recognition is the process by which expenditure is included in the Financial Asset Register as an asset.

2.23. 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:
  2.23.1. It is probable that any future economic benefit or service potential associated with the item will flow to or from the entity and
  2.23.2. The item has a cost or value that can be measured reliably

2.24. 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

2.25. 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

2.26. 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

2.27. 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

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

2.29. Useful life is either:
  2.29.1. *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*

2.29.2. *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 General 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 32 of 2000
  4.1.3. Municipal Finance Management Act 56 of 2003

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 Disposal Policy
  4.2.3. Fleet Management Policy
  4.2.4. Insurance Policy
  4.2.5. Security Policy
  4.2.6. Facilities Management Policy
  4.2.7. Land Policy
  4.2.8. Human Resources Development Plan and Strategy
  4.2.9. Water Services Operations Asset 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. POLICY PRINCIPLES: ASSET MANAGEMENT

6.1. *Pre-Acquisition Planning:*

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

6.2. *Approval to Acquire Property Plant and Equipment:*

6.2.1. Funds can only be spent on a capital project if:
6.2.1.1. The money has been appropriated in the capital budget,
6.2.1.2. The project, including the total cost, has been approved by the council,
6.2.1.3. The CFO confirms that funding is available for that specific project, and
6.2.1.4. Any contract that will impose financial obligations beyond two years after the budget year must be appropriately disclosed.
6.2.1.5. Acquisition of the Assets will then follow the normal process of the Supply Chain Management Policy and Procedures

6.3. *Funding of capital projects*

6.3.1. 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.

6.4. *Disposal of property plant and equipment*

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

6.5. Establishment and Management of the Financial Asset Register

6.5.1. 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 physically management of their assets.

6.5.2. The Asset Manager is responsible to ensure that sufficient controls exist to substantiate the quantity, value, location and condition all assets in the registers.

6.6. Contents of the Financial Asset Register

6.6.1. 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.

6.6.2. The fixed asset register shall reflect at least the following information:

6.6.2.1. A brief but identifiable description of each asset
6.6.2.2. classification of each asset
6.6.2.3. the date on which the asset was acquired for use
6.6.2.4. the location of the asset
6.6.2.5. the departments within which the assets will be utilized
6.6.2.6. the responsible person for this asset
6.6.2.7. the title deed number, in the case of fixed property
6.6.2.8. the stand number, in the case of fixed property
6.6.2.9. a unique identification number
6.6.2.10. the original cost or fair value if no costs are available
6.6.2.11. the (last) effective date of revaluation of the fixed assets subject to revaluation
6.6.2.12. the revalued value of such fixed assets
6.6.2.13. the valuer who did the (last) revaluation
6.6.2.14. accumulated depreciation to date
6.6.2.15. the carrying value of the asset
6.6.2.16. whether this is a cash or non-cash generating asset
6.6.2.17. the method and, where applicable, the rate of depreciation
6.6.2.18. impairment losses
6.6.2.19. impairment recovery
6.6.2.20. the source of financing
6.6.2.21. whether the asset is required to perform basic municipal services;
6.6.2.22. the date on which the asset is disposed of
6.6.2.23. the disposal proceeds
6.6.2.24. the date on which the asset is retired from active use, and held for disposal
6.6.2.25. the residual value of each asset
6.6.2.26. measurement model

6.6.3. 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.

6.6.4. 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.

6.7. Physical Verification of all assets

6.7.1. The Asset Management Section shall conduct a physical verification quarterly for movable assets and annually for immovable assets.

6.7.2. The cooperation of all Municipal personnel shall be required in accomplishing the physical Verification task in attempt to minimize the time demanded of them.

6.7.3. The designated officials in the different Departments within municipality must execute the functions listed below:

6.7.3.1. 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

6.7.3.2. Complete the asset movement form when transfers occur and forward the completed original form to Asset Management Section.

6.7.3.3. Ensure that a completed asset disposal form is submitted when an asset item is disposed of after the necessary approval has been obtained.

6.8. *Bar-coding and Physical Verification*

6.8.1. Bar coding means to place a control number on a piece of equipment or property.

6.8.2. All movable assets must be bar code if probable.

6.8.3. The primary purpose of bar coding is to maintain a positive identification of assets.

6.8.4. Bar coding is important to:

6.8.4.1. Provide an accurate method of identifying individual assets

6.8.4.2. Aid in the annual physical inventory

6.8.4.3. Control the location of all physical assets

6.8.4.4. Aid in maintenance of fixed assets

6.8.5. Fixed property and plant is not bar coded; such as:

6.8.5.1. Buildings (record legal description in asset record),

6.8.5.2. Land (record legal description in asset record),

6.8.5.3. Infrastructural assets.

6.8.6. Consistently place asset bar codes in the same location on each similar type asset. If possible, the bar codes shall be accessible for viewing. Place the tag where the number can be seen easily and identified without disturbing the operation of the item, which will aid in taking inventory.

6.9. Classification, aggregations & components

6.9.1. Classification of Assets

6.9.1.1. Assets that meet the definition and the recognition criteria shall be capitalized in the fixed assets register and be classified as follows

6.9.1.2. Property Plant and equipment if its meet the definition of property plant and equipment as per GRAP 17,

6.9.1.3. Intangibles assets if its meet the definition of an intangible assets as GRAP 102,

6.9.1.4. Investment properties if it's the definition of the investment properties as per GRAP 16

6.9.2. Major Component

6.9.2.1. 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.

6.9.2.2. These major components may be defined by its physical parameters or its financial parameters.

6.9.2.3. In agreeing to these treatments, the CFO must be satisfied that these components:

6.9.2.3.1. Have significantly a different useful life or usage pattern to the main asset,

6.9.2.3.2. Align with the asset management plans,

6.9.2.3.3. The benefits justify the costs of separate identification,

6.9.2.3.4. It is probable that future economic benefits or potential service delivery associated with the asset will flow to the municipality,

6.9.2.3.5. The cost of the asset to the municipality can be measured reliably,

6.9.2.3.6. The municipality has gained control over the asset,

6.9.2.3.7. The asset is expected to be used during more than one financial year.

6.9.2.4. 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.

6.9.2.5. All other replacements, renewals of refurbishments of components will be expensed.

6.10. Contents of a strategic asset management plan

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

6.10.1.1. Alignment with the Integrated Development Plan

6.10.1.2. Operational guidelines,

6.10.1.3. Performance monitoring,

6.10.1.4. Maintenance programs,

6.10.1.5. Renewal, refurbishment and replacement plans,

6.10.1.6. Disposal and Rehabilitation plans,

6.10.1.7. Operational, financial and capital support requirements, and

6.10.1.8. Risk mitigation plans including insurance strategies

6.11. Asset Management Section must be notified by the relevant Department of any of the Following possible movements:

6.11.1. Donations

6.11.2. Additions / Improvements

6.11.3. Departmentally constructed items

6.11.4. Loss or damage

6.11.5. Transfers

6.11.6. Terminations
6.11.7. Land Sales

7. POLICY PRINCIPLES: PROPERTY, PLANT AND EQUIPMENT

7.1. *Recognition of Assets*

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

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

7.2. *Measurement at recognition.*

7.2.1. An item of assets that qualifies for recognition as an asset shall be measured at its cost.
7.2.2. 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.

7.3. *Elements of cost*

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

7.3.1. Its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates.
7.3.2. 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.
7.3.3. 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.
7.3.4. Examples of directly attributable costs are:
7.3.4.1. 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,
7.3.4.2. costs of site preparation,
7.3.4.3. initial delivery and handling costs,
7.3.4.4. installation and assembly costs,
7.3.4.5. 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
7.3.4.6. Professional fees.

7.4. *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

7.4.1. 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
7.4.2. The depreciation charge for each period shall be recognised in surplus or deficit unless it is included in the carrying amount of another asset.
7.4.3. 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.

7.4.4. Depreciation of an asset ceases when the asset is derecognised.
7.4.5. Therefore, depreciation does not cease when the asset become sidle or is retired from active use held for disposal unless the asset is fully depreciated.
7.4.6. The depreciable amount of an asset is determined after deducting its residual value.
7.4.7. The residual value for infrastructure assets, Heritage assets, community assets and intangible assets shall be zero at initial measurement.

7.5. Initial determination useful life

7.5.1. 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:
7.5.1.1.1. The operational, maintenance, renewal and disposal program that will optimize the expect long term costs of owning that asset,
7.5.1.1.2. economic obsolescence because it is too expensive to maintain,
7.5.1.1.3. functional obsolescence because it no longer meets the municipalities needs,
7.5.1.1.4. technological obsolescence,
7.5.1.1.5. social obsolescence due to changing demographics, and
7.5.1.1.6. Legal obsolescence due to statutory constraints

7.6. Rate of depreciation

7.6.1. 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: Assets Useful Lives*
7.6.2. 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.

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

7.7.1. 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.
7.7.2. 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

7.8. *Review of depreciation method*

7.8.1. 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.

7.9. Alternative methods of depreciation in specific instances

7.9.1. 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.

7.9.2. 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:

7.9.2.1. estimates of statistical information required by the Chief Financial Officer to prepare estimates of depreciation expenses for each financial year; and

7.9.2.2. actual statistical information, for each financial year.

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

7.9.4. 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.

7.10. *Subsequent expenditure on property plant and equipment*

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

7.10.1.1. Enhancements / Rehabilitation:

7.10.1.1.1. 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.

7.10.1.1.2. 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.

7.10.1.1.3. 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.

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

7.10.1.1.4.1. Modification of an item or plant to extend its useful life, including an increase in its capacity;

7.10.1.1.4.2. Upgrading machine parts to achieve a substantial improvement in the quality of output;

7.10.1.1.4.2.1. Adoption of new production processes enabling a substantial reduction in previously assessed operating costs;

7.10.1.1.4.2.2. Extensions or modifications to improve functionality such as installing computer cabling or increasing the speed of a lift;

7.10.1.1.4.3. Improve the performance of the asset

7.10.1.1.5. 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.

7.10.1.1.6. 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.

7.10.1.2. *Maintenance / Refurbishments*

7.10.1.2.1. 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.

7.10.1.2.2. 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.

7.11. IMPAIRMENT OF ASSETS

7.11.1. 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

7.11.2. 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.

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

7.11.4. External indicators

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

7.11.4.2. 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.

7.11.5. Internal indicators

7.11.5.1. Evidence is available of physical damage of an asset

7.11.5.2. 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

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

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

7.11.6. 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.

7.11.7. 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.

7.11.8. 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.

7.11.9. 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.

7.11.10. In all the foregoing instances, the additional depreciation expenses shall be debited to the Department or Vote controlling or using the asset in question.

7.12. Derecognition Of Assets

7.12.1. 23.1 The carrying amount of an item of property plant and equipment shall be derecognised:

7.12.1.1. a) On disposal, or

7.12.1.2. b) When no future economic benefits or service potential are expected from its use or disposal

7.12.2. 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

7.12.3. 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.

7.12.4. 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.

7.12.5. Once the item of property, plant, and equipment is disposed, the Chief Financial Officer shall delete the relevant records from the fixed asset register.

7.12.6. 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.

7.13. Other write-offs of assets

7.13.1. 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.

7.13.2. 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.

7.13.3. 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.

7.13.4. 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

7.14. *Financial Disclosure*

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

7.14.1. the measurement bases used for determining the gross carrying amount,

7.14.2. the depreciation methods used,

7.14.3. the useful lives or the depreciation rates used,

7.14.4. the gross carrying amount and the accumulated depreciation (aggregated with accumulated impairment losses) at the beginning and end of the period, and
7.14.5. a reconciliation of the carrying amount at the beginning and end of the period showing:
7.14.5.1. additions,
7.14.5.2. disposals,
7.14.5.3. acquisitions through business combinations,
7.14.5.4. 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,
7.14.5.5. impairment losses reversed in surplus or deficit in accordance with the Standard of GRAP on Impairment of Assets,
7.14.5.6. depreciation,

7.15. The financial statements shall also disclose for each class of property, plant, and equipment recognised in the financial statements:
7.15.1. the existence and amounts of restrictions on title and property, plant and equipment pledged as securities for liabilities,
7.15.2. the amount of expenditures recognised in the carrying amount of an item of property, plant, and equipment in the course of its construction,
7.15.3. the amount of contractual commitments for the acquisition of property, plant, and equipment, and
7.15.4. 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.
7.15.5. If items of property, plant and equipment are stated at revalue amounts, the following shall be disclosed:
7.15.5.1. the effective date of the revaluation,
7.15.5.2. whether an independent valour was involved,
7.15.5.3. the methods and significant assumptions applied in estimating the items' fair values,
7.15.5.4. the extent to which the items' fair values were determined directly by
7.15.5.4.1. reference to observable prices in an active market or recent market
7.15.5.4.2. transactions on arm's length terms or were estimated using other
7.15.5.4.3. valuation techniques,
7.15.5.4.4. 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
7.15.5.4.5. The revaluation surplus, indicating the change for the period and any restrictions on the distribution of the balance to owners of net assets.
7.15.6. Financial statements shall also disclose the following for each class of property, plant, and equipment:
7.15.6.1. The carrying amount of temporarily idle property, plant, and equipment,
7.15.6.2. The gross carrying amount of any fully depreciated property, plant and equipment that is still in use, and
7.15.6.3. The carrying amount of property, plant and equipment retired from active use and held for disposal.

7.15.7. The financial statement shall disclose the following for each class of intangible assets, distinguishing between the internally generated intangible assets and other intangibles assets:
7.15.7.1. Whether the useful lives are indefinite or finite and, if finite, the useful
7.15.7.2. Lives or the amortisation rates used.
7.15.7.3. The amortisation methods used for intangible assets with finite useful lives.
7.15.7.4. The gross carrying amount and any accumulated amortisation
7.15.7.5. (Aggregated with accumulated impairment losses) at the beginning and end of the period.
7.15.7.6. The line item(s) of the statement of financial performance in which any amortisation of intangible assets is included.
7.15.7.7. A reconciliation of the carrying amount at the beginning and end of the period showing:
7.15.7.7.1. additions, indicating separately those from internal development and those acquired separately;
7.15.7.7.2. disposals;
7.15.7.7.3. 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;
7.15.7.7.4. 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;
7.15.7.7.5. impairment losses recognised in surplus or deficit during the period in accordance (if any) with the Standards of GRAP on Impairment of Assets;
7.15.7.7.6. impairment losses reversed in surplus or deficit during the period in accordance (if any) with the Standards of GRAP on Impairment of Assets);
7.15.7.7.7. 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
7.15.7.7.8. Other changes in the carrying amount during the period.

8. POLICY PRINCIPLES: INTANGIBLE ASSETS

8.1. Definition

An intangible asset is an identifiable non-monetary asset without physical substance. Examples include computer software, licences, and development costs.

8.2. Initial Recognition

8.2.1. The municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably.
8.2.2. Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised and only is recognised as an expense when it is incurred in the Statement of Financial Performance. The development expenditure is only capitalised to the extent that:
8.2.2.1. The municipality intends to complete the intangible asset for use or sale;
8.2.2.2. It is technically feasible to complete the intangible asset;
8.2.2.3. The municipality has the resources to complete the project; and

8.2.2.4. It is probable that the municipality will receive future economic benefits or service potential;
8.2.2.5. The municipality has the ability to measure reliably the expenditure during development.
8.2.2.6. Intangible assets are initially recognised at cost.
8.2.2.7. Where an intangible asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

8.2.3. Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

8.3. Subsequent measurement

8.3.1. Intangible assets are subsequently carried at cost less accumulated amortisation and impairments.
8.3.2. The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.
8.3.3. Amortisation

Intangible assets with finite useful life:

8.3.3.1. The cost of an intangible asset is amortised over their estimated useful life. The municipality test intangible assets with finite useful lives for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date.

Intangible assets with indefinite useful life

8.3.3.2. Amortisation is not provided for intangible assets with indefinite useful life, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential to the municipality.

8.4. Derecognition

8.4.1. Intangible assets are derecognised when asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.
8.4.2. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

8.5. Disclosure

8.5.1. Intangible assets shall be disclosed in line with GRAP 31, Intangible assets disclosure requirements.

9. POLICY PRINCIPLES: INVESTMENT PROPERTY

9.1. Definition

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both. Investment property excludes owner-occupied property that is used in the production or supply of goods or services or for administrative purposes, or property held for sale in the ordinary course of the municipality's operations.

9.2. Initial Recognition

9.2.1. Investment property is recognised as an asset when, it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the municipality, and the cost or fair value of the investment property can be measured reliably.

9.2.2. Investment property is initially measured at cost.

9.2.3. Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property.

9.2.4. Transaction costs are included in the initial measurement.

9.2.5. Where investment property is acquired through a non-exchange transaction, it is initially measured at their fair value as at the date of acquisition.

9.3. Subsequent Measurement

9.3.1. The Subsequent measurement of investment property is carried at fair value (Fair Value Model).

9.3.2. Investment properties shall not be depreciated but shall be annually valued to determine their fair (market) value. The gains or losses arising from a change in the fair value of investment property is included in surplus or deficit for the period in which it arises.

9.4. Transfers

9.4.1. Where the municipality over time changes its use of the property, the classification of the property may need to change. This means that the property may need to be transferred to or from investment property depending on the nature of the change. Transfers to or from investment property should only be made when there is a change in use.

9.5. Derecognition

9.5.1. An investment property is derecognised upon disposal or when it is permanently withdrawn from use, and when no future economic benefits or service potential are expected from its disposal. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

9.5.2. Any gain or loss arising from the retirement or disposal of investment property is included in the surplus or deficit in the period of such retirement or disposal.

9.6. Disclosure

9.6.1. Investment Property shall be disclosed in line with GRAP 16, Investment Property disclosure requirements.

10. ROLES AND RESPONSIBILITIES

10.1. The Municipal Manager

10.1.1. is responsible for the management of the assets of the municipality, including the safeguarding and the maintenance of those assets.

10.1.2. Shall ensure that the municipality has and maintains a management, accounting and information system that accounts for the assets of the municipality;

10.1.3. Shall ensure that the municipality's assets are valued in accordance with standards of generally recognized accounting practice

10.1.4. Shall ensure that the municipality has and maintains a system of internal control of assets, including an asset register; and

10.1.5. Shall ensure that the General Managers and their departments comply with this policy

10.1.6. 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.
10.1.7. 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.

10.2. The Chief Financial Officer.
10.2.1. The CFO shall be the custodian of the fixed asset register of the Municipality;
10.2.2. 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.
10.2.3. Appropriate systems system of financial management and internal control are established and carried out diligently around asset management;
10.2.4. Shall ensure that the financial and other resources of the municipality are utilized effectively, efficiently, economically, and transparently;
10.2.5. Shall ensure that any unauthorized, irregular, or fruitless or wasteful expenditure, and losses resulting from criminal or negligent conduct, are prevented;
10.2.6. 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.
10.2.7. 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.
10.2.8. Shall ensure that the municipal manager is appropriated advised on the exercise of powers and duties pertaining to the financial administration of assets;
10.2.9. Shall ensure that this policy and any supporting procedures or guidelines are established, maintained, and effectively communicated

10.3. Asset Manager:
10.3.1. Shall ensure that complete asset registers kept, verified, and balanced regularly.
10.3.2. Shall ensure that all movable and immovable assets are properly bar coded and accounted for.
10.3.3. Shall ensure that quarterly physical verification for movable assets are conducted
10.3.4. Shall ensure that annual physical verification for immovable assets are conducted.
10.3.5. Shall ensure that adequate bar codes and equipment to exercise the function relating to asset management is available at all times.
10.3.6. Shall ensure that all assets are insured in accordance with the Insurance Policy.
10.3.7. Shall ensure that the Fixed Asset Register is balanced quarterly and annually with the general ledger and the Trial balance/financial statements.
10.3.8. 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.
10.3.9. Shall ensure that asset acquisitions are allocated to the correct asset code.
10.3.10. Shall ensure that, before accepting an obsolete or damaged asset, a completed asset disposal form, counter signed by the Asset Management Section, is presented.
10.3.11. Shall ensure that a verifiable record is kept of all obsolete, damaged, and unused asset or asset inventory items received from all the departments.

10.3.12. 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.
10.3.13. Shall compile a list of the items to be auctioned in accordance with the Supply Chain Management (SCM) Policy.
10.3.14. Shall compile and circulate a list of unused movable assets to enable other departments to obtain items that are of use to them.
10.3.15. Shall ensure that the SCM unit is notified of any auctioning or disposing of written-off asset.

10.4. General Managers

10.4.1. Shall ensure that employees in their departments adhere to the approved Asset Management Policy.
10.4.2. Shall ensure that an assets champion 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.
10.4.3. Shall ensure that employees who contravenes the operational procedure or who use the municipal assets negligently and for their personal gain are disciplined accordingly.
10.4.4. Shall be directly responsible for the physical safekeeping of any asset controlled or used by the Department in question.
10.4.5. 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.

10.5. General Manager responsible for Infrastructure Assets.

10.5.1. Shall ensure that a maintenance policy is approved and properly implemented.
10.5.2. Shall develop a maintenance plan for the infrastructure assets for their section.
10.5.3. Shall ensure that their departments implement operational procedures.
10.5.4. Shall ensure that assets are properly maintained in accordance with the Water Services Operations Asset Management Policy.
10.5.5. Shall ensure that the assets of the council are not used for private gain.
10.5.6. Shall ensure that all their movable assets as reflected on the Fixed Asset Register and are bar coded where possible.
10.5.7. Shall ensure that the Asset Management Section is notified of any changes in the status of the assets under the department's control.
10.5.8. Shall certify in writing that they have assessed and identified impairment losses on all assets at year end.
10.5.9. 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 within 3 three working days. Please refer to Annexure B – Asset Disposal Form
10.5.10. Shall ensure that the correct cost element and description are being used before authorizing any requisitions.
10.5.11. Shall assist with delegating the relevant project managers to work with the Asset management team during the annual physical verification of infrastructure assets including the land and building.
10.5.12. Shall develop an infrastructure assets management plan for their department such as Water supply, Sanitation, and other Properties.

10.5.13. Shall unbundle or componentize and assign estimated useful lives 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.
10.5.14. 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.

10.6. All Municipal Personnel
10.6.1. Shall ensure that assets assigned to them are utilized effectively, efficiently, economically, and transparently
10.6.2. Shall ensure that the assets of the municipal are not used for private gain
10.6.3. Shall notify the assets coordinators and assets management section of all obsolete, damaged, and stolen assets, without delay.
10.6.4. Shall make available the movable and immovable assets under their possession for verification by the assets management unit quarterly and annually respectively.
10.6.5. Shall ensure that all assets under their possession are properly bar-coded.
10.6.6. Shall ensure that on termination of service they returned the assets to their supervisors and complete a asset transfer form, transferring the assets to their supervisor. Annexure C – Asset Transfer Form
10.6.7. 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. Please refer to Annexure C– Asset Transfer Form
10.6.8. Shall ensure that they comply with the operational procedures.

11. MONITORING AND EVALUATION

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

12. COMMENCEMENT OF THE POLICY

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

13. AMENDMENT AND/OR ABOLITION

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

14. COMPLIANCE AND ENFORCEMENT

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

15. POLICY REVIEWAL

15.1. This Policy will be reviewed annually to ensure applicability and relevance.

16. APPEAL PROCESS/ GRIEVANCE PROCEDURE

16.1. All appeals or grievances should be addressed to the Manager: Assets for them to addressed swiftly. Should the matter require the application of consequence management the Manager: Assets will then escalate the matter to Human Resource Section.

Records of Approval

Meeting	Date	Resolution
Review 2021/22		
Policy Committee	22 February 2022	Recommendation to MANCO
Extended MANCO/MANCO		Consultation comments
Portfolio Committee on Sound Governance and Human Resources		Recommended to EXCO
EXCO		Recommended to Council
Council		ADOPTED

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	(15)-(100)
1.1.2.	Supply and reticulation networks	(15)-(100)
1.1.3.	Reservoirs and storage tanks	(15)-(100)
1.1.4.	Rights (that is, the right to draw water from a particular source belonging to another party	(5)-(100)
1.1.5.	Buildings Structure (Treatment buildings, pump stations, Guard house, etc)	(10)-(50)
1.1.6.	Valves – underground and above ground valves (all types)	(12)-(25)
1.1.7.	Motors, gearboxes, and chain blocks	(15)-(40)
1.1.8.	Pumps	(15)-(40)
1.1.9.	Control Panels, Telemetry, and electric panels	(15)-(20)
1.1.10.	Water meters and flow meters	(15)-(20)
1.1.11.	Dams and natural water structures	(50)-(100)
1.1.12.	Transformers and generators	(15)-(30)
1.2.	SEWERAGE	
1.2.1.	Sewer mains	(7)-(60)
1.2.2.	Outfall sewers	(7)-(60)
1.2.3.	Sewage purification works	(7)-(60)
1.2.4.	Sewerage pumps	(7)-(60)
1.2.5.	Sludge machines	(7)-(60)
1.2.6.	Buildings Structure (Treatment buildings, pump stations, Guard house, etc)	(10)-(50)
1.2.7.	Valves – underground and above ground valves (all types)	(12)-(25)
1.2.8.	Motors	(15)-(40)
1.2.9.	Pumps	(15)-(40)
1.2.10.	Control Panels, Telemetry, and electric panels	(15)-(20)
1.2.11.	Water meters and flow meters	(15)-(20)
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	(3)-(15)
1.4.2.	Security systems	(3)-(15)
1.4.3.	Security fencing	(3)-(15)

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)-(50)
3.1.2.	Asphalt plant	(30)-(50)
3.1.3.	Cable stations	(30)-(50)
3.1.4.	Caravan parks	(30)-(50)
3.1.5.	Compacting stations	(30)-(50)
3.1.6.	Hostels used to accommodate the public or tourists	(30)-(50)
3.1.7.	Hostels for municipal employees	(30)-(50)
3.1.8.	Housing schemes	(30)-(50)
3.1.9.	Kilns	(30)-(50)
3.1.10.	Laboratories	(30)-(50)
3.1.11.	Fresh produce and other markets	(30)-(50)
3.1.12.	Nurseries	(30)-(50)
3.1.13.	Office buildings	(30)-(50)
3.1.14.	Old age homes	(30)-(50)
3.1.15.	Quarries	(30)-(50)
3.1.16.	Tip sites	(30)-(50)
3.1.17.	Training centres	(30)-(50)
3.1.18.	Transport facilities	(30)-(50)
3.1.19.	Workshops and depots	(30)-(50)

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	(3)-(15)
4.1.1.2.	Computer software	(3)-(15)
4.1.1.3.	Office machines	(3)-(15)
4.1.1.4.	Air conditioners	(3)-(15)

4.1.2. FURNITURE AND FITTINGS	
4.1.2.1. Chairs	(3)-(15)
4.1.2.2. Tables and desks	(3)-(15)
4.1.2.3. Cabinets and cupboards	(3)-(15)
4.1.2.4. Bins and containers Household refuse bins	(3)-(15)
4.1.2.5. Bulk refuse containers	(3)-(15)
4.1.2.6. Emergency equipment Fire hoses	(3)-(15)
4.1.2.7. Other fire-fighting equipment	(3)-(15)
4.1.2.8. Emergency lights	(3)-(15)
4.1.3. MOTOR VEHICLES	
4.1.3.1. Ambulances	(10)-(15)
4.1.3.2. Fire engines	(10)-(15)
4.1.3.3. Buses	(10)-(15)
4.1.3.4. Trucks and light delivery vehicles	(10)-(15)
4.1.3.5. Ordinary motor vehicles	(10)-(15)
4.1.3.6. Motorcycles	(10)-(15)
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	(10-15)
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	(10-15)
4.1.4.12. Irrigation systems	(10-15)
4.1.4.13. Cremators	(10-15)
4.1.4.14. Lathes	(10-15)
4.1.4.15. Filling equipment	(10-15)
4.1.4.16. Conveyors	(10-15)
4.1.4.17. Feeders	(10-15)
4.1.4.18. Tippers	(10-15)
4.1.4.19. Pulverising mills	(10-15)
4.1.5. OTHER	
4.1.5.1. Aircraft	(10-15)
4.1.5.2. Watercraft	(10-15)
4.1.6. INTANGINGLE ASSETS	
4.1.6.1. Computer Software	(2)-(5)
4.1.6.2. Servitudes	Infinite

4.1.7. JOJO TANKS

The risks and rewards of Jojo tanks lie with the community as the Jojo tanks are installed and handed over to the community. The handover is officiated by the relevant protocol heads. Jojo tanks are semi-moveable assets that the community move from one point to the other for their own needs and requirements as a community with the locks kept at designated homesteads known to the community. With this nature in hand the municipality is not informed of such movements, and it is solely responsible for the supply of water when required/requested by the community when there are water shortages. The nature of these assets results in the physical management and oversight of assets difficult which would only logically be meaningful and manageable if such assets are noted as donations to the community. The value of Jojo tanks is not a major cost element to the Fixed Asset Register but has a very high physical management aspect relative to cost of asset therefore should be kept in a separate operations register for service delivery purposes and not maintenance purposes. The assets should be expensed in the financial records but documented correctly for service delivery needs.

4.1.8. Handpumps boreholes

Handpumps are fixed in nature but have a finite useful life and cannot be replaced at the same installation site. The key asset of hand pumps is the natural water underground but not the above ground asset. Once the underground water is depleted the asset cannot be maintained/repaired or replaced. The risks and rewards are given to the community as it a self-sustaining asset. The asset should be treated as Jojo tanks above. The treatment would be to keep and operations list/register of the boreholes in case of major service or damage to the boreholes such that water can no longer be withdrawn from. The register will be used for service provision.

4.1.9. Standpipes

Standpipes will be rolled back-up to form part of the pipelines as they are numerous in nature and form part of a very small cost portion of the asset. A similar approach has been adopted by the municipality for valves along the pipeline as well as manholes for sewer reticulation. A similar approach has should be utilized for standpipes as they form part of the water reticulation manifold. The cost of verifying each standpipe is significantly higher than the benefit of a GIS shapefile assessment upon installation of assets. An operations list of standpipes may be kept separately for maintenance purposes but not recognized as a stand-alone asset. The standpipes have not been included in the asset policy before as a stand-alone asset and they should be kept as such but rolled up to the relevant pipelines.

4.1.10. Revised Remaining Useful Life

The infrastructure assets of the municipality are measured at cost as per asset policy. The assets are depreciated on a straight-line depreciation method which is dependent on the estimated/economic useful life (EUL) of an asset. However, the useful life is based on an estimate which means the asset may deteriorate at a faster rate or at a slower rate than expected which then brings about the need for impairment and revised remaining useful lives in assets. To determine the nature/quantification of the impairment and the revised remaining useful life of the specialized infrastructure assets a condition assessment based on physical condition is required. Specifically, for the revision and impairment of assets the condition assessment which has condition grading scales from Very Poor to Very Good, they will follow a parabolic curve based on the EUL of an asset. The condition assessment grading that is utilised for the revised remaining useful lives is adopted from the Department of Provisional and Local Government: Guidelines for Infrastructure Asset Management in Local Government 2006 -2009 under Chapter 6 item 6.1.6 pages 6-12 to 6-14.

ANNEXURE B: ASSET DISPOSAL FORM

P O Box 33
Portshepstone
4240

96 Marine Drive
Oslo Beach
Portshepstone

Tel : 039-688 5808
Fax : 039- 688 3510
E-Mail: zandile.maphumulo@ugu.org.za

ASSET DISPOSAL FORM

Date Requested	
Department	
Unit/Section	
Asset Description:	
Asset location(full address):	
Classification of asset:	
Suggestion method of disposal:	
Condition of asset:	
Reason for request for disposal:	
Requesting official: Name & Surname: Signature:	
Approval (Signatures) GM:.....Date:..... MM:.....Date:..... CFO:.....Date..... Asset :.....Date:.....	

AM Stamp:

ANNEXURE C: ASSET TRANSFER FORM

P O Box 33
Portshepstone
4240

96 Marine Drive
Oslo Beach
Portshepstone

Tel : 039-688 5808
Fax : 039- 688 3510
E-Mail: zandile.maphumulo@ugu.org.za

ASSET TRANSFER FORM

Date Requested		
Asset barcode		
Department		
Asset Description:		
Classification of asset:		
Condition of asset:		
Reason for transfer:		
Requesting official: Name & Surname: Signature:		
CURRENT LOCATION: (Approval for the transfer of Asset)		NEW LOCATION (Asset is received and the above details are verified)
Department:		Department:
Unit:		Unit:
Transferring official:		Receiving official:
Transferring official signature:		
GM Name & Surname		GM Name & Surname
GM Signature:		GM Signature:
Date transferred:		Date received:

AM STAMP

UGU DISTRICT MUNICIPALITY

Policy Custodian	**BTO**
Policy Name	**Borrowing Policy**
Policy Number	**5/2/P**
Status	**Review**
Date	**2021/2022**
Approved by	**Council**
Date First Approved	**28 June 2018**
Date Last Approved	**27 May 2021**
Date for Next Review	**2022/23 FY**

E. Gama

Received by Policy & Research

Date: 13 May 2022

REVIEWED
Policy Committee
2022 -05- 17
Chairperson: N Msomi

REVIEWED
Policy Committee
2022 -05- 17
Chairperson: N Msomi

PREAMBLE

Whereas section 230A of the Constitution of the Republic of South Africa, 108 of 1996 permits Municipalities to raise loan, in accordance with the Constitution. Chapter 6 of the Municipal Finance Management Act, Act 56 of 2003 prescribes the types of debt and conditions under which the Municipality may incur the said debt. Now therefore the Municipality sets out the guidelines and objectives for borrowing of funds.

1. INTRODUCTION

The Municipality sets itself the objective of becoming financially sustainable, ensuring basic levels of service delivery to the entire community. The entire service delivery gives rise to a large demand for building infrastructure, resulting to requirement of additional funding. Therefore, borrowing is an essential element to obtain additional funding sources to fund Municipal capital programmes.

2. 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.

REVIEWED
Policy Committee
2022 -05- 17
Chairperson: N Msomi

6. Principles Guiding Borrowing Practices

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

6.1. 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.

6.2. 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.

6.3. Prudence: Borrowings shall be made with care, skill, prudence and diligence. To this end, officials of the Municipality are required to:

6.3.1. adhere to this policy, and other procedures and guidelines.

6.3.2. exercise due diligence.

6.3.3. prepare all reports in a timely fashion.

6.3.4. ensure strict compliance with all Legislation and Council policy.

7. Roles and Responsibilities

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.

The Office of Budget and Treasury Office through, Cash Management shall be responsible in implementation, monitoring and evaluation of the policy.

7.1 Internal Control

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

- Duties are separated in order to prevent fraud, collusion and other misconduct;
- loan agreements and contracts are kept in proper safe custody;
- there is a clear delegation of duties relating to the borrowing process;
- senior officials check and verify all transactions;
- transactions and repayments are properly documented;

8.10 Provision for Redemption of Loans

8.10.1 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.

8.10.2 Such sinking funds may be invested directly with the Lender's Bank.

8.10.3 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.

8.11 Non-Repayment or Non-Servicing of Loan

8.11.1 The Municipality must honour all its loan obligations.

8.11.2 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.

8.11.3 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:

8.11.4 furnishing audited annual financial statements.

8.11.5 maintaining long-term credit rating.

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

8.12 Borrowing for Investment Prohibited

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

8.13 Front-Loading Prohibited

The Municipality (shall only under the following specific conditions borrow funds) for the purposes of funding grant funded projects in advance and use future grants as security for the repayment of such advances.:
Approval from Grantor, inclusive of undertaking in writing that such approval will not, in any way, diminish the chances of the Municipality qualifying for such grant.

REVIEWED
Policy Committee
2022 -05- 17
Chairperson: N Msomi

REVIEWED
Policy Committee
2022 -05- 17
Chairperson: N Msomi

10 AMENDMENT AND/OR ABOLITION

10.1This policy may be amended or repealed by the Municipality through a Council Resolution.

10.1 Related Policies

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

- Budget Process Policy.
- Cash Management and Investment Policy.
- Virement Policy.

11 COMPLIANCE AND ENFORCEMENT

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

12 POLICY REVIEW

12.1 This Policy will be reviewed annually to ensure applicability and relevance.

Records of Approval

Meeting	Date	Resolution
Review 2021/2022		
Policy Committee	08 April 2021	Recommended to Manco
Council	28 June 2018	Adopted
	27 May 2021	Adopted

UGU DISTRICT MUNICIPALITY

Policy Custodian	**BTO**
Policy Name	**BUDGET POLICY**
Policy Number (Acquired from Registry if this is an existing policy adopted by Council)	**N/A**
Status (New/Review) **Date (Financial Year)**	**Review** **2022/23**
Approved by	**Council**
Date First Approved (Date of Resolution)	
Date Last Approved (Date of Resolution)	**28 May 2018**
Date for Next Review	**2022/23 FY**

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PREAMBLE

This Policy will serve as a guideline for the effective management of the Municipal budgetary processes, in order to attain the strategic objectives of the Municipality within the ambits of the applicable legislation and shall apply to all departments within the Municipality

1. INTRODUCTION

Council has considered the guidelines distributed by National Treasury to local government which detail the processes and formats to be followed when preparing the budget policy.

The Municipality shall comply with the provisions of this Policy in the compilation of each of its budgets.

2. 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 Manager of Ugu District Municipality.

"Allocation" means –

i) a municipality's share of the local government's equitable share referred to in Section 214(l) (a) of the Constitution;

ii) an allocation of money to a municipality in terms of Section 214(1) (c) of the Constitution;

iii) an allocation of money to a municipality in terms of a provincial budget; or

iv) any other allocation of money to a municipality by an organ of state, including by another municipality, otherwise than in compliance with a commercial or other business transaction.

"Annual Division of Revenue Act" means the Act of Parliament, which must be enacted annually in terms of Section 214(1) of the Constitution;

"Approved budget" means an annual budget -

a) approved by a municipal Council, or

b) includes such an annual budget as revised by an adjustments budget in terms of section 28 of the MFMA.

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

a) the tariffs policy, which the Municipality must adopt in terms of Section 74 of the Municipal Systems Act;

b) the rates policy which the Municipality must adopt in terms of Section 3 of the Municipal Property Rates Act;

c) the credit control and debt collection policy, which the Municipality must adopt in terms of Section 96 of the Municipal Systems Act;

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

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

"Council" means the Council of Ugu District Municipality;

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

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

"Financial Statements" means statements consisting of at least -

a) a statement of financial position;
b) a statement of financial performance;
c) a cash-flow statement;
d) any other statements that may be prescribed; and
e) any notes to these statements;

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

"Fruitless and wasteful expenditure" means expenditure that was made in vain and would have been avoided had reasonable care been exercised;

"Irregular expenditure", means –

a) expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the MFMA Act, and which has not been condoned in terms of Section 170 of the MFMA;
b) expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the Municipal Systems Act, and which has not been condoned in terms of that Act;
c) expenditure incurred by a municipality in contravention of, or that is not in accordance with, a requirement of the Public Office-Bearers Act, 1998 (Act 20 of 1998); or

expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the supply chain management policy of the municipality or entity or any of the municipality's by-laws giving effect to such policy, and which has not been condoned in terms of such policy or by-law, but excludes expenditure by a municipality which falls within the definition of "unauthorised expenditure";

"Investment" in relation to funds of a municipality, means -

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

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

"Mayor" means the Mayor of Ugu District Municipality;

"Municipality" refers to Ugu District Municipality

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

"Official" means -

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

"Overspending" means -

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

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

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

"Service Delivery and Budget Implementation Plan" means a detailed plan approved by the Mayor of a municipality in terms of Section 53 (l) (c) (ii) of the MFMA for implementing the Municipality's delivery of municipal services and its annual budget, and which must indicate:

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

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

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

"Virement" means transfer of funds between functions / votes

"Vote" means

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

3. POLICY OBJECTIVES

To set a broad framework within which Budget related decisions of the Municipality will be taken and implemented to ensure efficient and transparent financial planning that will promote sound and sustainable financial management, essential for the achievement of the Municipality's developmental priorities as contained in its Integrated Development Plan.

4. PRESCRIPTIVE/LEGAL FRAMEWORK

In the process of preparing the Municipal budget, the Mayor, political office bearers (Councillors), Accounting Officer, Chief Financial Officer and other officials shall comply with all relevant legal requirements, including:-

a) The provisions of Chapter 4 of the Municipal Finance Management Act, 2003, ('the MFMA"), as well as Sections 42, 43, 53, 54, 55, 68, 69, 70, 71, 72, 75, 80, 81, and 83 thereof; and

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.

d) This Policy must be read in conjunction with the following budget-related policies of the Municipality:-

i. Indigent Support Policy
ii. Asset Management Policy
iii. Water Services Policy (incorporating the Tariff Policy)
iv. Cash, Banking and Investments Policy
v. Supply Chain Management Policy
vi. Credit Control and Debt Collection Policy
vii. Funding and Reserves Policy
viii. Virement Policy
ix. Basic Services Policy

5. POLICY APPLICATION

This Policy is applicable to the staff, the political office bearers and the communities, both future and present, of the Ugu District Municipality.

6. POLICY PRINCIPLES

6.1 Section 215 (1) of the Constitution of the Republic of South Africa states that National, provincial and municipal budgets and budgetary processes must promote transparency, accountability and the effective financial management of the economy, debt and the public sector. It also states in S215 (3), that Budgets in each sphere of government must contain;

a) Estimates of revenue and expenditure, differentiating between capital and current expenditure;

b) Proposals for financing any anticipated deficit for the period to which they apply; and

c) An indication of intentions regarding borrowing and other forms of public liability that will increase public debt during the ensuing year.

6.2 Section 26(h) of the Municipal Systems Act (Act 32 of 2000) requires a municipality's Integrated Development Plan to reflect a financial plan, which must include a budget projection for at least the next three years (Medium Term Expenditure Framework);

6.3 Section 21 of the Municipal Finance Management Act (Act 56 of 2003) prescribes the function of the Mayor who must coordinate the processes for preparing the annual budget and for the reviewing of the municipality's Integrated Development Plan and budget related policies and to ensure that any revisions are mutually consistent and credible;

6.4 Section 16 of the Municipal Finance Management Act, requires the municipal council to approve an annual budget for the municipality before the start of the financial year;

6.5 The Minister with the concurrence of the Minister for Provincial and Local Government, has in terms of Section 168 of the Municipal Finance Management Act issued the Municipal Budget and Reporting Regulations which aim to secure sound and sustainable management of the budgeting and the reporting practices of the municipalities by establishing uniform norms and standards and other requirements for ensuring transparency, accountability and appropriate lines of responsibility in the budgeting and reporting processes; Now therefore**,** the Council of Ugu District Municipality adopts the Budget Policy as set out in this document.

7. ROLES AND RESPONSIBLITIES

7.1 Role of Council

a) Must provide political leadership and direction

b) Play an oversight role by approving budget related policies and ensuring that the priorities are reflected in the budget. (Council may not delegate approval of budgets and policies)

c) Approve the Integrated Development Plan, the Annual Budgets and the Service Delivery Budget Implementation Plan.

d) Monitor the outcomes of the implementation of the policies and budgets.

7.2 Role of the Mayor

a) Provide general political guidance over the budget process and the priorities that must guide the preparation of the budget. (Section 53, MFMA)

b) Prepare and table a schedule of key deadlines for the preparation, tabling and approval of the budget, annual review of the IDP and the consultative process. (Section 21, MFMA)

c) Take all reasonable steps to ensure that the Municipality approves its annual budget before the start of the financial year and report to the Municipal Council and the MEC for finance in the province any delays in the tabling of the annual budget. (Section 53, MFMA)

d) Must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in Section 53, MFMA

7.3 Role of the Accounting Officer

a) Assist the Mayor in performing budgetary functions assigned to him/her in terms of Chapter 4 & 7 of the MFMA and to provide administrative support, resources and information necessary for the performance of those functions. (Section 68, MFMA)

b) Is responsible for the implementation of the approved budget and must take all reasonable steps to ensure that the spending of funds is in accordance with the budget and is reduced as necessary when the revenue is anticipated to be less than the projected in the budget.

c) Ensure that revenue and expenditure are properly monitored.

d) Must prepare an adjustments budget and submit it to the Mayor for consideration and tabling in the Municipal Council when necessary.

e) Report to the Municipal Council any shortfalls in budget revenue, overspending and necessary steps taken to prevent shortfalls and overspending.

f) Submit to the Mayor actual revenue, borrowings, expenditure and where necessary report variances on projected revenue and the budget.

7.4 Role of the Chief Financial Officer (CFO)

a) Without derogating in any way from the legal responsibilities of the Accounting Officer as Accounting Officer, the Chief Financial Officer shall be responsible for preparing the draft annual capital and operating budgets (including the budget components required for the ensuing financial years), any required adjustments budgets, the projections of revenues and expenses for the service delivery and budget implementation plan (including the alignment of such projections with the cash management programme prepared in terms of the banking, cash management and investments policy), and shall be accountable to the Accounting Officer in regard to the performance of these functions.

b) Must advise the Accounting Officer on the exercise of powers and duties assigned to him in terms of the MFMA.

c) Must assist the Accounting Officer in the preparation and implementation of the Municipality's budget.

d) The Chief Financial Officer shall draft the budget timetable for the ensuing financial year for the Council's approval, and shall indicate in such timetable the target dates for the draft revision of the annual budget and the preparation of the annual budget for the ensuing financial year, which target dates shall follow the prescriptions of the Municipal Finance Management Act, and target dates for the

submission of all the budget-related documentation to the Management Committee, Finance Portfolio, Executive Committee and Council.

e) Except where the Chief Financial Officer, with the consent of the Mayor and Accounting Officer, decides otherwise, the sequence in which each annual budget and adjustments budget shall be prepared, shall be: first, the capital component, and second, the operating component. The operating component shall duly reflect the impact of the capital component on:

   i) depreciation charges;
   ii) repairs and maintenance expenses;
   iii) interest payable on external borrowings; and
   iv) other operating expenses.

f) In preparing the operating budget, the Chief Financial Officer shall determine the number and type of votes to be used and the line-items to be shown under each vote, provided that in so doing the Chief Financial Officer shall properly and adequately reflect the organizational structure of the Municipality, and further in so doing shall comply – in so far as the organizational structure permits – also with the prescribed budget format of National Treasury

g) Must perform all budgeting and other duties as delegated by the Accounting Officer in terms of Section 79, MFMA.

h) The Chief Financial Officer shall determine the depreciation expenses to be charged to each vote, the apportionment of interest payable to the appropriate votes, the estimates of withdrawals from (claims) and contributions to (premiums) the self-insurance reserve, and the contributions to the provisions for debt impairment, accrued leave entitlements and obsolescence of stocks

i) The Chief Financial Officer shall further, with the approval of the Mayor and the Accounting Officer, determine the recommended contribution to the asset financing reserve and any special contributions to the self-insurance reserve.

j) The Chief Financial Officer shall also, again with the approval of the Mayor and the Accounting Officer, and having regard to the Municipality's current financial performance, determines the recommended aggregate growth factor(s) according to which the budgets for the various votes shall be drafted.

k) The Chief Financial Officer shall compile monthly budget reports, with recommendations, comparing actual results with budgeted projections, and the heads of departments shall timeously and adequately

furnish the Chief Financial Officer with all explanations required for deviations from the budget. The Chief Financial Officer shall submit these monthly reports to the Mayor, Finance Portfolio and Executive Committee, and all other prescribed parties, in accordance with the prescriptions of the Municipal Finance Management Act.

l) The Chief Financial Officer shall provide technical and administrative support to the Mayor in the preparation and approval of the annual and adjustment budgets, as well as in the consultative processes, which must precede the approval of such budget.

m) The Chief Financial Officer shall ensure that the annual and adjustments budgets comply with the requirements of the National Treasury, reflect the budget priorities determined by the Mayor, are aligned with the IDP, and comply with all budget-related policies, and shall make recommendations to the Mayor on the revision of the IDP and the budget-related policies where these are indicated.

n) The Chief Financial Officer shall make recommendations on the financing of the draft capital budget for the ensuing and future financial years, indicating the impact of viable alternative financing scenarios on future expenses, and specifically commenting on the relative financial merits of internal and external financing options.

o) The Chief Financial Officer shall determine the basis for allocating overhead expenses not directly chargeable to votes. The expenses associated with the democratic process shall be allocated to a separate vote and shall not be charged out as an overhead.

p) The Chief Financial Officer shall ensure that the cost of indigent relief is separately reflected in the appropriate votes.

q) The Chief Financial Officer shall ensure that the allocations from other organs of state are properly reflected in the annual and adjustments budget, and that the estimated expenses against such allocations (other than the equitable share) are appropriately recorded.

7.5 Role of Senior Managers & Other Officials

a) Each Senior Manager and each Municipal official exercising financial management responsibilities must take all reasonable steps within his/her area of responsibility to ensure that the financial resources of the Municipality are utilized effectively, efficiently, economically and transparently.

b) Must prevent unauthorized, irregular and fruitless or wasteful expenditure and other losses within his/her Department.

c) Must ensure that all revenue due to the Municipality is collected.

d) Must ensure that all information required by the Accounting Officer for compliance with the provisions of the Acts is timeously submitted.

7.6 Role of the Budgeting Steering Committee

7.6.1 The Municipal Budget and Reporting regulations (Government Gazette 32141) chapter 2 requires the Mayor to establish a Budget steering comprising of the following members:-

a) The Mayor – Chairperson

b) The Speaker

c) The Whips of Political Parties

d) The Accounting Officer (Municipal Manager)

e) The Chief Financial Officer

f) The IDP Manager

g) The Manager Budget Office and,

h) Members of Senior Management (Top Management)

7.6.2 The role of the Committee shall be:-

a) To assist the Mayor in carrying out his/her statutory roles and responsibilities in accordance with Section 52 and Section 53 of the MFMA.

b) To provide technical assistance to the Municipal political office bearers during policy formulation and to assist priority determination.

c) To interrogate and make recommendations on the adoption of the Annual Budget, the Service Delivery and Budget Implementation Plan (SDBIP), Section 71 monthly budget statements and Section 72 Midyear budget and performance report and the Adjustments Budget.

d) To evaluate the progress report of the Accounting Officer with regard to the financial year end closure and compilation of the Municipal audit file.

e) To evaluate progress report on the statutory audit by the office of the Auditor General.

f) To exercise oversight in the compilation of the Annual Report.

g) To evaluate action plans from the Accounting Officer on corrective measures to be taken on issues raised by the Auditor General.

h) To evaluate and recommend payment of Annual Performance Bonuses to the Accounting Officer and Senior Management after the annual report has been adopted by Council on 31 January each year.

7.6.3 Ugu District Municipality has adopted the existing Finance Portfolio Committee as its Budget and Steering Committee.

7.7 Role of the Budget and Treasury Office

a) To assist the Accounting Officer in tabulating key time frames for the Budget Process.

b) To provide guidance to the Accounting Officer and Senior Managers during the budget preparation process in accordance with National Treasury MFMA Reforms.

c) To consolidate departmental Capital and Operating budgets.

d) To consolidate departmental Section 71 monthly budget statements, quarterly returns and the Midyear monitoring report and submit to the Finance Portfolio Committee.

e) To report any unauthorized, irregular, fruitless and wasteful expenditure or any deviations from the approved budget to the Finance Portfolio Committee.

f) To assist the Accounting Officer in implementing recommendations of the Finance Portfolio Committee.

g) To manage the administrative operations of the Budget and Treasury Office to ensure full compliance with the MFMA and any issued guidelines or Circulars from National Treasury.

7.8 Delegation of roles and responsibilities

All delegations by the Mayor to the Accounting Officer, Mayor to the members of the Finance portfolio Committee, the Accounting Officer to the Chief Financial Officer and other Senior Managers, of their roles, duties and responsibilities as per the MFMA:-

a) Must be in writing,

b) Are subject to the limitations as may be imposed by the Act,

c) Does not absolve the Mayor, the Accounting Officer or the Senior Officials of the responsibilities concerning the exercise of the delegated power or the performance of the fiduciary duties, and

d) Should not be indefinite and must be reviewed annually.

8. ANNUAL SCHEDULE OF KEY DEADLINES

8.1 The deadline dates for all budget preparation processes shall be as per the approved Process Plan as tabled by the Mayor to Council in August.

8.2 Such Process Plan shall indicate the target dates for the draft revision of the Integrated Development Plan and the preparation of the annual budget for the ensuing financial year, which target dates shall follow the

prescriptions of the MFMA, for the submission of all the budget-related documentation to the Mayor, Finance Committee, Executive Committee and Council.

8.3 Such time schedule shall provide for the deadlines set out in Appendix A, unless the Mayor, after consultation with the Chief Financial Officer, determines otherwise and provided that the requirements of the MFMA shall at all times be adhered to.

8.4 The Chief Financial Officer shall be responsible for ensuring that the time schedule is adhered to.

9. BUDGET PRINCIPLES

The sequence in which the Annual Budget shall be prepared shall be, first, the capital component and second, the operating component, except where the Chief Financial Officer with the consent of the Mayor decides otherwise. The Municipality's annual budget should:-

a) Move towards the achievement of goals and objectives of the Municipality within the constraints of the available resources.

b) Consider the Priorities as identified in the State of the Nation Address, State of the Province Address and the State of the District Address.

c) Reflect the priorities contained in the Municipality's Integrated Development Plan.

d) Be credible and fully funded from realistically anticipated revenues.

e) Consider any resolutions taken by Council or the Executive Committee in the previous Budget Year which have financial implications on the current Medium- Term Revenue Expenditure Framework.

f) The basis of measurement and accounting policies underpinning the Municipality's annual financial statements must be the same as those used in the preparation of the Municipality's annual budget and supporting documentation.

g) Expenses may only be incurred in terms of the approved annual budget (or adjustments budget) and within the limits of the amounts appropriated for each vote in the approved budget.

10 FUNDING OF EXPENDITURE

An Annual budget must be funded only from:

a) Realistically anticipated revenues to be collected.

b) Cash-backed accumulated surpluses from previous years not committed for other purposes;

c) Borrowed funds, but only for revenue-generating capital projects; and

d) Grants and subsidies as per DORA.

11. THE CAPITAL BUDGET

11.1 The Budget shall be prepared in the prescribed budget format of National Treasury.

11.2 The annual capital budget shall be prepared from a zero base, except in so far as capital projects represent a contractual commitment to the Municipality extending over more than one financial year.

11.3 The annual capital budget shall only be approved by Council if it is properly balanced (i.e. if the sources of finance have been secured to fund the budget and are equal to the proposed capital expenditure).

11.4 Before approving the capital budget, the Council shall consider the impact on the present and future operating budgets in relation to Finance Charges on external loans, Depreciation on fixed assets, Maintenance costs of fixed assets, and any other ordinary operational expenses associated with any item in that capital budget.

11.5 The Council shall also consider any impact of operating expenses – net of any revenues to be generated from the project – i.e. on future service tariffs.

11.6 Expenditure of a project shall be included in the Capital Budget if it meets the asset definition in terms of Council's approved Asset Management Policy

12 OPERATING REVENUE

12.1 The Operating revenue must include:

a) Estimates for all municipal revenue sources and;

b) All gazetted grants and subsidies, donations and subsidies in kind or emergency relief funding.

12.2 The allocation of interest on investments shall be budgeted for in terms of the cash, banking and investment policy.

12.3 In preparing the revenue budget, the Municipality shall strive to maintain the aggregate revenues from service charges at not less than 90% of the aggregate revenues net of operating grants.

12.4 The proposed increases in tariffs should be affordable, i.e. in line with CPIX, and should take into

12.5 Tariff increases must respond to the population growth rate and the Division of Revenue Act.

12.6 The water and sanitation charges shall be calculated and levied as per the reviewed Water and Sanitation Tariffs Policy for that MTREF.

12.7 All tariffs shall be published in a local newspaper and placed on the Municipal website and at the entrance of Ugu offices at least 30 days before the start of the financial year.

12.8 All tariffs must be gazetted in the Government Gazette before the 1st July each year.

13 OPERATING EXPENDITURE

13.1 The Municipality shall budget in each annual and adjustments budget for the contribution to:

a) provision for accrued leave entitlements.

b) entitlement of officials as at 30 June of each financial year;

c) provision for impairment of debtors in accordance with its Rates and Tariffs Policies;

d) provision for the obsolescence and deterioration of stock in accordance with its Supply Chain Management Policy;

e) depreciation and finance charges shall be charged to or apportioned only between the departments or votes to which the projects relate;

13.2 The operating budget shall duly reflect the impact of the capital component on:

a) Depreciation and impairment charges;

b) Repairs and maintenance expenses;

c) Interest payable on external loans, and

d) Any other operating expenses associated with fixed assets.

e) The operating budget must be in the prescribed National Treasury Format.

13.3 SALARIES AND ALLOWANCES

The budget for salaries and allowances shall be separately prepared and shall not exceed the parameter (percentage) of the aggregate operating budget component of the annual or adjustments budget, the parameters as may be contained in the budget circular issued by National Treasury from time to time. If the salary budget, exceed the parameter (percentage) of the aggregate operating budget as issued by National Treasury Council will be advised and provided with reasons and remedial action. The remuneration of Councillors and other political office bearers shall be excluded from this limit.

13.4 PROVISION FOR MAINTENANCE

The Municipality shall adequately provide in each annual and adjustments budget, for the maintenance of its fixed assets in accordance with its Fixed Asset Management and Accounting Policy as well as the routine maintenance plans. A minimum of 8% of the carrying amount of the fixed assets shall be provided for the expenditure on Repairs and Maintenance in the annual budget of the Municipality in accordance with the National Treasury norms.

13.5 FINANCE CHARGES, DEPRECIATION AND IMPAIRMENT

13.5.1 The Finance Charges payable by the Municipality shall be apportioned between departments or votes on the basis of the proportion at the last balance sheet date of the outstanding loan balances belonging to

such department or vote to the aggregate outstanding loan balances. However, should Council decide to raise loans only for financing of fixed assets in a specified service or vote, finance charges shall be charged to or apportioned only between the departments or votes relating to such service.

13.5.2 The depreciation expenses shall be apportioned to each department based on the cost of assets allocated to that department. The depreciation method used shall be in terms of the Fixed Assets Management and Accounting Policies.

14 CONSULTATION ON TABLED DRAFT BUDGETS

The Municipality shall, after the annual draft budget is tabled in Council, consider the views of the local community, the National and Provincial Treasuries, organs of state and local municipalities, as required by Section 23 of the MFMA, and shall comply with all other requirements of that section. For the purpose of consultation, the draft budget will be made available to the community, through the community libraries, the municipal offices and the municipal website soon after tabling in Council.

15 APPROVAL OF THE ANNUAL BUDGET

The Council shall approve the budget before the start of the financial year, in accordance the provisions of Section 24 of the MFMA, failing which, the Municipality shall be subject to the provisions of Section 25 of the MFMA.

16 PUBLICATION OF THE BUDGETS

In accordance with Section 22 of the MFMA, the Municipal Manager shall ensure that immediately after the annual budget is tabled in the Council:

a) The budget is made public in accordance with the provisions of Section 17 (3) of the Local Government Municipal Systems Act.
b) The budget is submitted to the National Treasury and Provincial Treasury in printed and electronic formats;
c) The budget is submitted to any prescribed organs of state and to other municipalities affected by it.

17 MONTHLY BUDGET REPORTS

17.1 The Chief Financial Officer shall compile monthly budget reports, with recommendations, comparing actual results with budgeted projections, and the heads of departments shall furnish the Chief Financial Officer with all explanations required for deviations from the budget.

17.2 The Chief Financial Officer shall submit these monthly reports to the Mayor, Finance Committee and Executive Committee, and all other prescribed parties, in accordance with the prescriptions of the Municipal Finance Management Act.

18. MONITORING AND EVALUATION

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

19. COMMENCEMENT OF THE POLICY

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

20. AMENDMENT AND/OR ABOLITION

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

21. 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.

22. POLICY REVIEW

This Policy will be reviewed annually by the Budget Steering Committee prior to the commencement of the budget process to ensure compliance with any changes in legislation or any 'best practice' guidelines and MFMA Circulars as may be issued by National Treasury from time to time.

Records of Approval

Meeting	Date	Resolution
Review 2021/22		
Policy Committee	24 March 2021	Recommended to MANCO
Extended MANCO/MANCO		
Portfolio Committee on Sound Governance and Human Resources		
EXCO		
Council	27 May 2021	Adopted

Meeting	Date	Resolution
Review 2022/23		
Policy Committee		
Extended MANCO/MANCO		
Portfolio Committee on Sound Governance and Human Resources		
EXCO		
Council		

ANNEXURE A: LEGAL REQUIREMENTS

MUNICIPAL FINANCE MANAGEMENT ACT

Section 15 Appropriation of funds for expenditure

Expenses may only be incurred in terms of the approved annual budget (or adjustments budget) and within the limits of the amounts appropriated for each budget vote.

Section 16 Annual budgets

The Council of the municipality must approve the annual budget before the start of the financial year to which it relates.

The Mayor must table the annual budget at least ninety days before the start of such financial year.

The capital budget may extend over three years, provided that it is separated into annual appropriations for that period.

Section 17 Contents of annual budgets and supporting documents

The budget must be in the prescribed format and must be divided into a capital and an operating budget.

The budget must reflect the realistically expected revenues by major source for the budget year concerned.

The expenses reflected in the budget must be divided into votes.

The budget must also contain the foregoing information for the two financial years following the financial year to which the budget relates, as well as the actual revenues and expenses for the year before the current year, and the estimated revenues and expenses for the current year.

The budget must be accompanied by all the following documents:

- draft resolutions approving the budget and levying property rates, other taxes and tariffs for the financial year concerned;
- draft resolutions (where applicable) amending the IDP and the budget-related policies;
- measurable performance objectives for each budget vote, taking into account the municipality's IDP;
- the projected cash flows for the financial year by revenue sources and expenditure votes;
- any proposed amendments to the IDP;
- any proposed amendments to the budget-related policies;
- the cost to the municipality of the salaries, allowances and other benefits of its political office bearers and other councillors, the municipal manager, the chief financial officer, and other senior managers;
- particulars of any proposed allocations or grants to other municipalities, municipal entities, external mechanisms assisting the municipality in service delivery, other organs of state, and organizations such as NGOs, welfare institutions and so on;

- particulars of the municipality's investments; and
- various information in regard to municipal entities under the shared or sole control of the municipality.

Section 18 Funding of expenditures

The budget may be financed only from:

- realistically expected revenues, based on current and previous collection levels;
- cash-backed funds available from previous surpluses where such funds are not required for other purposes; and
- borrowed funds in respect of the capital budget only.

Section 19 Capital projects

A municipality may spend money on a capital project only if the money for the project (excluding the cost of any required feasibility studies) has been appropriated in the capital budget.

The total cost of the project must also be approved by the Council.

The envisaged sources of funding for the capital budget must be properly considered, and the Council must be satisfied that this funding is available and has not been committed for other purposes.

Before approving a capital project, the Council must consider the projected cost of the project over all the ensuing financial years until the project becomes operational, as well as the future operational costs and any revenues which may arise in respect of such project, including the likely future impact on property rates and service tariffs.

Section 20 Matters to be prescribed

The Minister of Finance must prescribe the form of the annual budget, and may further prescribe a variety of other matters, including the inflation projections which the municipality must use in compiling its budget.

The Minister may also prescribe uniform norms and standards in regard to the setting of tariffs where a municipality entity or other external mechanisms is used to perform a municipal service; and may also take appropriate steps to ensure that a municipality does not, in exceeding its fiscal powers, materially and unreasonably prejudice national economic policies (particularly on inflation, administered pricing and equity), economic activities across municipal boundaries, and the national mobility of goods, services, capital or labour.

Section 21 Budget preparation process

The Mayor of the municipality must:

- Co-ordinate the processes for preparing the annual budget, and for reviewing the municipality's IDP and budget-related policies to ensure that the budget, the IDP, and the policies are mutually consistent and credible.
- At least ten months before the start of the ensuing financial year, table in the Council the time schedule with key deadlines for the preparation, tabling and approval of the following year's annual budget, the review of the IDP and budget-related policies, and the consultative processes required in the approval of the budget.
- When preparing the annual budget, take into account the municipality's IDP, the national budget, provincial budget, the National Government's fiscal and macro-economic policies, and the annual Division of Revenue Act.
- Take all reasonable steps to ensure that the municipality revises its IDP in line with realistic revenue and expenditure projections for future years.
- Consult the district municipality (if it is a local municipality) and all other local municipalities in the district, and all other local municipalities in the district if it is a district municipality.
- Consult the National Treasury when requested, the Provincial Treasury, and such other provincial and national organs of state as may be prescribed.
- Provide, on request, any budget-related information to the National Treasury, other national and provincial organs of state, and any other municipality affected by the budget.

Section 22 Publication of annual budgets

Immediately after the annual budget has been tabled, the Municipal Manager must make this budget and other budget-related documentation public and must invite the local community to submit representations in regard to such budget.

The Accounting Officer must also immediately submit the tabled budget in both printed and electronic formats to the National Treasury, the Provincial Treasury, and in either format to prescribed national and provincial organs of state and other municipalities affected by the budget.

Section 23 Consultations on tabled budgets

After the budget has been tabled, the Council of the municipality must consider the views of the local community, the National Treasury, the Provincial Treasury, and any provincial or national organs of state or municipalities which have made submissions on the budget.

After considering these views, the Council must give the Mayor the opportunity to respond to the submissions received, and – if necessary – revise the budget and table the relevant amendments for consideration by the Council.

The National Treasury may issue guidelines on the manner in which the Council must process the annual budget, including guidelines on the formation of a committee of the Council to consider the budget and hold public hearings. Such guidelines shall be binding only if they are adopted by the Council.

Section 24 Approval of annual budgets

The Council must consider approval of the budget at least thirty days before the start of the financial year to which such budget relates.

The budget must be approved before the start of such financial year, and the resolutions and performance objectives referred to in Section 17 must simultaneously be adopted.

Section 25 Failure to approve budget before start of budget year

This Section sets out the process which must be followed if the budget is not approved in the normal course of events. Briefly the Council must reconsider and vote on the budget, or an amended version of the budget, every seven days until a budget is approved. The Mayor must immediately inform the MEC for Local Government if the budget is not adopted by the start of the budget year, and may request a provincial intervention.

Section 26 Consequences of failure to approve budget before start of budget year

The provincial executive must intervene in any municipality which has not approved its annual budget by the start of the relevant financial year. Such intervention must entail the taking of any appropriate steps to ensure a budget is approved, including dissolving the Council and appointing an administrator until a new Council can be elected, and approving a temporary budget until such new Council can adopt a permanent budget for the municipality. The Section also imposes restrictions on what may be spent in terms of such temporary budget.

Section 27 Non-compliance with provisions of this chapter

This Section sets out the duties of the Mayor to report any impending non-compliance and the general consequences of non-compliance with the requirements of the various foregoing prescriptions.

Section 28 Municipal adjustments budgets

A municipality may revise its annual budget by means of an adjustments budget.

However, a municipality must promptly adjust its budgeted revenues and expenses if a material under-collection of revenues arises or is apparent.

A municipality may appropriate additional revenues which have become available but only to revise or accelerate spending programmes already budgeted for.

A municipality may in such adjustments budget, and within the prescribed framework, authorize unforeseen and unavoidable expenses on the recommendation of the Mayor.

A municipality may authorize the utilization of projected savings on any vote towards spending under another vote.

Municipalities may also authorize the spending of funds unspent at the end of the previous financial year, where such under-spending could not reasonably have been foreseen at the time the annual budget was approved by the Council.

Only the Mayor of the municipality may table an adjustments budget. Such budget may be tabled whenever necessary, but limitations on the timing and frequency of such tabling may be prescribed.

An adjustments budget must contain all of the following:

- an explanation of how the adjustments affect the approved annual budget;
- appropriate motivations for material adjustments; and
- an explanation of the impact of any increased spending on the current and future annual budgets.

Municipal taxes and tariffs may not be increased during a financial year except if required in terms of a financial recovery plan.

Section 29 Unforeseen and unavoidable expenditure

In regard to unforeseen and unavoidable expenses, the following apply:

- the Mayor may authorize such expenses in an emergency or other exceptional circumstances;
- the municipality may not exceed a prescribed percentage of the approved annual budget in respect of such unforeseen and unavoidable expenses;
- these expenses must be reported by the Mayor to the next Council meeting;
- the expenses must be appropriated in an adjustments budget; and

the adjustments budget must be passed within sixty days after the expenses were incurred.

Section 30 Unspent funds

The appropriation of funds in an annual or adjustments budget will lapse to the extent that they are unspent by the end of the relevant budget year, but except for the expenses referred to above in Section 16.

Section 31 Shifting of funds between multi-year appropriations

If the funds for a capital project have been appropriated for more than one financial year (see Section 16) these expenses may exceed the appropriation for any one financial year, provided:

- the increase is not more than 20% of that financial year's allocation;
- the increase is funded in the next financial year's appropriations;
- the Municipal Manager certifies that actual revenues are expected to exceed budgeted revenues, and that enough funds will be available to finance such increased appropriation without incurring further borrowing beyond the annual budget limit;
- the Mayor gives prior written approval for such increased appropriation; and
- all the above documentation is provided to the Auditor-General.

Section 32 Unauthorised, irregular or fruitless and wasteful expenditure

Unauthorised expenses may be authorised in an adjustments budget.

Section 33 Contracts having future budgetary implications

Contracts extending beyond one financial year may be entered into by a municipality, but if such contract extends beyond the three years covered in the annual budget, the municipality may enter into such contract only if:

- The Municipal Manager, at least sixty days before the Council meeting at which the contract is to be approved, has made the contract public, with an information statement summarizing the municipality's obligations, and inviting the local community and other interested parties to submit comments or make representations.
- The Municipal Manager solicits the views and recommendations of the National Treasury and Provincial Treasury in respect to such contract, as well as those of the National Department of Provincial and Local Government, and any national department concerned with water, sanitation or electricity, if the contract relates to any of these services.
- The Council has taken into account the projected financial obligations in regard to such contract, the impact on tariffs, and the views and comments received from all the foregoing parties.

- The Council adopts a resolution determining that the municipality will secure a significant capital investment or derive a significant financial or economic benefit from the contract and approves the entire contract exactly as it is to be executed.

A contract for purposes of this Section shall exclude any contract relating to the incurring of long-term debt by the municipality, employment contracts, contracts for categories of goods as may be prescribed, or contracts where the value of the contract is less than a prescribed value or a prescribed percentage of the annual budget.

Section 42 Price increases of bulk resources for provision of municipal services

National and provincial organs of state which supply water, electricity or any other bulk resources to municipalities or municipal entities for the provision of municipal services may increase the price of such resources only after doing all the following:

- The proposed increase must be submitted to the organ's executive authority and (where legislation so requires) to any regulatory agency for approval.
- At least forty days prior to the above submission the National Treasury and organised local government must be invited to submit written comments on the proposed increase.

- The executive authority, after taking into account the comments received, must table the price increase in Parliament or the provincial legislature, as the case may be, with a full motivation and certain other prescribed explanatory documentation.

Unless the Minister of Finance otherwise directs, a price increase must be tabled on or before 15 March to take effect from 1 July of the same year. If it is tabled after 15 March it may only take effect from 1 July of the following year.

Section 43 Applicability of tax and tariff capping on municipalities

If a national or provincial organ of state is legislatively empowered to determine the upper limits of any municipal tax or tariff, such determination takes effect on the date specified in the determination, but provided that, unless the Minister of Finance otherwise directs:

- A determination promulgated on or before 15 March shall not take effect before 1 July of the same year.
- A determination promulgated after 15 March shall not take effect before 1 July of the following year.
- A determination shall not be allowed to impair a municipality's ability to meet any annual or periodic escalations in the payments it must make in respect of any contract legally entered into by a municipality.

Section 53 Budget processes and related matters

The Mayor of the municipality must:

- Provide general political guidance over the annual budget process and the priorities that guide the preparation of each budget.
- Co-ordinate the annual revision of the IDP, as well as the preparation of the annual budget, and determine how the IDP is to be taken into account or is to be revised for purposes of such budget.
- Take all reasonable steps to ensure that the Council approves the annual budget before the start of the financial year to which it relates, and that the municipality's service delivery and budget implementation plan is approved within twenty-eight days after the approval of the budget.
- Ensure that the annual performance agreements for the Municipal Manager and the senior managers of the municipality are linked to measurable performance objectives which are approved with the budget and the service delivery and budget implementation plan.

The Mayor must promptly report to the Council and the MEC for Local Government any delay in tabling the annual budget, approving the service delivery and budget implementation plan or signing the annual performance agreements.

The Mayor must further ensure that the service delivery targets and quarterly performance indicators, and the monthly projections of revenues and expenses in the service delivery and budget implementation plan, are made public not later than fourteen days after these matters have been approved; and that the performance agreements of the Municipal Manager and other senior officials are similarly made public not later than fourteen days after their approval.

Section 68 Budget preparation

The Municipal Manager must assist the Mayor in performing the assigned budgetary functions and must provide the Mayor with administrative support, operational resources and the information necessary to perform these functions.

Section 69 Budget implementation

The Municipal Manager is responsible for implementing the budget, and must take reasonable steps to ensure that:

- funds are spent in accordance with the budget;
- expenses are reduced if expected revenues are less than projected; and
- revenues and expenses are properly monitored.

The Municipal Manager must prepare any adjustments budget when such budget is necessary and submit it to the Mayor for consideration and tabling in Council.

The Municipal Manager must submit a draft service delivery and budget implementation plan to the Mayor fourteen days after the annual budget has been approved, and must also within the same period submit drafts of the annual performance agreements to the Mayor.

Section 70 Impending shortfalls, overspending and overdrafts

The Municipal Manager must report in writing to the Council any impending shortfalls in the annual revenue budget, as well as any impending overspending, together with the steps taken to prevent or rectify these problems.

Section 71 Monthly budget statements

The Municipal Manager must, not later than ten working days after the end of each calendar month, submit to the Mayor and Provincial Treasury a report in the prescribed format on the state of the municipality's budget for such calendar month, as well as on the state of the budget cumulatively for the financial year to date.

This report must reflect the following:

- actual revenues per source, compared with budgeted revenues;
- actual expenses per vote, compared with budgeted expenses;
- actual capital expenditure per vote, compared with budgeted expenses;
- actual borrowings, compared with the borrowings envisaged to fund the capital budget;
- the amount of allocations received, compared with the budgeted amount;
- actual expenses against allocations, but excluding expenses in respect of the equitable share;
- explanations of any material variances between the actual revenues and expenses as indicated above and the projected revenues by source and expenses by vote as set out in the service delivery and budget implementation plan;
- the remedial or corrective steps to be taken to ensure that the relevant projections remain within the approved or revised budget; and
- projections of the revenues and expenses for the remainder of the financial year, together with an indication of how and where the original projections have been revised.

The report to the National Treasury must be both in electronic format and in a signed written document.

Section 54 Budgetary control and early identification of financial problems

On receipt of the report from the Municipal Manager, the Mayor must:

- consider the report;
- check whether the budget has been implemented in accordance with the service delivery and budget implementation plan;
- issue appropriate instructions to the Municipal Manager to ensure that the budget is implemented in accordance with this plan, and that the spending of funds and the collection of revenues proceed in accordance with the approved budget;
- identify any financial problems facing the municipality, as well as any emerging or impending financial problems; and

- submit to the Council within thirty days of the end of each quarter a report on the implementation of the budget and the financial state of affairs of the municipality.

If the municipality faces any serious financial problems, the Mayor must:

- promptly respond to and initiate the remedial or corrective steps proposed by the Municipal Manager, and
- alert the MEC for Local Government and the Council of the municipality to the problems concerned.

The Mayor may revise the details of the service delivery and budget implementation plan, but any revisions to the service delivery targets and quarterly performance indicators must be approved by the Council, and be supported by an adjustments budget. Any changes made to the projections of revenues and expenses as set out in the plan must promptly be made public.

Section 55 Report to provincial executive if conditions for provincial intervention exist

If the Council has not approved its annual budget by the first day of the financial year to which it relates, or if the municipality encounters serious financial problems, the Mayor must immediately report this matter to the MEC for Local Government and may recommend a provincial intervention.

Section 72 Mid-year budget and performance assessment

The Municipal Manager must assess the budgetary performance of the municipality for the first half of the financial year, taking into account all the monthly budget reports for the first six months, the service delivery performance of the municipality as against the service delivery targets and performance indicators which were set in the service delivery and budget implementation plan, and the past financial year's annual report and the progress made in resolving problems identified in such report.

The Municipal Manager must then submit a report on such assessment to the Mayor, the National Treasury and the Provincial Treasury.

The Municipal Manager may in such report make recommendations for adjusting the annual budget and for revising the projections of revenues and expenses set out in the service delivery and budget implementation plan.

In terms of Section 54(1)(f) the Mayor must promptly submit this assessment report to the Council of the municipality.

Section 73 Reports on failure to adopt or implement budget-related and other policies

The Municipal Manager must inform the Provincial Treasury, in writing, of any failure by the Council to adopt or implement any budget-related policy or a supply chain management policy, and of any non-compliance by an office bearer or political structure with such policy.

Section 75 Information to be placed on websites of municipalities

The Municipal Manager must place on the municipality's official website (inter alia) the following:

- the annual and adjustments budgets and all budget-related documents;
- all budget-related policies;
- the annual report;
- all performance agreements;
- all service delivery agreements;
- all long-term borrowing contracts;
- all quarterly reports submitted to the Council on the implementation of the budget and the financial state of affairs of the municipality.

Section 80 Establishment (of municipal budget and treasury office)

Every municipality must have a budget and treasury office comprising a Chief Financial Officer supported by appointed officials and contracted staff.

Section 81 Role of chief financial officer

The Chief Financial Officer is administratively in charge of the budget and treasury office and must, inter alia,

- assist the Municipal Manager in preparing and implementing the budget;
- perform such budgeting, financial reporting and financial management and review duties as are delegated by the Municipal Manager;
- account to the Municipal Manager for the performance of all the foregoing responsibilities.

Section 83 Competency levels of professional financial officials

The Municipal Manager, senior managers, the Chief Financial Officer and the other financial officials in a municipality must all meet prescribed financial management competency levels.

SUMMARISED TIMETABLE

NOTE: DATES IN BRACKETS ARE PUTATIVE

FINAL DATE	ACTION BY MUNICIPALITY	ACTION BY MUNICIPAL ENTITY
31 August	Table in council timetable for preparation of coming year's annual budget	-
20 January	-	Assess current year's budget performance and submit report to board of directors and municipality
25 January	Assess current year's budget performance	-
31 January	Table assessment report in council	-
31 January or earlier	-	Submit proposed budget for coming year to municipality
(31 January)	Consider municipal entity's proposed budget for coming year and make recommendations	-
(31 January or earlier)	Table municipal entity's adjustments budget for coming year	Submit adjustments budget for current year to municipality and make budget public
(Between 31 January and 31 March)	Table municipality's adjustments budget for current year and changes to service delivery targets and KPIs	-
(Between 31 January and 31 March)	Make public (adjustments budget and) revisions to service delivery and budget implementation plan for current year	-
Mid-March	-	Submit revised budget for coming year to municipality
31 March	Table municipality's draft budget for coming year	-
31 March	Table municipal entity's revised budget for coming year	-

Immediately after 31 March	Make public draft budget for coming year and invite submissions from community, provincial treasury and others	-
FINAL DATE	**ACTION BY MUNICIPALITY**	**ACTION BY MUNICIPAL ENTITY**
Before 31 May	Respond to submissions and revise draft budget for coming year	-
31 May	Consider approval of budget for coming year and attendant resolutions	Approve revised budget for coming year and make budget public
30 June	Budget for coming year and attendant resolutions must be approved by 30 June. Approved budget of entity must be tabled.	-
Early June to early July: immediately after budget approved	Submit budget to national treasury and provincial treasury	-
Early June to early July: immediately after approval dates	Place on website annual budgets and all budget-related documents	-
Mid June to mid July: 14 days after budget approved	Finalise draft service delivery and budget implementation plan and draft performance agreements	-
Late June to late July: 28 days after budget approved	Approve service delivery and budget implementation plan	-
Late June to late July: 28 days after budget approved	Conclude performance agreements	-
Mid July to mid August: 14 days after service delivery and budget implementation plan approved	Make public projections of revenues and expenses for each month of coming year, service delivery targets for each quarter, and performance agreements	-

DETAILED BUDGET TIMETABLE

Section of Municipal Finance Management Act No. 56 of 2003	Date by which action must be completed	Action required	Responsible party	Practical considerations
21(1)(b)	31 August	Mayor must at least 10 months before start of budget year table in council time schedule outlining key deadlines for - preparation, tabling and approval of annual budget - annual review of IDP - annual review of budget-related policies - tabling and adoption of any amendments to IDP and budget-related policies - any consultative processes forming part of foregoing	Mayor	Time schedule must either fit in with already scheduled council meetings or must indicate when special council meetings must be scheduled.
Section 88	20 January	Accounting officer of municipal entity must assess entity's budgetary and financial performance for first six months of financial year and submit assessment report to board of directors and parent municipality.		
72(1), (2) and (3)	25 January	Accounting officer of municipality must assess budgetary and financial performance of municipality for first six months of financial year, make recommendations on whether adjustments budget necessary, and recommend revised projections for revenues and expenses. This assessment must be submitted to the mayor, national treasury and the provincial treasury (presumably immediately).	Accounting officer	

54(1)(f)	31 January	Mayor must submit accounting officer's report to council.	Mayor	Special council meeting may have to be scheduled.
87	31 January or earlier if so requested by parent municipality	Board of directors of municipal entity must submit to parent municipality proposed budget for entity for ensuing financial year.	Board of directors of entity	It is not clear to what person or structure in the parent municipality this budget must be submitted. However, it makes good sense for the council of the municipality to consider this budget at the same meeting that it considers he municipality's own proposed adjustments budget.
87	(31 January to mid-March)	Parent municipality must consider proposed budget, and make any necessary recommendations.		It is not clear what person or structure in the parent municipality must perform this action, but the council seems the logical party. It would also make sense for the council to consider this budget by 31 January.
87	(Tabled in council by 31 January)	Board of directors of entity may, with approval of mayor of parent municipality, revise budget of entity for certain prescribed reasons. Adjustments budget once approved by board of directors of entity must be tabled by mayor at next meeting of council of parent municipality. Adjustments budget must be made public.	Board of directors and mayor of parent municipality	Evidently such an adjustments budget may be prepared at any stage. It would make good sense, however, for the parent municipality to insist that the entity's revised budget be prepared and submitted to the mayor at the same time that or before the entity's proposed budget for the new financial year is considered.

				Again the potential problem of different parent municipalities having different views will have to be resolved by (presumably) the mayors considered.
54(1) and (2)	(Between 31 January and 31 March)	If municipality faces "serious financial problems" mayor must "promptly" respond to and initiate remedial steps proposed by accounting officer, including steps to reduce expenses and tabling of adjustments budget. Mayor must also consider revisions to service delivery and budget implementation plan. (Note that only council may approve changes to service delivery targets and KPIs – these changes must therefore be tabled with the adjustments budget).	Mayor	Adjustments budgets may be prepared by the accounting officer, and tabled in council by the Mayor "when necessary". They must be so prepared and tabled (within prescribed limits as to timing and frequency) whenever material adjustments to expenses or revenues are required, and not only when "serious financial problems" are looming. In general, adjustments budgets should preferably be tabled by or as soon as possible after 31 January, and certainly not later than 31 March when the draft annual budget for the next year is first tabled.
54(3)	(Between 31 January and 31 March)	Mayor must ensure that revisions to service delivery and budget implementation plan are "promptly" made public. (Note that no concomitant revision of performance agreements is evidently envisaged).	Mayor	Presumably the accounting officer must make these revisions for the mayor's approval as part of the process of adjusting the annual budget. The deadline for these revisions must be by or as soon as possible after 31 January, but certainly not later than 31 March. See also 54(1) and (2).
87	100 days before start of financial year	Board of directors of entity must consider recommendations, and if necessary, submit revised budget to parent municipality.	Board of directors of entity	

	(approximately mid-March)			
16(2)	31 March	Mayor must table (draft) annual budget of municipality at council meeting at least 90 days before start of budget year.	Mayor	Council meeting must be scheduled appropriately.
87	31 March	Mayor of parent municipality must table originally proposed or proposed revised budget (as case may be) of entity when (draft) annual budget of municipality first tabled.	Mayor	-
22(a) and 22(b)	Immediately after 31 March or earlier date if annual budget tabled before 31 March	Immediately after (draft) annual budget tabled in council, accounting officer must (1) make public budget and documents referred to in Section 17(3), and invite local community to submit representations in connexion with budget, and (2) submit annual budget in both printed and electronic formats to provincial treasury, and in either format to prescribed national and provincial organs of state and to other municipalities affected by the budget.	Accounting officer	
23(2)	Before 31 May	Council must give mayor opportunity (1) to respond to submissions received on (draft) annual budget and attendant documentation and (2) to revise budget, if necessary, and table amendments for consideration by council.	Mayor and council	-
24(1) and (2)	31 May	Council must consider approval of annual budget, together with resolutions imposing rates and levies, setting tariffs, approving measurable performance objectives for revenue from each source and for each	Council	Although council has until 30 June to approve budget, best practice will be to approve budget not later than 31 May.

		vote, approving any changes to IDP, and approving any changes to budget-related policies.		
87(4)	31 May	Board of directors of municipal entity must approve budget for coming year, having taken into account recommendations of council of parent municipality, and must make budget public.	Board of directors of municipal entity	
24(3)	(Immediate after approval date)	Accounting officer must submit approved annual budget to national treasury and provincial treasury.	Accounting officer	No time limit is specified for this action, and neither is the format in which the budget is to be submitted specified. Common sense dictates that the submission should be at least in electronic format and that it should be made as soon as possible after the approval date.
25(1) and (2)	Within 7 days of date of council meeting which failed to approve annual budget	If council fails to approve annual budget at meeting scheduled in terms of Section 24, must reconsider budget within 7 days of date of such meeting. If necessary, process must be repeated until budget approved by 30 June.	Council	As province will intervene if budget not approved by 30 June, mayor, councillors and accounting officer must co-operate to ensure obstacles to approval timeously removed.
69(3)(a) and (b)	14 days after approval of annual budget (mid June to mid July)	Accounting officer must submit to mayor draft service delivery and budget implementation plan, and drafts of annual performance agreements for municipal manager and all senior managers.	Accounting officer	

53(1)(c)(ii)	Within 28 days after date annual budget approved (late June to late July)	Service delivery and budget implementation plan must be approved by mayor, including projections of revenues and expenses for each month, and service delivery targets and performance indicators for each quarter. (Note that though the mayor approves these targets and KPIs, only the council may change them and then only following the approval of an adjustments budget. See Section 54(1)(c)).	Mayor	-
53(1)(c)(iii)(aa) & (bb)	Within 28 days after date annual budget approved (late June to late July)	Mayor must take all reasonable steps to ensure that annual performance agreements for municipal managers and all senior managers are linked to measurable performance objectives approved with the budget and to the service delivery and budget implementation plan, and are concluded in accordance with Section 57(2) of the Municipal Systems Act.	Mayor	No date is specified for the completion of this requirement, but the logical inference is that the date should not be much later than the date on which the service delivery and budget implementation plan must be approved. See Section 53(3)(b).
16(1)	30 June	Annual budget must be approved by council	Council	-
53(3)(a) and (b)	14 days after approval of service delivery and budget implementation plan (mid-July to mid-August, depending on date plan approved)	Projections of revenues and expenses for each month and service delivery targets for each quarter (as set out in approved service delivery and budget implementation plan), and performance agreements of municipal manager and senior manager must be made public, and copies of performance agreements must be submitted to council and MEC for local government.	Mayor	Although this is not specified as a requirement, logic dictates that copies of the service delivery and budget implementation plan should also be submitted to council and the MEC.

UGU DISTRICT MUNICIPALITY

“The Municipality”

BUDGET POLICY

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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 Manager of Ugu Municipality;

"Allocation" means –

i) a municipality's share of the local government's equitable share referred to in Section 214(l) (a) of the Constitution;
ii) an allocation of money to a municipality in terms of Section 214(1) (c) of the Constitution;
iii) an allocation of money to a municipality in terms of a provincial budget; or
iv) any other allocation of money to a municipality by an organ of state, including by another municipality, otherwise than in compliance with a commercial or other business transaction.

"Annual Division of Revenue Act" means the Act of Parliament, which must be enacted annually in terms of Section 214(1) of the Constitution;

"Approved budget" means an annual budget -

a) approved by a municipal Council, or
b) includes such an annual budget as revised by an adjustments budget in terms of section 28 of the MFMA.

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

a) the tariffs policy, which the Municipality must adopt in terms of Section 74 of the Municipal Systems Act;
b) the rates policy which the Municipality must adopt in terms of Section 3 of the Municipal Property Rates Act;
c) the credit control and debt collection policy, which the Municipality must adopt in terms of Section 96 of the Municipal Systems Act;

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

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

"Council" means the Council of Ugu Municipality;

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

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

"Financial Statements" means statements consisting of at least -

a) a statement of financial position;
b) a statement of financial performance;
c) a cash-flow statement;
d) any other statements that may be prescribed; and
e) any notes to these statements;

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

"Fruitless and wasteful expenditure" means expenditure that was made in vain and would have been avoided had reasonable care been exercised;

"Irregular expenditure", means –

a) expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the MFMA Act, and which has not been condoned in terms of Section 170 of the MFMA;
b) expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the Municipal Systems Act, and which has not been condoned in terms of that Act;
c) expenditure incurred by a municipality in contravention of, or that is not in accordance with, a requirement of the Public Office-Bearers Act, 1998 (Act 20 of 1998); or

d) expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the supply chain management policy of the municipality or entity or any of the municipality's by-laws giving effect to such policy, and which has not been condoned in terms of such policy or by-law, but excludes expenditure by a municipality which falls within the definition of "unauthorised expenditure";

"Investment" in relation to funds of a municipality, means -

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

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

"Mayor" means the Mayor of Ugu Municipality;

"Municipality" refers to Ugu District Municipality

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

"Official" means -

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

"Overspending" means -

a) causing the operational or capital expenditure incurred by the Municipality during a financial year to exceed the total amount appropriated in that year's budget for its operational or capital expenditure, as the case may be;
b) in relation to a vote, means causing expenditure under the vote to exceed the amount appropriated for that vote; or

c) in relation to expenditure under Section 26 of the MFMA, means causing expenditure under that section to exceed the limits allowed in subsection (5) of this section;

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

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

"Service Delivery and Budget Implementation Plan" means a detailed plan approved by the Mayor of a municipality in terms of Section 53 (l) (c) (ii) of the MFMA for implementing the Municipality's delivery of municipal services and its annual budget, and which must indicate:

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

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

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

"Virement" means transfer of funds between functions / votes

"Vote" means

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

2. PRINCIPLES

2.1 Section 215 (1) of the Constitution of the Republic of South Africa states that National, provincial and municipal budgets and budgetary processes must promote transparency, accountability and the effective financial management of the economy, debt and the public sector. It also states in S215 (3), that Budgets in each sphere of government must contain;

a. Estimates of revenue and expenditure, differentiating between capital and current expenditure;
b. Proposals for financing any anticipated deficit for the period to which they apply; and
c. An indication of intentions regarding borrowing and other forms of public liability that will increase public debt during the ensuing year.

2.2 Section 26(h) of the Municipal Systems Act (Act 32 of 2000) requires a municipality's Integrated Development Plan to reflect a financial plan, which must include a budget projection for at least the next three years (Medium Term Expenditure Framework);

2.3 Section 21 of the Municipal Finance Management Act (Act 56 of 2003) prescribes the function of the Mayor who must coordinate the processes for preparing the annual budget and for the reviewing of the municipality's Integrated Development Plan and budget related policies and to ensure that any revisions are mutually consistent and credible;

2.4 Section 16 of the Municipal Finance Management Act, requires the municipal council to approve an annual budget for the municipality before the start of the financial year;

2.5 The Minister with the concurrence of the Minister for Provincial and Local Government, has in terms of S168 of the Municipal Finance Management Act issued the Municipal Budget and Reporting Regulations which aim to secure sound and sustainable management of the budgeting and the reporting practices of the municipalities by establishing uniform norms and standards and other requirements for ensuring transparency, accountability and appropriate lines of responsibility in the budgeting and reporting processes; Now therefore**,** the Council of Ugu District Municipality adopts the Budget Policy as set out in this document.

3. OBJECTIVES OF THE POLICY

To set a broad framework within which Budget related decisions of the Municipality will be taken and implemented to ensure efficient and transparent financial planning that will promote sound and sustainable financial management, essential for the achievement of the Municipality's developmental priorities as contained in its Integrated Development Plan.

4. SCOPE AND INTENDED AUDIENCE

4.1 This Policy will serve as a guideline for the effective management of the Municipal budgetary processes, in order to attain the strategic objectives of the Municipality within the ambits of the applicable legislation, and shall apply to all departments within the Municipality.

4.2 Council has considered the guidelines distributed by National Treasury to local government which detail the processes and formats to be followed when preparing the budget policy.

4.3 The Municipality shall comply with the provisions of this Policy in the compilation of each of its budgets.

5. REGULATORY FRAMEWORK

In the process of preparing the Municipal budget, The Mayor, political office bearers (Councillors), Accounting Officer, Chief Financial Officer and other officials shall comply with all relevant legal requirements, including:-

a) The provisions of Chapter 4 of the Municipal Finance Management Act, 2003, ('the MFMA"), as well as Sections 42, 43, 53, 54, 55, 68, 69, 70, 71, 72, 75, 80, 81, and 83 thereof; and

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.

6. ROLES AND RESPONSIBILITIES

6.1 Role of Council

a) Must provide political leadership and direction

b) Play an oversight role by approving budget related policies, and ensuring that the priorities are reflected in the budget. (Council may not delegate approval of budgets and policies)
c) Approve the Integrated Development Plan, the Annual Budgets and the Service Delivery Budget Implementation Plan.
d) Monitor the outcomes of the implementation of the policies and budgets.

6.2 **Role of the Mayor**

a) Provide general political guidance over the budget process and the priorities that must guide the preparation of the budget. (S53, MFMA)
b) Prepare and table a schedule of key deadlines for the preparation, tabling and approval of the budget, annual review of the IDP and the consultative process. (S21, MFMA)
c) Take all reasonable steps to ensure that the Municipality approves its annual budget before the start of the financial year and report to the Municipal Council and the MEC for finance in the province any delays in the tabling of the annual budget. (S53,MFMA)
d) Must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in S53, MFMA

6.3 **Role of the Accounting Officer**

a) Assist the Mayor in performing budgetary functions assigned to him/her in terms of Chapter 4 & 7 of the MFMA and to provide administrative support, resources and information necessary for the performance of those functions. (S68, MFMA)
b) Is responsible for the implementation of the approved budget and must take all reasonable steps to ensure that the spending of funds is in accordance with the budget and is reduced as necessary when the revenue is anticipated to be less than the projected in the budget.
c) Ensure that revenue and expenditure are properly monitored.
d) Must prepare an adjustments budget and submit it to the Mayor for consideration and tabling in the Municipal Council when necessary.
e) Report to the Municipal Council any shortfalls in budget revenue, overspending and necessary steps taken to prevent shortfalls and overspending.
f) Submit to the Mayor actual revenue, borrowings, expenditure and where necessary report variances on projected revenue and the budget.

6.4 **Role of the Chief Financial Officer (CFO)**

a) Without derogating in any way from the legal responsibilities of the Accounting Officer as Accounting Officer, the Chief Financial Officer shall be responsible for preparing the draft annual capital and operating budgets (including the budget components required for the ensuing financial years), any required adjustments budgets, the projections of revenues and expenses for the service delivery and budget implementation plan (including the alignment of such projections with the cash management programme prepared in terms of the banking, cash management and investments policy), and shall be accountable to the Accounting Officer in regard to the performance of these functions.

b) Must advise the Accounting Officer on the exercise of powers and duties assigned to him in terms of the MFMA.

c) Must assist the Accounting Officer in the preparation and implementation of the Municipality's budget.

d) The Chief Financial Officer shall draft the budget timetable for the ensuing financial year for the Council's approval, and shall indicate in such timetable the target dates for the draft revision of the annual budget and the preparation of the annual budget for the ensuing financial year, which target dates shall follow the prescriptions of the Municipal Finance Management Act, and target dates for the submission of all the budget-related documentation to the Management Committee, Finance Portfolio, Executive Committee and Council.

e) Except where the Chief Financial Officer, with the consent of the Mayor and Accounting Officer, decides otherwise, the sequence in which each annual budget and adjustments budget shall be prepared, shall be: first, the capital component, and second, the operating component. The operating component shall duly reflect the impact of the capital component on**:**
   i) depreciation charges;
   ii) repairs and maintenance expenses;
   iii) interest payable on external borrowings; and
   iv) other operating expenses.

f) In preparing the operating budget, the Chief Financial Officer shall determine the number and type of votes to be used and the line-items to be shown under each

vote, provided that in so doing the Chief Financial Officer shall properly and adequately reflect the organisational structure of the Municipality, and further in so doing shall comply – in so far as the organisational structure permits – also with the prescribed budget format of National Treasury

g) Must perform all budgeting and other duties as delegated by the Accounting Officer in terms of S79, MFMA.

h) The Chief Financial Officer shall determine the depreciation expenses to be charged to each vote, the apportionment of interest payable to the appropriate votes, the estimates of withdrawals from (claims) and contributions to (premiums) the self-insurance reserve, and the contributions to the provisions for debt impairment, accrued leave entitlements and obsolescence of stocks

i) The Chief Financial Officer shall further, with the approval of the Mayor and the Accounting Officer, determine the recommended contribution to the asset financing reserve and any special contributions to the self-insurance reserve.

j) The Chief Financial Officer shall also, again with the approval of the Mayor and the Accounting Officer, and having regard to the Municipality's current financial performance, determines the recommended aggregate growth factor(s) according to which the budgets for the various votes shall be drafted.

k) The Chief Financial Officer shall compile monthly budget reports, with recommendations, comparing actual results with budgeted projections, and the heads of departments shall timeously and adequately furnish the Chief Financial Officer with all explanations required for deviations from the budget. The Chief Financial Officer shall submit these monthly reports to the Mayor, Finance Portfolio and Executive Committee, and all other prescribed parties, in accordance with the prescriptions of the Municipal Finance Management Act.

l) The Chief Financial Officer shall provide technical and administrative support to the Mayor in the preparation and approval of the annual and adjustment budgets, as well as in the consultative processes, which must precede the approval of such budget.

m) The Chief Financial Officer shall ensure that the annual and adjustments budgets comply with the requirements of the National Treasury, reflect the budget priorities

determined by the Mayor, are aligned with the IDP, and comply with all budget-related policies, and shall make recommendations to the Mayor on the revision of the IDP and the budget-related policies where these are indicated.

n) The Chief Financial Officer shall make recommendations on the financing of the draft capital budget for the ensuing and future financial years, indicating the impact of viable alternative financing scenarios on future expenses, and specifically commenting on the relative financial merits of internal and external financing options.

o) The Chief Financial Officer shall determine the basis for allocating overhead expenses not directly chargeable to votes. The expenses associated with the democratic process shall be allocated to a separate vote, and shall not be charged out as an overhead.

p) The Chief Financial Officer shall ensure that the cost of indigent relief is separately reflected in the appropriate votes.

q) The Chief Financial Officer shall ensure that the allocations from other organs of state are properly reflected in the annual and adjustments budget, and that the estimated expenses against such allocations (other than the equitable share) are appropriately recorded.

6.5 Role of Senior Managers & Other Officials

a) Each Senior Manager and each Municipal official exercising financial management responsibilities must take all reasonable steps within his/her area of responsibility to ensure that the financial resources of the Municipality are utilised effectively, efficiently, economically and transparently.
b) Must prevent unauthorised, irregular and fruitless or wasteful expenditure and other losses within his/her Department.
c) Must ensure that all revenue due to the Municipality is collected.
d) Must ensure that all information required by the Accounting Officer for compliance with the provisions of the Acts is timeously submitted.

6.6 Role of the Budgeting Steering Committee

6.6.1 The Municipal Budget and Reporting regulations (Government Gazette 32141) chapter 2 requires the Mayor to establish a Budget steering comprising of the following members:-

a) The Mayor – Chairperson
b) The Speaker
c) The Whips of Political Parties
d) The Accounting Officer (Municipal Manager)
e) The Chief Financial Officer
f) The IDP Manager
g) The Manager Budget Office and,
h) Members of Senior Management (Top Management)

6.6.2 The role of the Committee shall be:-

a) To assist the Mayor in carrying out his/her statutory roles and responsibilities in accordance with S52 and S53 of the MFMA.
b) To provide technical assistance to the Municipal political office bearers during policy formulation and to assist priority determination.
c) To interrogate and make recommendations on the adoption of the Annual Budget, the Service Delivery and Budget Implementation Plan (SDBIP), S71 monthly budget statements and S72 Midyear budget and performance report and the Adjustments Budget.
d) To evaluate the progress report of the Accounting Officer with regard to the financial year end closure and compilation of the Municipal audit file.
e) To evaluate progress report on the statutory audit by the office of the Auditor General.
f) To exercise oversight in the compilation of the Annual Report.
g) To evaluate action plans from the Accounting Officer on corrective measures to be taken on issues raised by the Auditor General.
h) To evaluate and recommend payment of Annual Performance Bonuses to the Accounting Officer and Senior Management after the annual report has been adopted by Council on 31 January each year.

6.6.3 Council may adopt its existing Finance Portfolio Committee as its Budget and Steering Committee.

6.7 **Role of the Budget and Treasury Office**

a) To assist the Accounting Officer in tabulating key time frames for the Budget Process.
b) To provide guidance to the Accounting Officer and Senior Managers during the budget preparation process in accordance with National Treasury MFMA Reforms.
c) To consolidate departmental Capital and Operating budgets.
d) To consolidate departmental S71 monthly budget statements, quarterly returns and the Midyear monitoring report and submit to the Finance Portfolio Committee.
e) To report any unauthorised, irregular, fruitless and wasteful expenditure or any deviations from the approved budget to the Finance Portfolio Committee.
f) To assist the Accounting Officer in implementing recommendations of the Finance Portfolio Committee.
g) To manage the administrative operations of the Budget and Treasury Office to ensure full compliance with the MFMA and any issued guidelines or Circulars from National Treasury.

6.8 **Delegation of roles and responsibilities**

6.8.1 All delegations by the Mayor to the Accounting Officer, Mayor to the members of the Finance portfolio Committee, the Accounting Officer to the Chief Financial Officer and other Senior Managers, of their roles, duties and responsibilities as per the MFMA:-

a) Must be in writing,
b) Are subject to the limitations as may be imposed by the Act,
c) Does not absolve the Mayor, the Accounting Officer or the Senior Officials of the responsibilities concerning the exercise of the delegated power or the performance of the fiduciary duties, and
d) Should not be indefinite and must be reviewed annually.

7 ANNUAL SCHEDULE OF KEY DEADLINES

7.1 The deadline dates for all budget preparation processes shall be as per the approved Process Plan as tabled by the Mayor to Council in August.

7.2 Such Process Plan shall indicate the target dates for the draft revision of the Integrated Development Plan and the preparation of the annual budget for the ensuing financial year, which target dates shall follow the prescriptions of the MFMA, for the submission

of all the budget-related documentation to the Mayor, Finance Committee, Executive Committee and Council.

7.3 Such time schedule shall provide for the deadlines set out in Appendix A, unless the Mayor, after consultation with the Chief Financial Officer, determines otherwise and provided that the requirements of the MFMA shall at all times be adhered to.

7.4 The Chief Financial Officer shall be responsible for ensuring that the time schedule is adhered to.

8 BUDGET PRINCIPLES

The sequence in which the Annual Budget shall be prepared shall be, first, the capital component and second, the operating component, except where the Chief Financial Officer with the consent of the Mayor decides otherwise. The Municipality's annual budget should:-

a) Move towards the achievement of goals and objectives of the Municipality within the constraints of the available resources.
b) Consider the Priorities as identified in the State of the Nation Address, State of the Province Address and the State of the District Address.
c) Reflect the priorities contained in the Municipality's Integrated Development Plan.
d) Be credible and fully funded from realistically anticipated revenues.
e) Consider any resolutions taken by Council or the Executive Committee in the previous Budget Year which have financial implications on the current Medium Term Revenue Expenditure Framework.
f) The basis of measurement and accounting policies underpinning the Municipality's annual financial statements must be the same as those used in the preparation of the Municipality's annual budget and supporting documentation.
g) Expenses may only be incurred in terms of the approved annual budget (or adjustments budget) and within the limits of the amounts appropriated for each vote in the approved budget.

9 FUNDING OF EXPENDITURE

An Annual budget must be funded only from:

a) Realistically anticipated revenues to be collected.
b) Cash-backed accumulated surpluses from previous years not committed for other purposes;

c) Borrowed funds, but only for revenue-generating capital projects; and
d) Grants and subsidies as per DORA.

10 THE CAPITAL BUDGET

10.1 The Budget shall be prepared in the prescribed budget format of National Treasury.

10.2 The annual capital budget shall be prepared from a zero base, except in so far as capital projects represent a contractual commitment to the Municipality extending over more than one financial year.

10.3 The annual capital budget shall only be approved by Council if it is properly balanced (i.e. if the sources of finance have been secured to fund the budget and are equal to the proposed capital expenditure).

10.4 Before approving the capital budget, the Council shall consider the impact on the present and future operating budgets in relation to Finance Charges on external loans, Depreciation on fixed assets, Maintenance costs of fixed assets, and any other ordinary operational expenses associated with any item in that capital budget.

10.5 The Council shall also consider any impact of operating expenses – net of any revenues to be generated from the project – i.e. on future service tariffs.

10.6 Expenditure of a project shall be included in the Capital Budget if it meets the asset definition in terms of Council's approved Asset Management Policy

11 OPERATING REVENUE

11.1 The Operating revenue must include:

a) Estimates for all municipal revenue sources and;
b) All gazetted grants and subsidies, donations and subsidies in kind or emergency relief funding.

11.2 The allocation of interest on investments shall be budgeted for in terms of the cash, banking and investment policy.

11.3 In preparing the revenue budget, the Municipality shall strive to maintain the aggregate revenues from service charges at not less than 90% of the aggregate revenues net of operating grants.

11.4 The proposed increases in tariffs should be affordable, i.e. in line with CPIX, and should take into account the need to address infrastructure backlogs.

11.5 Tariff increases must respond to the population growth rate and the Division of Revenue Act.

11.6 The water and sanitation charges shall be calculated and levied as per the reviewed Water and Sanitation Tariffs Policy for that MTREF.

11.7 All tariffs shall be published in a local newspaper, and placed on the Municipal website and at the entrance of Ugu offices at least 30 days before the start of the financial year.

11.8 All tariffs must be gazetted in the Government Gazette before the 1st July each year.

12 OPERATING EXPENDITURE

12.1 The Municipality shall budget in each annual and adjustments budget for the contribution to:

a) provision for accrued leave entitlements.
b) entitlement of officials as at 30 June of each financial year;
c) provision for impairment of debtors in accordance with its Rates and Tariffs Policies;
d) provision for the obsolescence and deterioration of stock in accordance with its Supply Chain Management Policy;
e) depreciation and finance charges shall be charged to or apportioned only between the departments or votes to which the projects relate;

12.2 The operating budget shall duly reflect the impact of the capital component on:

a) Depreciation and impairment charges;
b) Repairs and maintenance expenses;
c) Interest payable on external loans, and
d) Any other operating expenses associated with fixed assets.
e) The operating budget must be in the prescribed National Treasury Format.

12.3 SALARIES AND ALLOWANCES

The budget for salaries and allowances shall be separately prepared and shall not exceed the parameter (percentage) of the aggregate operating budget component of the annual or adjustments budget, the parameters as may be contained in the budget circular issued by National Treasury from time to time. If the salary budget, exceed the parameter (percentage) of the aggregate operating budget as issued by National Treasury Council will be advised and provided with reasons and remedial action. The remuneration of Councillors and other political office bearers shall be excluded from this limit.

12.4 PROVISION FOR MAINTENANCE

The Municipality shall adequately provide in each annual and adjustments budget, for the maintenance of its fixed assets in accordance with its Fixed Asset Management and Accounting Policy as well as the routine maintenance plans. A minimum of 8% of the carrying amount of the fixed assets shall be provided for the expenditure on Repairs and Maintenance in the annual budget of the Municipality in accordance with the National Treasury norms.

12.5 FINANCE CHARGES, DEPRECIATION AND IMPAIRMENT

12.5.1 The Finance Charges payable by the Municipality shall be apportioned between departments or votes on the basis of the proportion at the last balance sheet date of the outstanding loan balances belonging to such department or vote to the aggregate outstanding loan balances. However, should Council decide to raise loans only for financing of fixed assets in a specified service or vote, finance charges shall be charged to or apportioned only between the departments or votes relating to such service.

12.5.2 The depreciation expenses shall be apportioned to each department based on the cost of assets allocated to that department. The depreciation method used shall be in terms of the Fixed Assets Management and Accounting Policies.

13 CONSULTATION ON TABLED DRAFT BUDGETS

The Municipality shall, after the annual draft budget is tabled in Council, consider the views of the local community, the National and Provincial Treasuries, organs of state and local municipalities, as required by Section 23 of the MFMA, and shall comply with all other requirements of that section. For the purpose of consultation, the draft budget will be made available to the community, through the community libraries, the municipal offices and the municipal website soon after tabling in Council.

14 APPROVAL OF THE ANNUAL BUDGET

The Council shall approve the budget before the start of the financial year, in accordance the provisions of Section 24 of the MFMA, failing which, the Municipality shall be subject to the provisions of Section 25 of the MFMA.

15 PUBLICATION OF THE BUDGETS

In accordance with Section 22 of the MFMA, the Municipal Manager shall ensure that immediately after the annual budget is tabled in the Council:

a) The budget is made public in accordance with the provisions of Section 17 (3) of the Local Government Municipal Systems Act.
b) The budget is submitted to the National Treasury and Provincial Treasury in printed and electronic formats;
c) The budget is submitted to any prescribed organs of state and to other municipalities affected by it.

16 MONTHLY BUDGET REPORTS

The Chief Financial Officer shall compile monthly budget reports, with recommendations, comparing actual results with budgeted projections, and the heads of departments shall furnish the Chief Financial Officer with all explanations required for deviations from the budget.

The Chief Financial Officer shall submit these monthly reports to the Mayor, Finance Committee and Executive Committee, and all other prescribed parties, in accordance with the prescriptions of the Municipal Finance Management Act.

17 RELATED POLICIES

This Policy must be read in conjunction with the following budget-related policies of the Municipality:-

17.1.1 Indigent Support Policy
17.1.2 Asset Management Policy
17.1.3 Water Services Policy (incorporating the Tariff Policy)
17.1.4 Cash, Banking and Investments Policy
17.1.5 Supply Chain Management Policy
17.1.6 Credit Control and Debt Collection Policy
17.1.7 Funding and Reserves Policy
17.1.8 Virement Policy
17.1.9 Basic Services Policy

18 REVIEW OF THE POLICY

This Policy will be reviewed annually by the Budget Steering Committee prior to the commencement of the budget process to ensure compliance with any changes in

legislation or any 'best practice' guidelines and MFMA Circulars as may be issued by National Treasury from time to time.

19 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.

20 EFFECTIVE DATE

This Policy shall come to effect upon approval by Council.

21 POLICY ADOPTION

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

Resolution No:…….

Approval Date:.....

ANNEXURE: LEGAL REQUIREMENTS

MUNICIPAL FINANCE MANAGEMENT ACT

Section 15 Appropriation of funds for expenditure

Expenses may only be incurred in terms of the approved annual budget (or adjustments budget) and within the limits of the amounts appropriated for each budget vote.

Section 16 Annual budgets

The Council of the municipality must approve the annual budget before the start of the financial year to which it relates.

The Mayor must table the annual budget at least ninety days before the start of such financial year.

The capital budget may extend over three years, provided that it is separated into annual appropriations for that period.

Section 17 Contents of annual budgets and supporting documents

The budget must be in the prescribed format, and must be divided into a capital and an operating budget.

The budget must reflect the realistically expected revenues by major source for the budget year concerned.

The expenses reflected in the budget must be divided into votes.

The budget must also contain the foregoing information for the two financial years following the financial year to which the budget relates, as well as the actual revenues and expenses for the year before the current year, and the estimated revenues and expenses for the current year.
The budget must be accompanied by all the following documents:

- draft resolutions approving the budget and levying property rates, other taxes and tariffs for the financial year concerned;

- draft resolutions (where applicable) amending the IDP and the budget-related policies;

- measurable performance objectives for each budget vote, taking into account the municipality's IDP;

- the projected cash flows for the financial year by revenue sources and expenditure votes;

- any proposed amendments to the IDP;

- any proposed amendments to the budget-related policies;

- the cost to the municipality of the salaries, allowances and other benefits of its political office bearers and other councillors, the municipal manager, the chief financial officer, and other senior managers;

- particulars of any proposed allocations or grants to other municipalities, municipal entities, external mechanisms assisting the municipality in service delivery, other organs of state, and organisations such as NGOs, welfare institutions and so on;

- particulars of the municipality's investments; and

- various information in regard to municipal entities under the shared or sole control of the municipality.

Section 18 Funding of expenditures

The budget may be financed only from:

- realistically expected revenues, based on current and previous collection levels;
- cash-backed funds available from previous surpluses where such funds are not required for other purposes; and

- borrowed funds in respect of the capital budget only.

Section 19 Capital projects

A municipality may spend money on a capital project only if the money for the project (excluding the cost of any required feasibility studies) has been appropriated in the capital budget.

The total cost of the project must also be approved by the Council.

The envisaged sources of funding for the capital budget must be properly considered, and the Council must be satisfied that this funding is available and has not been committed for other purposes.

Before approving a capital project, the Council must consider the projected cost of the project over all the ensuing financial years until the project becomes operational, as well as the future operational costs and any revenues which may arise in respect of such project, including the likely future impact on property rates and service tariffs.

Section 20 Matters to be prescribed

The Minister of Finance must prescribe the form of the annual budget, and may further prescribe a variety of other matters, including the inflation projections which the municipality must use in compiling its budget.

The Minister may also prescribe uniform norms and standards in regard to the setting of tariffs where a municipality entity or other external mechanisms is used to perform a municipal service; and may also take appropriate steps to ensure that a municipality does not, in exceeding its fiscal powers, materially and unreasonably prejudice national economic policies (particularly on inflation, administered pricing and equity), economic activities across municipal boundaries, and the national mobility of goods, services, capital or labour.

Section 21 Budget preparation process

The Mayor of the municipality must:

- Co-ordinate the processes for preparing the annual budget, and for reviewing the municipality's IDP and budget-related policies to ensure that the budget, the IDP, and the policies are mutually consistent and credible.

- At least ten months before the start of the ensuing financial year, table in the Council the time schedule with key deadlines for the preparation, tabling and approval of the following year's annual budget, the review of the IDP and budget-related policies, and the consultative processes required in the approval of the budget.

- When preparing the annual budget, take into account the municipality's IDP, the national budget, provincial budget, the National Government's fiscal and macro-economic policies, and the annual Division of Revenue Act.

- Take all reasonable steps to ensure that the municipality revises its IDP in line with realistic revenue and expenditure projections for future years.

- Consult the district municipality (if it is a local municipality) and all other local municipalities in the district, and all other local municipalities in the district if it is a district municipality.

- Consult the National Treasury when requested, the Provincial Treasury, and such other provincial and national organs of state as may be prescribed.

- Provide, on request, any budget-related information to the National Treasury, other national and provincial organs of state, and any other municipality affected by the budget.

Section 22 Publication of annual budgets

Immediately after the annual budget has been tabled, the Municipal Manager must make this budget and other budget-related documentation public, and must invite the local community to submit representations in regard to such budget.

The Accounting Officer must also immediately submit the tabled budget in both printed and electronic formats to the National Treasury, the Provincial Treasury, and in either format to prescribed national and provincial organs of state and other municipalities affected by the budget.

Section 23 Consultations on tabled budgets

After the budget has been tabled, the Council of the municipality must consider the views of the local community, the National Treasury, the Provincial Treasury, and any provincial or national organs of state or municipalities which have made submissions on the budget.

After considering these views, the Council must give the Mayor the opportunity to respond to the submissions received, and – if necessary – revise the budget and table the relevant amendments for consideration by the Council.

The National Treasury may issue guidelines on the manner in which the Council must process the annual budget, including guidelines on the formation of a committee of the Council to consider the budget and hold public hearings. Such guidelines shall be binding only if they are adopted by the Council.

Section 24 Approval of annual budgets

The Council must consider approval of the budget at least thirty days before the start of the financial year to which such budget relates.

The budget must be approved before the start of such financial year, and the resolutions and performance objectives referred to in Section 17 must simultaneously be adopted.

Section 25 Failure to approve budget before start of budget year

This Section sets out the process which must be followed if the budget is not approved in the normal course of events. Briefly the Council must reconsider and vote on the budget, or an amended version of the budget, every seven days until a budget is approved. The Mayor must immediately inform the MEC for Local Government if the budget is not adopted by the start of the budget year, and may request a provincial intervention.

Section 26 Consequences of failure to approve budget before start of budget year

The provincial executive must intervene in any municipality which has not approved its annual budget by the start of the relevant financial year. Such intervention must entail the taking of any appropriate steps to ensure a budget is approved, including dissolving the Council and appointing an administrator until a new Council can be elected, and approving a temporary budget until such new Council can adopt a permanent budget for the municipality. The Section also imposes restrictions on what may be spent in terms of such temporary budget.

Section 27 Non-compliance with provisions of this chapter

This Section sets out the duties of the Mayor to report any impending non-compliance and the general consequences of non-compliance with the requirements of the various foregoing prescriptions.

Section 28 Municipal adjustments budgets

A municipality may revise its annual budget by means of an adjustments budget.

However, a municipality must promptly adjust its budgeted revenues and expenses if a material under-collection of revenues arises or is apparent.

A municipality may appropriate additional revenues which have become available but only to revise or accelerate spending programmes already budgeted for.

A municipality may in such adjustments budget, and within the prescribed framework, authorise unforeseen and unavoidable expenses on the recommendation of the Mayor.

A municipality may authorise the utilisation of projected savings on any vote towards spending under another vote.

Municipalities may also authorise the spending of funds unspent at the end of the previous financial year, where such under-spending could not reasonably have been foreseen at the time the annual budget was approved by the Council.

Only the Mayor of the municipality may table an adjustments budget. Such budget may be tabled whenever necessary, but limitations on the timing and frequency of such tabling may be prescribed.

An adjustments budget must contain all of the following:

- an explanation of how the adjustments affect the approved annual budget;
- appropriate motivations for material adjustments; and
- an explanation of the impact of any increased spending on the current and future annual budgets.

Municipal taxes and tariffs may not be increased during a financial year except if required in terms of a financial recovery plan.

Section 29 Unforeseen and unavoidable expenditure

In regard to unforeseen and unavoidable expenses, the following apply:

- the Mayor may authorise such expenses in an emergency or other exceptional circumstances;
- the municipality may not exceed a prescribed percentage of the approved annual budget in respect of such unforeseen and unavoidable expenses;
- these expenses must be reported by the Mayor to the next Council meeting;
- the expenses must be appropriated in an adjustments budget; and
- the adjustments budget must be passed within sixty days after the expenses were incurred.

Section 30 Unspent funds

The appropriation of funds in an annual or adjustments budget will lapse to the extent that they are unspent by the end of the relevant budget year, but except for the expenses referred to above in Section 16.

Section 31 Shifting of funds between multi-year appropriations

If the funds for a capital project have been appropriated for more than one financial year (see Section 16) these expenses may exceed the appropriation for any one financial year, provided:

- the increase is not more than 20% of that financial year's allocation;
- the increase is funded in the next financial year's appropriations;
- the Municipal Manager certifies that actual revenues are expected to exceed budgeted revenues, and that enough funds will be available to finance such increased appropriation without incurring further borrowing beyond the annual budget limit;
- the Mayor gives prior written approval for such increased appropriation; and
- all the above documentation is provided to the Auditor-General.

Section 32 Unauthorised, irregular or fruitless and wasteful expenditure

Unauthorised expenses may be authorised in an adjustments budget.

Section 33 Contracts having future budgetary implications

Contracts extending beyond one financial year may be entered into by a municipality, but if such contract extends beyond the three years covered in the annual budget, the municipality may enter into such contract only if:

- The Municipal Manager, at least sixty days before the Council meeting at which the contract is to be approved, has made the contract public, with an information statement summarising the municipality's obligations, and inviting the local community and other interested parties to submit comments or make representations.

- The Municipal Manager solicits the views and recommendations of the National Treasury and Provincial Treasury in respect to such contract, as well as those of the National Department of Provincial and Local Government, and any national department concerned with water, sanitation or electricity, if the contract relates to any of these services.

- The Council has taken into account the projected financial obligations in regard to such contract, the impact on tariffs, and the views and comments received from all the foregoing parties.

- The Council adopts a resolution determining that the municipality will secure a significant capital investment or derive a significant financial or economic benefit from the contract, and approves the entire contract exactly as it is to be executed.

A contract for purposes of this Section shall exclude any contract relating to the incurring of long-term debt by the municipality, employment contracts, contracts for categories of goods as may be prescribed, or contracts where the value of the contract is less than a prescribed value or a prescribed percentage of the annual budget.

Section 42 Price increases of bulk resources for provision of municipal services

National and provincial organs of state which supply water, electricity or any other bulk resources to municipalities or municipal entities for the provision of municipal services may increase the price of such resources only after doing all the following:

- The proposed increase must be submitted to the organ's executive authority and (where legislation so requires) to any regulatory agency for approval.

- At least forty days prior to the above submission the National Treasury and organised local government must be invited to submit written comments on the proposed increase.

- The executive authority, after taking into account the comments received, must table the price increase in Parliament or the provincial legislature, as the case may be, with a full motivation and certain other prescribed explanatory documentation.

Unless the Minister of Finance otherwise directs, a price increase must be tabled on or before 15 March to take effect from 1 July of the same year. If it is tabled after 15 March it may only take effect from 1 July of the following year.

Section 43 Applicability of tax and tariff capping on municipalities

If a national or provincial organ of state is legislatively empowered to determine the upper limits of any municipal tax or tariff, such determination takes effect on the date specified in the determination, but provided that, unless the Minister of Finance otherwise directs:

- A determination promulgated on or before 15 March shall not take effect before 1 July of the same year.
- A determination promulgated after 15 March shall not take effect before 1 July of the following year.
- A determination shall not be allowed to impair a municipality's ability to meet any annual or periodic escalations in the payments it must make in respect of any contract legally entered into by a municipality.

Section 53 Budget processes and related matters

The Mayor of the municipality must:

- Provide general political guidance over the annual budget process and the priorities that guide the preparation of each budget.

- Co-ordinate the annual revision of the IDP, as well as the preparation of the annual budget, and determine how the IDP is to be taken into account or is to be revised for purposes of such budget.

- Take all reasonable steps to ensure that the Council approves the annual budget before the start of the financial year to which it relates, and that the municipality's service delivery and budget implementation plan is approved within twenty-eight days after the approval of the budget.

- Ensure that the annual performance agreements for the Municipal Manager and the senior managers of the municipality are linked to measurable performance objectives which are approved with the budget and the service delivery and budget implementation plan.

The Mayor must promptly report to the Council and the MEC for Local Government any delay in tabling the annual budget, approving the service delivery and budget implementation plan or signing the annual performance agreements.

The Mayor must further ensure that the service delivery targets and quarterly performance indicators, and the monthly projections of revenues and expenses in the service delivery and budget implementation plan, are made public not later than fourteen days after these matters have been approved; and that the performance agreements of the Municipal Manager and other senior officials are similarly made public not later than fourteen days after their approval.

Section 68 Budget preparation

The Municipal Manager must assist the Mayor in performing the assigned budgetary functions and must provide the Mayor with administrative support, operational resources and the information necessary to perform these functions.

Section 69 Budget implementation

The Municipal Manager is responsible for implementing the budget, and must take reasonable steps to ensure that:

- funds are spent in accordance with the budget;
- expenses are reduced if expected revenues are less than projected; and

- revenues and expenses are properly monitored.

The Municipal Manager must prepare any adjustments budget when such budget is necessary and submit it to the Mayor for consideration and tabling in Council.

The Municipal Manager must submit a draft service delivery and budget implementation plan to the Mayor fourteen days after the annual budget has been approved, and must also within the same period submit drafts of the annual performance agreements to the Mayor.

Section 70 Impending shortfalls, overspending and overdrafts

The Municipal Manager must report in writing to the Council any impending shortfalls in the annual revenue budget, as well as any impending overspending, together with the steps taken to prevent or rectify these problems.

Section 71 Monthly budget statements

The Municipal Manager must, not later than ten working days after the end of each calendar month, submit to the Mayor and Provincial Treasury a report in the prescribed format on the state of the municipality's budget for such calendar month, as well as on the state of the budget cumulatively for the financial year to date.

This report must reflect the following:

- actual revenues per source, compared with budgeted revenues;
- actual expenses per vote, compared with budgeted expenses;
- actual capital expenditure per vote, compared with budgeted expenses;
- actual borrowings, compared with the borrowings envisaged to fund the capital budget;
- the amount of allocations received, compared with the budgeted amount;
- actual expenses against allocations, but excluding expenses in respect of the equitable share;
- explanations of any material variances between the actual revenues and expenses as indicated above and the projected revenues by source and expenses by vote as set out in the service delivery and budget implementation plan;
- the remedial or corrective steps to be taken to ensure that the relevant projections remain within the approved or revised budget; and

- projections of the revenues and expenses for the remainder of the financial year, together with an indication of how and where the original projections have been revised.

The report to the National Treasury must be both in electronic format and in a signed written document.

Section 54 Budgetary control and early identification of financial problems

On receipt of the report from the Municipal Manager, the Mayor must:

- consider the report;
- check whether the budget has been implemented in accordance with the service delivery and budget implementation plan;
- issue appropriate instructions to the Municipal Manager to ensure that the budget is implemented in accordance with this plan, and that the spending of funds and the collection of revenues proceed in accordance with the approved budget;
- identify any financial problems facing the municipality, as well as any emerging or impending financial problems; and
- submit to the Council within thirty days of the end of each quarter a report on the implementation of the budget and the financial state of affairs of the municipality.

If the municipality faces any serious financial problems, the Mayor must:

- promptly respond to and initiate the remedial or corrective steps proposed by the Municipal Manager, and
- alert the MEC for Local Government and the Council of the municipality to the problems concerned.

The Mayor may revise the details of the service delivery and budget implementation plan, but any revisions to the service delivery targets and quarterly performance indicators must be approved by the Council, and be supported by an adjustments budget. Any changes made to the projections of revenues and expenses as set out in the plan must promptly be made public.

Section 55 Report to provincial executive if conditions for provincial intervention exist

If the Council has not approved its annual budget by the first day of the financial year to which it relates, or if the municipality encounters serious financial problems, the Mayor must

immediately report this matter to the MEC for Local Government and may recommend a provincial intervention.

Section 72 Mid-year budget and performance assessment

The Municipal Manager must assess the budgetary performance of the municipality for the first half of the financial year, taking into account all the monthly budget reports for the first six months, the service delivery performance of the municipality as against the service delivery targets and performance indicators which were set in the service delivery and budget implementation plan, and the past financial year's annual report and the progress made in resolving problems identified in such report.

The Municipal Manager must then submit a report on such assessment to the Mayor, the National Treasury and the Provincial Treasury.

The Municipal Manager may in such report make recommendations for adjusting the annual budget and for revising the projections of revenues and expenses set out in the service delivery and budget implementation plan.

In terms of Section 54(1)(f) the Mayor must promptly submit this assessment report to the Council of the municipality.

Section 73 Reports on failure to adopt or implement budget-related and other policies

The Municipal Manager must inform the Provincial Treasury, in writing, of any failure by the Council to adopt or implement any budget-related policy or a supply chain management policy, and of any non-compliance by an office bearer or political structure with such policy.

Section 75 Information to be placed on websites of municipalities

The Municipal Manager must place on the municipality's official website (inter alia) the following:

- the annual and adjustments budgets and all budget-related documents;
- all budget-related policies;
- the annual report;
- all performance agreements;
- all service delivery agreements;

- all long-term borrowing contracts;
- all quarterly reports submitted to the Council on the implementation of the budget and the financial state of affairs of the municipality.

Section 80 Establishment (of municipal budget and treasury office)

Every municipality must have a budget and treasury office comprising a Chief Financial Officer supported by appointed officials and contracted staff.

Section 81 Role of chief financial officer

The Chief Financial Officer is administratively in charge of the budget and treasury office and must, inter alia,

- assist the Municipal Manager in preparing and implementing the budget;
- perform such budgeting, financial reporting and financial management and review duties as are delegated by the Municipal Manager;
- account to the Municipal Manager for the performance of all the foregoing responsibilities.

Section 83 Competency levels of professional financial officials

The Municipal Manager, senior managers, the Chief Financial Officer and the other financial officials in a municipality must all meet prescribed financial management competency levels.

SUMMARISED TIMETABLE

NOTE: DATES IN BRACKETS ARE PUTATIVE

FINAL DATE	ACTION BY MUNICIPALITY	ACTION BY MUNICIPAL ENTITY
31 August	Table in council timetable for preparation of coming year's annual budget	-
20 January	-	Assess current year's budget performance and submit report to board of directors and municipality
25 January	Assess current year's budget performance	-
31 January	Table assessment report in council	-
31 January or earlier	-	Submit proposed budget for coming year to municipality
(31 January)	Consider municipal entity's proposed budget for coming year and make recommendations	-
(31 January or earlier)	Table municipal entity's adjustments budget for coming year	Submit adjustments budget for current year to municipality and make budget public
(Between 31 January and 31 March)	Table municipality's adjustments budget for current year and changes to service delivery targets and KPIs	-
(Between 31 January and 31 March)	Make public (adjustments budget and) revisions to service delivery and budget implementation plan for current year	-
Mid-March	-	Submit revised budget for coming year to municipality
31 March	Table municipality's draft budget for coming year	-
31 March	Table municipal entity's revised budget for coming year	-
Immediately after 31 March	Make public draft budget for coming year and invite submissions from community, provincial treasury and others	-
FINAL DATE	**ACTION BY MUNICIPALITY**	**ACTION BY MUNICIPAL ENTITY**
Before 31 May	Respond to submissions and revise draft budget for coming year	-
31 May	Consider approval of budget for coming year and attendant resolutions	Approve revised budget for coming year and make budget public

30 June	Budget for coming year and attendant resolutions must be approved by 30 June. Approved budget of entity must be tabled.	-
Early June to early July: immediately after budget approved	Submit budget to national treasury and provincial treasury	-
Early June to early July: immediately after approval dates	Place on website annual budgets and all budget-related documents	-
Mid June to mid July: 14 days after budget approved	Finalise draft service delivery and budget implementation plan and draft performance agreements	-
Late June to late July: 28 days after budget approved	Approve service delivery and budget implementation plan	-
Late June to late July: 28 days after budget approved	Conclude performance agreements	-
Mid July to mid August: 14 days after service delivery and budget implementation plan approved	Make public projections of revenues and expenses for each month of coming year, service delivery targets for each quarter, and performance agreements	-

DETAILED BUDGET TIMETABLE

Section of Municipal Finance Management Act No. 56 of 2003	Date by which action must be completed	Action required	Responsible party	Practical considerations

21(1)(b)	31 August	Mayor must at least 10 months before start of budget year table in council time schedule outlining key deadlines for - preparation, tabling and approval of annual budget - annual review of IDP - annual review of budget-related policies - tabling and adoption of any amendments to IDP and budget-related policies - any consultative processes forming part of foregoing	Mayor	Time schedule must either fit in with already scheduled council meetings or must indicate when special council meetings must be scheduled.
Section 88	20 January	Accounting officer of municipal entity must assess entity's budgetary and financial performance for first six months of financial year, and submit assessment report to board of directors and parent municipality.		
72(1), (2) and (3)	25 January	Accounting officer of municipality must assess budgetary and financial performance of municipality for first six months of financial year, make recommendations on whether adjustments budget necessary, and recommend revised projections for revenues and expenses. This assessment must be submitted to the mayor, national treasury and the provincial treasury (presumably immediately).	Accounting officer	
54(1)(f)	31 January	Mayor must submit accounting officer's report to council.	Mayor	Special council meeting may have to be scheduled.
87	31 January or earlier if so requested by parent municipality	Board of directors of municipal entity must submit to parent municipality proposed budget for entity for ensuing financial year.	Board of directors of entity	It is not clear to what person or structure in the parent municipality this budget must be submitted. However, it makes good sense for the council of the municipality to consider this budget at the same meeting that it considers he municipality's own proposed adjustments budget.

87	(31 January to mid-March)	Parent municipality must consider proposed budget, and make any necessary recommendations.		It is not clear what person or structure in the parent municipality must perform this action, but the council seems the logical party. It would also make sense for the council to consider this budget by 31 January.
87	(Tabled in council by 31 January)	Board of directors of entity may, with approval of mayor of parent municipality, revise budget of entity for certain prescribed reasons. Adjustments budget once approved by board of directors of entity must be tabled by mayor at next meeting of council of parent municipality. Adjustments budget must be made public.	Board of directors and mayor of parent municipality	Evidently such an adjustments budget may be prepared at any stage. It would make good sense, however, for the parent municipality to insist that the entity's revised budget be prepared and submitted to the mayor at the same time that or before the entity's proposed budget for the new financial year is considered. Again the potential problem of different parent municipalities having different views will have to be resolved by (presumably) the mayors considered.
54(1) and (2)	(Between 31 January and 31 March)	If municipality faces "serious financial problems" mayor must "promptly" respond to and initiate remedial steps proposed by accounting officer, including steps to reduce expenses and tabling of adjustments budget. Mayor must also consider revisions to service delivery and budget implementation plan. (Note that only council may approve changes to service delivery targets and KPIs – these changes must therefore be tabled with the adjustments budget).	Mayor	Adjustments budgets may be prepared by the accounting officer, and tabled in council by the Mayor "when necessary". They must be so prepared and tabled (within prescribed limits as to timing and frequency) whenever material adjustments to expenses or revenues are required, and not only when "serious financial problems" are looming. In general, adjustments budgets should preferably be tabled by or as soon as possible after 31 January, and certainly not later than 31 March when the draft annual budget for the next year is first tabled.

54(3)	(Between 31 January and 31 March)	Mayor must ensure that revisions to service delivery and budget implementation plan are "promptly" made public. (Note that no concomitant revision of performance agreements is evidently envisaged).	Mayor	Presumably the accounting officer must make these revisions for the mayor's approval as part of the process of adjusting the annual budget. The deadline for these revisions must be by or as soon as possible after 31 January, but certainly not later than 31 March. See also 54(1) and (2).
87	100 days before start of financial year (approximately mid March)	Board of directors of entity must consider recommendations, and if necessary submit revised budget to parent municipality.	Board of directors of entity	
16(2)	31 March	Mayor must table (draft) annual budget of municipality at council meeting at least 90 days before start of budget year.	Mayor	Council meeting must be scheduled appropriately.
87	31 March	Mayor of parent municipality must table originally proposed or proposed revised budget (as case may be) of entity when (draft) annual budget of municipality first tabled.	Mayor	-
22(a) and 22(b)	Immediately after 31 March or earlier date if annual budget tabled before 31 March	Immediately after (draft) annual budget tabled in council, accounting officer must (1) make public budget and documents referred to in Section 17(3), and invite local community to submit representations in connexion with budget, and (2) submit annual budget in both printed and electronic formats to provincial treasury, and in either format to prescribed national and provincial organs of state and to other municipalities affected by the budget.	Accounting officer	
23(2)	Before 31 May	Council must give mayor opportunity (1) to respond to submissions received on (draft) annual budget and attendant documentation and (2) to revise budget, if necessary, and table amendments for consideration by council.	Mayor and council	-

24(1) and (2)	31 May	Council must consider approval of annual budget, together with resolutions imposing rates and levies, setting tariffs, approving measurable performance objectives for revenue from each source and for each vote, approving any changes to IDP, and approving any changes to budget-related policies.	Council	Although council has until 30 June to approve budget, best practice will be to approve budget not later than 31 May.
87(4)	31 May	Board of directors of municipal entity must approve budget for coming year, having taken into account recommendations of council of parent municipality, and must make budget public.	Board of directors of municipal entity	
24(3)	(Immediate after approval date)	Accounting officer must submit approved annual budget to national treasury and provincial treasury.	Accounting officer	No time limit is specified for this action, and neither is the format in which the budget is to be submitted specified. Common sense dictates that the submission should be at least in electronic format and that it should be made as soon as possible after the approval date.
25(1) and (2)	Within 7 days of date of council meeting which failed to approve annual budget	If council fails to approve annual budget at meeting scheduled in terms of Section 24, must reconsider budget within 7 days of date of such meeting. If necessary, process must be repeated until budget approved by 30 June.	Council	As province will intervene if budget not approved by 30 June, mayor, councillors and accounting officer must co-operate to ensure obstacles to approval timeously removed.
69(3)(a) and (b)	14 days after approval of annual budget (mid June to mid July)	Accounting officer must submit to mayor draft service delivery and budget implementation plan, and drafts of annual performance agreements for municipal manager and all senior managers.	Accounting officer	
53(1)(c)(ii)	Within 28 days after date annual budget approved (late June to late July)	Service delivery and budget implementation plan must be approved by mayor, including projections of revenues and expenses for each month, and service delivery targets and performance indicators for each quarter. (Note that though the mayor approves these targets and KPIs, only the council	Mayor	-

		may change them and then only following the approval of an adjustments budget. See Section 54(1)(c)).		
53(1)(c)(iii)(aa) & (bb)	Within 28 days after date annual budget approved (late June to late July)	Mayor must take all reasonable steps to ensure that annual performance agreements for municipal managers and all senior managers are linked to measurable performance objectives approved with the budget and to the service delivery and budget implementation plan, and are concluded in accordance with Section 57(2) of the Municipal Systems Act.	Mayor	No date is specified for the completion of this requirement, but the logical inference is that the date should not be much later than the date on which the service delivery and budget implementation plan must be approved. See Section 53(3)(b).
16(1)	30 June	Annual budget must be approved by council	Council	-
53(3)(a) and (b)	14 days after approval of service delivery and budget implementation plan (mid July to mid August, depending on date plan approved)	Projections of revenues and expenses for each month and service delivery targets for each quarter (as set out in approved service delivery and budget implementation plan), and performance agreements of municipal manager and senior manager must be made public, and copies of performance agreements must be submitted to council and MEC for local government.	Mayor	Although this is not specified as a requirement, logic dictates that copies of the service delivery and budget implementation plan should also be submitted to council and the MEC.

UGU DISTRICT MUNICIPALITY

Policy Custodian	**Cash Management**
Policy Name	**Cash, Banking and Investment Policy**
Policy Number	**5/11/P**
Status	**Review**
Date	**2021/2022**
Approved by	**Council**
Date First Approved	**28 June 2018**
Date Last Amended	**27 May 2021**
Date for Next Review	**2022/23 FY**

E. Gama

Received by Policy & Research

Date: 13 May 2022

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Policy Committee
2022 -05- 17
Chairperson: N Msomi

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PREAMBLE

Whereas section 13 of the Local Government: Municipal Finance Management Act, 2003 (No. 56 of 2003) determines that a municipality must introduce an appropriate and effective cash management and investment arrangement; and whereas a bank, in accordance with the provisions of section 13 of the Act, has to disclose details regarding a municipalities' investments; and whereas councilors and officials, as trustees of public funds have an obligation to ensure that cash resources are managed as effectively, efficiently and economically as possible; now therefore the Ugu District Municipality adopt the cash and investment management policy set out in this document.

1. INTRODUCTION

Section 13(1) and (2) of the Local Government Municipal Finance Management Act, 2003 (Act No. 56 of 2003) requires that a municipality establish an appropriate and effective cash management and investment policy within which the municipality must (a) conduct its cash management and investments, and (b) invest money not immediately required, in accordance with any framework which may be prescribed. National Treasury has issued municipal investment regulations dated 1st April 2005 (Gazette no. 27431) which set out a framework within which all municipalities shall conduct their cash management and investments. This policy is consistent with the Act and the gazette.

2. 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 Manager of Ugu District Municipality.

"Act" means the Local Government: Municipal Finance Management Act No. 56 of 2003, the Local Government: Municipal Systems Act No. 32 of 2000.

"Accounting Principles" mean stipulated guidelines to be followed.

"Acquisition" means acquiring goods or services through procurement policies.

"Agents" mean professional bodies appointed to execute a specific task on behalf of the Ugu District Municipality.

"Short term investment" means a financial instrument with a lifespan or maturity of less than or equal to 1 year.

"Long term investment" means financial instrument with a lifespan or maturity of greater than a year.

3. OBJECTIVE OF THE POLICY

The purpose of this policy is to establish a cash management and investment framework for the Municipality and to set out the objectives, policies, statutory requirements and guidelines. This includes defining levels of risk considered prudent for investing surplus funds. The objectives thereof are as listed below:

3.1 In terms of the Municipal Finance Management Act, Act 56 of 2003, Section 13(2): A municipality must establish an appropriate and effective cash management and investment policy in accordance with any framework that may be prescribed in terms of subsection (1) of the Municipal Finance Management Act, Act 56 of 2003.

3.2 An Accounting Officer has an obligation to ensure that cash resources are managed as effectively, efficiently and economically as possible. Competitive investment and effective cash management ensures both short term and long-term viability and sustainability of the Municipality. Hence, it is critical for the Municipality to have its own cash, banking and investment management policy located within the local government legislative framework. This Policy should be read and understood against this background.

3.3 The primary and ultimate goal of investing funds is to earn the safety of returns on investment principal, an amount invested whilst managing liquidity requirements and, providing the highest return on investment at minimum risk, within the parameters of authorised instruments as per the Municipal Finance Management Act, Act 56 of 2003, Section 13(2)

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6.1.1. That the Municipality's available working capital is managed effectively and economically in terms of the prescribed cash management and investment framework.

6.1.2. That the Municipality has and maintains a management, accounting and information system that accounts for all bank and investment accounts, receipting, withdrawals, cash management and investment transactions

6.1.3. That, in the case of investments, such investments are valued in accordance with GRAP guidelines and standards

6.1.4. That the municipality has and maintains a system of internal control over its bank and investment accounts, receipting, withdrawals, cash management and investment transactions.

6.1.5 The internal control procedures are in place.

6.1.6. Controls deemed most important include:

- Control of collusion, separation of duties
- Custodial safekeeping
- Clear delegation of duties
- Written confirmation of telephonic transactions
- Minimising the number of authorised investment officials
- Checking and verification by senior officials of all investments, which include Accounting Officer and Chief Financial officer

7. ROLES AND RESPONSIBILITIES

7.1 BANKING ARRANGEMNTS

7.1.1 Opening of a Bank Account

- Bank accounts must be opened in line with the provisions of Municipal Finance Management Act No. 56 of 2003 Chapter 3 (Part 1), ensuring the following but not limited to the following:
    - Every municipality must open and maintain at least one bank account in the name of the municipality.
    - A municipality must have a Primary account

- The Chief Financial Officer will ensure that the Municipality opens and maintains the following minimum bank accounts:

7.2.2 The Chief Financial Officer, inter-alia, has to ensure financial viability and sustainability of the Municipality. In order to achieve this in a sustainable manner, the Chief Financial Officer must ensure that internal financial systems and controls are in place that will enable the Municipality to detect the mismanagement of funds.

7.3 Cash Collection:

7.3.1 All monies due to the Municipality must be collected as soon as possible, either on or immediately after due date, and banked on a daily basis. Cash left in the safe can pose a security risk, could necessitate additional insurance coverage and does not earn any interest. Special deposits should be arranged for larger amounts to ensure that these are banked on the next working day they are received.

7.3.2 All monies collected by the Council must be banked in the primary bank account of the Municipality.

7.3.3 The respective responsibilities of the Chief Financial Officer and other Heads of Departments in this regard are defined in a procedures manual approved by the Municipal Manager and the Chief Financial Officer.

7.3.4 It is important that all monies owing to the Council are correctly reflected in the debtors' system. The following control measures are necessary:

a) A well-managed debtors and banking control system will ensure that funds owed to the Council are received and banked; and

b) It is also important to review debt collection performance by comparing the debtors outstanding in relation to total revenue and then comparing this to previous financial years, in order to determine whether the debt collection process is deteriorating or improving.

7.3.5 The unremittent support of and commitment to the Municipality's Cash, Banking & Investment Management Policy, both by the Council and the Municipality's officials, is an integral part of proper cash collections, and by approving the present Policy the Council pledges itself to such support and commitment.

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of funds of like character and with like aims, to safeguard the principal and maintain the liquidity needs of the Municipality. Investment officials are required to:

a) Adhere to written procedures and policy guidelines.
b) Exercise due diligence.
c) Prepare all reports timeously.
d) Exercise strict compliance with all legislation.

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7.6.3 Ownership

All investments must be made in the name of the Ugu District Municipality.

7.6.4 Risk and Return

Although the objective of the Accounting Officer and/ Chief Financial Officer in making investments on behalf of the Municipality shall always be to obtain the best interest rate on offer, this consideration must be tempered by the degree of risk involved in regard to both the financial institution and the investment instrument concerned. No investment shall be made with an institution where the degree of risk is perceived to be higher than the average risk associated with investment institutions. Deposits shall be made only with registered deposit-taking institutions (see Gazette 27431 1 April 2005).

7.7 INVESTMENT PROCEDURE

7.8.1 After determining whether there is cash available for investment and fixing the maximum term of investment, the Municipal Manager must consider the way in which the investment is to be made.

7.8.2 Short-term Investment

a) The term of investment shall not be more than 12 months.
b) Quotations must be obtained from a minimum of three financial institutions, for the term of which the funds will be invested.
c) Should one of the institutions offer a better rate for a term, other than the term originally quoted for, the other institutions which were approached, must also be asked to quote a rate for the other term.
d) Quotations can be obtained telephonically, as rates generally change on a regular basis and time is a determining factor when investments are made
e) No attempts must be made to make institutions compete with each other.

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c) Once the best investment terms have been identified, written confirmation of the telephonic quotation must be immediately obtained (by facsimile, e-mail or any other expedient means).

d) Any monies paid over to the investing institution in terms of the agreed investment (other than monies paid over in terms of part 8 below) shall be paid over only to such institution itself and not to any agent or third party. Once the investment has been made, the Chief Financial Officer shall ensure that the Municipality receives a properly documented receipt or certificate for such investment, issued by the institution concerned in the name of the Municipality.

7.9 DELEGATION OF AUTHORITY

7.9.1 The delegation to authorise investments must distinguish between short term & long-term investments. The authority to make long-term investments as provision of security, is vested with the Municipal Council in terms of Section 48 of the Municipal Finance Management Act No. 56 of 2003 and with reference to section 11(1) (h) of the Municipal Finance Management Act No. 56 of 2003 dealing with cash management, the responsibility to make short investments lies with the Accounting Officer or Chief Financial Officer or any other senior financial officer authorised by either the Accounting Officer or the Chief Financial Officer/ relevant assignee.

7.9.2 The Local Government Municipal Systems Act of 2000, Section 3, (60) (2) states that the Municipal Council may only delegate to an Accounting Officer, Executive Committee, Mayor or Chief Financial Officer decisions to make investments on behalf of the municipality within a policy framework determined by the Minister of Finance.

7.9.3 The Chief Financial Officer is responsible for the investment of municipality's funds that are made under section 13 of the Municipal Finance Management Act.

7.10 INVESTMENTING MUNICIPAL FUNDS

7.10.1 In the event that an investment needs to be made, quotations are required from at least three registered financial institutions. In the case of telephonic quotations, the following information is required:

a) The name of the Institution,

b) The name of the person, who gave the quotation,

c) The relevant terms and rates and

d) Other facts such as if interest is payable on a monthly basis or on a compound basis upon maturation.

7.11.4 Interest, correctly calculated, must be received timeously, together with any distributable capital. The Chief Financial Officer or his/her assignee must check that the interest is calculated correctly, in terms of sound universally accepted financial management practices.

7.11.5 Investment documents and certificates must be safeguarded in a fire resistant safe, with dual custody. The following documents must be safeguarded:

a) Fixed deposit letter or investment certificate.
b) Receipt for capital invested;
c) Copy of electronic transfer;
d) Schedule of comparative investment figures;
e) Commission certificate indicating no commission was paid on the investment; and
f) Interest rate quoted.

7.11.6 All investment must be denominated in South African Rand (ZAR)

7.11.7 The Chief Financial Officer or his/her assignee is responsible for ensuring that the invested funds have been invested with registered financial institutions approved by the Republic of South Africa: National Minister of Finance, Public Investors Commission or with a bank rating of AA and endeavour to minimise risk exposure.

7.12 REPORTING AND MONITORING PROCEDURES

7.12.1 The Accounting Officer must within 10 days of the end of each month submit to the Mayor or Finance, Budget Control & Monitoring Committee a report describing in detail the investment and cash flow position of the Municipality as at the end of the month.

7.12.2 The report must contain a statement, prepared in compliance with generally recognised accounting principles/generally accepted municipal accounting principles, that states the:

a) beginning market value for the period
b) additions and changes to the market value during the period
c) ending market value for the period
d) fully accrued interest/yield for the reporting period

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7.13.3 INVESTMENT DIVERSIFICATION

The Chief Financial Officer must ensure that available money is not invested with one institution. Investment will be restricted to institutions with a minimum credit rating of [AA]. The maximum term for any investment, may be 2 years, other than ceded investments.

7.13.4 PERFORMANCE EVALUATION OF THE INVESTMENT PORTFOLIO

- The performance of the investment portfolio must be evaluated quarterly. The time weighted yield attributable to the investment portfolio must be calculated each quarter and compared with the prevailing returns available on securities issued by the National Government.

- A report discussing the performance of the investment portfolio must be submitted to the Chief Financial Officer within 10 days of the end of each quarter.

7.13.5 USE OF INDEPENDENT INVESTMENT MANAGERS

Should the need arise to use an investment manager at any time; one will be appointed using Supply Chain Management principles and practices.

7.14 UNALLOCATED RECEIPTS

All unclaimed and unidentified deposits older than three (3) years shall be publicised in a local newspaper on an annual basis and if unclaimed within the specified time frame, such monies will be transferred to sundry income.

7.15 PAYMENT OF CREDITORS

7.15.1 Should the facility be available, payments should be done by electronic transfer (subject to strict controls).

7.15.2 When considering the time to pay a creditor, proper consideration must be given to the conditions of credit terms of payment offered.

a) If discounts are offered for early settlement, they must be properly considered and utilised.

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8. MONITORING AND EVALUATION

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

9. COMMENCEMENT OF THE POLICY

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

10. AMENDMENT AND/OR ABOLITION

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

11. COMPLIANCE AND ENFORCEMENT

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

12. POLICY REVIEW

12.1 This Policy will be reviewed annually to ensure applicability and relevance.

Records of Approval

Meeting	Date	Resolution
Review 2021/2022		
Policy Committee	08 April 2021	Recommended to Manco
Council	28 June 2018	Adopted
	27 May 2021	Adopted

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2022 -05- 17
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UGU DISTRICT MUNICIPALITY

Policy Custodian	**BTO**
Policy Name	**Cost Containment Policy**
Policy Number	**5/21/P/1**
Status	**Review**
Date	**2021/2022**
Approved by	**Council**
Date First Approved	**11 June 2020**
Date Last Approved	**27 May 2021**
Date for Next Review	**2022/2023**

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Policy Committee
2022 -05- 17
Chairperson: N Msomi

Cost Containment Policy

PREAMBLE

The poor economic conditions prevailing in South Africa has had serious financial pressure on government service delivery mandates. This financial challenge has influenced government to re-asses its current financial position and activities; shifting focus and resources towards key service delivery activities and allocating resources more efficiently on essential services.

Therefore, the need is for the Ugu District Municipality to curb unnecessary expenditure and ensure that resources are allocated and used effectively, efficiently and economically.

The Cost Containment Policy is meant to give effect to the provisions of the Municipal Cost Containment Regulations, 2018 in line with Section 62(1)(a), 78(1)(b), and 105(1)(b) of the MFMA, 2003, the object of which is to ensure that resources of a municipality are used effectively, efficiently and economically by implementing cost containment measures.

1. INTRODUCTION

Cost containment has become a key priority for government in ensuring that unnecessary spend is curtailed and that resources are channeled towards efficient and effective service delivery. It is therefore imperative that the Ugu District Municipality complies with the set prescripts.

2. DEFINITIONS

2.1	Cost containment	:the measures used to curtail spending in terms of this policy
2.2	Consultant	:means a professional person, individual, partnership, corporation, or a company appointed to provide technical and specialist advice or to assist with a design and implementation of projects or to assist the municipality to perform its functions to achieve the objects of local government in terms of Section 152 of the Constitution

3. POLICY OBJECTIVES

The objectives of this policy are as follows:

3.1 Provide a framework for budget re-prioritization and implementation of cost reduction measures in order to free funds from non-essential activities towards key service delivery mandates
3.2 To ensure efficient and effective expenditure of the Ugu District Municipality
3.3 To ensure uniformity in terms of the application of the policy in the Ugu District Municipality

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4. PRESCRIPTIVE/LEGAL FRAMEWORK

Ugu District Municipality's Cost Containment Policy has been developed with recognition of the following prescriptive context – within which it needs to comply:

- The Local Government Municipal Finance Management Act, Act No 56 of 2003, Circular 82, published 7 December 2016
- The Local Government Municipal Finance Management Act, Act No 56 of 2003, Circular 97, published 31 July 2019
- Municipal Cost Containment Regulations, 2019
- Ugu District Municipality's Supply Chain Management Policy and Procedures;
- Ugu District Municipality's Integrated Development Plan;
- The Local Government Municipal Systems Act, Act No 32 of 2000;
- Travel Policy
- Facilities Management Policy
- Hours of Work Policy
- Fleet Management Policy

5. POLICY APPLICATION

This Policy is applicable to all officials and political office bearers, both future and present, of the Ugu District Municipality

6. POLICY PRINCIPLES

This Policy will apply expenditure and procurement of the following goods and services:

a) Use of consultants
b) Vehicles used for political office bearers
c) Travel and subsistence
d) Domestic accommodation
e) Credit cards
f) Sponsorships, events and catering
g) Communication
h) Conferences, meetings and study tours
i) Any other related expenditure items

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7. USE OF CONSULTANTS

Cost Containment Policy

7.1 The municipality may only appoint consultants if an assessment of the needs and requirements confirms that the municipality does not possess the requisite skills or resources in its full-time employ to perform the required function to be carried out by the consultant

7.2 An accounting officer must adopt a fair and reasonable remuneration framework for consultants taking into account the rates-

(a) determined in the "Guideline on fees for audits undertaken on behalf of Auditor-General of South Africa", issued by the South African Institute of Chartered Accountants;

(b) set out in the "Guide on Hourly Fee Rates for Consultants", issued by the Department of Public Service and Administration; or

(c) as prescribed by the body regulating the profession of the consultants.

7.3 The tender documentation for the appointment of consultants must include a clause that the remuneration rates will be subject to negotiation, not exceeding the applicable rates mentioned in 7.2

7.4 When negotiating cost-effective consultancy rates for international consultants, the accounting officer may take into account the relevant international and market-determined rates.

7.5 When consultants are appointed the accounting officer must-

(a) appoint consultants on a time cost basis with specific start and end dates;

(b) where practical, appoint consultants on an output-specified basis, subject to specific measurable objectives and associated remuneration;

(c) ensure that contracts with consultants include overall cost ceilings by specifying whether the contract price is inclusive or exclusive of travel and subsistence disbursements;

(d) ensure the transfer of skills by consultants to the relevant officials of a municipality;

(e) all engagements with consultants must be in accordance with the Municipal Supply Chain Management Regulations, 2005 and the municipality's Supply Chain Management Policy; and

(f) develop consultancy reduction plans to reduce the reliance on consultants.

7.6 All contracts with consultants must include a fee retention or penalty clause for poor performance.

7.7 the specifications and performance of consultants must be used as a monitoring tool for the work to be undertaken and performance must be appropriately recorded and monitored.

7.8 The travel and subsistence costs of consultants must be in accordance with the national travel policy issued by the National Department of Transport.

7.9 The contract price must specify all travel and subsistence costs and if the travel and subsistence costs for appointed consultants are excluded from the contract price, such costs must be reimbursed in accordance with the national travel policy of the National Department of Transport.

7.10 In respect of air travel by consultants, the municipality will only pay for economy class.

7.11 In respect of accommodation, the municipality will pay the rate of up t-o a three-star local accommodation.

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7.12 In respect of car hire, the municipality will pay the rate of up to GROUP B category.

8. **Vehicle used for political office-bearers**

8.1 The threshold limit for vehicle purchases relating to official use by political office-bearers must not exceed R700 000 or 70% (VAT inclusive) of the total annual remuneration package for the different grades of municipalities, as defined in the Public Office bearers act and the notices issued in terms thereof by the Minister of Cooperative Governance and Traditional Affairs, whichever is lower.

8.2 The procurement of vehicles in 8.1 must be undertaken using the national government transversal contract mechanism, unless it may be procured at a lower cost through other procurement mechanisms.

8.3 Before deciding to procure a vehicle as contemplated in 8.2, the accounting officer or delegated official must provide the council with information relating to the following criteria which must be considered:

(a) status of current vehicles;

(b) affordability of options including whether to procure a vehicle as compared to rental or hire thereof, provided that the most cost-effective option is followed and the cost is equivalent to or lower than that contemplated in 8.1;

(c) extent of service delivery backlogs

(d) terrain for effective usage of the vehicle; and

(e) any other policy of council.

8.4 if the rental referred to in 8.3 is preferred, the accounting officer must review the costs incurred regularly to ensure that value for money is obtained.

8.5 regardless of their usage, vehicles for official use by political office bearers may only be replaced after completion of 120 000 kilometers.

8.6 notwithstanding 8.5 vehicles may be replaced for official use by political office bearers before the completion of 120 000km only in instances where the vehicle has a serious mechanism problem and is in a poor condition and subject to obtaining a detailed mechanical report by the vehicle manufacturer or approved dealer.

9. **Travel and subsistence**

9.1 An accounting officer-

a) May approve the purchase of economy class tickets for all officials or political office bearers where the flying time for the flights is five hours or less; and

b) May only approve the purchase of business class tickets for officials, political office bearers and persons reporting directly to the accounting officer for flights exceeding five hours

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9.2 In the case of the accounting officer, the mayor may approve the purchase of economy class tickets where the flying time is five hours or less and business class tickets for flights exceeding five hours

9.3 Notwithstanding 9.1 or 9.2, an accounting officer or the mayor in the case of an accounting officer, may approve the purchase of business class tickets for an official or a political office bearer with disability or a medically certified condition.

9.4 International travel to meetings or events will only be approved if it is considered to be critical. The number of officials or political office bearers attending such meetings or events must be limited to those officials or political office bearers directly involved in the subject matter related to such meeting or events.

9.5 The accounting officer, or the mayor in the case of the accounting officer may approve accommodation costs that exceed an amount as determined from time to time by the national treasury through a notice only-

(a) during peak holiday periods; or

(b) when major local or international events are hosted in a geographical area that results in an abnormal increase in the number of local and/or international guests in that particular area.

9.6 An official or a political office bearer of a municipality or municipal entity must:

(a) utilise the municipal fleet, where viable, before incurring costs to hire vehicles;

(b) make use of available public transport or a shuttle service if the cost of such a service is

lower than-

(i) the cost of hiring a vehicle

(ii) the cost of kilometres claimable by the official or political office bearer; and

(iii) the cost of parking

(c) not hire vehicles from a category higher than group B or an equivalent class; and

(d) where a different class of vehicle is required for a particular terrain or to cater for the

special needs of an official, seek the written approval of the accounting officer before hiring the vehicle.

9.7 A municipality or a municipal entity must utilise the negotiated rates for flights and accommodation as communicated from time to time by the National Treasury through a notice or any other available cheaper flight and accommodation.

10. **Domestic accommodation**

10.1 the accounting officer must ensure that costs incurred for domestic accommodation and meals are in accordance with the maximum allowable rates for domestic accommodation and meals as communicated from time to time by the National Treasury through a notice.

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10.2 overnight accommodation may only be booked where the return trip exceeds 500 kilometres.

11. Credit cards

11.1 The accounting officer must ensure that no credit card or debit card linked to a bank account of a municipality is issued to any official or political office bearer, including members of the board of directors municipal entities.

11.2 where officials or political office bearers incur expenditure in relation to official municipal activities, such officials or political officer bearers must use their personal credit cards or cash or arrangements made by the municipality or municipal entity, and request reimbursement in accordance with the Subsistence and Travel Policy.

12. Sponsorships, events and catering

12.1 The municipality may not incur catering expenses for meetings which are only attended by persons in the employ of the municipality, unless the prior written approval of the accounting officer is obtained.

12.2 the accounting officer may incur catering expenses for the hosting of meetings, conferences, workshops, courses, forums, recruitment interviews, and proceedings of council that exceed five hours.

12.3 entertainment allowances of qualifying officials may not exceed two thousand rand per person per financial year, unless approved otherwise by the accounting officer.

12.4 expenditure may not be incurred on alcoholic beverages unless the municipality recovers the cost from the sale of such beverages.

12.5 the accounting officer must ensure that social events, team building exercises, year-end functions, sporting events and budget speech dinners are not financed from the municipality budget or by any suppliers or sponsors.

12.6 expenditure may not be incurred on corporate branded items like clothing or goods for personal use of officials, other than uniforms, office supplies and tools of trade unless costs related thereto are recovered from affected officials or is an integral of business operations.

12.7 the accounting officer may incur expenditure not exceeding the limits for petty cash usage to host farewell functions in recognition of officials who retire after serving the municipality or municipal entity for ten or more years or retire on grounds of ill health.

13. Communication

13.1 All municipal related events are to be advertised on the municipal website as far as possible instead of advertising in magazines or newspapers.

13.2 newspapers and other related publications for the use of officials must be discounted on expiry of existing contracts or supply orders, unless required for professional purposes and where unavailable in electronic format.

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13.3 The acquisition of mobile communication services may be done using the transversal term contracts arranged by the National Treasury.

14. Conferences, meetings and study tours

14.1 when considering applications from officials or political office bearers to attend conferences or events within and outside the borders of South Africa, an accounting officer or mayor as the case may be, must take the following into account-

14.2 the accounting officer or mayor as the case may be will take into consideration the following when considering applications from officials or political office bearers to attend conferences within and outside the borders of South Africa:

(a) the official's or political office bearer's role and responsibilities and the anticipated benefits of the conference or event;

(b) whether the conference or event addresses relevant concerns of the municipality;

(c) the appropriate number of officials or political office bearers, not exceeding three, attending the conference or event; and

(d) the availability of funds to meet expenses related to the conference or event.

14.3 the accounting officer may consider appropriate benchmark costs with other professional bodies or regulatory bodies prior to granting approval for an official to attend a conference or event within and outside the borders of South Africa.

14.4 the benchmark costs referred to in 14.3 may not exceed an amount as determined from time to time by National Treasury through a notice.

14.5 the amount referred to in 14.4 excludes costs related to travel, accommodation and related expenses, but includes-

(a) conference or event registration expenses; and

(b) any other expense incurred in relation to the conference or event.

14.6 when considering costs for conferences or events these may not include items such as laptops, tablets and other similar tokens that are built into the price of such conferences or events.

14.7 the accounting officer must ensure that meetings and planning sessions that entail the use of municipal funds are, as far as may be practically possible, held in house.

14.8 municipal or provincial office facilities must be utilized for conference, meeting, strategic planning sessions, *inter alia,* where an appropriate venue exists within the municipal jurisdiction.

14.9 the accounting officer must grant the approval for officials and in the case of political office bearers and the accounting officer, the mayor, as contemplated in 14.2).

14.10 the municipality must, where applicable, take advantage of early registration discounts by granting the required approvals to attend the conference, events or study tour, in advance.

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15. Other related expenditure items

15.1 all commodities, services and products covered by a transversal contract concluded by the National Treasury must be considered before approaching the market, to benefit from savings where lower prices or rates have been negotiated.

15..2 municipal resources may not be used to fund elections, campaign activities including the provision of food, clothing, printing of agendas and brochures and other inducements as part of or during election periods or to fund any activities of any political party at any time.

15.3 expenditure on tools of trade for political office bearers must be limited to the upper limits as approved and published by the Cabinet member responsible for local government in terms of the Remuneration of Public Office Bearers Act, 1998.

15.4 expenditure on elaborate and expensive office furniture must be avoided.

15.5 the South African Police Service must be used to conduct periodical or quarterly security threat assessments of political office bearers and key officials and a report must be submitted to the speaker's office.

15.6 additional time-off in shall be provided in lieu of payment for overtime worked Planned overtime must be submitted to the relevant manager for consideration on a monthly basis. A motivation for all unplanned overtime must be submitted to the relevant manager.

15.7 due process is to be followed when suspending or dismissing officials to avoid unnecessary litigation costs.

15.8 In order to curb petrol expenditure, the municipality's vehicle tracking system should be utilized by the Departments to monitor usage in order to curb abuse of municipal vehicles and excessive petrol consumption.

16. MONITORING AND EVALUATION

16.1 This Policy shall be monitored and evaluated by the CFO and regular monitoring reports submitted to the Management Committee Meeting, Finance Portfolio Committee, Executive Committee and Full Council Meetings.

17. COMMENCEMENT OF THE POLICY

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

18. AMENDMENT AND/OR ABOLITION

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

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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.

Records of Approval

Council Meetings		
Council	11 June 2020	ADOPTED
Council	27 May 2021	ADOPTED
Policy Review		
Policy Committee	26 March 2020	Recommended to Manco
Policy Committee	08 April 2021	Recommended to Manco
Policy Committee	22 February 2022	

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UGU DISTRICT MUNICIPALITY	
Policy Custodian	**BTO**
Policy Name	**Credit Control and Debt Collection Policy**
Policy Number	**5/22/P**
Status **Date**	**Review** **20 January 2022**
Approved By	**Council**
Date of First Approval	**FY 2002/2003**
Date Last Approved	**29 April 2021**
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1. PURPOSE

This Policy, read together with the Ugu District Municipality Credit Control and Debt Collection By-law, provides procedures and mechanisms for credit control and debt collection. The Policy has been compiled in compliance with the Local Government: Municipal Systems Act 32 of 2000 (the Systems Act), Chapter 9 S(95) – (97), which requires the adoption of a credit control and debt collection policy, which is consistent with the Municipality's Tariff Policy and which complies with the Systems Act. The Policy aims to ensure that the Municipality's approach to debt recovery is sensitive, transparent and is equitably applied throughout the Municipality's geographic area.

2. DEFINITIONS

Words contained in this Policy have the same meaning as in the Ugu District Municipality: Credit Control and Debt Collection By-law, except where the context indicates otherwise. In addition, the following words and phrases have the following meanings:

2.1 **Account** means written notification in the form of a statement of account in respect of municipal services, sundry charges and other charges, addressed to a person liable for payment thereof;

2.2 **Agent** means a person authorised by the customer to act on his or her behalf;

2.3 **Arrears** means any amount which is due, owing and payable and which remains unpaid by due date;

2.4 **Authorised Official** means any official or agent of the Municipality who has been authorised by the Municipality to administer, implement and enforce the provisions of these Bylaws,

2.5 **Bulk customer** means a customer who consumes large amounts of water for commercial or industrial purposes;

2.6 **By-law** means Ugu District Municipality: Credit Control and Debt Collection By-Law, as amended;

2.7 **CFO** means a person employed by the Municipality in terms of section 57 of the Systems Act as the Chief Financial Officer of the Municipality, and includes any person to whom the Chief Financial Officer has delegated or sub-delegated a power, function or duty in accordance with the system of delegation developed by the Accounting Officer in terms of section 79 of the Municipal Finance Management Act and section 59 of the Systems Act;

2.8 **Collection charges** means the charges which the Municipality is entitled to recover in terms of section 75A(1) of the Systems Act, and includes the administrative cost–

(a) of reminding any customer of arrears;
(b) for the disconnection, restriction or reinstatement of any municipal service to a defaulting customer;
(c) of any notice rendered, sent, delivered or published to a customer in terms of the By-law or any other law;
(d) in respect of any other charge which the Municipality is by law entitled to recover;

2.9 **Company** shall bear the same meaning as "Company" in the Company's Act, 2008 (Act 71 of 2008);

2.10 **Consolidated account** means a monthly account reflecting municipal service fees, charges, surcharges on fees, sundry charges, levies and all consolidations in terms of section 102 of the Systems Act;

2.11 **Credit Authority** means any arrangement made by agreement between the Municipality and a customer for the payment of any arrears in instalments. Such arrangement may take the form of an agreement or an acknowledgment of debt;

2.12 **Customer** means any person or their agent with whom the Municipality or an authorised official has entered into an agreement for the provision of any municipal service to the premises;

2.13 **Deemed Owner** means the occupiers contemplated in **section 27.2** of this Policy;

2.14 **Defaulter** means a Customer whose account is in arrears;

2.15 **Deposit** means a monetary amount raised by the Municipality in relation to the consumption of a Municipal Service and mitigation of credit risk to the Municipality, irrespective of the existence of an agreement;

2.16 **Due date** means the date on which a customer's account becomes payable, which in the case of monthly accounts is thirty (30) days from the date of the account

2.17 **Effective Date** means the date on which this Policy comes into effect which shall be 1 July 2022;

2.18 **Unauthorised reconnections** means any reconnection after restriction of disconnection, to a system through which municipal services are provided, which is not authorised or approved by the Municipality or an authorised official;

2.19 **Juristic person** includes a partnership, a proprietor, association or other body of persons, corporate or unincorporated and includes a trust and organ of state;

2.20 **Municipal charges** mean municipal service fees, surcharge on fees, penalties and interest, as well as any other charges in terms of Legislation, Policy or an agreement including Sundry Charges and Collection charges;

2.21 **Municipal service** means a service provided by the Municipality in terms of its powers and functions to or for the benefit of the local community, irrespective of whether or not –

(a) such service is provided by the Municipality itself or by engaging an external mechanism contemplated in section 76 of the Systems Act; or
(b) any fees, charges or tariffs are levied in respect thereof;

2.22 **Owner means** –

(a) a person in whom is vested the legal title to the premises or property
(b) in a case where the person in whom the legal title to premises is vested is insolvent or dead, or is under any form of legal disability whatsoever, the person in whom the administration and control of such premises is vested as curator, trustee, executor, administrator, judicial manager, liquidator or other legal representative;
(c) in any case where the authority or authorised provider is unable to determine the identity of such person, a person who is entitled to the benefit of the use of such premises or a building or buildings thereon, including a person who receives the rent or profits of such premises or any part thereof from any tenant or occupier or who would receive such rent or profits if the premises or and part thereof were let, whether for his own account or as agent for any person entitled thereto or having an interest therein;

(d) in the case of premises for which a lease agreement of 30 years or longer has been entered, the lessee thereunder;

(e) in relation to -

(i) a piece of land delineated on a sectional plan registered in terms of the Sectional Titles Act 95 of 1986, the developer or the body corporate in respect of the common property, or a section as defined in such Act, the person in whose name such section is registered under a sectional title deed and includes the lawfully appointed provider of such person;

2.23 **Person** means a natural person or Juristic Person

2.24 **Property means**–

(a) immovable property registered in the name of a person, including, in the case of sectional title scheme, a sectional title unit registered in the name of a person;

(b) a right registered against immovable property in the name of a person;

(c) a land tenure right registered in the name of a person or granted to a person in terms of legislation, excluding a permission to occupy; or

(d) a public service infrastructure;

2.25 **Prescribed form** means any document that may be prescribed by law or required by the municipality from time to time; in a format approved by Council;

2.26 **Residential property** means a dwelling, in any building, premises, structure, or any other place, or any part thereof, used predominantly as a place of residence or abode of any natural person excluding a dwelling where the dominant use is for any purpose other than residential

2.27 **Revenue Clearance Certificate** means a certificate of the kind referred to in Section 118(1) of the Systems Act;

2.28 **Service Agreement** means an agreement entered between the Customer and the Municipality for the provision of municipal services;

2.29 **Staff means** a person who is not an elected or appointed officer who is employed on a full or part-time basis by a municipality.

2.30 **Sundry charge** means an amount charged to a customer which is not directly linked to a property and includes but is not limited to–

(a) charges arising from damage to municipal property and equipment;

(b) monies owed for municipal services other than water and sanitation;

(c) monies awarded to the Municipality through court orders and judgments;

(d) fines; and

(e) monies owed to the municipality by the municipality staff (staff debts);

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

2.32 **Tenderer** means a contractor, service provider or supplier who has submitted a tender for the provision of services or the delivery of goods to the Municipality;

2.33 **Water services** means the supply of potable water and, where a municipal sewerage reticulation system exists, the disposal of sewage;

2.34 **Multi property owner** means an owner of 50 or more registered properties in the Municipality's area of jurisdiction

PRESCRIPTIVE/LEGAL FRAMEWORK

3. Municipal Systems Act 2000, Act 32 of 2000, Chapter 5 Section 96

PROVISION OF MUNICIPAL SERVICES

4. REGISTRATION FOR MUNICIPAL SERVICES

4.1 **Residential property** - The Municipality will endeavour to register **owners only** for services on their properties. Tenant registrations currently in place will continue until the tenant vacates, the account is closed, or the Municipality cancels the contract of the tenant in default in terms of subsection 8.1 (b) of this Policy.

4.2 **Business property** - The Municipality will only enter into new contracts for municipal services with tenants if the owner of the property is a multi-property owner as defined, and the municipal accounts on all of his or her properties are paid. Where the landlord is not a multi-property owner, the owner of the property must register for services.

4.3 **Government property** - The Municipality will continue to register tenants for services. The respective Government Departments shall be held liable for the debts on their own property.

4.4 **Sundry debtors** -. Each sundry debtor must have an account

4.5 No registrations or additions to the customer database can be processed unless legal documentation acceptable to the municipality has been produced in each instance.

4.6 If there is an outstanding debt on the property, this debt must be settled in full

4.7 Customers who fail to register and who illegally consume services will be subjected to such administrative, civil or criminal action as the Municipality deems appropriate.

4.8 Where the purpose for or extent to which any municipal service used is changed, the onus and obligation is on the customer or owner to advise the Municipality of such change.

4.9 A person applying for a Municipal Service must enter into a service agreement with the Municipality in order for such Municipal Service to be provided.

4.10 Documentation and Information (Juristic Persons)- An application by a Juristic Person for a Municipal Service must include –

(a) The submission of a resolution delegating authority to the applicant and furnishing, if applicable, the Juristic Person's Registration Number or Trust Reference Number with the Master of the High Court.

(b) The names, identity number, cell phone number, physical and postal addresses, email addresses and any other particulars of all the directors or members or trustees or proprietors or partners, as maybe prescribed.

(c) Certified Copies of the following where applicable:

(i) Current Letter of Authority of the Trustee(s).

(ii) Identity documents of the persons referred to in (b) above.

(iii) CIPC registration documents.

(iv) Constitution.

(d) if the applicant is not the registered owner of the property to which water and sanitation services are to be supplied, be accompanied by:

(i) a written undertaking, in a form prescribed by the authority or an authorised provider, signed by such registered owner in favour of the authority or an authorised provider, whereby such registered owner agrees and undertakes to pay to the authority or such authorised provider any outstanding debt owing by the applicant for water and sanitation services provided to the applicant by the authority or the authorised provider in the event that the applicant absconds leaving such debt unpaid.

3.12 A person may be required to provide to the Municipality such personal information, as may be prescribed, for any purpose contemplated in this policy, amongst others, all contact details (postal/physical/email address etc.), proof of identification, financial information and such other relevant documentation, as may be required by the Municipality from time to time (e.g. binding lease agreement, title deed etc.).

3.13 All information furnished may be verified by the Municipality with any or all data information institutions, credit information bureau's and any financial institutions as may be deemed necessary by the Municipality in determining a person's credit worthiness or for any other reason as determined by the municipality.

3.14 The Municipality has a right to conduct a full credit check on any person who is or who will become subject to this policy or any other policy of the Municipality.

5. DEPOSITS AND GUARANTEES

5.1 Deposits

(a) All new customers applying for a new connection are required to pay a minimum deposit of R550.00 (urban) and R200.00 (rural), R1 000.00 (tenant)
(b) All new customers with existing connections will be required to pay a minimum deposit based on 3 months historic charges on the property.
(c) Where a tenant applies for a municipal account, the registered owner's account must be settled in full.
(d) The Municipality may appropriate a customer's deposit on any account related to that customer.
    (i) Sureties shall not be accepted in lieu of deposits.
    (ii) Where a business customer does not present a valid South African ID Document, a deposit equivalent to twice the prescribed deposit shall apply, in addition to the personal suretyships.
    (iii) If a customer is in arrears, the deposit may, upon due notice, be increased.
    (iv) No deposit will be raised on a vacant stand however a basic charge shall be raised monthly.
(e) Accounts that were taken over from rural water schemes may have no deposit
(f) No deposit will be raised on the registered owner's account that is opened for raising basic charges where the old owner has requested the closure of their account until the registered owner has signed a contract with the municipality

5.2 Guarantees

(a) Where an applicant for any credit service is a commercial customer, they may lodge with the Municipality a guarantee for a deposit amount as calculated by the Municipality and provide the guarantee in a form that is satisfactory and acceptable to the Municipality from a recognised financial institution.
    (i) Any guarantee provided shall not be regarded as being in payment of any current account or any arrears due to the authorised provider; and
    (ii) Where liability for monthly charges ceases, the authorised provider shall issue a

written release of any guarantees given on behalf of the juristic person or persons concerned.

(iii) The determination of the cessation of any monthly charges or liability shall be solely within the discretion of the authorised provider which shall however, be exercised reasonably.

(iv) The authorised provider may at any time require by notice to any liable party or juristic person to furnish a further guarantee, which may in the discretion of the authorised provider, be from a recognised financial institution for any additional amount as the authorised provider may reasonably determine is necessary, in a time period as set out in such notice.

5.3 Review of Deposits

(a) The authority may from time to time review the sum of money deposited by a customer and in accordance with such review -

(i) require that an additional amount be deposited by the customer; or

(ii) refund to the customer such amount as may be held by the authority in excess of the reviewed deposit.

(b) If the customer poses a credit risk, the value of the original deposit paid, or a guarantee held may be reviewed from time to time by the Municipality.

(c) The deposit on an account shall be reviewed when−

(i) the Account is paid after the due date;

(ii) payment by negotiable instrument or direct debit is dishonoured; or

(iii) there is increased consumption of services.

(d) The Municipality may increase the deposit payable by a customer by up to 12 months average usage.

6. ACCOUNTS MANAGEMENT

6.1 The Municipality will deliver notices and accounts in accordance with section 115 (1)(a) – (e) of the Municipal Systems Act.

6.2 Failure to receive or accept accounts does not relieve a customer of the obligation to pay any amount due and payable. The onus is on the customer to make every effort to obtain a copy of the account or establish the amount payable for payment by due date as indicated on the invoice.

6.3 If payment of an account is received after the date referred to in Subsection (6.2), a late payment charge or interest, as provided for in section 11 as may be prescribed, must be paid by the customer to the authority.

6.4 The Municipality or an authorized official must, if administratively possible, issue a duplicate account to a customer on request.

6.5 Customers are required to update their information details with the Municipality promptly whenever information on record changes and or whenever requested by the Municipality. A failure to update information with the Municipality or a failure to respond to the Municipality's request for updated information may, subject to the principles of administrative justice, result in with-holding of services, disconnection of services or prosecution. Such update of information includes, but is not limited to−

(a) Details of executors or administrators of deceased estates;

(b) Deregistration of a company if the company is the account holder;

(c) Details of deceased company directors, members of Close Corporations and trustees of Trusts;

(d) Details of deceased partners and;

(e) Letters of appointment of a Trustee or Liquidator in the case of an insolvency /liquidation together with contact particulars.

6.6 A request for a reconciliation of any account shall be processed after payment of a prescribed fee.
6.7 There is no obligation on the Municipality to provide records older than 5 years from the date such records are requested.

6.8 Accounts will –

(a) show the following –

(i) the consumption or estimated consumption or assumed consumption as determined for the measuring and or consumption period;
(ii) the measuring or consumption period;
(iii) the applicable tariff;
(iv) the amount due in terms of the consumption;
(v) the amount due and payable for any other service rendered by the authority or the authorised agent;
(vi) the amount in arrears, if any;
(vii) the interest payable on any arrears, if any;
(viii) the final date for payment;
(ix) the methods, places and the names and location of any authorised agents where payments may be made; and

(b) state that –

(i) the customer may conclude an agreement with the authority for payment of the arrears amount in instalments, at the authority offices before the final date for payment, if a customer is unable to pay the full amount due and payable;
(ii) if no such agreement is entered into the authority will limit the water and sanitation services after sending a final demand notice to the customer; and
(iii) that legal action may be instituted against any customer for the recovery of any amount sixty days in arrears;
(iv) proof of registration, as an indigent customer, in terms of the authority's indigent policy must be handed in before the final date for payment; and an indigent customer is only entitled to a basic water supply and basic sanitation as defined in the Act and that an indigent customer will be liable for payment in respect of water and sanitation services used in excess of the quantity of such basic water supply or basic sanitation.

6.9 All payments made to the authority in respect of any amount payable under this Policy, including any arrears, interest or penalties shall be made in cash, by bank guaranteed cheque or by electronic deposit to the authorities banking account, and such payment shall be deemed to have been received when:

(a) an official receipt is issued therefore by the authority, or
(b) such amount is credited to the bank account of the authority in such a manner that the authority may immediately deal therewith, whichever is the sooner.

6.10 All payments shall be made only to the offices of the authority or at such other places as the authority may in writing appoint.

7. METERING

7.1 The municipality will endeavour, within practical and financial limits, to provide meters to every paying customer for all metered services.

7.2 All meters will be read monthly, however on exceptional cases the municipality will average the consumption for the preceding month(s).

7.3 Customers are entitled to request verification of meter readings and accuracy within reason but may be held liable for the cost thereof if municipal reading was correct.

7.4 Customers may be informed of meter replacement as the municipality may replace a meter as and when the need arises

7.5 If a service is metered but it cannot be read due to financial and human resource constraints or circumstances out of the control of the municipality or its authorised agent, and the customer is charged for an average consumption the account following the reading of the metered consumption must articulate the difference between the actual consumption and the average consumption, and the resulting credit or debit adjustments.

7.6 An estimated account is determined by calculating an average based on the historic consumption.

8 RESPONSIBILITY FOR AMOUNTS DUE

8.1 In terms of Section 118 (3) of the Systems Act, an amount due for municipal service fees and surcharge on fees, charge upon the property in connection with which the amount is owing against the property. Accordingly —

(a) The owner of such property shall be liable for charges incurred in connection with such property and all municipal debts must be paid by the owner of such property without prejudice to any claim or right of recovery which the Municipality may have against another person; the Municipality reserves the right to cancel a contract with the customer in default and register the owner of such property for services on the property; and

(b) Subject to the right to a basic water supply as contemplated in the Water Services Act,1997 (Act No.108 of 1997), as amended, the Municipality will not provide any services on the property until all municipal debts on the property have been paid in full or suitable arrangements have been made to pay such debts. The Municipality reserves the right to determine the manner in which access to a basic water supply will be provided.

8.2 Where the property is owned by more than one person, each owner shall be jointly and severally liable, the one paying the other to be absolved, for all municipal debts charged on the property.

(a) Owners with their tenants who are registered as customers shall be held jointly and severally liable, the one paying the other to be absolved, for debts on their property

(b) When a Juristic person opens a Service Account, the directors, members or trustees as the case may be, must sign personal suretyships in favour of the Municipality. Liability for outstanding amounts maybe extended to such directors, members or trustees jointly and severally, the one paying the other to be absolved.

8.3 Should any dispute arise as to the amount owing, the customer shall pay all amounts which are not subject to the dispute that are due and payable, pending the finalisation of the dispute lodged in respect of the specific amount owed by the customer.

8.4 The owner of the property may be held liable for tampering with the water metering equipment on the property as well as charges that arise there from.

8.5 Debtors may be referred to a third-party debt collector and tracing agent.

9 PAYMENT OPTIONS

9.1 The Municipality will endeavour to establish a payment network to ensure that wherever practically possible, customers in receipt of accounts have access to a payment site i.e Ugu District Municipality offices: Preston Street Park Rynie, Connor Street Port Shepstone, Marine Drive Oslo Beach, Musgrave Rd Harding

9.2 The Municipality shall accept payment under the following circumstances–

(a) Payment by cheque – provided it is a Bank cheque in ALL instance.
(b) Payment via a Bank cheque, electronic funds transfer (EFT)
(c) Subject to a. and b. above, the following payment methods are also available:
    (i) EFT;
    (ii) Internet Transfers;
    (iii) Third party collectors appointed from time to time by the Municipality;
    (iv) Direct Debit; and
    (v) Debit Order payments.

(d) The following shall apply for all EFT payments of the customer's arrears accounts:
    (i) Only proof of payments from customers will be accepted.
    (ii) The proof of payment will be verified, where applicable, for authenticity (through the submitting bank's website).
(e) All reconnection requests where services have been disconnected or restricted will ONLY be actioned once the proof of payment has been received and verified.

9.3 Where any direct debit or payment made to the Municipality or an authorised official is later dishonoured by the bank, the Municipality or its authorised official–

(a) will recover the bank charges incurred relating to that dishonoured payment against the account of the customer.
(b) may regard such an event as default on payment and the account shall be dealt with as an arrear account; and
(c) reserves the right to take legal action for recovery of arrears

9.4 The methods of payment shall be determined by the municipality from time to time.

10. FULL AND FINAL SETTLEMENT

10.1 Where the exact amount due and payable has not been paid in full, any lesser amount tendered and receipted, shall not be in full and final settlement of such an account, except when duly accepted in terms of a delegated authority.

10.2 Subsection 10.1 shall prevail notwithstanding the fact that such lesser payment was tendered or receipted in full settlement.

11. CASH ALLOCATION

11.1 In accordance with section 102 of the Systems Act, the Municipality may–

(a) consolidate any separate accounts of persons liable for payments to the Municipality;
(b) credit a payment by such a person against ANY account of that person; and
(c) implement any of the debt collection and credit control measures provided for in this Policy in relation to any arrears on any of the accounts of such a person.

11.2 Any amounts paid may be appropriated to the oldest debt first in the following manner:

(a) Once off charges
(b) Sanitation charges (both fixed and variable)
(c) Water Basic charges
(d) Interest and administration fees
(e) Water consumption charges

11.3 Any amount paid by the customer in excess of an existing debt may be held in credit for the customer in anticipation of future fees for municipal services, and no interest will be payable on that amount.

11.4 The Municipality's allocation of payment is not negotiable, and the customer may not choose which account to pay.

11.5 Where a customer makes a payment in error into their Ugu District Municipality's account that has a debt outstanding: -

(a) meant for a different institution,
(b) where a customer has multiple accounts

the municipality will only refund or transfer the amount in credit after settlement of the debt.

12. INTEREST AND ADMINISTRATIVE CHARGES

12.1An interest rate of 6.5% per annum will be raised on overdue accounts that are more than 30 days.

12.2 The rate of interest will be reviewed on an annual basis as part of the municipality's adopted tariff structure.

12.3 Interest shall accrue 30 days from date of account on unpaid accounts. Interest shall accrue for each completed month in respect of any arrears remaining unpaid after 30 days of the account. A part of a month shall be deemed to be a completed month on the basis that interest is charged as from the first day of the account being in arrears.

12.4 Interest may only be reversed under the following circumstances–

(a) exemptions as determined by this Policy from time to time;
(b) if the Municipality has made an administrative error on the account;
(c) Where any debt has arisen as a result of a faulty meter or the Municipality has applied an incorrect charge, meter constant or tariff due to an administrative error;
(d) where the Municipality approves such reversal from time to time.

12.5 Where any payment made to the municipality or its authorised agent by negotiable instrument is later dishonoured by the bank, the municipality or its authorised agent:

(a) may recover the bank charges incurred relating to dishonoured negotiable instruments against the account of the customer
(b) shall regard such an event as default on payment

12.6 A customer will be liable for any administration fees, costs incurred in taking action for the recovery of arrears and any penalties, including the payment of a higher deposit.

13. PROCUREMENT OF GOODS AND SERVICES AND PAYMENTS IN TERMS OF CONTRACTS

13.1 When submitting a tender for the provision of services or the delivery of goods, each potential tenderer must prove to the satisfaction of the Municipality that all accounts for which the tenderer is liable, have been paid up to date, and that all accounts for which each and every director, member, owner, partner or trustee of the tenderer is liable, have also been paid up to date.

13.2 Before awarding a tender, the Municipal debts of the tenderer and of each director, member, owner, partner or trustee of the tenderer must be paid in full.

13.4 Where payments are due to a creditor of the Municipality, or in terms of any contractual arrangement with the Municipality, any arrear amount owing to the Municipality may be set off against such payments.

13.5 This Policy applies to quotations, public tenders and tenders in terms of section 36 of the Municipality's Supply Chain Management Policy.

14. AGREEMENT WITH EMPLOYERS

14.1 Section 103 of the Systems Act reads as follows—

A Municipality may–

(a) with the consent of a person liable to the Municipality for the payment of fees for municipal services, enter into an agreement with that person's employer to deduct from the salary or wages of that person-

(i) any outstanding amounts due by that person to the Municipality; or

(ii) regular monthly amounts as may be agreed.

14.2.1 In the event that the employee voluntarily chooses to use the method of payment as contemplated in subsection 13.1 for the payment of his or her municipal accounts, the employee may approach the Municipality for the agreement to be concluded.

15. STAFF, COUNCILLORS AND WARD COMMITTEE MEMBERS IN ARREARS

15.1 STAFF

(a) Item 10 of Schedule 2 to the Systems Act (Code of Conduct for Municipal Staff Members) states that–

(i) a staff member of the Municipality may not be in arrears to the Municipality for rates and service charges for a period longer than three (3) months; and

(ii) a Municipality may deduct any outstanding amounts from a staff member's salary after this period; and

(b) The Municipality shall liaise with the relevant staff on repayment of their arrears.

(c) No special treatment shall be afforded to staff members whose accounts are arrears.

(d) Any staff member who has breached the code will be dealt with in accordance with the disciplinary procedures adopted by the Municipality or as prescribed by Law or determined by a Collective Agreement.

15.2 COUNCILLORS

(a) Item 12A of Schedule 1 to the Systems Act states that a Councillor may not be in arrears to the Municipality for a period longer than three (3) months.

(a) The Accounting Officer shall liaise with the Speaker and issue the necessary salary deduction instruction where appropriate.

16 ARREAR ACCOUNTS

Disconnection and Reconnection of Services

16.1 If a customer fails to pay the amount/s due and payable on or before the final date for payment, the unpaid amount is in arrears and a final demand and disconnection notice may be hand delivered or posted, e-mailed, to the most recent recorded address of the customer, within fourteen(14) days.

16.2 Failure to deliver or send a final demand notice within fourteen (14) days does not relieve a customer from paying such arrears.

16.3 The final demand notice must contain the following statements, in the English or IsiZulu language –

(a) the amount in arrears and any interest payable;

(b) that the customer may conclude an agreement with the authority for payment of the arrears amount in instalments within fourteen (14) days of the date of the final demand notice;

(c) that if no such agreement is entered into within the stated period that the water and sanitation services will be limited and that legal action may be instituted against any customer for the recovery of any amounts sixty (60) days in arrears;
(d) proof of registration, as an indigent customer, in terms of the authority's indigent policy must be handed in before the final date of the final demand notice.
(e) that an indigent customer is only entitled to basic water supply and or basic sanitation, as defined in the Act and in accordance with any regulations adopted by the authority and that an indigent customer will be liable for payment in respect of water and sanitation services used in excess of the quantity of basic services.

16.4 Interest may be levied on all arrears at a rate prescribed by the municipality from time to time.

16.5 The amount due and payable by a customer constitutes a consolidated debt, and any payment made by a customer of an amount less that the total amount due, will be allocated in reduction of the consolidated debt in the following order –
(a) towards payment of arrears.
(b) towards payment of interest; and
(c) towards payment of the current account

16.6 The authority may, within fourteen (14) days after the expiry of the due date allowed for payment in terms of the final demand notice –
(a) limit the provision of water and sanitation services to the defaulting customer; and
(b) hand deliver or post, email, to the last recorded address of the customer, a discontinuation notice informing him or her that the provision of water and sanitation services will be disconnected within fourteen days (14) of the date of the discontinuation notice;

if –

(i) no payment was received within the allowed period;
(ii) no agreement was entered into for the payment of arrears in instalments;
(iii) no proof of registration as indigent was handed in within the fourteen day period allowed; or
(iv) no payment was received in accordance with an agreement for payment of arrears.

16.7 A discontinuation notice must contain –
(a) the amount in arrears and any interest payable;
(b) a statement that the customer may conclude an agreement with the authority for payment of the arrears amount in instalments, within fourteen (14) days of the date of the discontinuation notice;
(c) that if no such agreement is entered into within the stated period, the authority may discontinue the provision of water and sanitation services with immediate effect, notwithstanding any legal action instituted or in the process of being instituted against the customer for the recovery of the arrears amount; and proof of registration, as an indigent customer, in terms of the authority's indigent policy must be handed in within fourteen (14) days of the date of the discontinuation notice.

16.8 The authority may, within ten (10) working days after the expiry of the fourteen (14) day period allowed for payment in terms of the discontinuation notice, discontinue water and sanitation services to the defaulting customer, if -
(a) no payment was received within the allowed period;
(b) no agreement was entered into for the payment of arrears in instalments;
(c) no proof of registration as indigent was furnished within the fourteen (14) day period allowed; or
(d) no payment was received in accordance with an agreement for payment of arrears.

16.9 Where an account rendered to a customer remains outstanding, the defaulting customer may be handed over to a debt collector or an attorney for collection of the amount owing to the authority without prejudice

to the right of the authority or the authorised provider to limit or discontinue the water and sanitation services under the provisions of this Policy and Credit Control and Debt Collection By-Law or any other law.

16.10 A customer will be liable for any administration fees, costs incurred in taking action for the recovery of arrears and any penalties, including the payment of a higher deposit.

16.11 No action taken in terms of this section due to non-payment, will be suspended or withdrawn, unless the arrears, any interest thereon, administration fees, additional charges, costs incurred in taking relevant action and any penalties, including the payment of a higher deposit, payable are paid in full.

16.12 The authority will not be liable for any loss or damage suffered by a customer due to his, her or its water and sanitation services being disconnected.

16.13 An agreement for payment of the arrears amount in instalments, entered into after the water services was discontinued, will not result in the water and sanitation services being restored until the arrears, any interest thereon, administration fees, costs incurred in taking relevant action and any penalties, including payment of a higher deposit, payable are paid in full.

16.14 Reconnections of municipal services will only be allowed when all applicable penalties and fees have been paid and the debt has been extinguished or suitable arrangements have been made to settle the debt.

16.15 Services may be disconnected, after due notice has been given, where the–

(a) owner or tenant is deceased; or

(b) company, close corporation or trust has been deregistered, and such has not been reported to the Municipality.

16.16 Reconnection of services where services have been disconnected in terms of subsection 15 above will be authorised when–

(a) an executor has been appointed; or

(b) the Company or Close corporation has been re-registered.

16.17 Where a municipal service, which is not in the name of the registered owner, has been restricted, disconnected or discontinued, the municipality may, subject to the principles of administrative justice, insist that the service be transferred into the name of such property owner; and

(a) Notwithstanding subsection 17 the municipality may at any other time insist that the service be transferred into the name of such property owner.

16.18 Any additional grounds for disconnecting municipal services as set out in the Bylaw, shall be deemed to form part of this Policy.

16.19 Confirmation of tampering of a restricted supply on two occasions may result in the entire water connection being removed. Customers have two options to facilitate the re-instatement of the water supply–

(a) pay the outstanding debt in respect of water services charges in full (including all charges) plus the prevailing costs of a new water connection and penalty charges; or

16.20 If a customer has received a new connection and then tampers with it again, the connection will be removed and will not be replaced until all outstanding water debts have been paid.

16.21 All illegal connections that are found will be removed and owners and occupiers may be prosecuted by a court of law.

16.22 The municipality will endeavour to reconnect water supply within 48hrs after receipt of proof of payment

17 ACKNOWLEDGEMENTS OF DEBT

The Municipality may, at its discretion, enter into an Acknowledgement of Debt and an admission of liability, with customers and owners in arrears with municipal service fees, surcharges on fees, and sundry charges

17.1 DOMESTIC ACCOUNTS

17.1.1 The Municipality recognises that in certain instances domestic customers may experience difficulty with the payment of a lump sum arrear amount and in such instances will accommodate any domestic customer who require paying their arrears over an extended period;

In these instances the Municipality shall require:-

(a) an agreement stipulating:
(i) the extended period;

(ii) the amount payable by the customer;

(iii) any deposits payable.

In such instances all deposits shall be payable either in cash or by bank guarantee.

Each request is treated on its individual merit; however, officials will be guided by the following minimum guidelines in entering into agreements of this nature: -

(a) First time request: -

any amount in arrears – a deposit of 10% of the arrear amount is payable immediately with the balance payable over eleven (11) months;

In case of a default, complete disconnection will be effected and free basic water can be collected from the Ugu premises. The full amount becomes due and payable immediately before re-instatement of the supply

(b) In respect of repeat requests by domestic defaulting customers or domestic customers with agreements as envisaged in sub-paragraph (a) above or first-time tampering customers: -

any amount in arrears – a deposit of 25% of the arrear amount is payable immediately with the balance payable over eleven (11) months;

In case of a default, complete disconnection will be effected and free basic water can be collected from the Ugu premises. The full amount becomes due and payable immediately before re-instatement of the supply.

17.1.2 Reconnection fees and additional deposits must be paid in full before any agreement as aforesaid can be entered into;

17.1.3 In the event of such agreements being negotiated with legal entities, then, the agreement must be duly signed by a duly authorised officer of the same and this must be accompanied by personal sureties of a natural person. All such agreements must be accompanied by a resolution of the entity authorising the signatory to sign as aforesaid;

17.1.4 In instances where agreements as envisaged in this clause are entered into, a customer may be required to complete a debit order authority for the payment of the arrears in terms of the agreement.

17.1.5 The customer's current account must be paid in full and maintained for the duration of the agreement.

17.1.6 The owner of the property is required to give consent in writing to an acknowledgement of debt and admission of liability with the municipality and the tenant.

17.1.7 The acknowledgement of debt shall be terminated if the debtor relocates from the property. The balance owing shall become immediately due and payable.

17.2 COMMERCIAL ACCOUNTS

17.2.1 In these instances where commercial accounts fall into arrears, the Municipality shall require: -

(a) Arrears to be paid in full before water supply is re-instated
(b) No instalment arrangement shall be accepted for any commercial account not unless authorised by the Accounting Officer or a delegated official
(c) In such instances deposits shall be adjusted and payable either in cash or by bank guarantee
(d) Reconnection fees and additional deposits must be paid in full before water supply is re-instated
(e)The deposit amount and the period of payment will be at a discretion of the Accounting Officer or a delegated official.

17.2.2 Reconnection fees and any additional deposits must be paid in full before any agreement can be entered into;

17.2.3 In the event of such agreements being negotiated with legal entities, then, the agreement must be duly signed by a duly authorised officer of the same and this must be accompanied by personal sureties of a natural person. All such agreements must be accompanied by a resolution of the entity authorising the signatory to sign as aforesaid;

17.2.4 In instances where agreements as envisaged in this clause are entered into, a customer may be required to complete a debit order authority for the payment of the arrears in terms of the agreement.

17.2.5 The customer's current account must be paid in full and maintained for the duration of the agreement.

17.2.6 The acknowledgement of debt shall be terminated if the debtor relocates from the property. The balance owing shall become immediately due and payable.

18. DEBT RELIEF PROGRAMME

The debt relief programme is aimed at assisting customers who are in arrears for water services charges, for sixty (60) days or more. Customers, excluding officials and Councillors, eligible for the debt relief programme are those families as detailed in the municipality's Indigent Support Policy.

19. TERMINATION / TRANSFER OF SERVICES

19.1 A customer may terminate an agreement for the provision of water and sanitation services by giving to the authority, not less than 30 days' notice in writing of his or her intention to do so

19.2 The authority may, by notice in writing of not less than thirty (30) calendar days, advise a customer of the termination of his or her agreement for the provision of water and sanitation services if -

(a) he or she has failed to comply with the provisions of this policy and has failed to rectify such failure to comply on notice in terms of section 11 of the Credit Control and debt Collection By-law or to pay any tariffs or charges due and payable after the procedure set out in section 17 was applied

20. LIMITATION AND DISCONTINUATIUON OF WATER AND SANITATION SERVICES PROVIDED

20.1 The authority may limit or discontinue water and sanitation services provided in terms of this policy –

(a) on failure to pay the prescribed tariffs or charges on the date specified, after the provisions of section 15 was applied;
(b) on failure to comply with any other provisions of this policy, after notice in terms of any provisions of this policy in the form required by section 11 of the Credit Control and debt Collection By-law was given;
(c) at the written request of a customer;
(d) if the agreement for the provision of services has been terminated in terms of section 17 and it has not received an application for subsequent services to the premises within a period of ninety (90) days of such termination;
(e) the building on the premises to which services were provided has been demolished;
(f) if the customer has interfered with a limited or discontinued service; or
(g) in an emergency.

20.2 The authority will not be liable for any damages or claims that may arise from the limitation or discontinuation of water and sanitation services provided in terms of subsection (1).

21 UNALLOCATED CONSUMPTION

Notwithstanding that a water service may have been disconnected, the registered owner remains liable to monitor his /her property as well as the metering as defined in this Policy. Accordingly, when water consumption is recorded on a property during a period for which there is no registered customer against whom a bill can be raised, the relevant charges for water services shall be raised against the registered owner on his or her consolidated bill. Furthermore, the Municipality has the right to remove relevant Municipal infrastructure (and other components) at the cadastral boundary of the property to ensure that ongoing water consumption, is terminated.

22 REVENUE CLEARANCE CERTIFICATES

22.1 Subject to Sections 118(1) and (1A) of the Systems Act, the following shall apply to the issue of a revenue clearance certificate for the purpose of effecting transfer of a property to a new owner.

(a) Clearance Figures–
(i) an application shall be made by a conveyancer, in the prescribed format. Each application must be accompanied by the relevant application fee. The application will not be processed until the fee is paid.
(ii) copies of all current accounts must accompany any application made manually. If the relevant information is not provided, the application will be returned to the conveyancer.
(iii) the Municipality does not accept responsibility for errors on manual applications. The Conveyancer must check that all details on the application, assessment and the revenue clearance certificate are correct.
(iv) Service charges are estimated for sixty (60) days based on previous consumption, taking into account any existing Rebate.
(v) upon the receipt of the revenue clearance certificate request, a letter shall be sent to the nominated Conveyancer notifying him or her about his or her responsibilities to inform both the seller and the purchaser regarding the total amount of municipal outstanding debts charged against the property
(vi) an “Attorneys’ Report” in respect of all amounts owing and the assessed figures, shall be issued upon the receipt of the request for the report.
(vii) the assessment shall remain valid for a period of thirty (30) days from the issue date. If payment has not been received within this period, a re-assessment may be required, and payment of a further application fee will apply.
(viii) any discrepancies may result in delays in the issuing of a revenue clearance certificate, and in addition may result in the levying of additional charges.

(ix) any amounts paid shall be appropriated to the oldest debt first.
(x) a separate application is required for each transfer.
(xi) an assessment in terms of S118 (1) of the Systems Act will only be issued on request by a Conveyancer.
(xii) A revenue clearance certificate shall be issued within five (5) days of the date of payment of the amount requested in the "Attorneys' Report".
(xiii) Where simultaneous transfers of a property are contemplated, the Conveyancer must apply for a separate revenue clearance certificate in respect of each new transfer.

(b) Payment of clearance figures-
(i) must be made in cash, EFT payments, direct debit, bank transfers, bank cheques or other instruments accepted by the municipality from time to time.
(ii) there shall be no refunds on the cancellation of a sale or otherwise.
(iii)the certificate shall be valid for a period of sixty (60) days from date of issue.

(c) Information and contact details of the purchaser provided on the revenue clearance certificate shall be used as details of the new owner (purchaser) for the purposes of billing for rates, services and consolidated accounts, until the same has been changed by the purchaser.
(d) On the date of ownership transfer, the new owner (purchaser) must conclude a new service agreement with the Municipality.
(e) The purchaser shall furnish to the Municipality with new contact details, in writing, comprising a postal and physical address and such further information as may be determined by the municipality from time to time, prior to the Municipality issuing the revenue clearance certificate.

23 LEGAL ACTION

23.1 Legal proceedings may be instituted by the Municipality to recover arrear amounts on service accounts, where–
(a) disconnection action yielded no satisfactory result;
(b) disconnection action is not possible due to the nature of the services for which the account has been rendered; or
(c) the arrears are older than ninety (90) days.

23.2 For residential properties occupied by owners, all reasonable steps shall be taken to ensure that the ultimate sanction of judgment and sale-in-execution is avoided or taken as the last resort. The Municipality, however, has total commitment to follow the legal process through to judgment and sale-in-execution should the debtor fail to make use of the alternatives provided for by the Municipality from time to time.

23.3 Once judgment is obtained the properties will be advertised and sold through public auction, unless appropriate settlement has been made to the satisfaction of the Municipality. The Municipality shall assess annually, the appropriate minimum amount below which it will not attach properties.
All Collection Charges shall be debited to the relevant debtor's account.

23.4 Proceeds of the Sale in Execution may be appropriated to any of the debtor's accounts in arrears.

23.5 Metering and connection equipment always remain in the ownership of the Municipality and the owner of the property, on which such meters and connection equipment is installed, shall be held responsible for all instances of tampering, damage or theft. Accordingly, the owner of the property concerned is liable for any breach of this duty and may be prosecuted.

23.6 Where a Sectional Title Body Corporate is in arrears, the municipality may apply to court for the appointment of an administrator in terms of Sections 46 and 47 of the Sectional Titles Act 95 of 1986, as amended.

24 DISPUTES

24.1 A customer may lodge a dispute in writing in respect of the accuracy of the amount due and payable in terms of an account rendered by the municipality

24.2 The dispute must be submitted on or before the due date for payment specified in the account. If a dispute is raised after this period, it will be treated as an enquiry, the account will not be suspended from the disconnection or restriction list, and normal credit control procedures will apply.

24.3 The dispute must relate to a specific amount on the account. Amounts not in dispute must be paid in full. If the amounts not in dispute remains unpaid, services may be disconnected.

24.4 Should any dispute arise with respect to the amount owing, the debtor will continue to make regular payments based on the average charges for the preceding three (3) months prior to the dispute, plus interest where applicable.

24.5 A query is not regarded as a dispute. A query is a verbal enquiry whereas a dispute must be in writing and lodged with the relevant municipal department or section.

24.6 Proven tampering charges are not regarded as a dispute.

24.7 The customer must provide the Authorised Official with the account alleged to be in dispute, which includes incorrect readings, misallocation of payments, incorrect tariffs charged and any other relevant information that may be required.

24.8 The authority will register the dispute and shall acknowledge receipt within two (2) working days of the receipt thereof and provide the customer with a reference number

24.9 The customer has the right to appeal against the decision of the Authorised Official. The CFO may hear representations and either confirm, vary or revoke the decision of the Authorised Official and must communicate his decision within 30 days of date of receipt of the appeal.

24.10 A person whose rights are affected by the decision of the CFO may lodge an appeal against that decision within 21 days of the date of notification of the decision, to the Municipal Manager in terms of section 62 of the Systems Act. The appeal must be lodged in writing.

25 INTERNAL LEAKS

25.1 Internal leaks may be charged at the lowest tariff, upon approval and submission of the following documents:

(a) Letter from registered customer requesting reduction of account
(b) Letter from a plumber who fixed the leak and copy of the invoice
(c) A sworn affidavit by the accountholder where leak was self-repaired
(d) Three subsequent water statements after the leak was fixed indicating reduction in consumption

25.2 Registered customer shall pay for consumption at the lowest tariff for the months the account was affected by the internal leak whilst awaiting approval and at normal tariffs for any other account

26 REFUNDS

26.1 Credits on accounts shall be refunded, upon application and submission of proof of payment, as follows:

(a) on a water or sanitation account: to the account holder;
(b) where the owner pays the tenants account the refund will be paid to the owner;
(c) on transfer of a property: to the conveyancing attorney or their nominee.

25.3 All accounts will be refunded within three (3) months from date of application

25.4 A refund shall be forfeited after 3 years if it remains unclaimed.

27 PROVISION FOR DOUBTFUL DEBT

FIRST ASSESSMENT

In terms of paragraph 62 of GRAP 104, the municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant.

Since the standard is quiet broad in defining significant, the municipality will determine materiality of its debtors from time to time.
This is done by using the detailed age analysis and sorting the debtors' balances from largest to smallest value. The age analysis report is sorted in order to identify the debtors with the highest balance at year end.

SECOND ASSESSMENT

In terms of GRAP, if an entity determines that no objective evidence of impairment exists for an individually assessed financial asset, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assess them for impairment.

The municipality has the following categories of debtors: -Business, Private Individuals and Government.

The municipality is responsible for providing services to the community. In the absence of information that suggests otherwise, these members of the community can be seen to fall within the same credit risk profile. This includes Business, Private Individuals including Indigent Support beneficiaries.

Government debt is then seen as a financial asset falling within a different credit profile to the usual community consumers. For all intents and purposes, all intergovernmental debt should be fully collectible. However, government departments have not been seen to be settling their debt within the normal period and will therefore be subjected to the provision calculation.

The impairment loss will be calculated as the difference between the assets carrying amount and the present value of estimated future cashflows discounted at the financial assets original effective interest rate.

The past payment history of consumer debtors is used as the basis to estimate the future cashflows. Once the estimated cashflow is established, it is then discounted at the effective interest rate.

The difference between the carrying value and the discounted cashflows is then the provision amount.

28 DECEASED ESTATES

28.1 The Executor of a Deceased Estate shall be liable for payment of all debts on the property.

28.2 For the purposes of liability for an account, including a consolidated account, the occupier or occupiers of a property which vests in a deceased estate where neither an executor nor administrator has been appointed, will

be regarded as the Deemed Owner. The municipality may request a deemed owner to sign a services agreement. Where there is more than one occupier on the property, every occupier will be jointly and severally liable for an account or consolidated account.

28.3 "Deemed Ownership" does not confer any rights on an occupier other than the liability to pay the accounts.

28.4 In accordance with subsection 16 (15) (a), failure to inform the Municipality that the property forms part of a deceased estate may result in the disconnection of services, until an executor has been appointed.

29 IRRECOVERABLE DEBT

29.1 Debt will only be considered as irrecoverable if it complies with one or more of the following criteria–

(a) all reasonable notifications and cost-effective legal avenues have been exhausted to recover a specific outstanding amount;
(b) any amount equal to or less than R500.00, or as determined by Council from time to time, will be considered too small, after having followed basic checks, to warrant further endeavours to collect it;
(c) the cost to recover the debt does not warrant further action;
(d) it has been proven that the debt has prescribed;
(e) the debtor is untraceable or cannot be identified so as to proceed with further action;
(f) the debtor has emigrated leaving no assets of value to cost-effectively recover the Municipality's claim;
(g) it is not possible to prove the debt outstanding;
(h) a court has ruled that the claim is not recoverable;
(i) the claim is subject to any order of court;
(j) the claim is subject to an out of court settlement agreement;
(k) the debt is subject to a settlement in terms of section 109 of the Systems Act;
(l) the Municipality has resolved that the debt is irrecoverable;
(m) if an offer of Full and Final Settlement is accepted and confirmed in writing by the Head: Legal and CFO if it has financial implications;
(n) the outstanding amount is–
    (i) as a result of an administration error;
    (ii) an interest as a result of a property debt that arose prior to the current owner taking transfer and successive transfers before his; or
(o) expenditure incurred in respect of internal accounts raised in the name of the Municipality, in any previous financial year;
(p) conversion of old dormant account balances of debtors, inherited from the previous municipalities which now form part of the Municipality, and where reasonable steps have been taken to recover these debts; or
(q) where the Municipality-
    (i) expropriates any property; or
    (ii) purchases any property in terms of its Sales in Execution.

29.2 Provided there is sufficient provision for bad debt, the CFO shall write off any revenue which is irrecoverable or the recovery of which is considered not to be reasonably practicable.

29.3 The CFO must report to Council all amounts that have been written off as irrecoverable with the Section 71 MFMA report.

30 LEASES

30.1 Persons who lease property from the Municipality for the purposes of any business or trade must sign a surety agreement covering all debt incurred on the said property during the duration of the lease.

30.2 Where the lessee is a company or close corporation, the directors or members are required to sign a personal surety covering all debt incurred on the said property during the duration of the lease.

30.3 Municipal service accounts must be opened in the name of the lessee only.

31 MISREPRESENTATIONS

31.1 Any person who has received any benefit or relief in terms of this Policy and who has misrepresented themselves in order to qualify for such benefit or relief will be deemed to have committed an offence and remedial measures will be taken in a manner as determined by the Municipality from time to time, and the municipality–

(a) Will reverse all benefits and relief received;
(b) Will raise any fee, as determined by Council from time to time, as set out in the Tariff Policy; and
(c) Will cancel any Credit Authority and all amounts due to the Municipality will become payable immediately.

31.2 The Municipal Manager shall report any misrepresentation in terms of this Policy to the South African Police Services.

31 MONITORING AND EVALUATION

The Chief Financial Officer shall report monthly to the Municipal Manager in a suitable format to enable the Municipal Manager to report to the Finance Committee, who will report to the Executive Committee who will report to Council

32 COMMENCEMENT OF THE POLICY

The policy shall commence upon approval by Council

33 AMENDMENTS AND/OR ABOLITION

Any amendments and /or abolition will have to be approved by the Council

34 COMPLIANCE AND ENFORCEMENT

The policy will be in accordance with the Acts, guidelines and all relevant legislations

35 POLICY REVIEW

The policy will be reviewed on an annual basis

Records of Approval

Meeting	Date	Resolution
Council Meetings		
Council	24 May 2018	Approved
Council	30 May 2019	Approved
Council	28 May 2020	Approved

Council	29 April 2021	Approved
Review 2020/2021		
Policy Review Committee	27 February 2020	Recommended to MANCO
Policy Review Committee	28 January 2021	Recommended to MANCO
Policy Review Committee	20 January 2022	Recommended to MANCO

UGU DISTRICT MUNICIPALITY

Policy Custodian	**BTO**
Policy Name	**Expenditure Policy**
Policy Number	**5/25/P**
Status	**Review**
Date	**22 February 2022**
Approved by	**Council**
Date First Approved	**11 June 2020**
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Date for Next Review	**2022/2023**

E. Grama

Received by Policy & Research

Date: 13 May 2022

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EXPENDITURE POLICY

PREAMBLE

The poor economic conditions prevailing in South Africa has had serious financial pressure on government service delivery mandates. This financial challenge has influenced government to re-assess its current financial position and activities, shifting focus and resources towards key service delivery activities and allocating resources more efficiently on essential services.

Therefore, the need is for the Ugu District Municipality to curb unnecessary expenditure and ensure that resources are allocated and used effectively, efficiently, and economically

Introduction

The Municipal Finance Management Act, (Act 56 of 2003) read together with the Municipal Budget and Reporting Regulations, provides the legislative framework within which any expenditure related transactions must take place.

Section 11 of the Municipal Finance Management Act, (Act 56 of 2003) specifically provides the legislative framework for any withdrawals from any bank account in the name of the municipality.

The budget plays a critical role in an attempt to realise the diverse community needs. Central to this, the formulation of this expenditure policy must ensure that the objectives of the MFMA as set out in section 2, is incorporated in the day to day administration of the municipality.

This policy must be read, interpreted, implemented and understood against this legislative background.

1. DEFINITIONS

TERMS	DEFINATION
MFMA	Municipal Finance Management Act, no. 56 of 2003
Municipality	UGU District Municipality
ACCOUNTING OFFICER	The Municipal Manager or Acting Municipal Manager of the municipality
CFO	The Chief Financial Officer or Acting Chief Financial Officer of the municipality
Expenditure Management	Due diligence to be exercised in the utilization of municipal funds or government funds to ensure value for money in the furtherance of service delivery
Expenditure control	Utilization of municipal or government funds only if funds for such purpose have been appropriated in the approved budget
Capital expenditure	Expenditure on items or projects with a life span of more than 12 months (i.e. other than consumables) which affect financial position of the municipality
Operating expenditure	Expenditure on items or projects written off against accumulated surplus or deficit of the municipality during the year which affect statement of financial performance of the municipality
GRAP	Generally Accepted Accounting Practice

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Fruitless and wasteful expenditure in terms of MFMA	Expenditure incurred in vain and would have been avoided had a reasonable care been exercised. This expenditure does not add any value to the municipality instead it creates waste or is fruitless
Unauthorized expenditure in terms of MFMA	Expenditure incurred which was not appropriated in an approved budget which include over expenditure within any vote or account. This includes utilization of funds for other purposes other than an intended purpose.
Irregular expenditure in terms of MFMA	It means: • Expenditure incurred in contravention of MFMA, SCM processes, municipal bylaws, practice notes, directive, any prescripts or regulations issued by Treasury or Minister of Finance
Payments procedures	Controls to be exercised prior to processing and approving any payment to comply with 30 days period in terms of MFMA.
Documents management	Controls and procedures of ensuring that source documents supporting all expenditure transactions are safely kept.
Strong room	The place whereby all used financial documents is safely kept.
Accrual bases	The accounting base whereby each transaction is recognized in the financial records immediately when it is incurred.
Account	The category whereby each transaction is recorded under for accounting purposes.
Cash bases	Accounting base whereby each transaction is recognized in the financial records after the payment has been made
Historical cost	The cost of each expenditure item emanating from the source documents e.g. invoices, vouchers, schedules, agreements, schedules etc.
Responsibility manager	Any employee of the municipality who has managerial responsibilities whether acting or not acting. This also includes employees with supervisory responsibilities.
Emergency	Incidence whereby the following of SCM processes can cause threat to the human lives. This should not be a justification for poor planning.

2. POLICY OBJECTIVES

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The objective of the Expenditure policy is to:

a) Set out a framework for the municipality to deal with:

i. All expenditure related transactions;

ii. To establish and maintain procedures to ensure adherence to the Municipality's IDP review and budget processes; and

b) Ensure that all monies due by the municipality is paid in full within the 30 days of date of invoice or statement; whichever is the latest as prescribed by the Municipal Finance Management Act, 2003 (Act No.53 of 2003); and

c) Ensure that the principles applied, as a result of this policy, will enhance and support a healthy working capital position for the municipality

3. PRESCRIPTIVE/LEGAL FRAMEWORK

Ugu District Municipality's Expenditure Management Policy has been developed with recognition of the following prescriptive context – within which it needs to comply:

- The Local Government Municipal Finance Management Act, Act No 56 of 2003
- Ugu District Municipality's Supply Chain Management Policy and Procedures;
- Ugu District Municipality's Integrated Development Plan;
- The Local Government Municipal Systems Act, Act No 32 of 2000;
- Cash, Banking and Investment Management Policy
- Division of Revenue Act,
- Value Added Tax Act,
- South African Income Tax Act,

5. EXPENDITURE MANAGEMENT

5.1 WITHDRAWALS FROM A BANK ACCOUNT

5.1.1. Any withdrawal from a bank account; in the name of the municipality, may only occur in terms of section 11 of the MFMA.

5.1.2. All withdrawals must comply with the Cash & Investment Policy of the municipality and shall be signed or authorised by not fewer than two people as authorised by the Accounting Officer.

5.2 COMMITMENTS

5.2.1. No councillor or official of the municipality shall commit the Municipality to any authorised expenditure unless the necessary Supply Chain Management processes have been followed.

5.2.2. No employee, councillor, consultant or any person shall temper with Supply Chain Management processes or policy of the municipality in respect of incurrence of any expenditure.

5.2.3. Correct SCM procedures carried out by SCM unit to prevent any irregular expenditure that may occur.

5.2.4. No expenditure shall be incurred verbally, without relevant documentation which is appropriately approved by authorized official following SCM processes. Therefore, no procurement of goods and services shall commence without a proper written documentation to avoid limitation of scope for audit purpose by Auditor-General as that lead to Disclaimer Audit opinion if it happens.

5.3 CREDITORS

5.3.1. All money owed by the Municipality must be paid within thirty (30) days of receiving the relevant invoice or statement, unless prescribed otherwise for certain categories of expenditure.

5.3.2. Payments will only be made directly to the person or institution to which a contract was awarded and from which the invoice is received for legally rendering the service to the Municipality.

5.3.3. Invoices submitted should contain banking details of the person/institution to which the contract was awarded to.

5.3.4. All requests for payment, properly certified and accompanied by the relevant invoices and supporting documentation must reach the Creditors' Unit at least 3 days (72 hours) before payments are due.

5.3.5. Invoices or statements submitted for payment to Expenditure Section by any department shall be in such form as may be required and must state the reference to the Purchase order to meet such payment

5.3.6. The municipality shall not pay advance payments prior to goods and services being received unless on exceptional cases whereby it is an industry norm dealing with, that an advance payment is required.

5.3.7. The invoices and statements received must be registered when reaches the Budget & Treasury department so that time lags in processing the payments will be monitored to ensure compliance with 30 days payment period in terms of MFMA.

5.3.8. All departments are required to submit invoices or statements to Finance department for registration purposes immediately if service providers submit those invoices directly to them;

5.3.9. If the relevant departments are not satisfied about the invoice submitted by the service provider concerned, the communication must be made to that service provider so that any queries will be resolved immediately to fast track the payment

5.3.10. When a department authorises the payment of accounts the signatory certifies and authorises that: -

(a) All processes in terms of the Supply Chain Management Policy of the Municipality had been followed;

(b) The goods and services have been received and rendered in good order and are under the control of the Municipality;

(c) The account has not previously been submitted for payment;

(d) Sufficient budgetary provisions exist;

(e) If excess expenditure is involved, the resolution authorising the excess expenditure shall be quoted on the voucher;

(f) Fruitless and wasteful expenditure has not been incurred.

5.3.11. The invoices must then after being captured in the financial system to ensure proper recording.

5.3.12. The payments for expenditure shall be made twice a month as follows to ensure that a proper checking and authorization is carried out:

- On the 15th of each month; and
- On the last day of the end of each month.
- Should 15th or last day of the end of the month fall in a weekend, the payment shall be effected on the last working day before the weekend.

5.3.13. The cut-off dates for the submission of invoices or statements to finance department for processing payments shall be as follows:

- On or before 7th of each month for the payments to be effected on 15th of each month; and
- On or before 21st of each month for the payments to be effected on the last day of each month.

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5.3.14. Prior to effecting the payment for authorization, the following checklist shall be used to ensure validity, accuracy and completeness of such payment:

NO	PROCEDURE/DOCUMENTATION	YES or NO or N/A (Please indicate)
1	Has the Purchase order been attached and correspond to the Invoice, letter of appointment, contract or SLA (i.e. signed by both parties)	
2	Has the confirmation of the receipt of goods and services been made by the relevant department or the user?	
3	Has the arithmetic accuracy of the invoice been performed or casting and cross-casting of invoice performed?	
4	Has the VAT charged been recalculated for a VAT vendor and the invoice written "TAX INVOICE" with VAT number reflected on it?	
5	Has the original invoice / tax invoice or payment certificate from the supplier not altered by the user department?	
6	Have the correct banking details of the supplier been confirmed?	
7	Has this payment been thoroughly checked to determine that it is not a double payment? {i.e. Check whether this payment has not been made before to avoid double payment}.	
8	Have all documents been stamped "paid" or "processed" to avoid double payment?	
9	Has the source documents confirmed and approved by delegated authorities?	
10	Have all documents been stamped "paid" or "processed" to avoid double payment?	

The above checking performed by:

NAME AND SURNAME	
SIGNATURE	
DATE	

5.3.15. All payments due by the Municipality shall be made by approved electronic payment method from the banking account of the Municipality.

5.3.16. Certain payments may be made from petty cash in accordance with the Supply Chain Policy as amended from time to time.

5.3.17. The procedures in terms of the petty cash policy must be followed in respect of petty cash payments:

5.4 INTEREST ON LATE PAYMENTS

5.4.1. The municipality shall avoid in all material respect the incurrence of interest on late payment

5.4.2. In the case that the interest charge is due to the negligence of an official the expenditure is classified as fruitless and wasteful expenditure.

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5.4.3. There shall be the Register of Fruitless and wasteful expenditure to be updated on a monthly basis.

5.4.4. Fruitless and Wasteful expenditure including condoned expenditure shall be disclosed in the Annual Financial Statements for audit by Auditor-General as required by MFMA.

5.5 EXPENDITURE MANAGEMENT CONTROL

5.5.1. Each responsibility manager or supervisor of the municipality is expected to manage all funds appropriated to his or her area of responsibility;

5.5.2. Each responsible manager is expected to implement adopted budget by Council immediately from 01 July each year per approved SDBIP and report such implementation to the relevant portfolio, EXCO and Council on a regular basis.

5.5.3. Each department must prepare Procurement Plan and submit it to SCM unit to ensure timely implementation of the approved budget. The Procurement Plan shall inform the implementation of the budget.

5.5.4. The following control procedures shall be exercised prior to the incurrence of any expenditure (i.e. at requisition level):

- The written confirmation of the availability of funds per budget adopted by Council in the form of financial comment by Manager: Budget & Financial Reporting or by delegated official in his or her absence as follows:

Vote / account number	**Xxxxxx**
Vote / account description	**Xxxxxx**
Name of the project (if any)	**Xxxxxx**
Funding Source (e.g. Equitable Share, MIG, Revenue from services	**Xxxxxx**
Total Council Approved budget	**Rxxxxx**
Less: Actual expenditure to date	**(Rxxxx)**
Less: Actual Commitments	**(Rxxxx)**
Available budget	**Rxxxxx**
Requested amount	**(Rxxxx)**
Closing balance	**Rxxxxx**

- The confirmation of correctness of the vote to be utilized and availability of budget thereof must be made by Budget Office.

5.6 GRANT EXPENDITURE

5.6.1. No payments will be allowed in respect of Grant Funded projects unless Grant Funds have been received.

5.6.2. Council may, however, approve payments before any funds have been received but only where funds have already been committed to in writing, by the relevant state department or other institution.

5.6.3. The relevant department must obtain approval for bridging finance, as referred to in subparagraph 5.5.2.

5.7 CAPITAL EXPENDITURE

5.7.1. No capital expenditure shall be incurred or committed to any project unless: -

- Duly appropriated in an approved Capital budget or Adjustments budget; and
- All necessary legislative requirements have been met as set out in the MFMA section 19, Budget and Reporting Regulations sections 11 and 13 and the Supply Chain Management Policy of the municipality

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5.8 VALUE ADDED TAX

5.8.1. All taxable expenditure transactions shall be recorded at vat exclusive amounts;

5.8.2. The vat input portion shall be accounted and recorded separately in the accounting records and update VAT control account;

5.8.3. The vat input on taxable supplies shall be claimed from SARS on payment basis in the form of completion and submission of VAT 201 return to SARS;

5.8.4. The VAT reconciliation shall be performed on a monthly basis.

5.9 SALARY OR PAYROLL MANAGEMENT PROCEDURES

5.9.1 The salary payments shall be effected on the 20th of each month.

5.9.2 If the 20th falls on a holiday or weekend, salary payment shall be effected on a working day before the 20th of the month.

5.9.3 Should there be any circumstances which are beyond the control of the municipality, the salary payments must not be in arrear for more than 48 hours.

5.9.4 Human Resources is responsible to notify the Expenditure Section of all appointments, promotions, dismissals, resignations, transfers, absences for any reasons, and all matters affecting the emoluments of employees of the municipality.

5.9.5 The closing date for the submission of salary input to Expenditure shall be set and communicated with Human Resources section annually.

5.9.6 The Expenditure section shall only receive salary input from Human Resources section.

5.9.7 The Expenditure section shall deliver all pay slips to Human Resources section.

5.9.8 The Expenditure section shall prepare payroll returns and reconciliations on a monthly basis.

5.10 STAFF BONUS

5.10.1 All municipal employees regardless of their designation who have worked at least one month during the financial year are entitled to a bonus pay.

5.10.2 The bonus represents a thirteenth cheque over a period of twelve (12) months or shorter in the case of pro-rata bonus

5.10.3 Interns, In-Service Trainees, Apprentices and Expanded Public Works Personnel (EPWP) do not qualify for annual bonuses

5.10.4 The bonus pay shall be the amount equal to the monthly Basic Salary earned by the employee.

5.10.5 If the employee has not completed the 12 months within the employment, bonus shall be paid on pro-rata basis.

5.10.6 Bonus payments are effected on the month of August yearly

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5.11 DOCUMENTS MANAGEMENT

5.11.1 All expenditure incurred by the municipality shall be supported by all relevant documentation.

5.11.2 The source documents for all expenditure shall be filed sequentially separated by months in which it occurred.

5.11.3 The source documents supporting all expenditure shall be scanned immediately when payment for such expenditure has been processed and finalized to be protected from any incidence of fire that might occur

5.11.4 The filled source documents must be easily accessible or retrievable for audit or any reference purposes.

5.11.5 The original source documents shall be filed and kept in the strong room as well sequentially numbered per month

5.12 ACCOUNTING PRINCIPLES

5.12.1 The Standard Chart of Accounts (SCOA) prescribed by National Treasury (NT) shall be used to record any expenditure transaction incurred by the municipality in terms of Item Segment.

5.12.2 Each expenditure incurred shall be recognized in terms of accrual bases of accounting.

5.12.3 The expenditure incurred shall be measured at historical costs whereby actual cash has been utilized using source documents e.g. invoices, vouchers, agreements, schedules etc.

5.12.4 In the case of non-cash items e.g. depreciations, provisions, amortizations, impairment losses etc. shall be measured at estimated costs using reasonable assumptions.

5.12.5 The bad debts written offs shall be measured at book value written off.

5.13UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

5.13.1 The municipality shall avoid in all material respect the incurrence of unauthorized, irregular and fruitless and wasteful expenditure.

5.13.2 Each official and councillor must prevent unauthorized, irregular, fruitless and wasteful expenditure and any theft and losses to be suffered by the municipality. The incidence of such expenditure or theft and losses must be reported timely to the relevant senior official in writing for appropriate action to be taken. It is also the responsibility of all officials to advice councillors if any transaction to be incurred as approved by councillors is likely to result in an unauthorized, irregular and fruitless and wasteful expenditure.

5.13.3 The unauthorized, Irregular and Fruitless and Wasteful Expenditure shall be dealt with in terms of section 32; 171; 173 and 174 of the Municipal Finance Management Act (MFMA) and the Regulations on Financial Misconduct.

5.14UNFORESEEN AND UNAVOIDABLE EXPENDITURE

5.14.1 The mayor of the municipality may in emergency or other exceptional circumstances authorize unforeseeable and unavoidable expenditure for which no provision was made in an approved budget.

5.14.2 Any such expenditure---

- Must in the best interest of the municipality and the community at large it is serving;
- Must be in accordance with any framework that may be prescribed;
- May not exceed 8% of the approved budget for a specific purpose;
- Must be reported by the Mayor to the municipal council at its next meeting; and
- Must be appropriated in an adjustment budget.

REVIEWED
Policy Committee
2022 -05- 17
Chairperson: N Msomi

5.14.3 If such adjustments budget is not passed within 60 days after the expenditure was incurred, the expenditure is unauthorized and section 32 of the MFMA applies.

6. MONITORING AND EVALUATION

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

7. COMMENCEMENT OF THE POLICY

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

8. AMENDMENT AND/OR ABOLITION

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

9. COMPLIANCE AND ENFORCEMENT

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

10. POLICY REVIEW

10.1 This Policy will be reviewed annually to ensure applicability and relevance.

Records of Approval

Council Meetings		
Council	11 June 2020	ADOPTED
Council	27 May 2021	ADOPTED
Policy Review		
Policy Committee	28 May 2020	Recommended to Manco
Policy Committee	08 April 2021	Recommended to Manco

REVIEWED
Policy Committee
2022 -05- 17
Chairperson: N Msomi

EXPENDITURE POLICY

Policy Committee	22 February 2022	

UGU DISTRICT MUNICIPALITY	
Policy Custodian	**BTO**
Policy Name	**Free Basic Water Policy**
Policy Number	**17/1/1/2**
Status **Date**	**Review** **20 January 2022**
Approved By	**Council**
Date Of First Approval	**FY 2010/2011**
Date Approved	**March 2022**
Date for Next Review	**FY 2023/2024**

Free Basic Water Policy

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Free Basic Water Policy

1. DEFINITIONS

"Accounting Officer" is the Accounting officer of the municipality

"Basic water" supply means the minimum standards of water supply services necessary for the reliable supply of water to households to support life and personal hygiene

"Basic sanitation" means the prescribed minimum standard of services necessary for a safe, hygienic and adequate collection. Removal, disposal or purification of human excreta, domestic wastewater and sewerage from households, including informal households

"Chief Financial Officer" CFO means a person employed by the Municipality in terms of section 57 of the Systems Act as the Chief Financial Officer of the Municipality, and includes any person to whom the Chief Financial Officer has delegated or sub-delegated a power, function or duty in accordance with the system of delegation developed by the Accounting Officer in terms of section 79 of the Municipal Finance Management Act and section 59 of the Systems Act;

"Council" means the Council of the Ugu District Municipality

"Household" means all the people who permanently reside in the dwelling

"Indigent person" means a person lacking the basic necessities of life in respect of water and sanitation services, who meets the criteria for indigent support as per the policy

"Municipality" means Ugu District Municipality

Free Basic Water Policy

2. THE LEGAL CONTEXT

This policy is informed by the following legislations: -

Municipal Finance Management Act, No.56 of 2003

Water Services Act, No. 108 of 1997

Municipal Systems Act, No. 32 of 2000, Section 74

The Constitution of south Africa Section 27 (1)(b)

3. PREAMBLE OF THE POLICY

The municipality fully supports the National Government's policy on providing free basic services to the poorer of the community. It also intends to ensure that no one is completely denied access to basic water supply of water because they are unable to pay for the service. Underlying this is the recognition that the supply of water at a basic level assists in alleviating poverty and improves health. The financial implication must determine the extent to which water can be provided free to certain consumers.

As part of government's strategy in South Africa, a policy for the provision of a free basic level of services has been introduced. In response to this commitment, the Department of Water Affairs and Forestry (DWAF) commenced the implementation of phase 1 of the National Free Basic Water Strategy in February 2001.

The Ugu District Municipality will progressively introduce the Policy to its areas. Full advantage will be taken of subsidies and grants made available by other spheres of government to enable the municipality to implement a policy of free basic water without violating the fundamental principle.

4. OBJECTIVES OF THE POLICY

There are two interrelated long-term objectives which will guide the municipality regarding the provision of free basic services, and these are:

(a) The elimination of poverty in the Ugu District Municipality's area, and
(b) The equal treatment of all persons in the area

Whilst the historic imbalances between the citizens of South Africa are a fact, resulting in a mass of poor people badly provided with the basic services, therefore different levels of service must be provided at affordable or no cost, but the Policy is accepted that, overtime realistically computed, these distinctions should be eliminated, and everyone should be treated equally

5. PURPOSE

The primary purpose of this Policy is to assist in promoting sustainable access to basic water supply and sanitation to all households.

6. ADMINISTRATION OF FREE BASIC WATER SERVICES

In recognition of the primary importance of having clean and adequate water supply, the South African Government in 2000 introduced the Free Basic Services Policy, which allows for households to get 6 000litres (6kl) of water per month at no cost. Such service is dependent on the Municipality receiving equitable share from National Treasury and as determined by Council from time to time.

6.1 Free Basic Water

Private, Commercial, Government, Bulk users and Industrial users, and other categories be retained with no Free Basic water allocation, except for users classified in paragraph 5.2.2 below. All households who fall in the group who qualify for free basic water in terms of the municipality will receive a free water usage of 200 litres per day, based on the quota allocation and the number of days in a meter reading period.

6.2 Qualification Criteria

(a) Indigent households
(b) Rural communities where water is supplied by standpipes
(c) Informal settlements where water is supplied by standpipes
(d) People served from springs and borehole water in rural arears
(e) Rainwater harvesting schemes
(f) The authority or the Authorised Provider may convey any water required as a temporary measure by tanker to any place where such temporary supply of water is required, subject to such conditions and period, which shall not exceed three months, or as may be prescribed by it.

7. FREE BASIC SANITATION

7.1 Free basic sanitation shall be provided to the following:

(a) Indigent households
(b) Rural communities where there is no sanitation infrastructure
(c) Informal settlements

8. MONITORING AND EVALUATION

This information will be reported monthly to the relevant committees for the oversight

9. COMMENCEMENT OF THE POLICY

The policy will come into effect on adoption by Council

10. AMENDMENT AND / OR ABOLITION

The policy's amendment and / or abolition will come into effect on approval by Council

11. COMPLIANCE AND ENFORCEMENT

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

12. POLICY REVIEW

This policy will be reviewed annually to ensure applicability and relevance.

Free Basic Water Policy

Records of Approval

Meeting	Date	Resolution
Council Meetings		
Council	24 May 2018	Approved
Council	30 May 2019	Approved
Council	28 May 2020	Approved
Council	29 April 2021	Approved
Review 2020/2021		
Policy Review Committee	27 February 2020	Recommended to MANCO
Policy Review Committee	28 January 2021	Recommended to MANCO
Policy Review Committee	20 January 2022	Recommended to MANCO

UGU DISTRICT MUNICIPALITY

Policy Custodian	**BTO**
Policy Name	**Funding and Reserves Policy**
Policy Number	**5/2/P**
Status	**Review**
Date	**2021/2022**
Approved by	**Council**
Date Approved	**28 June 2018**
Date Last Amended	**27 May 2021**
Date for Next Review	**2022/2023**

.....Fw...Grama.....

Received by Policy & Research

Date:...13...May...2022...

REVIEWED
Policy Committee
2022 -05- 17
Chairperson: N Msomi

Funding and Reserves Policy

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 Manager of Ugu District Municipality

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

"Council" means the Council of Ugu District Municipality

"MFMA" means the Municipal Finance Management Act, 2003 (Act No 56 of 2003)

"Municipality" means Ugu District Municipality

"GRAP" means Generally Recognised Accounting Practices standards.

REVIEWED
Policy Committee
2022 -05- 17
Chairperson: N Msomi

2. **OBJECTIVES OF THE POLICY**

The objectives of this Policy are to:

a. Ensure that the Medium-Term Revenue/Expenditure Framework (Annual Budget) of the Municipality is appropriately funded.
b. Ensure that cash resources and reserves are maintained at the required levels to avoid unfunded liabilities.
c. To achieve financial stability in order to provide sustainable levels of service delivery to the community.

3. **SCOPE AND INTENDED AUDIENCE**

3.1 The Funding and Reserves policy aims to ensure that the Municipality has sufficient funding in order to achieve its objectives through the implementation of its operating and capital budgets.

c) Rates and general services – services that are funded by surpluses generated by trading services, and/or other revenues generated such as, interest received, grants and subsidies etc.

6.2 The operating budget is funded from the following main sources of revenue:

a) Surpluses generated from service charges.

b) Government grants and subsidies.

c) Other revenue, interest received etc.

d) Cash backed accumulated surpluses from previous years not committed for any other purposes.

6.3 The following guiding principles apply when compiling the operating budget:

a) The annual budget must be balanced and funded.

b) Growth parameters must be realistic considering the current economic conditions.

c) Tariff adjustments must be realistic, taking into consideration the general inflation, affordability, bulk increases and the demand according to the approved Integrated Development Plan (IDP).

d) Revenue from government grants and subsidies must be in line with allocations gazette in the Division of Revenue Act and provincial gazettes.

e) Revenue from public contributions, donations or any other grants may only be included in the budget if there are acceptable documentation that guarantees the funds such as:

(i) Signed service level agreement;

(ii) Contract or written confirmation; or

(iii) Any other legally binding document.

REVIEWED
Policy Committee
2022 -05- 17
Chairperson: N Msomi

f) Projected revenue from service charges must be realistic based on current and past trends with expected growth considering the current economic conditions. The following factors must be considered for each service when applicable:

i. Metered services namely water:

aa) The consumption trends for the previous financial years;

budget, the parameters as may be contained in the budget circular issued by National Treasury from time to time.

n) (Depreciation charges are fully budgeted for according to the asset register and to limit the impact of the implementation of GRAP 17 a transfer from the accumulated surplus is made) However the annual cash flow requirement for the repayment of borrowings must fully be taken into consideration with the setting of tariffs.

o) To ensure the health of municipal assets, sufficient provision must be made for the maintenance of existing and infrastructure assets based on affordable levels, resulting that maintenance budgets are normally lower than the recommended levels. Therefore, the mere reduction of maintenance budgets to balance annual budgets must carefully be considered. As a guiding principle repair and maintenance should constitute between 5 and 8% of the carrying value of the property, plant and equipment and should annually be increased incrementally until the required targets are achieved.

p) Individual expenditure line items are to be revised each year when compiling the budget to ensure proper control over expenditure. Increases for these line items must be linked to the average inflation rate and macro-economic indicators unless a signed agreement or contract stipulates otherwise.

7. CAPITAL BUDGET

7.1 The capital budget provides funding for the Municipality's capital programme based on the needs and objectives as identified by the community through the Integrated Development Plan and provides for the eradication of infrastructural backlogs, renewal and upgrading of existing infrastructure, new developments and expansion of bulk infrastructure.

7.2 Capital expenditure may only be incurred on a capital project if:

a. The funding for the project has been appropriated in the capital budget.
b. The total cost for the project has been approved by Council.
c. The future budgetary implications and projected cost covering all financial years until the project is operational has been considered.
d. The implications of the capital budget on municipal tax and tariff increases been considered.
e. The sources of funding are available and have not been committed for other purposes.

REVIEWED
Policy Committee
2022 -05- 17
Chairperson: N Msomi

iv. Collection rate of above 95%;

v. Percentages of capital charges to operating expenditure less than 18%.

(e) Allocations to capital projects from cash backed internal reserves will be based on the available funding for each ring-fenced reserve according to the conditions of each reserve as follows:

i. Infrastructure projects to service new developments and the revenue is received through the sale of stands/land/site must be allocated to the capital reserve for services;

ii. Capital projects of a smaller nature such as office equipment, furniture, plant and equipment etc. must be allocated to the capital reserve from revenue which is funding from the revenue budget for that specific year. A general principle is that these types of capital expenditure should not exceed more than 1% of total operating expenditure;

iii. Capital projects to replace and/or upgrade existing assets may be allocated to the capital replacement reserve;

iv. Capital projects to upgrade bulk services will be allocated to the capital bulk contributions reserve for each service.

7.5 All capital projects have an effect on future operating budget therefore the following cost factors should be considered before approval:

a) Additional personnel cost to staff new facilities once operational;

b) Additional contracted services, that is, security, cleaning etc.

c) Additional general expenditure, that is, services cost, stationery, telephones, material etc.

d) Additional other capital requirements to the operate facility, that is, vehicles, plant and equipment, furniture and office equipment etc.

e) Additional costs to maintain the assets;

f) Additional interest and redemption in the case of borrowings;

g) Additional depreciation charges;

h) Additional revenue generation. The impact of expenditure items must be offset by additional revenue generated to determine the real impact on tariffs.

8. CASH FLOW MANAGEMENT

8.1 The availability of cash is the most important requirement for financial sustainability and must be closely monitored by the Chief Financial Officer. In doing so the Chief Financial Officer must ensure a minimum cash on hand to cover 90 days' operational expenditure.

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Policy Committee
2022 -05- 17
Chairperson: N Msomi

12. THE INFRASTRUCTURE IMPROVEMENT

This supplement capital expenditure for the necessary expansions and upgrading of bulk infrastructure. Revenue generated from Infrastructure Improvement Fee is allocated to this reserve for each applicable service. The unspent contributions must be cash backed to ensure availability of cash when the infrastructure upgrades are required.

13. PROVISIONS

A provision is recognised when the Municipality has a present obligation as a result of a past event and it is probable, more likely than not, that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are revised annually and those estimates to be settled within the next twelve (12) months are treated as current liabilities.

The Municipality has the following provisions:

(a) *Leave provision*

Liabilities for annual leave are recognised as they accrue to employees. An annual provision is made from the operating budget to the leave provision. Due to the fact that not all leave balances are redeemed for cash, only 75% of the leave provision is cash backed.

(b) *Long services awards*

Municipal employees are awarded leave days according to years in service at year end. Due to the fact that not all long service leave balances are redeemed for cash, only 75% of the long service leave provision is cash backed.

(c) *Post-employment medical care benefits*

The Municipality provides post-retirement medical care benefits by subsidising the medical aid contributions to retired employees and their legitimate spouses. The entitlement to post-retirement

REVIEWED
Policy Committee
2022 -05- 17
Chairperson: N Msomi

17. **EFFECTIVE DATE**

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

Records of Approval

Meeting	Date	Resolution
Review 2021/2022		
Policy Committee	08 April 2021	Recommended to Manco
Council	28 June 2018	Adopted
	27 May 2021	Adopted

REVIEWED
Policy Committee
2022 -05- 17
Chairperson: N Msomi

UGU DISTRICT MUNICIPALITY	
Policy Custodian	**BTO**
Policy Name	**Indigent Support Policy**
Policy Number	**17/1/10/P**
Status **Date**	**Review** **20 January 2022**
Approved By	**Council**
Date of First Approval	**2005/2006**
Date for Next Review	**FY 2023/2024**

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Indigent Support Policy

1. PREAMBLE

WHEREAS section 74 of the Local Government: Municipal Systems Act, No. 32 of 2000, requires that the Council should, in formulating a Tariff Policy for the municipality, at least take into consideration the extent of subsidisation of tariffs for poor households.

WHEREAS Council therefore needs to approve an Indigent Support Policy.

WHEREAS such policy must provide procedures and guidelines for the subsidisation of basic services and tariff charges to its indigent households; and

WHEREAS the Council has committed itself to render a basic level of services necessary to ensure an acceptable and reasonable quality of life, which considers health and environmental considerations.

NOW THEREFORE the Council of the Ugu Municipality has adopted the Indigent Support Policy set out hereunder:

2. LEGISLATIVE FRAMEWORK

The Constitution of the Republic of South Africa,1996

The Municipal Systems Act, 2000 (Act 32 of 2000)

The Municipal Finance Management Act, 2003 (Act 56 of 2003)

National Framework for Municipal Indigent Policies

Guidelines for Municipal Indigent Policies, 2006

Credit Control and Debt Collection Policy

3. DEFINITIONS

For the purpose of this policy, any word or expression to which a meaning has been assigned in the Act, shall bear the same meaning in this policy, and unless the context indicates otherwise –

"Act" means the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000), as amended from time to time

"Authorised Officer" means any official of the Municipality who has been authorised by the Council to administer, implement and enforce the provisions of this Policy;

"by-law" means a by-law adopted by the Council;

"Municipal manager" means the Accounting Officer of the Municipality;

"Council" means the Council of the Ugu District Municipality;

"Flow of water" means the amount of water flowing pass a valve per unit of time.

"Indigent criteria" means any household which is responsible for the payment of services, including a child headed household, earning a combined gross income equivalent to or less than two time the government pension grant as prescribed by the National Department of Social Development or in line with the National Indigent Framework issued by the Department of Local Government (DPLG), who qualify, according to the policy for subsidy support or service subsidy, provided that child support grant is not included when calculating such household income;

"Indigent person" a person lacking the basic necessities of life in respect of water and sanitation services, who meets the criteria for indigent support as per the policy

"Indigent Register" is the list of all beneficiaries of the Indigent Support subsidy

"Indigent Support" means assistance to the poor and the needy that qualify as per criteria set out by Council;

"Indigent Tariff" means a set amount linked to a specific service as advertised by the Council;

"Municipality" means Ugu District Municipality;

"Services" means the basic services referred to in this Policy;

"Household" means all the people who permanently reside in the dwelling;

"Dwelling" means property registered in the deeds office or allocated to a family by the Traditional Authority, with an Ugu water connection

"Annexure A" being the new application for Indigent Support

"Annexure B" being the renewal application for Indigent Support

4. POLICY OBJECTIVE

The objective of this Policy is to ensure the following:

4.1 The provision of basic services to the community in a sustainable manner, within the financial means of the Municipality; and

4.2 To provide procedures and guidelines for the subsidisation of service charges to its indigent households, using a portion or the whole of the Equitable Share for this purpose.

4.3 The municipality also recognises that many of the residents can simply not afford to pay the required service charges and the municipality will endeavour to ensure affordability through:

4.3.1 Setting tariffs which will balance the economic viability of continued service delivery; and

4.3.2 Determine appropriate service levels.

4.4 The Council will be guided by the following principles in implementing this policy:

4.4.1 Due regard shall be had to the Constitution of the Republic of South Africa, the Local Government: Municipal Systems Act, 2000, and other relevant legislation;

4.4.2 Relief provided under this policy must, to the extent that is practicable, be practical, fair, equitable and justifiable, in order to avoid alienating any group or groups;

4.4.3 Bureaucratic administration of the policy must be efficient;

5. CRITERIA FOR QUALIFICATION FOR INDIGENT SUPPORT

5.1 The indigent subsidy shall apply to a household per dwelling and not an individual.

5.2 The property must be zoned residential.

5.3 The total gross monthly income of all members of the household must not exceed two old age grants (excluding disability and child grant).

5.4 Indigent support will apply to all households whose total monthly income is less than or equal to the above-mentioned amount, irrespective of the source of income.

5.5 Child headed households dependant on foster care social grants qualify.

5.6 The applicant as well as any other member of the household shall not own other fixed property other than the one on which they reside, whether within or outside of the municipal area.

5.7 Multi-unit residential - bulk users and Non-Government Organizations are excluded from this Policy.

6. APPLICATION FOR INDIGENT SUPPORT AND REQUIREMENTS

6.1 The legal owner of a dwelling who is responsible for the payment of the water and sanitation services account must apply for the household to be registered as indigent.

6.2 Application forms are available from any of the of the Ugu District Municipality offices (see Schedule A) and can also be posted or emailed on request and the following documents should be submitted together with the application form:

a) Certified copies of identity documents for household members 18 years and above.

b) Certified copies of birth certificates of household members younger than 18 years.

c) Certified copies of proof of income or written affidavits confirming status of employment or circumstances from each household member 18 years and above

d) Proof of ownership (urban) or occupancy (rural) e.g. Title deed (urban), letter from ward councillor confirming occupancy status or Permit to Occupy (rural)

e) Where property owner or account holder is deceased, a legal document proving ownership or inheritance and a certified copy of the death certificate

f) completed and certified Indigent Application form.

6.3 Certification on all documents should not be older than 3 months

7. AVENUES FOR SUBMISSION OF APPLICATION FORMS

7.1 Submit through Ward Councillor.

7.2 Submit to any of Ugu District Municipality offices as indicated in Schedule A.

7.3 Emailed application forms are also acceptable to the following email address Indigent@ugu.gov.za

8. PROCESSING OF INDIGENT SUPPORT APPLICATION

8.1 Upon receipt of the completed Indigent Support Application with relevant documents attached as set out in either Annexure "A" or "B" all documents are checked, and ownership verified on systems available to the Municipality and a reference number inserted onto each application as provided by the Billing-System and application uploaded.

8.2 Thereafter the application is sent to the Free Basic Services Coordinator and a letter is sent to applicant if more information is required. If all the required information and the applicant meets the criteria, the application will be approved, and the credit will be processed for debt outstanding on approval.

8.3 Payments received whilst approving indigent support will be written back to Indigent Support.

8.4 The status will be updated on the Billing System and the tariff changed to the Indigent tariff as set out by Council annually.

8.5 Updating of the Indigent Support Application register.

8.6 The application will be processed within twenty-one (21) working days of receipt by the Municipality.

8.7 A letter informing the applicant of the status of the application will be sent to the applicant within twenty-one (21) working days of finalizing the application scrutiny process via all communication avenues (via post, email and telephonically), provided Ugu has said contact information on the system

9. DURATION OF THE INDIGENT SUPPORT BENEFIT

9.1 Indigent support is only provided for a period of 36 months (3 years), from date of approval, where after the applicant must re-apply on the prescribed form, confirming that their circumstances have

not changed since initial application and that they still qualify for indigent support in terms of the latest criteria.

9.2 The Municipality will send a written notice to the approved household, at least two months prior to expiry of the approval, but the onus still rests on the owner of the property to re-apply. The written notice will be sent via post or email and short messages are also sent to the customers.

10. RESPONSIBILITY OF THE INDIGENT SUPPORT APPLICANT/ BENEFICIARY

10.1 Should, at the most, twenty-one (21) working days lapse without receiving any feedback regarding the application, the applicant should enquire as to the status of the application with the Municipality through the Account Call Centre on 08000 92837, or any Enquires office**.**

10.2 The onus is on the beneficiary to inform the Municipality of any change in his/her status or personal household circumstances that might affect their Indigent status.

10.3 A household member must immediately request de-registration if their circumstances have changed to the extent that the household no longer meets the requirements set out in this Policy. Failure to disclose will result in such a person being immediately liable to repay to the Municipality all the debt accumulated from such date of change in indigent status, and immediately removed from the indigent register of the Municipality. Such debt will be recovered in terms of the applicable Credit Control and Debt Collection policy.

10.4 A household member must apply for Indigent Support when the main account holder is deceased. A certified copy of the death certificate as well a certified copy of the identity document of the deceased person must be attached to the application to avoid removal from the Indigent Support.

10.5 The person applying after the death of the account holder should also attach a certified copy of the Letter of Executorship or certified copy of the Will for (urban) Permit to Occupy from the Traditional leader or letter from the Ward Councillor (rural) stating that the new applicant will be the recipient of said property together with all other relevant documents as per Annexure “A” or “B” attached.

11. WITHDRAWAL OF INDIGENT SUPPORT BY THE MUNICIPALITY

11.1 The Indigent support shall be withdrawn by the Municipality in the event of the beneficiary misusing the system or providing incorrect information.

11.2 In this regard the Municipality shall recover from the recipient the amount of relief furnished by debiting the beneficiary’s account.

11.3 The Municipality shall apply its credit control policy in accordance with the Credit Control and Debt Collection policy.

11.4 The Municipality shall institute a criminal charge of fraud against the beneficiary and may not again be considered for indigency relief for a period extending for two years beyond the financial year in which the misconduct is detected.

11.5 The Indigent support will cease, and the consumer will be removed from receiving free basic services should re-application not be received by the Municipality.

12. EXTENUATING CIRCUMSTANCES

12.1 In the event of death of one of the members of the household, and where the flow of water has been limited, full flow will be reinstated from the day of death to the day of the funeral after which the flow shall be limited again.

12.2 In the event of a household member suffers from a sickness requiring excessive usage of water and is under a home-based care programme, such a household will be eligible to apply for additional allocation of water, approval of which is subject to the Municipality's conditions.

13. WHAT DOES THE INDIGENT SUPPORT BENEFIT COVER?

On approval of the application the Municipality shall provide the following

13.1 Basic Municipal Services which include:

a) Access to a minimum safe water supply i.e. 6kl of water free of charge on a monthly basis or as determined by Council

b) A 100 % rebate of the water basic charge

c) A 100 % rebate on all sanitation charges

d A credit equivalent to the outstanding balance on the dwelling at the date of approval.

14. USAGE IN EXCESS OF THE BASIC SERVICE LEVELS

14.1 All services used in excess of the basic municipal services level shall be levied at the current scale of tariff and payable on the due date.

14.2 If the excess account is not paid for as and when due, the services shall be restricted to the basic level and the normal Credit Control and Debt Collection policy shall be implemented.

15. MISCELLANEOUS

Should any circumstances not covered by this policy regarding the administration of the Indigent Support policy arise, and is urgent, it shall be referred to the Chief Financial Officer.

16. COMMUNICATION

From time to time the Municipality will endeavour to communicate its Policy adequately, so that members of the community are apprised of the existence of such a policy or any amendments that may have been done by Council.

16.1 Structures and or platforms that shall be used to communicate the benefits of the policy shall include:

a) The Ward Committees
b) The Ward Councillors
c) Community meetings
d) Budget and IDP road shows
e) Special events
f) Local media
g) Traditional Leaders

16.2 Any communication issued by the Municipality must be coordinated by the Communications Unit or the Accounting Officer or his delegated authority.

17 MONITORING AND EVALUATION

17.1 Reporting on Indigent Support shall be done quarterly by means of supplying status of consumers and number of households receiving the support.

17.2 Indigent register updated on an ongoing basis

17.3 This is reported in the SDBIP quarterly review

18 PROVISION FOR DOUBTFUL DEBT FOR INDIGENT CUSTOMERS

The amount owed by Indigent Customers will be claimed against the provision of Free Basic Services from Equitable Share upon Council resolution.

19 COMMENCEMENT OF THE POLICY

The policy shall commence upon approval by Council

20 AMENDMENTS AND/OR ABOLITION

Any amendments and /or abolition will have to be approved by the Council

21 COMPLIANCE AND ENFORCEMENT

The policy will be in accordance with the Acts, guidelines and all relevant legislations

22 POLICY REVIEW

The policy will be reviewed on an annual basis

Records of Approval

Meeting	Date	Resolution
Council Meetings		
Council	24 May 2018	Approved
Council	30 May 2019	Approved
Council	28 May 2020	Approved
Council	29 April 2021	Approved
Review 2020/2021		
Policy Review Committee	27 February 2020	Recommended to MANCO
Policy Review Committee	28 January 2021	Recommended to MANCO
Policy Review Committee	22 January 2022	Recommended to MANCO

SCHEDULE A

Physical address of all Municipal Offices:

Head Office Address :

28 Connor Street,

Port Shepstone,

4240

Park Rynie Office

1 Preston Rd,

Park Rynie

4182

Oslo Beach Office

96 Marine Drive

Oslo Beach

4240

Harding Office

186 Musgrave Street

Harding

4680

UGU DISTRICT MUNICIPALITY

Policy Custodian	BTO
Policy Name	Insurance Policy
Policy Number	5/7/P
Status Date	Review 22 February 2022
Approved by	Council
Date First Approved by Council	26 July 2017
Date Last Approved by Council	27 May 2021
Date for Next Review	2022/23 FY

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Insurance Policy

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 UGU District Municipality adopts the following Policy for Insurance Management.

1. INTRODUCTION

1.1 When the Municipal Finance Management Act No 56 of 2003 (MFMA) was promulgated in 2014, 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.
1.2 In terms of section 63 (1) of the Municipal Finance Management Act, the Municipal Manager is responsible for the safeguarding of municipal assets
1.3 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 has to take all reasonable steps to ensure that Ugu District Municipality has and implements budget related policies for effective financial and risk management.
1.4 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.
1.5 The safeguarding of assets in terms of s63(1)(a) includes ensuring that there is adequate short-term insurance cover for all movable and immovable assets

2. DEFINITIONS

2.1 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.
2.2 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
2.3 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.
2.4 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
2.5 Council a body of people elected to manage the affairs of a city, county, or other municipal district.
2.6 Councillor a member of a council.

2.7 Employees a person employed by the municipality for wages or salary, especially at non-executive level.
2.8 Excess means the first amount payable in the event of each claim.
2.9 Insurability is acceptability to the company of an applicant for insurance
2.10 Insurance is a contract (policy) in which the municipality receives financial protection or reimbursement against losses from an insurance company. Risk is transferred when the risk is shared amongst different parties, so one party does not carry the full loss should an event occur. Insurance involves a transfer of risk.
2.11 Insured is A person or organization covered by an insurance policy.
2.12 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
2.13 Insurance broker is a person or company registered as an adviser on matters of insurance and as an arranger of insurance cover with an insurer on behalf of a client
2.14 Insurance committee is a committee that comprises of various managers aimed at deliberating on all insurance related matters as well all losses suffered by the municipality with an aim of recommending recourse to be taken by the Municipal Manager.
2.15 Insurance policy a document detailing the terms and conditions of a contract of insurance.
2.16 Public liability claims mean third party claims for bodily injury and property damage arising out of the municipality's operations.

3. POLICY OBJECTIVES

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

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

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 32 of 2000
- 4.1.3 Municipal Finance Management Act 56 of 2003

4.2 This policy does not overrule the requirements to comply with other policies such as:
- 4.2.1 Supply Chain Management Policy
- 4.2.2 Asset Disposal Policy
- 4.2.3 Fleet Management Policy
- 4.2.4 Security Policy

4.2.5 Facilities Management Policy
4.2.6 Land Policy
4.2.7 Human Resources Development Plan and Strategy

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. POLICY PRINCIPLES

6.1 RISK MANAGEMENT

6.1.1 The Municipal Manager must ensure that an evaluation of all potential events that might adversely affect the finances of a municipality is performed. The potential loss of income and extra expenses that a municipality might incur must be the consideration factor when the risk identification exercise is performed.
6.1.2 Even though risk is managed, and preventative measures taken to minimise risk, it is acknowledged that not all risks can be eliminated and therefore Council accepts the fact that insurance remains the ultimate solution to risk management. It must however be viewed as the last resort.
6.1.3 Loss control is the practical application of Risk Management, and its principal objectives are:
6.1.3.1 to give effect to the day-to-day application of Risk Management theory throughout your organisation as an integral part of management practice.
6.1.3.2 to create and develop risk awareness among staff at all levels.
6.1.3.3 to educate all in the knowledge and practice of identifying and controlling risks on a continuing basis.
6.1.3.4 to achieve and maintain a high standard throughout of safety, security, and good housekeeping to:
6.1.3.5 minimise the incidence and impact of all losses (insured and self-insured).
6.1.3.6 control your insurance costs.
6.1.3.7 generate increased efficiency, productivity, and profitability.
6.1.3.8 promote a sense of pride and achievement in your operational standards.

6.2 INSURANCE KEY MANAGEMENT PRINCIPLES

6.2.1 MUNICIPAL ASSETS

6.2.1.1 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.

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

6.2.1.3 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.

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

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

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

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

6.2.1.8 Liability: Public, Employer and Employees

6.2.1.9 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.

6.2.2 ADDITIONS DURING THE YEAR

6.2.2.1 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 to the Asset Management Unit the information of new assets to be insured within 48 hours after the Property Plant and Equipment is recognised as an asset of the municipality.

6.2.2.2 New vehicles cannot be utilized during the period when the asset is acquired, and an insurance confirmation is pending.

6.2.3 POLICY ON PERSONAL EFFECTS

6.2.3.1 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.

6.2.3.2 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.

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

6.2.3.4 Private cellular phone

6.2.3.5 Private Vehicle

6.2.3.6 Private Laptop

6.2.3.7 Handbags

6.2.3.8 Cash etc.

6.2.4 PUBLIC LIABILITY

6.2.4.1 Third parties are to be covered for death, bodily injury, or illness and/or loss of or damage to property up to a maximum limit to be determined by the CFO in consultation with the Municipal Manager.

6.2.4.2 All public liability claims under the excess amount shall be considered by Management and a recommendation made to the Municipal Manager on whether payment should be made or not. Only the Municipal Manager may approve payments in this regard.

6.2.4.3 Public Liability claims under the excess amount should only be settled when the municipality could reasonably be seen to have acted negligently which resulted in the loss to the third party and when there is reasonable prospect of the municipality being found legally responsible for third party property damage or bodily injury. Settling claims where this is not the case would set bad legal precedence which the municipality would not be able to sustain financially into the future.

6.2.5 LIMITS

6.2.5.1 On an annual basis the excess limits shall be assessed as part of the adjudication of the insurance quotations received from the Insurance Companies/Insurance Brokers.

6.2.6 INSURANCE CLAIM PROCEDURES

6.2.6.1 The Municipal Manager or his /her delegate shall develop such processes to ensure that insurance claims are submitted timeously to the insurance section/unit, and in a format required by the Insurance Company/ Insurance Broker.

6.2.6.2 Head of departments must ensure that these processes are implemented. Failure to follow the processes shall be dealt with in terms of clause 7.2.8 of this policy.

6.2.7 PAYMENTS BY EMPLOYEES

6.2.7.1 Payment of excesses (or losses below excess payable) by employees

6.2.7.2 Where in the opinion of the relevant departmental General Manager and the Municipal Manager an employee's negligence led to the damage to and/ or loss of an asset the excess and the value of the said property payable may be claimed from the employee concerned.

6.2.7.3 Excess will be regarded as a loss and shall be subject to disciplinary proceedings as per clause 7.2.9 below.

6.2.7.4 Insurance claims rejected by the Insurer (above excess)

6.2.7.5 Where in the opinion of the relevant departmental General Manager and the Municipal Manager an employee's negligence led to the damage to, or loss of, an asset, the total loss to the municipality may be claimed from the employee concerned in terms of the outcome of the Disciplinary Procedures.

6.2.8 FAILURE TO REPORT AN INCIDENT

6.2.8.1 Failure to report an incident to the insurance section within the timeframes indicated on the insurance handling procedure, may result in disciplinary action taken against the employee responsible for the asset.

6.2.8.2 The outcome of the disciplinary process will determine whether the employee will be personally held liable for the losses incurred.

6.2.9 RECOVERY OF LOSS

6.2.9.1 Insurance Committee should be established in terms of section 63(2)(c) and 96(2)(b) read with section 171 of the Municipal Finance Management Act, No. 56 of 2003 as amended, to investigate losses. The Insurance Committee shall not institute or carryout duties of a disciplinary committee but should only advise on the outcomes of its investigations.

6.2.9.2 The decision of the committee should be escalated to Human Resources section for disciplinary action and recovery of the loss where applicable.

6.2.9.3 The decision of the insurance committee shall determine the party liable for the payment of excess:

6.2.9.4 If an employee has been found to be liable for the loss/damage, the excess and value of the property loss/damage shall be recovered from the said employee

6.2.9.5 If the third party is liable for the loss/damage, the excess and value of the property loss/damage shall be payable by the third party

6.2.9.6 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

6.3 APPOINTMENT OF INSURANCE BROKERS

6.3.1 The appointment of an insurance broker must be performed in terms of the municipality's Supply Chain Management Policy.

6.3.2 Invitations for bids to appoint an insurance broker will be done every three years.

6.3.3 Section 33 of the MFMA will be applicable if the duration exceeds 3 years.

7. ROLES AND RESPONSIBILITIES

7.1 THE CFO OR HIS/HER DELEGATED OFFICIAL (MANAGER: ASSETS):

7.1.1 The Chief Financial Officer delegates this authority to the Manager Assets, who will be responsible to implementing this policy in line with the standard operating procedures.

7.1.2 The Manager-Assets:

7.1.2.1 shall (at least every three years, before the lapsing of the tender that was previously awarded) call for tenders for the insurance of municipal assets, Councillors, employees and third parties.

7.1.2.2 shall, in accordance with such schedules and subject to this policy, effect such insurance through the service of an Insurance Company/Insurance Broker appointed by the municipality through the competitive prescribed SCM process.

7.1.2.3 shall ensure that the insurance period will be from 1 July to 30 June of the following year and shall be renewable, dependent on previous performance (and in line with the tender processes followed).

7.1.2.4 shall pay the monthly/annual premiums in advance.

7.1.2.5 shall pay premiums over to the Insurers during the year, additions or deletions are made to the insurance portfolio.

7.1.2.6 shall immediately notify the Council's insurer of any claim by or against the Council or against its insurers.

7.1.2.7 shall assess all public liability claims under the excess amount as indicated in the Insurer's schedules. Public Liability claims should only be settled when the municipality could reasonably be seen to have acted negligently which resulted in the loss to the third party and when there is reasonable prospect of the municipality being found legally responsible for third party damages.

7.1.2.8 shall ensure that sufficient funding is available to cover insurance related expenditures.

7.1.2.9 shall report to Council of the status of existing claims against the municipality and its Insurers.

7.1.2.10 shall ensure that all claims and applications are dealt with diligently within a reasonable time.

7.1.2.11 shall finalise all claims and applications submitted to the Section and ensuring that all the required technical, financial and legal aspects to each claim and application are dealt with when these are being finalised; and

7.1.2.12 Shall update the Asset Register in accordance with the outcome of each insurance claim.

7.1.2.13 Shall recommend the payment of excess amounts, the settlement of claims below excess, settlement of claims

not covered by the Insurers, and all other insurance related expenditure.

7.2 THE GENERAL MANAGERS AND MANAGERS OF DEPARTMENTS:

7.2.1 shall before 31 May of each year verify or update the schedule of insurable risks and insurable assets under their control (and any other information deemed necessary)

7.2.2 shall notify the CFO (or delegated official) without delay of any new insurable risk or of any alteration in an existing insurable risk which has arisen in connection with his/her department.

7.2.3 shall ensure that the CFO (or delegated official) is notified of any occurrence or event giving rise or likely to give rise to a claim by or against the Council or against its Insurers. Failure to report incidences of loss might lead to the affected employee being held liable for the losses to Council.

7.2.4 shall ensure that all documents / information (for example any required forms, reports, quotations, photos) for the completion of the claim is forwarded to the CFO (or delegated official) for submission to Council's insurance brokers.

7.2.5 shall within 2 weeks (10 working days) of submitting a claim to the CFO (or delegated official), submit a departmental report to the CFO (or delegated official) in order to finalise the claim.

7.2.6 shall report each claim against Council for investigation and the outcome reported to the CFO (or delegated official) and where necessary disciplinary steps and/or recovery be perused against any employee who is found, in terms of the investigation, to have acted negligently; and

7.2.7 should advise all staff of their obligations to ensure the security of private property brought to the workplace to minimise the risk of loss and inconvenience to staff.

7.3 ALL MUNICIPAL PERSONNEL:

7.3.1 should avoid storing private property at the workplace for extended periods of time, especially over weekends and during vacation periods.

7.3.2 should insure personal property against loss or damage, particularly if it is of significant value in their personal capacity.

7.3.3 shall report all losses, damages to or any potential claims to the Insurance Section, their Departmental Manager, and the Health & Safety Practitioner.

7.3.4 shall take all reasonable steps to ensure that municipal assets are kept safe and assist the Municipal Manager to implement processes to safeguard assets and prevent losses to Council of all assets under their control.

8. MONITORING AND EVALUATION

8.1 The insurance clerk shall submit claims register on a monthly basis to the Manager: Assets

8.2 The Manager Assets shall submit claims register to MANCO and Portfolio Committee on Finance on monthly basis.

9. COMMENCEMENT OF THE POLICY

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

10. AMENDMENT AND/OR ABOLITION

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

11. COMPLIANCE AND ENFORCEMENT

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

12. POLICY REVIEW

12.1 This Policy will be reviewed annually to ensure applicability and relevance.

13. APPEAL PROCESS/ GRIEVANCE PROCEDURE

13.1 All appeals or grievances should be addressed to the Manager: Assets for them to addressed swiftly. Should the matter require the application of consequence management the Manager: Assets will then escalate the matter to Human Resource Section.

Records of Approval

Meeting	Date	Resolution
Review 2021/22		
Policy Committee	22 February 2022	Recommendation to MANCO
Extended MANCO/MANCO		Consultation comments
Portfolio Committee on Sound Governance and Human Resources		Recommended to EXCO
EXCO		Recommended to Council
Council		ADOPTED

ANNEXURE A: INSURANCE HANDLING PROCEDURE MANUAL

1. PROCEDURE FOR THE HANDLING OF INSURANCE CLAIMS

1.1. Incident reporting

1.1.1. The incident shall be reported by parties involved to the Insurance Clerk within 24 hours of the incident. Please refer to the Annexure B – UGU Incident Report Form

1.1.2. The incident report along with the Insurance claim forms shall be completed by a municipal employee concerned giving details of how the incident took place. The insurance clerk shall then issue all parties concerned with a unique UGU incident tracking number.

1.1.3. In case of a motor vehicle accident whether a third party was involved, it must also be reported to the SAPS within 48 hours in order to provide an Accident Report (AR) number when lodging an insurance claim

1.2. Lodging of a claim with the insurance broker

1.2.1. The Insurance clerk upon receiving incident report shall lodge the claim with the insurance broker within 10 working days of receipt of Incident.

1.2.2. The Insurance clerk shall maintain claim register which should be updated as soon as the claim is received up to the settlement.

1.2.3. The Insurance clerk shall weekly follow-up with the insurance brokers to establish progress; as well as obtain insurance claim number as an indication that the claim has been lodged successfully and update claims register.

1.2.4. Failure for the insurance clerk to lodge the claim with the insurance broker within 10 working days of receipt of Incident Report shall constitute grounds for disciplinary action.

1.2.5. Upon authorisation of the claim by the insurance broker and receipt of the instruction to pay the excess amount, the insurance clerk shall process the excess documents for payment.

1.3. Monitoring and oversight

1.3.1. The insurance clerk shall submit a claim register to the user departments on a monthly basis.

1.3.2. The Manager responsible for short term insurance portfolio shall submit the claims register to all General Managers and Manager: Legal Services monthly.

2. MANAGEMENT OF SHORT-TERM INSURANCE PORTFOLIO

2.1. The short-term insurance policy shall be reviewed before the beginning of every financial year, and necessary amendment to sums insured be affected.

2.2. Insurance brokers shall be advised of any additions and or subtractions of assets that might affect the cover including the results of revaluation of assets.

2.3. Clear timeframes shall be agreed to with the Insurance Brokers on turn-around time regarding claims

2.4. A progress report from the Insurance Brokers shall be obtained monthly to reconcile with claims register

2.5. The determination of councillor allowances and benefits of office bearers shall be scrutinized to ascertain any insurance implications to the municipality, with reference to South African Special Risk Insurance Association cover etc.

ANNEXURE B – UGU INCIDENT REPORT FORM

Ugu District Municipality

INSURANCE INCIDENT REPORT

INCIDENT NUMBER		INSURANCE CLAIM NUMBER	

1. DETAILS OF THE MUNICIPAL EMPLOYEE	
1.1. NAME	
1.2. EMPLOYEE NUMBER	
1.3. DESIGNATION	
1.4. CONTACT DETAILS:	
1.4.1. TELEPHONE	
1.4.2. EMAIL	
1.4.3. OFFICE LOCATION	
1.5. DEPARTMENT	
1.6. SUPERVISOR (NAME AND SURNAME)	

2. DETAILS OF THE INCIDENT	
2.1. DATE OF THE INCIDENT	
2.2. TIME OF THE INCIDENT	
2.3. DETAILS OF THE INCIDENT (HOW THE INCIDENT OCCURRED)	
2.4. DETAILS OF LOSS INCURRED	
2.5. PLACE (STREET ADDRESS OR EXACT LOCATION)	
2.6. TYPE OF INCIDENT (MVA; PL;PD)	
2.6.1. FOR MVA:	
2.6.1.1. SAPS CAS NUMBER:	

2.6.1.2. ACCIDENT REPORT NUMBER (IF IT IS MVA):	
2.6.1.3. VEHICLE REGISTRATION NUMBER:	
2.6.1.4. VIN NUMBER:	
2.6.1.5. VEHICLE MODEL:	
2.6.2. PUBLIC LIABILITY:	
2.6.2.1. PROPERTY DETAILS	
2.6.2.2. PROPERTY ADDRESS -LOT NUMBER	
2.6.2.3. OWNER NAME)	
2.6.2.4. OWNER	
2.6.3. PROPERTY DAMAGE:	
2.6.3.1. ASSET DETAILS	
2.6.3.2. ASSET NUMBER	
2.6.3.3. SERIAL NUMBER	
2.6.3.4. PURCHASE DETAILS	
2.7. WAS THERE ANY 3RD PARTIES INVOLVED (YES/NO)	
2.8. DETAILS OF THE 3RD PARTY:	
2.8.3. NAME	
2.8.4. ADDRESS	
2.8.5. CONTACT DETAILS	

3. SKETCH OF THE ACCIDENT
ATTACH COPY OF ACCIDENT REPORT AS WAS REPORTED AT THE SOUTH AFRICAN POLICE SERVICES WITH THE SKETCH

4. DETAILS OF SUPERVISOR ACKNOWLEDGING RECEIPT OF THE INCIDENT REPORT	
4.1. NAME	
4.2. DESIGNATION	
4.3. SIGNATURE	

5. FOR OFFICE USE:	
5.1. PROCESSED BY	
5.2. DATE	
5.3. TIME	
5.4. DATE SENT TO INSURANCE BROKER	
5.5. SIGNATURE	

UGU DISTRICT MUNICIPALITY

Policy Custodian	**BUDGET AND TREASURY OFFICE**
Policy Name	**Petty Cash Policy**
Policy Number	**N/A**
Status	**New**
Date	**2021/2022**
Approved by	**Council**
Date First Approved	**N/A**
Date Last Approved	**N/A**
Date for Next Review	

.....E. Gamma.....

Received by Policy & Research

Date: 13 May 2022

REVIEWED
Policy Committee
2022 -05- 17
Chairperson: N Msomi

Petty Cash Policy

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REVIEWED
Policy Committee
2022 -05- 17
Chairperson: N Msomi

REVIEWED
Policy Committee
2022 -05- 17
Chairperson: N Msomi

PREAMBLE

Section 65 of the Municipal Management Finance Act, Act 56 of 2003, the Accounting Officer of the Municipality is responsible for the management of Expenditure of the Municipality in an effective and controlled manner. Therefore, the Municipality adopts the following Petty Cash Policy.

1. INTRODUCTION

In terms of the Municipality's Supply chain Management Policy, emergency expenditure or purchases from 0- R2000 (Vat inclusive) can be procured using petty cash.

2. 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 Manager of Ugu District Municipality.

"Act" means the Local Government: Municipal Finance Management Act No. 56 of 2003, the Local Government: Municipal Systems Act No. 32 of 2000.

"Accounting Principles" mean stipulated guidelines to be followed.

"Cash" means money, such as bank notes and coin, or cash equivalents.

"Chief Financial Officer" means a person employed by the Municipality in terms of section 57 of the Systems Act as the Chief Financial Officer of the Municipality, and includes any person to whom the Chief Financial Officer has delegated or sub-delegated a power, function or duty in accordance with the system of delegation developed by the Accounting Officer in terms of section 79 of the Municipal Finance Management Act and section 59 of the Systems Act;

"Constitution of the Republic of South Africa, Act No. 108 of 1996" means the Supreme Law of the Republic of South Africa.

"Cash Management" means efficient and effective management of funds.

9. COMMENCEMENT OF THE POLICY

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

10. AMENDMENT AND/OR ABOLITION

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

11. COMPLIANCE AND ENFORCEMENT

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

12. POLICY REVIEW

12.1 This Policy will be reviewed annually to ensure applicability and relevance.

Records of Approval

Meeting	Date	Resolution
New 2021/2022		
Policy Committee		
Council		

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UGU DISTRICT MUNICIPALITY

Policy Custodian	**BTO**
Policy Name	**Standard Infrastructure Procurement and Delivery Management**
Policy Number	**5/2/P/2**
Status	**Review**
Date	**2021/2022**
Approved by	**Council**
Date First Approved	**28 June 2018**
Date Last Amended	**27 May 2021**
Date for Next Review	**2022/23 FY**

E. Gama

Received by Policy & Research

Date: 13 May 2022

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Scope

This policy establishes the **UGU DISTRICT MUNICIPALITY's** policy for infrastructure procurement and delivery management in accordance with the provisions of the regulatory frameworks for procurement and supply chain management. It includes the procurement of goods and services necessary for a new facility to be occupied and used as a functional entity but excludes:

a) the storage of goods and equipment following their delivery to Ugu District Municipality which are stored and issued to contractors or to employees.

b) the disposal or letting of land;

c) the conclusion of any form of land availability agreement;

d) the leasing or rental of moveable assets; and

e) public private partnerships.

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2 Terms, definitions and abbreviations

2.1 Terms and definitions

For the purposes of this document, the definitions and terms given in the standard and the following apply:

"Agent": person or organization that is not an employee of **UGU DISTRICT MUNICIPALITY** that acts on the **UGU DISTRICT MUNICIPALITY** behalf in the application of this document

"authorised person": the municipal manager or chief executive or the appropriately delegated authority to award, cancel, amend, extend or transfer a contract or order

"conflict of interest": any situation in which:

a) someone in a position of trust has competing professional or personal interests which make it difficult for him to fulfil his duties impartially,

b) an individual or organization is in a position to exploit a professional or official capacity in some way for his personal or for corporate benefit, or

c) incompatibility or contradictory interests exist between an employee and the organization which employs that employee

"contract manager": person responsible for administering a package on behalf of the employer and performing duties relating to the overall management of such contract from the implementer's point of view

"family member": a person's spouse, whether in a marriage or in a customary union according to indigenous law, domestic partner in a civil union, or child, parent, brother, sister, whether such a relationship results from birth, marriage or adoption

"framework agreement": an agreement between an organ of state and one or more contractors, the purpose of which is to establish the terms governing orders to be awarded during a given period, in particular with regard to price and, where appropriate, the quantity envisaged

"gate": a control point at the end of a process where a decision is required before proceeding to the next process or activity

"gateway review": an independent review of the available information at a gate upon which a decision

2.2 Abbreviations

For the purposes of this document, the following abbreviations apply
CIDB: Construction Industry Development Board SARS: South African Revenue Services

3 General requirements[1]

3.1 Delegations

3.1.1 The **Council** of **Ugu District Municipality** hereby delegates all powers and duties to the **Municipal Manager** which are necessary to enable the **Municipal Manager** to:

a) discharge the supply chain management responsibilities conferred on accounting officers in terms of Chapter 8 or 10 of the Local Government Municipal Finance Management Act of 2003 and this document;

b) maximise administrative and operational efficiency in the implementation of this document;

c) enforce reasonable cost-effective measures for the prevention of fraud, corruption, favoritism and unfair and irregular practices in the implementation of this document; and

[1] This clause is required to ensure that the standard is linked to the policy and aligned with the MFMA SCM Regulations.

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and 6 to be omitted where there is sufficient information to proceed to stage 7 is contained in the stage 4 deliverable. The policy may require that certain types of work (e.g. specific types of maintenance) need to pass through all the stages. If this is the case, the policy may require the application of all the stages for specific types of projects. The compiler of the policy needs to delete this sub- clause if it is not required.

5. SCM Regulation 7 which is issued in terms of the MFMA requires each municipality to establish a supply chain management unit to implement its supply chain management policy, which where possible, should operate under the direct supervision of the chief financial officer or an official to whom

this duty has been delegated in terms of Section 82 of the MFMA. There are benefits in establishing SCM
units for general goods and services and infrastructure and to delegate the supervision to a person other than the chief financial officer.

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approval of end of stage deliverables may have to be granted in consultation with such an organization. Alternatively, it may be assigned to a party to an agency agreement developed in accordance with the provisions of clauses 5.2 of the standard. As a result, Table 1 may have to differentiate between own infrastructure and client institution's infrastructure. It may also have to differentiate between the value and type of projects.

Table 1: Responsibilities for approving or accepting end of stage deliverables in the control framework for the management of infrastructure delivery

Stage			Designated Person assigned the responsibility for approving or accepting end of stage deliverables
No	Name		
0	Project initiation		**Municipal Manager** accepts the initiation report
1	Infrastructure planning		**Council** approves the infrastructure plan
2	Strategic resourcing		**General Manager** approves the delivery and / or project implementation plan/ procurement strategy
3	Pre-feasibility		**General Manager** accepts the pre-feasibility report
	Preparation and briefing		**General Manager** accepts the strategic brief
4	Feasibility		**General Manager** accepts the feasibility report
	Concept and viability		**General Manager** accepts the concept report
5	Design development		**General Manager** accepts the design development report
6	Design documentation	6A Production information	**General Manager** accepts the parts of the production information which are identified when the design development report is accepted as requiring acceptance
		6B Manufacture, fabrication and construction information	**General Manager** accepts the manufacture, fabrication and construction information
7	Works		**General Manager** certifies completion of the works or the delivery of goods and associated services
8	Handover		The owner or end user accepts liability for the works
9	Package completion		**General Manager** and/or Consultant certifies the defects certificate in accordance with the provisions of the contract **General Manager** and/or Consultant certifies final completion in accordance with the provisions of the contract **General Manager** and/or **Consultant** accepts the close out report

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Stage 0: Project initiation

An initiation report which outlines the high- level business plan together with the estimated project cost and proposed schedule for a single project or a group of projects having a similar high-level scope.

The initiation report for a project shall as a minimum:

a) provide a project description and high-level scope of work.
b) outline key issues and solution options that were interrogated.
c) outline options that were evaluated.
d) indicate the high-level business case; and
e) provide the estimated project cost and indicative high-level schedule.

Stage 0 is complete when the initiation report is accepted.

Stage 1: Infrastructure planning

The infrastructure plan (IDP) for a portfolio of projects or packages which require implementation shall cover a period of not less than five years. Such a plan shall be:

a) described by the high-level scope of work for each project, the proposed time schedule, the estimated total project cost and annual budget requirement, the geographical location, any known encumbrances and estimated timeframes for removing these encumbrances; and
b) aligned with all prescribed planning, budgeting, monitoring and reporting requirements.

Stage 1 is complete when the infrastructure plan is approved.

Stage 2: Strategic resourcing

A delivery management strategy shall be developed following the conducting of a spend, organizational and market analysis. Such a strategy shall indicate how needs are to be met for each category of spend through one or more of the following:

a) a public private partnership.
b) another organ of state on an agency basis;
c) another organ of state's framework agreement.
d) own resources; or
e) own procurement system;

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A procurement strategy shall, based on the budget, cost benefit analysis, document the selected packaging, contracting, pricing and targeting strategy and procurement procedure for all required goods or services or any combination thereof including professional services.

Stage 2 is complete when the delivery and procurement strategy is approved.

Stage 4: Concept and viability or feasibility

The concept report shall as necessary:

a) document the initial design criteria and design options or the methods and procedures required to maintain the condition of infrastructure for the package;

b) establish the detailed brief, scope, scale, form and cost plan for the package;

c) provide an indicative schedule for documentation and construction or maintenance services associated with the package;

d) contain a site development plan or other suitable schematic layouts of the works;

e) describe the statutory permissions, funding approvals or utility approvals required to proceed with the works associated with the package;

f) include a baseline risk assessment for the package, and a health and safety plan which is required in terms of the requirements of the Construction Regulations issued in terms of the Occupational Health and Safety Act;

g) contain a risk report linked to the need for further surveys, tests, other investigations and consents and approvals, if any, during subsequent stages and identified health, safety and environmental risk;

h) contain an operations and maintenance support plan which establishes the organisational structure required for the operation and maintenance of the works resulting from the package or series of packages over its service life, and the office, stores, furniture, equipment, Information and Communications Technology (ICT), engineering infrastructure and staff training requirements;

i) confirm the financial sustainability of the project; and

j) establish the feasibility of satisfying the strategic brief for the package or series of packages within the control budget established during stage 3 and, if not, motivate a revised control budget.

A feasibility report shall as a minimum provide the following:

a) details regarding the preparatory work covering:
   1) a needs and demand analysis with output specifications; and
   2) an options analysis;

b) a viability evaluation covering:
   1) a financial analysis; and
   2) an economic analysis, if necessary;

c) a risk assessment and sensitivity analysis;

d) a professional analysis covering:

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Stage 5: Design development

5.1 The design development report shall as necessary:

a) develop in detail the accepted concept to finalise the design and definition criteria.

b) establish the detailed form, character, function and costing.

c) define all components in terms of overall size, typical detail, performance and outline specification.

d) describe how infrastructure, or elements or components thereof, are to function, how they are to be safely constructed, how they are to be maintained and how they are to be commissioned; and

e) confirm that the package or series of packages can be completed within the control budget or propose a revision to the control budget

Outline specifications shall be in satisfactory detail to enable a view to be taken on the operation and maintenance implications of the design and the compatibility with existing plant and equipment.

Stage 6: Design documentation

6.1 Stage 6A is complete when all the detailed design that are required to be accepted prior to being issued for construction purposes has been accepted.

6.2 Stage 6B is complete when the construction drawings are accepted as being in accordance with the detailed design.

Stage 7: Works

Stage 7 is complete when:

a) completion and commissioning of the works is certified in accordance with the terms of the contract; or
b) the goods and associated services are certified as being delivered in accordance with the terms of the contract.

Stage 8: Handover

8.1 The handover stage shall include as necessary the training of the end users, the manuals, as-build drawings for operations of the completed and/or delivered infrastructure.

8.2 The record information and/or asset register shall as relevant:

a) accurately document the condition of the completed works associated with a package.

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to complete stage 8 measured from the time that stage 7 is completed;

- The average difference between the total of the prices in the payment certificates that was issued following the completion of stage 7 and the total of the prices at the end of stage 9;
- The average time taken to award the contract above the threshold for quotations, measured form the closing date for tender submission or the final submission made in terms of a proposal or a competitive negotiations procedure, to the acceptance of the tender by the adjudication report;
- The average number of days that payment is later than that required under the terms of the contract

b) unit costs of completed work or major components thereof; and

c) key performance indicators relating to developmental objectives.

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4.1.2.1.3 The relevant treasury shall be notified of a proposed gateway review for a major capital project, three weeks prior to the conducting of such a review. Such notification shall be accompanied by a brief outline of the proposed project or package, the names and qualifications of the reviewers and the timeframes for the review. The relevant treasury may nominate additional persons to serve on the review team.

4.1.2.1.4 The gateway review team shall base its findings primarily on:

a) the information contained in the end-of-stage deliverables.
b) supplementary documentation, if any, provided by key staff obtained during an interview process; and
c) interviews with key staff members and stakeholders.

4.1.2.1.5 The gateway review team shall issue a report at the conclusion of a gateway review which indicates the team's assessment of the information at the end of a stage and provides findings or recommendations on areas where further work may be undertaken to improve such information.

4.1.2.1.6 Aspects in the report shall be flagged as being:

a) code red: team considers the aspect to pose a significant risk to the project or package;
b) code amber: team considers the aspects which indicate a minor risk to the project or package; or
c) code green: team considers the aspect to have been given adequate consideration to the extent that it is unlikely to jeopardise the success of progressing to the next stage, or minor adjustments may be required before proceeding.

4.1.2.1.7 The contents of the gateway review report shall be taken into account when accepting the stage 4 deliverable. A stage 4 deliverable shall not be accepted until such time that all code red risks have been addressed in the stage 4 end-of-stage deliverable.

4.1.2.2 Gateway reviews initiated by the relevant treasury

4.1.2.2.1 A relevant treasury may at any time institute a gateway review of any of the end-of-stage deliverables associated with the control framework, irrespective of the estimated cost of a project. The focus of such a review shall be determined by the relevant treasury. The implementer of a project shall be notified of the review and its focus at least three weeks prior to the conducting of the review.

4.1.2.2.2 The implementer shall provide a person to lead the review and one other person to serve on the team, both of whom satisfy the requirements of 4.1.2.1.2.

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of not less than five years after the completion or cancellation of the contract unless otherwise determined in terms of the National Archives and Record Services Act of 1996.

6.1.1.1.6 Committees may make decisions at meetings or, subject to the committee chairperson's approval, on the basis of responses to documents circulated to committee members provided that not less than sixty percent of the members are present or respond to the request for responses. Where the committee chairperson is absent from the meeting, the members of the committee who are present shall elect a chairperson from one of them to preside at the meeting.

6.1.1.2 Procurement documentation committee

6.1.1.2.1 The **Municipal Manager** shall appoint in writing on a procurement-by-procurement basis:

a) the persons to review the procurement documents and to develop a procurement documentation review report in accordance with clause 4.2.2.1 of the standard; and

b) the members of the procurement documentation committee.

6.1.1.2.2 The procurement documentation committee shall comprise one or more persons. The chairperson shall be an employee of Ugu District Municipality with requisite skills. Other members shall, where relevant, include a representative of the end user or the department requiring infrastructure delivery.

6.1.1.2.3 No member of, or technical adviser or subject matter expert who participates in the work of the any of the procurement committees or a family member or associate of such a member, may tender for any work associated with the tender which is considered by these committees.

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Table 2 (concluded)

Activity		Sub-Activity		Key action	Person assigned responsibility to perform key action
8	Administer contracts and confirm compliance with requirements	6.4 PG8A	Obtain approval to waive penalties or low performance damages.	Approve waiver of penalties or low performance damages	**General Manager: Water Services**
		6.5 PG8B	Obtain approval to notify and refer a dispute to an adjudicator	Grant permission for the referral of a dispute to an adjudicator or for final settlement to an arbitrator or court of law	**General Manager: Corporate Services**
		6.6 PG8C	Obtain approval to increase the total of prices, excluding contingencies and price adjustment for inflation, or the time for completion at the award of a contract or the issuing of an order up to a specified percentage	Approve amount of time and cost overruns up to the threshold	**PMU Manager (Look at delegations this should either be GM or MM and not PMU manager)**
		6.7 PG8D	Obtain approval to exceed the total of prices, excluding contingencies and price adjustment for inflation, or the time for completion at award of a contract or the issuing of an order by more than 20% and 30%, respectively	Approve amount of time and cost overruns above a the threshold	**Municipal Manager and/or Bid Adjudication Committee**
		6.8 PG8E	Obtain approval to cancel or terminate a contract	Approve amount	**Municipal Manager**
		6.9 PG8F	Obtain approval to amend a contract	Approve proposed amendment to contract	**Municipal Manager**

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6.1.1.3 Evaluation committee

6.1.1.3.1 The **Municipal Manager** shall appoint in writing:

a) the persons to prepare the evaluation and, where applicable, the quality evaluations, in accordance with clauses 4.2.3.2 and 4.2.3.4 of the standard, respectively; and

b) the members of the evaluation committee.

6.1.1.3.2 The evaluation committee shall comprise not less than four people. The chairperson shall be an employee of Ugu District Municipality with requisite skills. Other members shall include a supply chain management practitioner[15] and, where relevant, include an official from the department requiring infrastructure delivery.

6.1.1.3.3 The evaluation committee shall review the evaluation reports prepared in accordance with sub clause 4.2.3 of the standard and as a minimum verify the following in respect of the recommended tenderer:

a) the capability and capacity of a tenderer to perform the contract;

b) the tenderer's tax and municipal rates and taxes compliance status;

c) confirm that the tenderer's municipal rates and taxes and municipal service charges are not in arrears;

d) the Compulsory Declaration has been completed; and

e) the tenderer is not listed in the National Treasury's Register for Tender Defaulters or the List of Restricted Suppliers.

6.1.1.3.4 No tender submitted by a member of, or technical adviser or subject matter expert who participates in the work of the procurement documentation committee or a family member or associate of such a member, may be considered by the evaluation committee.

6.1.1.3.5 The chairperson of the evaluation committee shall promptly notify the **Municipal Manager** of any respondent or tenderer who is disqualified for having engaged in fraudulent or corrupt practices during the tender process.

6.1.1.4 Bid Adjudication Committee [16]

6.1.1.4.1 The Bid Adjudication committee shall comprise the following persons or their mandated delegate:[17]

a) **Chief Financial Officer** who shall be the chairperson, if not available any Senior Manager who can be delegated as an alternate member on behalf of the Chief Financial Officer

b) **GM: Corporate Services**

c) **GM: Water Services**

d) **GM: Environmental Services**

e) **Senior Supply Chain Management Official**

f) **Committee Secretariat Supply Chain Management**

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6.1.2.1 The authorised person shall, if the value of the contract inclusive of VAT, is within his or her delegation, consider the report(s) and recommendations of the Bid Adjudication Committee, or in the case of the awards for contracts below the quotation threshold, the recommendation of the **Bid Adjudication Committee**, and either:

a) award the contract after confirming that the report is complete and addresses all considerations necessary to make a recommendation and budgetary provisions are in place; or

b) decide not to proceed or to start afresh with the process.

6.1.2.2 The authorised person shall immediately notify the **Bid Adjudication Committee** if a tender other than the recommended tender is awarded, save where the recommendation is changed to rectify an irregularity. Such person shall, within 10 working days, notify in writing the Auditor-General, the National Treasury and **Provincial Treasury**, of the reasons for deviating from such recommendation.

6.1.2.3 Issuing of an order

The authorised person shall, if the value of an order issued in terms of a framework contract, is within his or her delegation, consider the recommendation of the evaluation committee or the **Bid Adjudication Committee**, as relevant, and either:

a) authorise the issuing of an order in accordance with the provisions of clause 4.25 of the standard; or

b) decide not to proceed or to start afresh with the process.

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f) be fair and impartial in the performance of their functions;

g) at no time afford any undue preferential treatment to any group or individual or unfairly discriminate against any group or individual;

h) not abuse the power vested in them;

i) not place themselves under any financial or other obligation to external individuals or firms that might seek to influence them in the performance of their duties;

j) assist Ugu District Municipality in combating corruption and fraud within the infrastructure procurement and delivery management system;

k) not disclose information obtained in connection with a project except when necessary to carry out assigned duties;

l) not make false or misleading entries in reports or accounting systems; and

m) keep matters of a confidential nature in their possession confidential unless legislation, the performance of duty or the provision of the law require otherwise.

6.1.3.1.2 An employee or agent may not amend or tamper with any submission, tender or contract in any manner whatsoever.

6.1.3.2 Conflicts of interest

6.1.3.2.1 The employees and agents of **Ugu District Municipality** who are connected in any way to procurement and delivery management activities which are subject to this policy, shall:

a) disclose in writing to the employee of the Ugu District Municipality to whom they report, or to the person responsible for managing their contract, if they have, or a family member or associate has, any conflicts of interest; and

b) not participate in any activities that might lead to the disclosure of [name of municipality or municipal entity] proprietary information.

6.1.3.2.2 The employees and agents of Ugu District Municipality shall declare and address any perceived or known conflict of interest, indicating the nature of such conflict to whoever is responsible for overseeing the procurement process at the start of any deliberations relating to a procurement process or as soon as they become aware of such conflict, and abstain from any decisions where such conflict exists or recuse themselves from the procurement process, as appropriate.

6.1.3.2.3 Agents who prepare a part of a procurement document may in exceptional circumstances, where it is in Ugu District Municipality's interest to do so, submit a tender for work associated with such documents provided that:

a) Ugu District Municipality states in the tender data that such an agent is a potential tenderer.

b) all the information, which was made available to, and the advice provided by that agent which is relevant to the tender, is equally made available to all potential tenderers upon request, if not already included in the scope of work; and

c) the procurement documentation committee is satisfied that the procurement document is objective and unbiased having regard to the role and recommendations of that agent.

6.1.3.3 Evaluation of submissions received from respondents and tenderers

6.1.3.3.1 The confidentiality of the outcome of the processes associated with the calling for expressions of

6.1.3.4 Non-disclosure agreements

Confidentiality agreements in the form of non-disclosure agreements shall, where appropriate, be entered into with agents and potential contractors to protect Ugu District Municipality's confidential information and interests.

6.1.3.5 Gratifications, hospitality and gifts

6.1.3.5.1 The employees and agents of Ugu District Municipality shall not, directly or indirectly, accept or agree or offer to accept any gratification from any other person including a commission, whether for the benefit of themselves or for the benefit of another person, as an inducement to improperly influence in any way a procurement process, procedure or decision.

6.1.3.5.2 The employees and agents of Ugu District Municipality as well as their family members of associates shall not receive any of the following from any tenderer, respondent or contractor or any potential contractor:

a) money, loans, equity, personal favours, benefits or services;

b) overseas trips; or

c) any gifts or hospitality irrespective of value from tenderers or respondents prior to the conclusion of the processes associated with a call for an expression of interest or a tender.

6.1.3.5.3 The employees and agents of **Ugu District Municipality** shall not purchase any items at artificially low prices from any tenderer, respondent or contractor or any potential contractor at artificially low prices which are not available to the public.

6.1.3.5.4 All employees and agents of **Ugu District Municipality** may for the purpose of fostering inter-personal business relations accept the following:

a) meals and entertainment, but excluding the cost of transport and accommodation;

b) promotional material of small intrinsic value such as pens, paper-knives, diaries, calendars, etc;

c) incidental business hospitality such as business lunches or dinners, which the employee is prepared to reciprocate.

d) complimentary tickets to sports meetings and other public events, but excluding the cost of transport and accommodation, provided that such tickets are not of a recurrent nature; and

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d) an employee of any national or Provincial department, national or Provincial public entity or constitutional institution within the meaning of the Public Finance Management Act, 1999 (Act No. 1 of 1999);

e) a member of the accounting authority of any national or Provincial public entity; or

f) an employee of Parliament or a Provincial legislature.

6.1.5.2 The notes to the annual financial statements of the **UGU DISTRICT MUNICIPALITY** shall disclose particulars of an award of more than R 2000 to a person who is a family member of a person identified in 6.1.5.1 or who has been in the previous 12 months. Such notes shall include the name of the person, the capacity in which such person served and the amount of the award.

6.1.6 Collusive tendering[22]

Any submissions made by a respondent or tenderer who fails to declare in the Compulsory Declaration that the tendering entity:

a) is not associated, linked or involved with any other tendering entity submitting tender offers; or

b) has not engaged in any prohibited restrictive horizontal practices including consultation, communication, agreement, or arrangement with any competing or potential tendering entity regarding prices, geographical areas in which goods and services will be rendered, approaches to determining prices or pricing parameters, intentions to submit a tender or not, the content of the submission (specification, timing, conditions of contract etc.) or intention to not win a tender shall be rejected.

6.1.7 Placing of contractors under restrictions[23]

6.1.7.1 If any tenderer which has submitted a tender offer or a contractor which has concluded a contract has, as relevant:

a) after having been notified of the acceptance of his tender, failed or refused to commence the contract;

b) had their contract terminated for reasons within their control without reasonable cause;

c) offered, promised or given a bribe in relation to the obtaining or the execution of such contract;

d) acted in a fraudulent, collusive or anti-competitive or improper manner or in bad faith towards Ugu District Municipality.

e) made any incorrect statement in any affidavit or declaration with regard to a preference claimed and is unable to prove to the satisfaction of Ugu District Municipality that the statement was made in good faith or reasonable steps were taken to confirm the correctness of the statements,

A Head of Department shall prepare a report on the matter and make a recommendation to the **Municipal Manager** for placing the contractor or any of its principals under restrictions from doing business with the Ugu District Municipality.

6.1.7.2 The Municipal Manager may, as appropriate, upon the receipt of a recommendation made in terms of 6.1.7.1 and after notifying the contractor of such intention in writing and giving written reasons for such action, suspend a contractor or any principal of that contractor from submitting a tender offer to Ugu District Municipality for a period of time.

6.2 Acquisition management

6.2.1 Unsolicited proposal[24]

6.2.1.1 The Ugu District Municipality is not obliged to consider unsolicited offers received outside a normal procurement process but may consider such an offer only if:

a) the goods, services or any combination thereof that is offered is a demonstrably or proven unique innovative concept.

b) proof of ownership of design, manufacturing, intellectual property, copyright or any other proprietary right of ownership or entitlement is vested in the person who made the offer;

c) the offer presents a value proposition which demonstrates a clear, measurable and foreseeable benefit for Ugu District Municipality

d) the offer is in writing and clearly sets out the proposed cost;

e) the person who made the offer is the sole provider of the goods or service; and

f) the Municipal Manager finds the reasons for not going through a normal tender processes to be sound.

6.2.1.2 The **Municipal Manager** may only accept an unsolicited offer and enter into a contract after considering the recommendations of the Bid Adjudication Committee if:

a) the intention to consider an unsolicited proposal has been made known in accordance with Section 21A of the Municipal Systems Act of 2000 together with the reasons why such a proposal should not be open to other competitors, an explanation of the potential benefits for **Ugu District Municipality** And an invitation to the public or other potential suppliers and providers to submit their comments within thirty (30) days after the notice;

b) the **Ugu District Municipality** has obtained comments and recommendations on the offer from the **National Treasury** and **Provincial Treasury**;

c) the bid adjudication committee meeting which makes recommendations to accept an unsolicited proposal was open to the public and took into account any public comments that were received and any comments and recommendations received from the National Treasury and Provincial Treasury; and

[24] The clause aligns with SCM Regulation 37 issued in terms of the MFMA.

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6.2.2.2 Municipal rates and taxes[26]

No contract may be awarded to a tenderer who, or the principals of that tenderer, owes municipal rates and taxes or municipal service charges to any municipality or a municipal entity and are in arrears for more than 3 months.

6.2.3 Declarations of interest

Tenders and respondents making submissions in response to an invitation to submit a tender or a call for an expression of interest, respectively shall declare in the Compulsory Declaration whether or not any of the principals:

a) are an employee of the Ugu District Municipality or in the employ of the state; or

b) have a family member or a business relation with a person who is in the employ of the state.

6.2.4 Invitations to submit expressions of interest or tender offers

6.2.4.1 All invitations to submit tenders where the estimated value of the contract exceeds R200 000 including VAT, except where a confined tender process is followed, and expressions of interest shall be advertised on the Ugu District Municipality's website and on the National Treasury e-Tender Publication Portal[27]
Advertisements shall be placed by the designated person.

6.2.4.2 Advertisements relating to construction works which are subject to the Construction Industry Development Regulations issued in terms of the Construction Industry Development Act of 2000 shall in addition to the requirements of 6.2.4.1 be advertised on the CIDB website. Advertisements shall be placed by the Supply Chain Management Unit.

6.2.4.3 Where deemed appropriate by The Municipal Manager an invitation to tender and a call for an expression of interest shall be advertised in suitable local and national newspapers and the Government Tender Bulletin as directed by such person. Advertisements shall be placed by the Supply Chain Department

6.2.4.4 Such advertisements shall be advertised for a period of at least 30 days before closure, except in urgent cases when the advertisement period may be shortened as determined by the Municipal Manager

6.2.4.5 Invitations to submit expressions of interest or tender offers shall be issued not less than 10 working days before the closing date for tenders and at least 5 working days before any compulsory clarification meeting. Procurement documents shall be made available not less than 7 days before the closing time for submissions.

6.2.5 Publication of submissions received and the award of contracts[28]

6.2.5.1 The Contract Management section shall publish within ten (10) working days of the closure of any advertised call for an expression of interest or an invitation to tender where the estimated value of the contract exceeds R200 000 including VAT on the municipality's website, the names of all tenderers that made submissions to that advertisement, and if practical or applicable, the total of the prices and the preferences claimed. Such information shall remain on the website for at least 30 days.

6.2.5.2 The Contract Management Section shall publish within seven (7) working days of the award of a contract the following on the **Ugu District Municipality**'s website

a) the contract number.

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[29] Reproduce from Table 11 of the standard the forms of contract which the municipality or municipal entity wishes to make use of.

7.1.2 The **Ugu District Municipality's** preapproved templates for Part C1 (Agreements and contract data) of procurement documents shall be utilised to obviate the need for legal review prior to the awarding of a contract. All modifications to the standard templates shall be approved by **Municipal Manager** prior to being issued for tender purposes.

7.1.2 Disputes arising from the performance of a contract shall be finally settled in a South African court of law.[30]

7.1.3 The Municipal Declaration and returnable documents contained in the standard shall be included in all tenders for:

a) consultancy services;[31] and

b) goods and services or any combination thereof where the total of the prices is expected to exceed R10 m including VAT.[32]

7.2 Payment of contractors[33]

The **Ugu District Municipality** shall settle all accounts within 30 days of invoice or statement as provided for in the contract.

7.3 Approval to utilise specific procurement procedures[34]

7.3.1 Prior approval shall be obtained for the following procurement procedures from the following persons, unless such a procedure is already provided for in the approved procurement strategy:

a) **The Municipal Manager** shall authorise the use of the negotiated procedure above the thresholds provided in the standard.

b) **The Municipal Manager** shall authorise the approaching of a confined market except where a rapid response is required in the presence of, or the imminent risk of, an extreme or emergency situation arising from the conditions set out in the standard and which can be dealt with or the risks relating thereto arrested within 48 hours; and

c) the proposal procedure using the two-envelope system, the proposal procedure using the two-stage system or the competitive negotiations procedure[35].

7.3.2 The person authorised to pursue a negotiated procedure in an emergency is the **Municipal Manager.**

7.4 Receipt and safeguarding of submissions[36]

7.4.1 A dedicated and clearly marked tender box shall be made available to receive all submissions made.[37]

7.4.2 The tender box shall be fitted with two locks and the keys kept separately by two **Supply Chain Officials** Such personnel shall be present when the box is opened on the stipulated closing date for submissions.

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7.7.2 The insurance cover in engineering and construction contracts for loss of or damage to property (except the works, Plant and Materials and Equipment) and liability for bodily injury to or death of a person (not an employee of the Contractor) caused by activity in connection with a contract shall in general not be less than the value stated in Table 4, unless otherwise directed by designated person.

7.7.3 Lateral earth support insurance in addition to such insurance shall be take out on a case by case basis.

Table 4: Minimum insurance cover[42]

Type of insurance	Value
Engineering and construction contracts - loss of or damage to property (except the works, Plant and Materials and Equipment) and liability for bodily injury to or death of a person (not an employee of the Contractor) caused by activity in connection with a contract	Not less than R20 million
Professional services and service contracts - death of or bodily injury to employees of the Contractor arising out of and in the course of their employment in connection with a contract or damage to property	Not less than R10 million
Professional indemnity insurance	geotechnical, civil and structural engineering: R5,0 million electrical, mechanical and engineering: R3,0 million architectural: R5,0 million other R3,0 million

7.7.4 The insurance cover in professional services and service contracts for damage to property or death of or bodily injury to employees of the Contractor arising out of and in the course of their employment in connection with a contract shall not be less than the value stated in Table 4 for any one event unless otherwise directed by designated person.

7.7.5 SASRIA Special Risk Insurance in respect of riot and associated risk of damage to the works, Plant and Materials shall be taken out on all engineering and construction works.

7.7.6 Professional service appointments shall as a general rule be subject to proof of current professional indemnity insurance being submitted by the contractor in an amount not less than the value stated in Table 4 in respect of each claim, without limit to the number of claims, unless otherwise directed by the designated person in relation to the nature of the service that they provide. .

7.7.7 Ugu District Municipality shall take out professional indemnity insurance cover where it is deemed necessary to have such insurance at a level higher than the levels of insurance commonly carried by contractors.

7.7.8 Where payment is to be made in multiple currencies, either the contractor or **Ugu District Municipality** should be required to take out forward cover. Alternatively, the prices for the imported content should be fixed as soon as possible after the starting date for the contract.

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12. POLICY REVIEW

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

APPEAL PROCESS/ GRIEVANCE PROCEDURE

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.

Records of Approval

Meeting	Date	Resolution
PRC	26/02/2022	Recommendation to Portfolio of Finance
Portfolio of Finance	03/03/2022	Recommendation to Exco.
Executive Committee		
Council		

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UGU DISTRICT MUNICIPALITY

Policy Custodian	**BUDGET AND TREASURY OFFICE**
Policy Name	**Supply Chain Management Policy**
Policy Number	**5/21/P**
Status	**Review**
Date	**2021/2022**
Approved by	**Council**
Date First Approved	**28 June 2018**
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E. Gama

Received by Policy & Research

Date: 13 May 2022

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The SCM system has to be supported by effective and efficient SCM systems, policies and standard operating procedures that achieve the overall SCM strategy and objectives.

(2) Demand Management

Demand Management is the first phase of Supply Chain Management. It is the action of assessing 'what' good and/or service is needed, and then 'planning considering local content and product' when and how that good and/or service will be acquired.

Demand Management starts with the assessment of, and accepts input from:

- ✓ The Integrated Development Plan.
- ✓ Service Delivery Budget Implementation Plan.
- ✓ Approved Budget; and
- ✓ Existing Contract Register.

A critical output of demand management is the generation of annual procurement plans by the end-user Departments at the beginning of the financial year that are approved by the Accounting Officer. Procurement during the year will be guided by these procurement plans, with any deviations thereto approved by the Accounting Officer. The primary intention of these procurement plans is to identify goods and services required well in advance, to identify the appropriate procurement method to be deployed and to implement the necessary procurement processes timeously to ensure compliance and that goods and services are procured on time and when needed.

(3) Acquisitions Management

The word 'acquire' means to obtain or attain something which, in the Government context, may be a good, works and/or service that is required to fulfil a need. Acquisitions Management thus refers to the management of the entire process of acquiring that good, works and/or service which satisfies the need. This process covers the acquiring of the good, works and/or service by implementing the sourcing strategy determined by Demand Management and the administration thereof.

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at the performance of the Municipality's Supply Chain Management. The Municipal Finance Management Act, Act No. 56 of 2003, and the Supply Chain Management Regulations, Practice Notes, Instruction Notes and Circulars, specify several reporting requirements that are required by National Treasury and Provincial Treasury.

(7) Supplier Database

Underpinning the entire SCM system is the legislative requirement in terms of the SCM regulations that prescribes that the Accounting Officer shall maintain a list of accredited service providers with whom the Municipality shall procure from, and the rules and regulations governing the maintenance of the supplier database.

2. DEFINITIONS[NM1]

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

"Accounting Officer" mean the Ugu Municipal Manager or Acting Ugu Municipal Manager as per section 60 for the MFMA.

"Amendment" means a change made to the value of the contract beyond the contract authority and/or the duration of the contract beyond the contract authority and/or scope changes in the contract and/or contracting arrangements beyond the contracting allowances. An amendment may be a minor amendment or a major amendment.

"Major Amendment" mean an amendment to a contract which is not a minor amendment.

"Appeal Authority "mean an independent and impartial person appointed by the Accounting Officer in terms of Regulation 50 of the Local Government Municipal Supply Chain Regulations.

"municipality" means the Ugu District Municipality

"Competitive bidding process" means a competitive bidding process referred to in paragraph 12 (1) (d) of this Policy.

"Competitive bid" means a bid in terms of a competitive bidding process.

"days" means calendar days, including weekends and public holidays.

"award", in relation to bids or quotations submitted for a contract, means the final decision on

unforeseen circumstances and must be used in line with respective industry norms and standards. This percentage must be appropriately motivated and approved at contract approval stage via the Bid Specification Committee or Bid Adjudication Committee (where appropriate).

"Contract" means a legally binding agreement between the Municipality and the Contractor for the latter to provide goods, services, engineering, and construction works, or professional services in return payment by the former.

"Contract Authority "means the total contract award value as approved, or supported, by the Bid Adjudication Committee. This is inclusive of escalations and the normal contingency allowance for variations under the general conditions of contract and shall be taken from the amount approved at the Bid Specification Committee or Bid Adjudication Committee.

"Contract Manager" means the delegated official to manage and oversee a contract.
"Contract Participation Goal (CPG)" must mean the value of work to be subcontracted to enterprises or businesses factored according to their level of HDI/PPG ownership as set and approved in the bidding documents.

"Contract Period" must mean the duration of the contract as set out in the contract.

"Contractor" means any person, body, or legal entity that is under contract to the Municipality for the performance of the contract. A Tenderer whose tender has been accepted becomes a Contractor.
"Control" means the possession and exercise of legal authority and power to manage the assets, goodwill and daily operations of a business and the active and continuous exercise of appropriate managerial authority and power in determining the policies and directing the operations of the business;

"Exempted Micro Enterprise" means a bidder with an annual total revenue of R10 million or less (in terms of the Broad-Based Black Economic Empowerment Act).

"Final award" means in relation to bids or quotations submitted for a contract, means the final decision on which bid or quote to accept.
"Manufacturer" means a firm that operates or maintains a factory or establishment that produces on its premises materials or supplies required by the Prime Contractor for the performance of the Contract.

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"Non-Performance" means default on a contract in the public sector by willfully or negligently:

(a) Failing to perform at all.

(b) Failing to complete work timeously without good reason.

(c) Delivering defective performance, i.e., poor workmanship or substandard materials.

(d) Being in breach of a material term of the contract.

(e) Failing to achieve a specified contract participation goal or performance target as set out in the tender document/s, and

(f) despite being given written notice to remedy non-performance

"SMMEs" means Small, Medium and Micro Enterprises as defined in the National Small Business Act 102 of 1996.

"Variation" means a change to a provision/s in a contract, excluding the changes referred to in amendments in the definition of this policy.

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"BEC"	Bid Evaluation Committee
"BSC"	Bid Specification Committee
"CFO"	Chief Financial Officer
"CIPC"	Companies and Intellectual Property Commission
"HDI"	Historically Disadvantaged Individuals
"KZN"	KwaZulu-Natal
"MBD"	Municipal Bid Documents
"MFMA"	Municipal Finance Management Act, 2003 (Act 56 of 2003)
"PPPFA"	Preferential Procurement Policy Framework Act, 2000 (Act 5 of 2000)
"SCM"	Supply Chain Management
"SCMU"	Supply Chain Management Unit

3. POLICY OBJECTIVES

(1) The goal of the SCM policy is to ensure that there are effective and efficient SCM processes and systems in place to create an enabling environment towards the Municipality's service delivery objectives, whilst ensuring compliance with SCM legislation and regulations.

(2) The above goal shall be achieved through the following objectives:

- ✓ SCM practice and procedures shall comply with the SCM policy at all times, unless authorized otherwise by the Accounting Officer; and
- ✓ Appropriate and sufficient resources shall be made available to ensure compliance with the SCM policy.

1. Overview of key SCM legislation

(1) The figure below provides a simplified graphic overview of the legislative building blocks for SCM in the Ugu District Municipality.

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Subsection 217 (2) indicates that Section 217 (1) does not prevent the organs of state or institutions referred to in that subsection from implementing a procurement policy providing for:

- Categories of preference in the allocation of contracts; and
- The protection or advancement of persons, or categories of persons, disadvantaged by unfair discrimination.

Section 217(3) of The Constitution, 1996, further confers an obligation for National Legislation to prescribe a framework providing for preferential procurement to address the social and economic imbalances of the past.

(b) Municipal Finance Management Act (No. 56 of 2003)

The Municipal Finance Management Act 56 of 200) was promulgated to regulate financial management in the Municipal spheres of government. Considerable powers are assigned to Accounting Officers and Accounting Authorities to enable them to manage their financial affairs within the parameters outlined by the prescribed Norms and Standards.

The onus of responsibility for Supply Chain Management is placed on the Accounting Officers/Authorities.

(c) Preferential Procurement Policy Framework Act (No. 5 of 2000) and its Regulations

The Preferential Procurement Policy Framework Act, 2000 (Act 5 of 2000) (PPPFA) and its accompanying Regulations were promulgated to prescribe a framework for a preferential procurement system to give effect to section 217(3) of The Constitution. The PPPFA and its Regulations provides for the implementation of a preference point system in the allocation of contracts for categories of service providers and the promotion of goals, including socio-economic goals, to advance the interest of persons disadvantaged by unfair discrimination on the basis of race, gender or disability and implementing the programmes of the Reconstruction and Development Programme (RDP).

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(i) National Treasury Supply Chain Management Regulations

The Municipality shall apply the Treasury Regulations issued in terms of the MFMA as it pertains to SCM. It serves as a formal requirement for the Municipality, to ensure the establishment and implementation of an effective and efficient Supply Chain Management Unit (SCMU).

It also stipulates the establishment of an effective and efficient SCMU within the office of the Chief Financial Officer (CFO), as an integral part of their financial systems.

A Supply Chain Management system must be utilized and provide at least for the following:

- Demand Management.
- Acquisitions Management.
- Logistics Management.
- Disposal Management.
- Risk Management; and
- Supply Chain Performance and Reporting.

(j) State Information Technology Agency Act, (Act No. 88 of 1998)

The State Information Technology Agency (SITA) Act, Act No 88 of 1998, as amended by Act 38 of 2002, requires that SITA must act as the procurement agency for the Municipality's information technology requirements.

(k) Other Legislative Requirements

In addition to the above-mentioned legislative framework the Ugu District Municipality will also comply with the provisions of the following legislation that will impact on the supply chain environment:

- The Supply Chain Management Guide for Accounting Officers.
- The Prevention and Combating of Corrupt Activities Act, Act 12 of 2004.
- The National Small Business Act, Act 102 of 1996.
- Provincial Growth and Development Strategy.

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(c) selects contractors to provide assistance in the provision of municipal services otherwise than in circumstances where Chapter 8 of the Municipal Systems Act applies; or

(3) This Policy, except where provided otherwise, does not apply in respect of the procurement of goods and services contemplated in section 110(2) of the Act, including –

(a) water from the Department of Water Affairs or a public entity, another municipality or a municipal entity; and

(b) electricity from Eskom or another public entity, another municipality or a municipal entity.

3. Delegation of supply chain management powers and duties

(1) The council hereby delegates all powers and duties to the accounting officer which are necessary to enable the accounting officer –

(a) to discharge the supply chain management responsibilities conferred on accounting officers in terms of –

(i) Chapter 8 or 10 of the Act; and

(ii) this Policy.

(b) to maximize administrative and operational efficiency in the implementation of this Policy.

(c) to enforce reasonable cost-effective measures for the prevention of fraud, corruption, favoritism and unfair and irregular practices in the implementation of this Policy; and

(d) to comply with his or her responsibilities in terms of section 115 and other applicable provisions of the Act.

(2) Sections 79 and 106 of the Act apply to the sub delegation of powers and duties delegated to an accounting officer in terms of subparagraph (1).

(3) The accounting officer may not subdelegate any supply chain management powers or duties to a person who is not an official of the municipality or to a committee which is not exclusively composed of officials of the municipality.

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4. Sub delegations

(1) The accounting officer may in terms of section 79 or 106 of the Act sub delegate any supply chain management powers and duties, including those delegated to the accounting officer in terms of this Policy, but any such sub-delegation must be consistent with subparagraph (2) of this paragraph and paragraph 4 of this Policy.

Table 1: Specific Procurement Delegations

No	Scope	Delegated Authority	Threshold Value	Conditions Applicable to Delegation
1.	Obtain Council Resolution for the approval of SCM Policy, SCM Delegations, Procedure Manual and Standard Operating Procedures for End Users.	AO	N/A	✓ Annual reviews of the SCM Policy, SCM Delegations, Procedure Manual and Standard Operating Procedures for End Users.
2.	Appointment of BSC, BEC and BAC members.	AO	N/A	✓ Members of the BSC, BEC and BAC must be appointed annually. ✓ At least five **(5)** members must be appointed to each Bid Committee. ✓ The Bid Committees must comprise suitably qualified and experienced members at least at **middle management level to senior management**. ✓ Members with specialist expertise may be co-opted onto these Bid Committees. ✓ No member may serve on both the BEC and the BAC.

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				✓ Submission of monthly Petty Cash reconciliation reports to BTO from each General Manager must contain the total number and total value of petty cash purchases for that month.
2.	**Level 2** Procurement for an estimated value of more than R2 000 up to R10 000 (Including VAT) per case.	Manager	R10 000	✓ Authority to procure may not be delegated to an official lower than a Manager. ✓ At least three (3) written quotations must be obtained from suppliers registered on the Institution's Suppliers Database. ✓ If only one or two suppliers are available, Preapproval by CFO must be obtained prior to the purchase order. Operations to ascertain that all suppliers on the Database has been invited to quote. ✓ Awarded to the lowest acceptable quote.
3.	**Level 3:** Procurement for an estimated value of more than R10 000 up to R30 000 (Including VAT) per case.	General Manager	R30 000	✓ Authority to procure may not be delegated to an official lower than a General Manager. ✓ At least three (3) written quotations must be obtained from suppliers registered on the Institution's Suppliers Database. ✓ Where there is less than (3) quotations the CFO must preapprove. ✓ Awarded to the lowest acceptable quote. ✓ PPPFA does not apply.
4.	**Level 4:** Procurement for an estimated value of more than R30 000 up to R200 000 (Including VAT) per case.	General Manager	R200 000	✓ Authority to procure from R30 001 **up to R200 000** may not be delegated to an official lower than a General Manager. ✓ Procurement above R30 000 must be advertised for a period of seven (7) days on the Municipal Notice Board and Website. ✓ The successful Supplier/Service Provider is the one that scores the highest points for Price (80) and Preference Points (20) in terms of the PPPFA, provided that all

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				✓ The reasons for the urgency or emergency and the losses or consequences that will follow if action was not taken must be recorded and must serve as the basis for a written motivation as to why it is impractical to invite competitive bids. ✓ Such written motivation must be approved by the Accounting Officer or his/her delegate. ✓ The standard deviation form must be completed and approved by the AO or his delegate.
7.	**Sole Supplier** REVIEWED Policy Committee 2022 -05- 17 Chairperson: N Msomi	AO	Unlimited	✓ Where a bid is invited from a sole agent or supplier, provision must be made in the bid documents for the inclusion of particulars in order to determine the reasonableness of the price(s). ✓ All sole supplier bids shall be approved in writing by the Supply Chain Manager, or the Chief Financial Officer if the transaction value exceeds R100 000. ✓ Original tax clearance certificates should be a pre-requisite for award. ✓ Sole supplier bids may be accepted; provided it complies with the specification and that the prices are proved to be and are certified as fair and reasonable. Proof of reasonableness must be determined in the following sequence: (i) Comparison with prices, after discounts, to other clients and the relative discount that the Municipality enjoys. (ii) Where this is not possible, profit before tax, based on a full statement of relevant costs. (iii) In all cases, comparison with previous bid prices where these are available. (iv) Proof of reasonableness of prices where only one bid is received, must be available for audit purposes.

				penalties, responsibilities of the Institution and vendor, monitoring mechanisms, etc.

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Subparagraphs (3) and (4) of this policy do not apply to procurements out of petty cash.

(6) This paragraph may not be interpreted as permitting an official to whom the power to make final awards has been sub delegated, to make a final award in a competitive bidding process otherwise than through the committee system provided for in paragraph 25 of this Policy.

(7) No supply chain management decision-making powers may be delegated to an advisor or consultant.

5. Oversight role of council

(1) The council reserves its right to maintain oversight over the implementation of this Policy.

(2) For the purposes of such oversight the accounting officer must –

(i) within 30 days of the end of each financial year, submit a report on the implementation of this Policy and the supply chain management policy of any municipal entity under the sole or shared control of the municipality, to the council of the municipality: and

(ii) whenever there are serious and material problems in the implementation of this Policy, immediately submit a report to the council, who must then submit the report to the accounting officer of the parent municipality for submission to the council.

(3) The accounting officer must, within 10 days of the end of each quarter, submit a report on the implementation of the supply chain management policy to the mayor.

(4) The reports must be made public in accordance with section 21A of the Municipal Systems Act.

6. Supply chain management unit

(1) A supply chain management unit is hereby established to implement this Policy.

(2) The supply chain management unit operates under the direct supervision of the chief financial officer or an official to whom this duty has been delegated in terms of section 82 of the Act.

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locations and at the critical delivery dates and are of the appropriate quality and quantity at a fair cost.

(b) take into account any benefits of economies of scale that may be derived in the case of acquisitions of a repetitive nature; and

(c) provide for the compilation of the required specifications to ensure that its needs are met.

(d) to undertake appropriate industry analysis and research to ensure that innovations and technological benefits are maximized.

(3) Before each financial year commences all Heads of Department/ General Managers must submit as part of the Budget Approval process a procurement plan containing all planned procurement. This procurement plan must be approved by the HOD or his/her delegate

(4) The procurement plan must include:

(l) quantity of goods including monthly requirement.

(m) estimated prices; and

(n) expected purchase date

(o) proposed procurement method

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Part 2: Acquisition management

10. System of acquisition management

(1) The accounting officer must implement the system of acquisition management set out in this Part in order to ensure –

(a) that goods and services are procured by the municipality in accordance with authorized processes only.

(b) that expenditure on goods and services is incurred in terms of an approved budget in terms of section 15 of the Act.

(c) that the threshold values for the different procurement processes are complied with.

(d) that bid documentation, evaluation and adjudication criteria, and general conditions of a contract, are in accordance with any applicable legislation.
and

(e) that any Treasury guidelines on acquisition management are properly taken into account.

(ii) if the provider is not a natural person, whether any of its directors, managers, principal shareholders, or stakeholder is in the service of the state, or has been in the service of the state in the previous twelve months; or

(iii) whether a spouse, child or parent of the provider or of a director, manager, shareholder or stakeholder referred to in subparagraph (ii) is in the service of the state or has been in the service of the state in the previous twelve months.

(iv) declaration of Interest (MBD4).

(v) declaration for procurement above R10 million (all applicable taxes included) (MBD5).

(vi) preference points claim (MBD6.1).

(vii) declaration for local production and content (MBD6.2).

(viii) declaration of bidder's past supply chain management practices (MBD8).

(ix) certificate of independent bid determination (MBD9); (vii) declaration of municipal fees.

(x) tax certificate requirements (MBD2)

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13. Lists of accredited prospective providers

(1) The accounting officer must:

(a) keep a list of accredited prospective providers of goods and services that must be used for the procurement requirements through formal written price quotations; and

(b) at least once a year through newspapers commonly circulating locally, the website and any other appropriate ways, invite prospective providers of goods or services to apply for evaluation and listing as accredited prospective providers.

(c) specify the listing criteria for accredited prospective providers; and

(d) disallow the listing of any prospective provider whose name appears on the National Treasury's database as a person prohibited from doing business with the public sector.

(2) The list must be updated at least monthly to include any additional prospective providers and any new commodities or types of services. Prospective providers must be allowed to submit applications for listing at any time.

(3) The list must be compiled per commodity and per type of service. Prospective providers are allowed to

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- Proof of bank account registration.
- Tax compliance status.
- Employee in the service of the state as defined in the Municipal SCM Regulations with information only available in the CAAT system at this time.
- Identity documentation; and
- Tender defaulters and restrictions status.

The following aspects are work-in-progress and further information will be provided once systems have been upgraded after consultation with relevant stakeholders, they are not yet available, the municipality is required to continue with their existing process:

- BBBEE Status
- CIDB
- Municipal Account status.

The municipality will continue with verification of other listing criteria which are not currently validated by CSD.

14. Petty cash purchases

Refer to Table 2: Specific Procurement Threshold Values under paragraph 5, Sub delegations, for provisions relating to petty cash purchases.

15. Formal written price quotations

(1) The conditions for the procurement of goods or services through formal written price quotations are as follows:

(a) quotations must be obtained in writing from at least three different providers whose names appear on the list of accredited prospective providers of the municipality.

(b) quotations may be obtained from providers who are not listed, provided that such providers meet the listing criteria set out in paragraph 15 of this Policy.

(c) if it is not possible to obtain at least three quotations, the reasons must be recorded and approved by the Chief Financial Officer if the transaction value exceeds R2000, and

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done in a fair and transparent manner.

d) Detect and manage the splitting of orders; and

e) Recording of minutes of the award and sign-off thereof by each member.

(5) Decisions

a) Members are obliged to reveal to the Committee any information that may affect the decision made or to be made by the Committee.

b) Decisions will be determined by the adjudication criteria. In the event where two or more quotations have scored equal total points, the successful quotation must be the one scoring the highest number of preference points for specified goals. Should two or more quotations still be equal in all respect, the award shall be decided by the drawing of lots.

Criteria for breaking deadlock in scoring

(i) If two or more tenderers score an equal total number of points, the contract must be awarded to the tenderer that scored the highest points for B-BBEE.

(ii) If functionality is part of the evaluation process and two or more tenderers score equal total points and equal preference points for B-BBEE, the contract must be awarded to the tenderer that scored the highest points for functionality.

(iii) If two or more tenderers score equal total points in all respect, the award must be decided by drawing of lot

Confidentiality of information and documentation must be maintained. All documents/memoranda must remain on the table during the Mini Tender Evaluation Committee meetings, unless the Chairperson grants permission to members to keep certain documents.

(10) Participation of advisors

The accounting officer may procure the services of advisors to assist in the execution of the supply chain management function. These services should be obtained through competitive bidding process. No advisor may, however, form part of the final decision-making process regarding the award of quotations, as this will counter the principle of vesting accountability with the accounting officer. The accounting officer cannot delegate decision -making authority to a person other than a public service official.

(11) General

a) In performing their functions, the Committee should be guided by all the applicable SCM, Procurement Legislations, Policies and Directives

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19. Bid documentation for competitive bids

The criteria to which bid documentation for a competitive bidding process must comply, must:

(a) take into account –

(i) the general conditions of contract and any special conditions of contract, if specified.

(ii) any Treasury guidelines on bid documentation; and

(iii) the requirements of the Construction Industry Development Board, in the case of a bid relating to construction, upgrading or refurbishment of buildings or infrastructure.

(b) include the preference points system to be used, goals as contemplated in the Preferential Procurement Regulations and evaluation and adjudication criteria, including any criteria required by other applicable legislation.

(c) compel bidders to declare any conflict of interest they may have in the transaction for which the bid is submitted.

(d) if the value of the transaction is expected to exceed R10 million (VAT included), require bidders to furnish–

(i) if the bidder is required by law to prepare annual financial statements for auditing, their audited annual financial statements –

- for the past three years; or
- since their establishment if established during the past three years.

(ii) a certificate signed by the bidder certifying that the bidder has no undisputed commitments for municipal services towards a municipality or other service provider in respect of which payment is overdue for more than 30 days.

(iii) particulars of any contracts awarded to the bidder by an organ of state during the past five years, including particulars of any material non-compliance or dispute concerning the execution of such contract.

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20. Public invitation for competitive bids

(1) The procedure for the invitation of competitive bids, is as follows:

(a) Any invitation to prospective providers to submit bids must be by means of a public advertisement in newspapers commonly circulating locally, the website of the municipality or any other appropriate ways (which may include an advertisement in the Government Tender Bulletin); and

(b) the information contained in a public advertisement, must include –

(i) the closure date for the submission of bids, which + 30 days in the case of transactions over R10 million (VAT included), or which are of a long term nature, or 21 days in any other case, from the date on which the advertisement is published, subject to subparagraph (2) of this policy;

(ii) a condition that "Bids may only be submitted on the bid documentation provided by the municipality"; and

(iii) bids must be submitted in a sealed and marked envelope"

(iv) a date, time and venue of any proposed site meetings or briefing sessions.

(v) Evaluation criteria as well as the minimum qualifying score, where applicable in accordance to the Preferential Procurement Policy Framework Act.

(2) The accounting officer may determine a closure date for the submission of bids which are less than the 30 or 21days requirement, but only if such shorter period can be justified on the grounds of urgency or emergency or any exceptional case where it is impractical or impossible to follow the official procurement process.

21. Procedure for handling, opening and recording of bids

The procedures for the handling, opening and recording of bids, are as follows:

(a) Bids:

(i) must be opened only in public.

(ii) must be opened at the same time and as soon as possible after the period for the submission of bids has expired; and

(iii) received after the closing time should not be considered and returned unopened immediately.

(a) Any bidder or member of the public has the right to request that the names of the bidders who submitted bids in time must be read out and, if practical, also each bidder's total

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(a) No information, except the provisions in subparagraph

(b) relating to the bid should be disclosed to bidders or other persons until the successful bidder is notified of the award; and

(d) The accounting officer must:

(i) record in a register all bids received in time.

(ii) make the register available for public inspection; and

(iii) publish the entries in the register and the bid results on the website.

22. Negotiations with preferred bidders

(1) The accounting officer may negotiate the final terms of a contract with bidders identified through a competitive bidding process as preferred bidder, provided that such negotiation –

(a) does not allow any preferred bidder a second or unfair opportunity.

(b) is not to the detriment of any other bidder; and

(c) does not lead to a higher price than the bid as submitted.

(2) Minutes of such negotiations must be kept for record purposes.

(3) The multi-disciplinary team undertaking the negotiations must include a representative from SCM Policy and Support Services. The SCM practitioner must preside over the negotiations

(4) Authority to negotiate price and any conditions of tender with preferred bidder(s) must be approved by the Bid Adjudication Committee and the outcome of the negotiations must be reported back to the Bid Adjudication Committee for final approval or support.

(5) Authority to negotiate price and any conditions of written or verbal quotations and formal written price quotations must be approved by an official who is sub-delegated in terms of supply chain management code of delegations approved by the accounting officer. The outcome of the negotiations must be reported back to the duly delegated official for final approval.

(6) The negotiations may include price and or final terms and conditions of tender, project plan and service level agreement.

(7) Discount offers or alternate offers must be considered for negotiation after the Bid Adjudication Committee has granted authority to consider any alternate or discount offers. Outcome of the negotiation together with the minutes of the negotiation meeting must be reported back to the Bid Adjudication Committee for final approval or support.

(8) Bid validity must be monitored and where applicable be extended by the Line Department at all times during the process of negotiations.

(9) (9) The framework or terms of reference for negotiations shall be determined by the Bid Adjudication Committee

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Committee system for competitive bids

(1) A committee system for competitive bids is hereby established, consisting of the following committees for each procurement or cluster of procurements as the accounting officer may determine:

(a) a bid specification committee.

(b) a bid evaluation committee; and

(c) a bid adjudication committee.

(2) The Accounting Officer appoints the members of each committee, considering section 117 of the Act. A neutral or independent observer may be appointed by the Accounting Officer and must attend or oversee a committee when this is appropriate for ensuring fairness and promoting transparency.

(3) The committee must be consistent with:

a) Paragraphs 27 (5), 27 (6) and 27 (7) of this policy; and

b) Any other applicable legislation.

(4) The Accounting Officer may apply the committee system to formal written price quotations.

Bid Specification Committee

a) Appointment of bid specification committee

(i) The accounting officer must appoint members of the bid specification committee in line with the financial year of the Municipality, in writing.

b) Composition of bid specification committee

(ii) The committee shall comprise of at least 5 officials from the municipality and may when appropriate, invite an external technical expert.

(iii) The composition should be as follows:

- ✓ Chairperson – equivalent grading to Manager and above from the Water Services [NM3]Directorate - (Permanent member).
- ✓ Vice Chairperson - equivalent grading to Manager and above - (Permanent member).
- ✓ Member - equivalent grading to Manager (Permanent member).
- ✓ Member - Municipal Official (Permanent member); and
- ✓ An official responsible for demand management (Permanent member).

(i) It is the responsibility of the committee to compile specifications/ terms of reference for each bid/ quotation for the procurement of goods or services by the municipality and to ensure:

- ✓ that a proper and unbiased specification is compiled for the specific[NM4] requirement.
- ✓ that proper terms of reference are drawn up for the service required clearly indicating the scope of the requirement, the ratio between price and functionality, the evaluation criteria as well as their weights and values.
- ✓ that strategic sourcing is applied and that the market is properly researched and analyzed.
- ✓ that the necessary funds are available.
- ✓ that, in addition to the general conditions of contract, appropriate special conditions of contract are specified, if applicable.
- ✓ that in terms of the PPPFA, the correct preference point system is prescribed and that appropriate goals are identified, and points allocated for these goals.

(6) Bid evaluation committee

a) Appointment of bid evaluation committee

(i) The accounting officer must appoint members of the bid evaluation committee in line with the financial year of the Municipality, in writing.

(ii) Members should declare interest in the bid under consideration up front and such member must automatically recuse himself / herself from participating in the evaluation process.

(ii) Members should sign oath of secrecy forms up-front.

b) Composition of Bid Evaluation Committee

(i) The committee must in so far as it may be possible, be cross functional.

(ii) The committee should comprise of at least 5 (five) officials from the Municipality.

(iii) The following officials should serve in the Bid Evaluation Committee.

- ✓ Chairperson – equivalent grading to GM and above - (Permanent member).
- ✓ Vice Chairperson - equivalent grading to GM and above - (Permanent member).
- ✓ Legal Services Practitioner (advisory capacity).
- ✓ Two other Municipal Officials (Permanent members).
- ✓ SCM Practitioner (Permanent Member); and
- ✓ The Accounting Officer may appoint an external technical expert to serve in the committee for that specific bid in an advisory capacity only and not as a member.

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b) Composition of the Bid Adjudication Committee

(i) The committee must consist of at least five (5) senior officials constituted as follows:

- ✓ CFO, as the chairperson of the committee (where possible).
- ✓ Deputy Chairperson: an official at least at a general management level.
- ✓ Two other Municipal Officials (Senior Manager & Permanent members); and
- ✓ Head of the SCM Unit is (Permanent member).

(ii) For the purposes of continuity and not to delay meetings, the *AO* may also appoint a *"secundus'* to temporarily replace a member who is absent from meetings due to illness or leave. The AO shall also decide whether or not such *"secundus"* will have the same powers as members.

(iii) No external people should serve permanently on the adjudication Committee.

c) Functions of the Bid Adjudication Committee

(i) Consider the reports and recommendations made by the bid evaluation committee.

(ii) Depending on the delegations granted by the accounting officer/authority the adjudication committee could make the final award of the bid or make a recommendation to the accounting officer to make the final award.

(iii) Recommend to the Accounting Officer/Authority the extensions of contracts and deviations if reasonable and justifiable grounds exist.

(iv) In performing their functions: -

- ✓ Committee members should be guided by all the applicable SCM, procurement legislations, policies and directives.
- ✓ Members must declare interest in any specific bid/point on the agenda up front and such member must automatically recuse him/herself from participating in discussions unless the committee decides otherwise.
- ✓ If a bid adjudication committee decides to award a bid to a bidder other than the one recommended by the Evaluation Committee, the Bid adjudication committee must consult with the Accounting Officer before a final decision is taken.
- ✓ Accounting Officer /Authority may confirm or vary a recommendation by an Adjudication Committee. In cases where he/she varies with the BAC recommendations reasons should be furnished in writing and reported to the Provincial Treasury within a prescribed period of seven (7) days.
- ✓ Furthermore, AO may refer back in writing any recommendation of the bid Adjudication Committee to be reworked if there are any material flaws.

i) Keeps the attendance register.

j) Keeps a register of all approved submissions, disapproved, deferred and withheld as well as deviations condoned.

k) Ensures that the chairperson signs all adopted minutes.

l) Files all the minutes / documents that served before the committee.

(9) General

a) In performing their functions, the Committee should be guided by all the applicable SCM, Procurement Legislations, Policies and Directives

b) No lobbying in Bid Committees or from interested outside parties is allowed.

c) Any allegations against members must be in writing, substantiated and channeled through the procedure as determined by the accounting officer.

d) No press release should be made without the approval of the accounting officer.

e) All the proceedings shall be recorded electronically, and decisions must be recorded.

24. Procurement of banking services

(1) A contract for banking services –

(a) must be procured through competitive bids.

(b) must be consistent with section 7 or 85 of the Act; and

(c) may not be for a period of more than five years at a time.

(2) The process for procuring a contract for banking services must commence at least nine months before the end of an existing contract.

(3) The closure date for the submission of bids may not be less than 60 days from the date on which the advertisement is placed in a newspaper in terms of paragraph 22(1). Bids must be restricted to banks registered in terms of the Banks Act, 1990 (Act No. 94 of 1990).

25. Procurement of IT related goods or services

(1) The municipality shall abide by the provisions of this SCM policy and SITA provisions in the procurement of IT related goods and services.

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29. Appointment of consultants

(1) The accounting officer may procure consulting services provided that any Treasury guidelines in respect of consulting services are taken into account when such procurements are made.

(2) Consultancy services must be procured through competitive bids if-

(a) the value of the contract exceeds R200 000 (VAT included); or

(b) the duration period of the contract exceeds one year.

(3) In addition to any requirements prescribed by this policy for competitive bids, bidders must furnish particulars of –

(a) all consultancy services provided to an organ of state in the last five years; and

(b) any similar consultancy services provided to an organ of state in the last five years.

(4) The accounting officer must ensure that copyright in any document produced, and the patent rights or ownership in any plant, machinery, thing, system or process designed or devised, by a consultant in the course of the consultancy service is vested in the municipality.

30. Deviation from, and ratification of minor breaches of, procurement processes

(1) The accounting officer may –

(a) dispense with the official procurement processes established by this Policy and to procure any required goods or services through any convenient process, which may include direct negotiations, but only –

(i) in an emergency.

(ii) if such goods or services are produced or available from a single provider only.

(iii) for the acquisition of special works of art or historical objects

where specifications are difficult to compile.

(iv) acquisition of animals for zoos and/or nature and game reserves; or

(v) in any other exceptional case where it is impractical or impossible to follow the official procurement processes.

(b) ratify any minor breaches of the procurement processes by an official or committee acting in terms of delegated powers or duties which are purely of a technical nature.

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(e) the imminent threat and or damage of the municipal assets.

(9) The Municipality is still required to comply with Section 217(1) of the Constitution in the event of an emergency with specific reference to obtaining goods and services on the best possible terms.

(10) In an emergency, and where possible, at least three quotations must be obtained.

(12) The value of and duration of contracts which have been concluded because of the emergency must be in accordance with the goods and services required in order to address and/or remedy the immediate emergency. Any other goods and services which may be required subsequent by the municipality. Emergency and relating to such emergency must wherever possible follow the normal tendering process and procedures.

(13) Procuring goods and services from sole supplier occur in instances where: -

(a) only one supplier manufactures or renders goods and services due to unique nature of the requirements.

(b) goods and services already in the municipality's value chain/employ are only supplied by an Original Equipment Manufacturer (OEM) or by a licensed agent thereof and there is a requirement for compatibility, continuity, and alignment.

(c) the process for approved list of sole suppliers(s) will be as follows:

(i) departments requiring the use of sole supplier must issue a circular calling for the of sole supplier(s) who wish to be on the list or database of sole suppliers. SCM Unit shall manage and maintain the list of sole suppliers.

(ii) response to the circular must contain appropriate motivation in terms of constitutional pillars of fair, equitable, transparent, cost effective and competitive.

(ii) the response to the circular and compilation of the list of sole suppliers must be categorized, screened, and supported by a relevant appointed team. In instances where there is no consensus among the team members such be escalated to Head: SCM for decision and support.

(iii) (iv) the supported list of sole suppliers be advertised for public comments and or objections.

(iv) in instances where there are objections, such objections be referred to the Head SCM for decision and support.

days of the notice.

(4) The accounting officer must submit all written comments received pursuant to subparagraph (3), including any responses from the unsolicited bidder to the National Treasury and the relevant provincial treasury for comment.

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(ii) who during the last five years has failed to perform satisfactorily on a previous contract with the municipality or any other organ of state after written notice was given to that bidder that performance was unsatisfactory?

(e) reject a recommendation for the award of a contract if the recommended bidder, or any of its directors, has committed a corrupt or fraudulent act in competing for the particular contract.

(f) cancel a contract awarded to a person if –

(i) the person committed any corrupt or fraudulent act during the bidding process or the execution of the contract; or

(ii) an official or other role player committed any corrupt or fraudulent act during the bidding process or the execution of the contract that benefited that person; and

(g) reject the bid of any bidder if that bidder or any of its directors –

(i) has abused the supply chain management system of the municipality or has committed any improper conduct in relation to such system.

(ii) has been convicted for fraud or corruption during the past five years.

(iii) has willfully neglected, reneged on or failed to comply with any government, municipal or other public sector contract during the past five years; or

(iv) has been listed in the Register for Tender Defaulters in terms of section 29 of the Prevention and Combating of Corrupt Activities Act (No 12 of 2004).

(2) The accounting officer must inform the National Treasury and relevant provincial treasury in writing of any actions taken in terms of subparagraphs (1)(b)(ii), (e) or (f) of this policy.

37. Prohibition on awards to persons whose tax matters are not in order

The Accounting Officer must ensure that, irrespective of the procurement process followed, no award above R15 000 (VAT Included) is given to a person whose tax matters have not been declared by SARS to be in order.

Before making an award to a provider or bidder, a tax clearance certificate from SARS or Tax Compliance PIN must first be provided and be verified on the SARS website by the municipality.

Where a recommended bidder is not tax compliant the bidder should be notified of their non-compliant status and the bidder must be requested to submit to the municipality within (7) working days, written proof from SARS of their tax compliance status or proof from SARS that they have made an arrangement to meet their outstanding tax obligations. The proof of tax compliance status submitted by the bidder must be verified via CSD or e-filing. AO should reject a bid/quote submitted if such bidder fails to provide proof of tax compliance status within the timeframe as stated above.

Where goods have been delivered satisfactorily without any dispute, the AO should not delay processing payment of invoices due to outstanding tax matters.

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(3) The intended outcomes of these guidelines are to ensure:

(i) Preference for employment equity and economic empowerment.

(ii) The inclusion of priority groups that have not benefited from the implementation of the current policy.

(iii) To have a significant contribution towards job creation, poverty alleviation and economic growth; and

(iv) To ensure that the Ugu District Municipality impacts significantly on improving the quality of life of the majority of KwaZulu-Natal citizens/beneficiaries, by optimizing employment and economic empowerment in all its dealings, resulting in the annual procurement spend reflecting KwaZulu-Natal demographics.

(4) Preference points system:

80/20 preference point system for acquisition of goods or services for Rand Value equal to or above R30 000 and up to R50 million inclusive of all applicable taxes.

- A tenderer may not be awarded points for B-BBEE status level of contributor if the tender documents indicates that the tenderer intends subcontracting more than 25% of the value of the contract to any other person not qualifying for at least the points that the tenderer qualifies for, unless the intended subcontractor is an EME that has the capability to execute the subcontract.
- If the price quoted by the tenderer scoring the highest points is not market related, the organ of the state may not award the contract to that tenderer.
- The organ of the state may negotiate a market related price with the tenderer scoring the highest points or cancel the tender.
- If the tenderer does not agree to the market related price, negotiate the market related price with the second highest points or cancel the tender.
- If the tenderer scoring the second highest points does not agree with to a market related price, negotiate a market related price with the tenderer scoring the third highest points or cancel the tender.
- If a market related price is not agreed as envisaged in the above paragraphs organ of the state must cancel the tender.

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other person not qualifying for at least the points that the tenderer qualifies for, unless the intended subcontractor is an EME that has the capability to execute the subcontract.

- If the price quoted by the tenderer scoring the highest points is not market related, the organ of the state may not award the contract to that tenderer.
- There The organ of the state may negotiate a market related price with the tenderer scoring the highest points or cancel the tender.
- If the tenderer does not agree to the market related price, negotiate the market related price with the second highest points or cancel the tender.
- If the tenderer scoring the second highest points does not agree with to a market related price, negotiate a market related price with the tenderer scoring the third highest points or cancel the tender.
- If a market related price is not agreed as envisaged in the above paragraphs organ of the state must cancel the tender.

(5) Broad-Based Black Economic Empowerment (B-BBEE) Status Level Certificates

(i) Bidders are required to submit original and valid B-BBEE Status Level Verification Certificates or certified copies thereof together with their bids, to substantiate their B-BBEE rating claims.

(ii) Bidders who do not submit B-BBEE Status Level Verification Certificates or are non-compliant contributors to B-BBEE do not qualify for preference points for B-BBEE but should not be disqualified from the bidding process. They will score points out of 90 or 80 for price only and zero (0) points out of 10 or 20 for B-BBEE.

(iii) A trust, consortium or joint venture must submit a consolidated B-BBEE Status Level Verification Certificate for every separate bid.

(iv) Public entities and tertiary institutions must also submit B-BBEE Status Level Verification Certificates together with their bids.

(v) If the Municipality is already in possession of a valid and original or certified copy of a bidder's B- BBEE Status Level Verification Certificate that was obtained for the purpose of establishing the database of possible suppliers for price quotations or that was submitted together with another bid, it is not necessary to obtain a new B-BBEE Status Level Verification Certificate each time a bid is submitted from the specific bidder. Such a certificate may be used to substantiate B-BBEE rating claims provided that the closing date of the bid falls within the expiry date of the certificate that is in the Municipality's possession.

(vi) Each time this provision is applied, cross-reference must be made to the B-BBEE Status Level Verification Certificate already in possession for audit purposes.

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Pre-qualification Criteria for Preferential Procurement refer to the regulation

(i) If an organ of state decides to apply pre-qualifying criteria to advance certain designated groups, that organ of state must advertise the tender with a specific tendering condition that only one or more of the following tenderers may respond.

(ii) A tenderer having a stipulated minimum B-BBEE status level of contributor.

(iii) An Exempted Micro Enterprise (EME) or Qualifying Small Business (QSE)

(iv) A tenderer subcontracting a minimum of 30% to EME or QSE which is at least 51% owned by black people who are youth or women or people with disabilities or black people who are living in rural or underdeveloped areas or townships.

(v) A tenderer subcontracting a minimum of 30% to cooperatives which is at least 51% owned by black people who are military veterans.

(vi) A tender that fails to meet any pre-qualifying criteria stipulated in the tender documents is an unacceptable tender.

(7) Bids Based on Functionality as a Criterion

(i) In general, not all bids should be invited based on functionality as a criterion. The need to invite bids based on functionality as a criterion depends on the nature of the required commodity or service considering quality, reliability, viability and durability of a service and the bidder's technical capacity and ability to execute a contract.

(ii) When the Municipality invites a bid that will also be evaluated based on functionality as a criterion, the Accounting Officer of his/her delegate must clearly specify the following aspects in the bid documents:

- Evaluation criteria for measuring functionality.
- The evaluation criteria may include criteria such as the bidder's relevant experience for the assignment, the quality of the methodology; the qualifications of key personnel; transfer of knowledge, etc.
- Weight of each criterion.
- The weight that is allocated to each criterion should not be generic but should be determined separately for each bid on a case by case basis.
- Applicable value.
- The applicable values that will be utilized when scoring each criterion should be objective. As a guide, values ranging from 1 being poor, 2 being average, 3 being good, 4 being very good and 5 being excellent, may be utilized.
- Minimum qualifying score for functionality.

Content) must form part of the bid documentation.

- The Declaration Certificate for Local Content (SBD 6.2) must be completed and duly signed. The Accounting Officer or his/her delegate is required to verify the accuracy of the rates of exchange quoted by the bidder in paragraph 6.4.3 of this Certificate.

The current list regarding designated sectors is as follows:

(a) Textile, clothing, leather, and footwear.

(b) Buses (bus body).

(c) Steel power pylons.

(d) Canned / processed vegetables.

(e) Rail rolling stock.

(f) Set top boxes.

(g) Furniture; and

(h) Electrical and telecom cable products.

(i) Power pylons

(j) Pharmaceutical products

(k) Power and Telecom cables

(l) Solar water heaters (collectors and storage tanks/geysers)

(m) Valves products actuators

(n) Working vessels

(o) Residential electricity meters

(p) Steel conveyance pipes

(q) Powerline hardware and Structures

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Non-Designated Sectors

(a) Where there is no designated sector, the Accounting Officer or his/her delegate may decide to include a specific bidding condition that only locally produced goods, services or works or locally manufactured goods with a stipulated minimum threshold for local production and content, will be considered, on condition that such prescript and threshold(s) are in accordance with the specific directives issued for this purpose by the National Treasury in consultation with the DTI

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(9) Local Production and Content: SCM Circular No.6 of 2020/2021

(a) DTI in consultation with National Treasury can designate a sector, sub-sector or industry in accordance with national development and industrial policies for local production and content, where only locally produced services or goods or locally manufactured goods meet the stipulated minimum threshold for local production and content.
(b) Organ of State must in the case of a designated sector, advertise the invitation to tender with a specific condition that only locally manufactured goods, only tenderers who meet the stipulated minimum threshold for local production and content will be considered.
(c) If there is no designated sector, an organ of state may include as a specific condition of the tender that only locally produced services or goods or locally manufactured goods with a stipulated threshold for local production and content will be considered.
(d) A tenderer that fails to meet the minimum stipulated threshold for local production and content is an unacceptable tender.

(10) Services Rendered by Tertiary Institutions and Public Entities

(a) Based on thorough analysis of the market, institutions may invite written price quotations for services that can only be provided by tertiary institutions from the identified tertiary institutions.
(b) Where the required service can be provided by tertiary institutions, public entities and enterprises from the private sector, the Municipality must invite competitive bids.

(11) Discounts

(a) When calculating comparative prices.
(b) Unconditional discounts must be considered for evaluation purposes.
(c) Conditional discounts must not be considered for evaluation purposes but should be implemented when payment is affected.

(12) Sub-Contracting

Subcontracting as the condition of tender:

(a) If feasible to subcontract for a contract above R30 million, an organ of state must apply subcontracting to advance designated groups.

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80/20 Preference point system [(for acquisition of services, works or goods up to a Rand

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B-BBEE Status Level of Contributor	Number of Points (90/10 System)	Number of Points (80/20 System)
1	10	20
2	9	18
3	8	16
4	5	12
5	4	8
6	3	6
7	2	4
8	1	2
Non - Contributor	0	0

Figure 1: B-BBEE Status Level of Contributor

- A bid must not be disqualified from the bidding process if the bidder does not submit a certificate substantiating the B-BBEE status level of contribution or is a non-compliant contributor. Such a bidder will score zero (0) out of a maximum of 10 or 20 points respectively for B-BBEE.

(c) *Calculation of total points scored for price and B-BBEE status level of contribution*

- The points scored for price must be added to the points scored for B-BBEE status level of

contribution to obtain the bidder's total points scored out of 100.

(15) Evaluation of Bids that Scored Equal Points

(a) In the event that two or more bids have scored equal total points, the successful bid must be the one that scored the highest points for B-BBEE.

(b) If two or more bids have equal points, including equal preference points for B-BBEE, the successful bid must be the one scoring the highest score for functionality, if functionality is part of the evaluation process.

(c) In the event that two or more bids are equal in all respects, the award must be decided by the drawing of lots.

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(a) In the application of the 80/20 preference point system, if all bids received exceed *R50 million*, the bid must be cancelled. If one or more of the acceptable bids(s) received are within the *R50 million* threshold, all bids received must be evaluated on the 80/20 preference point system.

(b) In the application of the 90/10 preference point system, if all bids received exceed *R50 million*, the bid must be cancelled. If one or more of the acceptable bids(s) received are within the *R50 million* threshold, all bids received must be evaluated on the 90/10 preference point system.

(c) If a bid was cancelled in terms of the above paragraphs, the correct preference point system must be stipulated in the bid documents of the re-invited bid.

(d) The Accounting Officer of his/her delegate may, prior to the award of a bid, cancel the bid if:

- Due to changed circumstances, there is no longer a need for the services, works or goods requested. [Accounting Officer must ensure that only goods, services or works that are required to fulfil the needs of the Municipality are procured]; or
- Funds are no longer available to cover the total envisaged expenditure. [Accounting Officer must ensure that the budgetary provisions exist]; or
- No acceptable bids are received. [If all bids received are rejected, the Municipality must review the reasons justifying the rejection and consider making revisions to the specific conditions of contract, design and specifications, scope of the contract, or a combination of these, before inviting new bids].

✓ An organ of state may only with the prior approval of the relevant treasury cancel a tender invitation for the second time.

(17) Award of Contracts

(a) A contract must be awarded to the bidder who scored the highest total number of points in terms of the preference point system.

(b) In exceptional circumstances a contract may, on reasonable and justifiable grounds, be awarded to a bidder that did not score the highest number of points. The reasons for such a decision must be approved and recorded for audit purposes and must be defendable in a court of law.

(a) Once the Accounting Officer agrees with the recommendation of the BAC, the intention to award a bid must be advertised in the Government Gazette, selected news media and the Municipality's website within 5 days, allowing for disputes, objections, complaints and queries to be lodged with the Municipality within 14 days.

(b) An independent and impartial person, not directly involved in the supply chain management process, must be appointed by the Accounting Officer. The independent, impartial person must:

- advise the Accounting Officer, within 3 days of any disputes, objections, complaints and queries lodged so that the award process can be suspended until the dispute, objection, complaint or query has been investigated.
- assist in resolving disputes between the Municipality and other persons regarding:
  - Any decisions or actions taken in the implementation of the supply chain management system.
  - Any matter arising from a contract awarded during the supply chain management system; or
- deal with objections, complaints, or queries regarding any such decisions or actions or any matters arising from such contract.
- issue a formal report with recommendations to the Accounting Officer.

(c) Once the independent, impartial person has completed the investigation, s/he must issue a formal report to the Accounting Officer. The Accounting Officer must consider the recommendations of the independent, impartial person and make a determination on the way forward. The way forward could be to award the bid, refer the bid back for re-evaluation and re-adjudication or even to cancel and re-advertise the bid. Should the Accounting Officer award the bid after the appeals processes have been followed, the successful bidder can be accordingly notified.

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(19) Remedies

(a) The Accounting Officer must act against the bidder or person awarded the contract upon detecting that the B-BBEE status level of contribution has been claimed or obtained on a fraudulent basis or any of the contract conditions have not been fulfilled.

(b) The Municipality may, in addition to any other remedy that it may have against the bidder or person:

- Disqualify the bidder or person from the bidding process.
- Recover all costs, losses or damages it has incurred or suffered as a result of that

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conduct.

- Cancel the contract and claim any damages which it has suffered as a result of having to make less favorable arrangements due to such cancellation.
- Restrict the bidder or contractor, its shareholders and directors, or only the shareholders and directors who acted on a fraudulent basis, from obtaining business from any organ of state for a period not exceeding 10 years, after applying the audi alteram partem (hear the other side) rule; and
- Forward the matter for criminal prosecution.

(c) The Municipality must involve their legal services when any of the remedies are applied.

(d) The details of any restrictions imposed on bidders, persons or contractors must be forwarded to the National Treasury for inclusion on the central Database of Restricted Suppliers.

(20) Tax Clearance

No bid may be awarded to any bidder whose tax matters have not been declared by the SARS to be in order.

(21) Bidding Documents

(a) The following bidding documents, which have been amended, where necessary, in accordance with the prescripts of the Preferential Procurement Regulations, 2011, and MFMA Circular No.25 must be used:

MBD Description	Document Number
• Invitation to Bid	MBD 1
• Application for Tax Clearance Certificate	MBD 2
• Pricing Schedules	MBD 3.1 to 3.3
• Declaration of Interest	MBD 4
• National Industrial Participation Programme	MBD 5
• Preference claims in terms of the Preferential Procurement Regulations, 2011	MBD 6.1 to 6.12
• Formal contract	MBD 7.1 to 7.3

(b) The Municipality must customize and utilize the bidding documents by incorporating the Municipality's name, logo and contact details.

(c) Other changes to the MBDs, such as variations necessary to address specific contract and project issues, should be kept to a minimum. The standard wording for the Application for Tax Clearance

Electricity, Gas & Water	✓ Medium ✓ Small ✓ Very small ✓ Micro	✓ 200 ✓ 50 ✓ 20 ✓ 5	✓ R51m ✓ R13m ✓ R5m ✓ R0, 20m	✓ R5m ✓ R3m ✓ R0, 50m ✓ R0, 10m

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Part 3: Logistics, Disposal, Risk and Performance Management

35. Logistics management

The accounting officer must establish and implement an effective system of logistics management, which must include -

(a) the monitoring of spending patterns on types or classes of goods and services incorporating, where practical, the coding of items to ensure that each item has a unique number.

(b) the setting of inventory levels that includes minimum and maximum levels and lead times wherever goods are placed in stock.

(c) the placing of manual or electronic orders for all acquisitions other than those from petty cash; (d)before payment is approved, certification by the responsible officer that the goods and services are

received or rendered on time and is in accordance with the order, the general conditions of contract and specifications where applicable and that the price charged is as quoted in terms of a contract.

(e) appropriate standards of internal control and warehouse management to ensure that goods placed in stores are secure and only used for the purpose for which they were purchased.

(f) monitoring and review of the supply vendor performance to ensure compliance with specifications and contract conditions for goods or services.

36. Disposal management

(1) The store manager shall monthly identify obsolete and slow-moving stock that should be disposed of.

(2) He shall motivate for their disposal, together with necessary documentation, to the SCM Manager for recommendation for disposal thereof.

(3) All such stock disposals must be approved by both, the chief financial officer, and the municipal manager.

(4) Once approved, the stock must be physically transferred for safe keeping and disposal to the disposal's

37. Risk management

(1) The SCM unit shall subscribe to the Municipal Risk Management Policy and its related risk management processes.

(2) Risks are identified and assessed in terms of impact and likelihood.

(3) Mitigating measures are developed, implemented, and regularly monitored.

(4) Risk management must include –

(a) the identification of risks on a case-by-case basis.

(b) the allocation of risks to the party best suited to manage such risks.

(c) acceptance of the cost of the risk where the cost of transferring the risk is greater than that of retaining it.

(d) the management of risks in a pro-active manner and the provision of adequate cover for residual risks; and

(e) the assignment of relative risks to the contracting parties through clear and unambiguous contract documentation.

38. Performance management

The accounting officer must establish and implement an internal monitoring system in order to determine, on the basis of a retrospective analysis, whether the authorized supply chain management processes were followed and whether the objectives of this Policy were achieved.

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42. Code of conduct

(1) The purpose of this Code of Conduct is to promote mutual trust and respect and an environment where business can be conducted with integrity and in a fair and reasonable manner.

(2) General Principles

a) The municipality commits itself to a policy of fair dealing and integrity in the conducting of its business. Officials and other role players involved in supply chain management (SCM) are in a position of trust, implying a duty to act in the public interest. Officials and other role players should not perform their duties to unlawfully gain any form of compensation, payment or gratuities from any person, or provider/contractor for themselves, their family or their friends.

b) Officials and other role players involved in SCM should ensure that they perform their duties efficiently, effectively and with integrity, in accordance with the relevant legislation, policies and guidelines. They should ensure that public resources are administered responsibly.

c) Officials and other role players involved in SCM should be fair and impartial in the performance of their functions. They should at no time afford any undue preferential treatment to any group or individual or unfairly discriminate against any group or individual. They should not abuse the power and authority vested in them.

(3) Conflict of interest

An official or other role player involved with supply chain management:

(a) must treat all providers and potential providers equitably.

(b) may not use his or her position for private gain or to improperly benefit another person.

(c) may not accept any reward, gift, favor, hospitality or other benefit directly or indirectly, including to any close family member, partner or associate of that person, of a value more than R350.

(d) must declare to the accounting officer details of any reward, gift, favor, hospitality or other benefit promised, offered or granted to that person or to any close family member, partner or associate of that person.

(e) must declare to the accounting officer details of any private or business interest which that person, or any close family member, partner or associate, may have in any proposed procurement or disposal process, or in any award of a contract by the municipality.

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(6) Confidentiality

a) Any information that is the property of the municipality or its providers should always be protected . No information regarding any bid / contract / bidder / contractor may be revealed if such an action will infringe on the relevant bidder's / contractors' personal rights.

b) Matters of confidential nature in the possession of officials and other role players involved in SCM should be kept confidential unless legislation, the performance of duty or the provision of law requires otherwise. Such restrictions also apply to officials and other role players involved in SCM after separation from service.

(7) Bid Specification / Evaluation / Adjudication Committees

a) Bid specification, evaluation and adjudication committees should implement supply chain management on behalf of the municipality in an honest, fair, impartial, transparent, cost-effective and accountable manner.

b) Bid evaluation / adjudication committees should be familiar with and adhere to the prescribed legislation, directives and procedures in respect of supply chain management in order to perform effectively and efficiently.

c) All members of bid adjudication committees should be cleared by the accounting officer at the level of "CONFIDENTIAL" and should be required to declare their financial interest annually.

d) No person should:

(i) interfere with the supply chain management system of the municipality or

(ii) amend or tamper with any price quotation / bid after its submission.

(8) Combative Practices

Combative practices are unethical and illegal and should be avoided at all cost. They include but are not limited to:

a. Suggestions to fictitious lower quotations.

b. Reference to non-existent competition.

c. Exploiting errors in price quotations / bids.

d. Soliciting price quotations / bids from bidders / contractors whose names appear on the Register for Tender Defaulters.

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44. Sponsorships

The accounting officer must promptly disclose to the National Treasury and the relevant provincial treasury any sponsorship promised, offered, or granted, whether directly or through a representative or intermediary, by any person who is –

(a) a provider or prospective provider of goods or services; or

(b) a recipient or prospective recipient of goods disposed or to be disposed.

45. Objections and complaints

Persons aggrieved by decisions or actions taken in the implementation of this supply chain management system, may lodge within 14 days of the decision or action indication of their grievance.:

46. Resolution of objections and complaints against procurement process

(1) The accounting officer must appoint an independent and impartial official, not directly involved in the supply chain management processes to assist in the resolution of objections and complaints between the municipality and any other person regarding:

a) the implementation of the procurement process in terms of the supply chain management system; or

b) any matter arising from the implementation of the procurement process in terms of the supply chain management system.

(2) The accounting officer, or another official designated by the accounting officer, is responsible for assisting the appointed person to perform his or her functions effectively.

(3) The person appointed must –

a) strive to resolve promptly all objections and complaints received; and

b) submit monthly reports to the accounting officer on all such objections and complaints received, attended to or resolved.

(b) that such compensation must be performance based.

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49. Roles and responsibilities

The SCM unit is tasked with the effective and efficient implementation of this policy document, thereby ensuring compliance with and enforcement of the SCM policy.

50. MONITORING AND EVALUATION

50.1 This Policy shall be monitored and evaluated by the General Manager: XXX and regular monitoring reports submitted to the Management Committee Meeting, xx Portfolio Committee, Executive Committee and Full Council Meetings.

51 ADDING OR CHANGING OF BANKING DETAILS[NM6]

52.1 This procedure aims to minimize potential fraud:

1. Supplier Banking details can only be added on the database when the supplier has provided the letter from bank with the bank stamp which serves as the verification that it is a proper business account.
2. Changing of bank details can be accepted on if the same letter from the bank with the stamp is provided to the municipality and the old bank details are included.
3. Once that letter is provided, a request through an email is sent to FMSS unit to give rights on financial system of changing banking details to the SCM official who needs to process the change, rights are revoked immediately after that change is done.
4. SCM practitioners are not allowed to have access to the banking details change screen unless they have been allowed by FMSS unit.

52 COMMENCEMENT OF THE POLICY

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

53 AMENDMENT AND/OR ABOLITION

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

APPEAL PROCESS/ GRIEVANCE PROCEDURE

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.

Records of Approval

Meeting	Date	Resolution
Review 2021/22		
Policy Committee	22/02/2022	Recommendation to MANCO
Extended MANCO/MANCO	09/05/2022	Consultation comments
Portfolio Committee on Finance	05/05/2022	Recommended to EXCO
EXCO	18/05/2022	Recommended to Council
Council	26/05/2022	ADOPTED

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UGU DISTRICT MUNICIPALITY

Policy Custodian	**BTO**
Policy Name	**Standard Infrastructure Procurement and Delivery Management**
Policy Number	**5/2/P/2**
Status **Date**	**Review** **2021/2022**
Approved by	**Council**
Date Approved	**27 May 2021**
Date Last Amended	**24 March 2021**
Date for Next Review	**12 months from the date of adoption by Council**
Date Published on Intranet & Website	

UGU DISTRICT MUNICIPALITY's SCM

Policy for Infrastructure procurement and delivery management

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Scope

This policy establishes the **UGU DISTRICT MUNICIPALITY's** policy for infrastructure procurement and delivery management in accordance with the provisions of the regulatory frameworks for procurement and supply chain management. It includes the procurement of goods and services necessary for a new facility to be occupied and used as a functional entity but excludes:

a) the storage of goods and equipment following their delivery to Ugu District Municipality which are stored and issued to contractors or to employees.

b) the disposal or letting of land;

c) the conclusion of any form of land availability agreement;

d) the leasing or rental of moveable assets; and

e) public private partnerships.

2 Terms, definitions and abbreviations

2.1 Terms and definitions

For the purposes of this document, the definitions and terms given in the standard and the following apply:

"Agent": person or organization that is not an employee of **UGU DISTRICT MUNICIPALITY** that acts on the **UGU DISTRICT MUNICIPALITY** behalf in the application of this document

"authorised person": the municipal manager or chief executive or the appropriately delegated authority to award, cancel, amend, extend or transfer a contract or order

"conflict of interest": any situation in which:

a) someone in a position of trust has competing professional or personal interests which make it difficult for him to fulfil his duties impartially,

b) an individual or organization is in a position to exploit a professional or official capacity in some way for his personal or for corporate benefit, or

c) incompatibility or contradictory interests exist between an employee and the organization which employs that employee

"contract manager": person responsible for administering a package on behalf of the employer and performing duties relating to the overall management of such contract from the implementer's point of view

"family member": a person's spouse, whether in a marriage or in a customary union according to indigenous law, domestic partner in a civil union, or child, parent, brother, sister, whether such a relationship results from birth, marriage or adoption

"framework agreement": an agreement between an organ of state and one or more contractors, the purpose of which is to establish the terms governing orders to be awarded during a given period, in particular with regard to price and, where appropriate, the quantity envisaged

"gate": a control point at the end of a process where a decision is required before proceeding to the next process or activity

"gateway review": an independent review of the available information at a gate upon which a decision

to proceed or not to the next process is based

“Gratification”: an inducement to perform an improper act

“infrastructure delivery”: the combination of all planning, technical, administrative and managerial actions associated with the construction, supply, renovation, rehabilitation, alteration, maintenance, operation or disposal of infrastructure

“infrastructure procurement”: the procurement of goods or services including any combination thereof associated with the acquisition, renovation, rehabilitation, alteration, maintenance, operation or disposal of infrastructure

“maintenance”: the combination of all technical and associated administrative actions during an item's service life to retain it in a state in which it can satisfactorily perform its required function

“operation”: combination of all technical, administrative and managerial actions, other than maintenance actions, that results in the item being in use

“order”: an instruction to provide goods, services or any combination thereof under a framework agreement

“organ of state”: an organ of state as defined in section 239 of the Constitution of the Republic of South Africa

“procurement document”: documentation used to initiate or conclude (or both) a contract or the issuing of an order

“principal”: a natural person who is a partner in a partnership, a sole proprietor, a director a company established in terms of the Companies Act of 2008 (Act No. 71 of 2008) or a member of a close corporation registered in terms of the Close Corporation Act, 1984, (Act No. 69 of 1984)

“standard”: the latest edition of the Standard for Infrastructure Procurement and Delivery Management as published by National Treasury

“working day”: any day of a week on which is not a Sunday, Saturday or public holiday

2.2 Abbreviations

For the purposes of this document, the following abbreviations apply
CIDB: Construction Industry Development Board SARS: South
African Revenue Services

3 General requirements[1]

3.1 Delegations

3.1.1 The **Council** of **Ugu District Municipality** hereby delegates all powers and duties to the **Municipal Manager** which are necessary to enable the **Municipal Manager** to:

a) discharge the supply chain management responsibilities conferred on accounting officers in terms of Chapter 8 or 10 of the Local Government Municipal Finance Management Act of 2003 and this document;

b) maximise administrative and operational efficiency in the implementation of this document;

c) enforce reasonable cost-effective measures for the prevention of fraud, corruption, favoritism and unfair and irregular practices in the implementation of this document; and

[1] This clause is required to ensure that the standard is linked to the policy and aligned with the MFMA SCM Regulations.

d) comply with her responsibilities in terms of section 115 and other applicable provisions of the Local Government Municipal Finance Management Act of 2003 Act.

3.1.2 No departure shall be made from the provisions of this policy without the approval of the **Municipal Manager** of Ugu District Municipality**.**

3.1.3 The **Municipal Manager** shall for oversight purposes:

a) within (30) days of the end of each financial year, submit a report on the implementation of this policy, to the council of the Ugu District Municipality;

b) whenever there are serious and material problems in the implementation of this policy, immediately submit a report to Management. who must then submit the report to the municipal manager of Ugu District Municipality for submission to the council.

c) within ten (10) days of the end of each quarter, submit a report on the implementation of the policy to Mayor; and

d) make the reports public in accordance with section 21A of the Municipal Systems Act of 2000.

3.1.4 The requirements of this policy will be applicable to be bids above R200 000,00

3.2 Implementation of the Standard for Infrastructure Procurement and Delivery Management

3.2.1 Infrastructure procurement and delivery management shall be undertaken in accordance with all applicable legislation and the relevant requirements of the latest edition if the National Treasury Standard for Infrastructure Procurement and Delivery Management.[3]

3.2.2 Pre-feasibility and feasibility reports are required on where the project is a major capital project which is not standardized, and the risk of failing to achieve time, cost and quality objectives is the relatively high. [4]

3.2.3 Stage 3 to 9 may be omitted where the required work does not involve the provisions of infrastructure, or the rehabilitation, refurbishment or alteration of existing infrastructure. [5]

3.2.4 Stage 5-6 may be omitted if insufficient information to proceed to stage 7 is contained in the Stage 4 deliverable.

3.2.5 A stage can be shall only be complete when the deliverable has been approved or accepted or approved or accepted by the person designated in the institutional arrangement to do so.

3.3 Supervision of the infrastructure delivery management unit

The Infrastructure Delivery Management Unit shall be directly supervised by the **General Manager: WS**

2. Any deviation to the provisions of this standard must be reported to National Treasury and the relevant treasury.

3. Sub-clause 4.1.1.4 c) of the standard permits an organ of states' policy to require that pre-feasibility and feasibility reports are required, notwithstanding the test provided for in this sub-clause to determine if such reports are required. The compiler of the policy needs to delete this sub-clause if it is not required.

4. Sub-clause 4.1.1.1 of the standard permit stages 3 to 9 where the work does not involve the provision of new infrastructure or the rehabilitation, refurbishment, alteration of existing infrastructure. Stages 5

and 6 to be omitted where there is sufficient information to proceed to stage 7 is contained in the stage 4 deliverable. The policy may require that certain types of work (e.g. specific types of maintenance) need to pass through all the stages. If this is the case, the policy may require the application of all the stages for specific types of projects. The compiler of the policy needs to delete this sub- clause if it is not required.

5. SCM Regulation 7 which is issued in terms of the MFMA requires each municipality to establish a supply chain management unit to implement its supply chain management policy, which where possible, should operate under the direct supervision of the chief financial officer or an official to whom

this duty has been delegated in terms of Section 82 of the MFMA. There are benefits in establishing SCM
units for general goods and services and infrastructure and to delegate the supervision to a person other than the chief financial officer.

3.4 Objections and complaints[7]

Persons aggrieved by decisions or actions taken in the implementation of this policy, may lodge within 14 days of the decision or action, a written objection or complaint against the decision or action.

3.5 Resolution of disputes, objections, complaints and queries[8]

3.5.1 The **Municipal Manager** shall appoint an independent and impartial person, not directly involved in the infrastructure delivery management processes to assist in the resolution of disputes between the **UGU DISTRICT MUNICIPALITY** and other persons regarding:

a) any decisions or actions taken in the implementation of the supply chain management system;

b) any matter arising from a contract awarded within the **UGU DISTRICT MUNICIPALITY's** infrastructure delivery management system; or

c) to deal with objections, complaints or queries regarding any such decisions or actions or any matters arising from such contract.

3.5.2 The designated person shall assist the person appointed in terms of 3.5.1 to perform his or her functions effectively.

3.5.3 The person appointed in terms of 3.5.1 shall:

a) strive to resolve promptly all disputes, objections, complaints or queries received; and

b) submit monthly reports to the **Municipal Manager** on all disputes, objections, complaints or queries received, attended to or resolved.

3.5.4 A dispute, objection, complaint or query may be referred to the **Provincial Treasury** if:

a) the dispute, objection, complaint or query is not resolved within 60 days; or

b) no response is forthcoming within 60 days.

3.5.5 If the **Provincial Treasury** does not or cannot resolve the matter, the dispute, objection, complaint or query may be referred to the National Treasury for resolution.

4 Control framework for infrastructure delivery management[9]

4.1 Assignment of responsibilities for approving or accepting end of stage deliverables[10]

The responsibilities for approving or accepting end of stage deliverables shall be as stated in Table 1.

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[7] This clause aligns with SCM Regulation 49 issued in terms of the MFMA.

[8] This clause aligns with SCM Regulation 50 issued in terms of the MFMA.

[9] This clause is required to ensure compliance with the requirements of the standard.

10 The terms "approve" and "accept" have the meanings "officially agree to" and "receive as adequate, valid, or suitable give an affirmative answer to a proposal", respectively. Approvals will typically take place at a senior management level whilst acceptances can be made at a lower level. Approvals and acceptances can be granted by individuals or committees.
Where a municipality or municipal entity implements a project on behalf of an organ of state, acceptance /

approval of end of stage deliverables may have to be granted in consultation with such an organization. Alternatively, it may be assigned to a party to an agency agreement developed in accordance with the provisions of clauses 5.2 of the standard. As a result, Table 1 may have to differentiate between own infrastructure and client institution's infrastructure. It may also have to differentiate between the value and type of projects.

Table 1: Responsibilities for approving or accepting end of stage deliverables in the control framework for the management of infrastructure delivery

Stage			**Designated Person assigned the responsibility for approving or accepting end of stage deliverables**
No	**Name**		
0	Project initiation		**Municipal Manager** accepts the initiation report
1	Infrastructure planning		**Council** approves the infrastructure plan
2	Strategic resourcing		**General Manager** approves the delivery and / or project implementation plan/ procurement strategy
3	Pre-feasibility		**General Manager** accepts the pre-feasibility report
	Preparation and briefing		**General Manager** accepts the strategic brief
4	Feasibility		**General Manager** accepts the feasibility report
	Concept and viability		**General Manager** accepts the concept report
5	Design development		**General Manager** accepts the design development report
6	Design documentation	6A Production information	**General Manager** accepts the parts of the production information which are identified when the design development report is accepted as requiring acceptance
		6B Manufacture, fabrication and construction information	**General Manager** accepts the manufacture, fabrication and construction information
7	Works		**General Manager** certifies completion of the works or the delivery of goods and associated services
8	Handover		The owner or end user accepts liability for the works
9	Package completion		**General Manager** and/or Consultant certifies the defects certificate in accordance with the provisions of the contract **General Manager** and/or Consultant certifies final completion in accordance with the provisions of the contract **General Manager** and/or **Consultant** accepts the close out report

The infrastructure plan (stage 1), which is informed by demand management requirements as set out in 6.2, initiation reports (stage 0), decisions made during stages 3 and 4 and work in progress in stages 5 to 9, and the procurement strategy (stage 2) shall be reviewed and updated at least once a year.

An organ of state may, if it deems it necessary, add additional gates to the control framework presented in Figure 1.

The approval of the infrastructure plan and the securing of the necessary budget shall be obtained prior to advancing to stage 3. All subsequent stages shall only be proceeded with if the necessary budget is in place.

The approvals or acceptances at each gate shall be retained for record purposes for a period of not less than five years of such acceptance or approval in a secured environment, unless otherwise determined in terms of the National Archives and Record Services of South Africa Act.

Stage 0: Project initiation

An initiation report which outlines the high- level business plan together with the estimated project cost and proposed schedule for a single project or a group of projects having a similar high-level scope.

The initiation report for a project shall as a minimum:

a) provide a project description and high-level scope of work.
b) outline key issues and solution options that were interrogated.
c) outline options that were evaluated.
d) indicate the high-level business case; and
e) provide the estimated project cost and indicative high-level schedule.

Stage 0 is complete when the initiation report is accepted.

Stage 1: Infrastructure planning

The infrastructure plan (IDP) for a portfolio of projects or packages which require implementation shall cover a period of not less than five years. Such a plan shall be:

a) described by the high-level scope of work for each project, the proposed time schedule, the estimated total project cost and annual budget requirement, the geographical location, any known encumbrances and estimated timeframes for removing these encumbrances; and
b) aligned with all prescribed planning, budgeting, monitoring and reporting requirements.

Stage 1 is complete when the infrastructure plan is approved.

Stage 2: Strategic resourcing

A delivery management strategy shall be developed following the conducting of a spend, organizational and market analysis. Such a strategy shall indicate how needs are to be met for each category of spend through one or more of the following:

a) a public private partnership.
b) another organ of state on an agency basis;
c) another organ of state's framework agreement.
d) own resources; or
e) own procurement system;

A procurement strategy shall, based on the budget, cost benefit analysis, document the selected packaging, contracting, pricing and targeting strategy and procurement procedure for all required goods or services or any combination thereof including professional services.

Stage 2 is complete when the delivery and procurement strategy is approved.

Stage 3: Preparation and briefing or prefeasibility

3.1 Prefeasibility and feasibility reports shall be required as end-of- stage deliverables for stages 3 and 4, respectively, where one or more of the following applies:

I. The major Capital Project is required for:
   i. A major public enterprise where the total project capital expenditure exceeds R1,5 billion; or
   ii. An organ of state subject to the Public Finance Management Act other than a major public enterprise where the total project capital expenditure exceeds R1,0 billion including VAT, or where the expenditure per year for a minimum of three (3) years exceeds R250 –Million per annum including VAT;

II. The project is not:
   i. A building project with or without related site works; or
   ii. A process-based, somewhat repetitive or relatively standardized project where the risk of failing to achieve time, cost and quality objectives is relatively low or;

III. It is deemed necessary during stage 2

The strategic brief shall as necessary:

a) confirm the scope of the package and identify any constraints, including those relating to occupational health and safety;
b) establish the project criteria, including the performance and reliability requirements, design life, service life of components, function, maintenance and replacement requirements, mix of uses, scale, location, quality, value, time, safety, health, environment and sustainability;
c) identify procedures, organisational structure, key constraints, statutory permissions (e.g. environmental, heritage, social, planning, building control), and utility approvals, policies (e.g. environmental, developmental, social, maintenance or facilities management) and strategies to take the package forward;
d) identify risks that need to be mitigated;
e) identify interfaces between packages as necessary; and
f) establish the control budget for the package, ownership costs and schedule for the package or series of packages.

3.2 The prefeasibility study shall as necessary:

a) document the owner or user requirements specification;
b) shortlist the options that were considered;
c) provide a preliminary design for study options;
d) provide preliminary capital estimate and the proposed schedule; and
e) present the study outcomes.

3.3 Stage 3 is complete when the prefeasibility report or the strategic brief, as required, is accepted.

Stage 4: Concept and viability or feasibility

The concept report shall as necessary:

a) document the initial design criteria and design options or the methods and procedures required to maintain the condition of infrastructure for the package;

b) establish the detailed brief, scope, scale, form and cost plan for the package;

c) provide an indicative schedule for documentation and construction or maintenance services associated with the package;

d) contain a site development plan or other suitable schematic layouts of the works;

e) describe the statutory permissions, funding approvals or utility approvals required to proceed with the works associated with the package;

f) include a baseline risk assessment for the package, and a health and safety plan which is required in terms of the requirements of the Construction Regulations issued in terms of the Occupational Health and Safety Act;

g) contain a risk report linked to the need for further surveys, tests, other investigations and consents and approvals, if any, during subsequent stages and identified health, safety and environmental risk;

h) contain an operations and maintenance support plan which establishes the organisational structure required for the operation and maintenance of the works resulting from the package or series of packages over its service life, and the office, stores, furniture, equipment, Information and Communications Technology (ICT), engineering infrastructure and staff training requirements;

i) confirm the financial sustainability of the project; and

j) establish the feasibility of satisfying the strategic brief for the package or series of packages within the control budget established during stage 3 and, if not, motivate a revised control budget.

A feasibility report shall as a minimum provide the following:

a) details regarding the preparatory work covering:

   1) a needs and demand analysis with output specifications; and

   2) an options analysis;

b) a viability evaluation covering:

   1) a financial analysis; and

   2) an economic analysis, if necessary;

c) a risk assessment and sensitivity analysis;

d) a professional analysis covering:

1) a technology options assessment;
2) an environmental impact assessment; and
3) a regulatory due diligence; and

e) implementation readiness assessment covering:
1) institutional capacity; and
2) a procurement plans

Stage 5: Design development

5.1 The design development report shall as necessary:

a) develop in detail the accepted concept to finalise the design and definition criteria.

b) establish the detailed form, character, function and costing.

c) define all components in terms of overall size, typical detail, performance and outline specification.

d) describe how infrastructure, or elements or components thereof, are to function, how they are to be safely constructed, how they are to be maintained and how they are to be commissioned; and

e) confirm that the package or series of packages can be completed within the control budget or propose a revision to the control budget

Outline specifications shall be in satisfactory detail to enable a view to be taken on the operation and maintenance implications of the design and the compatibility with existing plant and equipment.

Stage 6: Design documentation

6.1 Stage 6A is complete when all the detailed design that are required to be accepted prior to being issued for construction purposes has been accepted.

6.2 Stage 6B is complete when the construction drawings are accepted as being in accordance with the detailed design.

Stage 7: Works

Stage 7 is complete when:

a) completion and commissioning of the works is certified in accordance with the terms of the contract; or
b) the goods and associated services are certified as being delivered in accordance with the terms of the contract.

Stage 8: Handover

8.1 The handover stage shall include as necessary the training of the end users, the manuals, as-build drawings for operations of the completed and/or delivered infrastructure.

8.2 The record information and/or asset register shall as relevant:

a) accurately document the condition of the completed works associated with a package.

b) accurately document the works as constructed or completed.
c) contain information on the care and servicing requirements for the works or a portion thereof.
d) contain information or instructions on the use of plant and equipment.
e) confirm the performance requirements of the design development report and production information;
f) contain certificates confirming compliance with legislation, statutory permissions and the like; and
g) contain guarantees that extend beyond the defect liability period provided for in the package.

8.3 Record information and/or Operations and Maintenance Manual shall, as relevant, provide those tasked with the operation and maintenance of infrastructure with the information necessary to:

a) understand how the designers intended the works, systems, subsystems, assemblies and components to function;
b) effectively operate, care for and maintain the works, systems, subsystems, assemblies and components to function;
c) check, test or replace systems, subsystems, assemblies or components to ensure the satisfactory performance of works, systems, subsystems, assemblies and components over time;
d) develop maintenance plans;
e) determine stock levels for components and assemblies that need to be regularly replaced; and
f) budget for the operation and maintenance of the works, systems, subsystems and components over time.

8.4 Arrangements shall be put in place to secure and safeguard the works from the time that the contractor's liabilities for damage to the works end until such time that the works are handed over to the end user or owner who shall accept such liabilities.

8.5 Stage 8 is complete when the end user or owner accepts liability for the works.

Stage 9: Close out

9.1 The close out report for the package shall outline what was achieved in terms of at least the following:

a) the following performance parameters.

- expenditure incurred in infrastructure delivery for the financial year, against the budget made available to cover such expenditure at the start of the year;
- the average variance between planned and achieved completion of stages of all packages and projects;
- an overview of all packages where stage 7 was completed within the financial year and the total of the prices and the time for completion at the start of the contract or when the order was issued exceeds 15%, together with a brief explanation as to why such increases occurred;
- the average time taken to award a contract, measured form the closing date for tender submission or the final submission made in terms of a proposal or competitive negotiations procedure to a decision being taken to award the contract;
- the average time taken, in respect of all packages covered in the report,

to complete stage 8 measured from the time that stage 7 is completed;

- The average difference between the total of the prices in the payment certificates that was issued following the completion of stage 7 and the total of the prices at the end of stage 9;
- The average time taken to award the contract above the threshold for quotations, measured form the closing date for tender submission or the final submission made in terms of a proposal or a competitive negotiations procedure, to the acceptance of the tender by the adjudication report;
- The average number of days that payment is later than that required under the terms of the contract

b) unit costs of completed work or major components thereof; and

c) key performance indicators relating to developmental objectives.

9.2 The close out report shall make suggestions for improvements on future packages of a similar nature. Such a report should also comment on the performance of the contractor and, if relevant, include building tuning or similar reports.

9.3 Stage 9 is complete when, as relevant, defects certificates or certificates of final completion are issued in terms of the contract, the final amount due to the contractor in terms of the contract is certified and the close out report is accepted.

4.1.2 Gateway reviews

4.1.2.1 Gateway reviews for major capital projects above a threshold

4.1.2.1.1 Accounting officer shall appoint a gateway review team to undertake gateways for major capital projects equal to or above R50 Million.

4.1.2.1.2 All major capital projects having an estimated capital expenditure equal to or above the threshold established in Table 2 (**R50 Million**) shall have a gateway review of the end-of-stage 4 deliverable, prior to the acceptance of such deliverable. The review shall be initiated by the organ of state which intends implementing the project. The focus of such a review shall in the first instance be on the quality of the documentation, and thereafter on:

a) deliverability (the extent to which a project is deemed likely to deliver the expected benefits within the declared cost, time and performance envelope);
b) affordability (the extent to which the level of expenditure and financial risk involved in a project can be taken up on, given the organisation's overall financial position, both singly and in the light of its other current and projected commitments); and
c) value for money.

Table 2: Thresholds for gateway reviews of major capital projects

Organ of state	Estimated cost inclusive of VAT
National department	R100 million
Provincial department or metropolitan municipality	R100 million
Municipality other than a metropolitan municipality	R50 million
Major public entity	R500 million
National government business enterprise Provincial government business enterprise	R250 million
Other	R100 million

A gateway review team shall comprise not less than three(3) persons who are not involved in the project associated with the works covered by the end of the stage 4 deliverable, and who are familiar with various aspects of the subject matter of the deliverable at the end of the stage under review. Such a team shall be led by a person who has at least six years post – graduate experience in the planning of infrastructure projects and is registered either as professional engineer in terms of the Engineering Profession Act, a professional quantity surveyor in terms of the Quantity Surveying Profession Act or a professional architect in terms of the Architectural Profession Act. The members of the team shall, as relevant, have expertise in key technical areas, cost estimating, scheduling, and implementation of similar projects.

4.1.2.1.3 The relevant treasury shall be notified of a proposed gateway review for a major capital project, three weeks prior to the conducting of such a review. Such notification shall be accompanied by a brief outline of the proposed project or package, the names and qualifications of the reviewers and the timeframes for the review. The relevant treasury may nominate additional persons to serve on the review team.

4.1.2.1.4 The gateway review team shall base its findings primarily on:

a) the information contained in the end-of-stage deliverables.
b) supplementary documentation, if any, provided by key staff obtained during an interview process; and
c) interviews with key staff members and stakeholders.

4.1.2.1.5 The gateway review team shall issue a report at the conclusion of a gateway review which indicates the team's assessment of the information at the end of a stage and provides findings or recommendations on areas where further work may be undertaken to improve such information.

4.1.2.1.6 Aspects in the report shall be flagged as being:

a) code red: team considers the aspect to pose a significant risk to the project or package;
b) code amber: team considers the aspects which indicate a minor risk to the project or package; or
c) code green: team considers the aspect to have been given adequate consideration to the extent that it is unlikely to jeopardise the success of progressing to the next stage, or minor adjustments may be required before proceeding.

4.1.2.1.7 The contents of the gateway review report shall be taken into account when accepting the stage 4 deliverable. A stage 4 deliverable shall not be accepted until such time that all code red risks have been addressed in the stage 4 end-of-stage deliverable.

4.1.2.2 Gateway reviews initiated by the relevant treasury

4.1.2.2.1 A relevant treasury may at any time institute a gateway review of any of the end-of-stage deliverables associated with the control framework, irrespective of the estimated cost of a project. The focus of such a review shall be determined by the relevant treasury. The implementer of a project shall be notified of the review and its focus at least three weeks prior to the conducting of the review.

4.1.2.2.2 The implementer shall provide a person to lead the review and one other person to serve on the team, both of whom satisfy the requirements of 4.1.2.1.2.

Control framework for infrastructure procurement[11]

5.1 The responsibilities for taking the key actions associated with the formation and conclusion of contracts including framework agreements above the quotation threshold shall be as stated in Table 2.

5.2 The responsibilities for taking the key actions associated with the quotation procedure and the negotiation procedure where the value of the contract is less than the threshold set for the quotation procedure shall be as follows: [12]

a) The **Municipal Manager** shall grant approval for the issuing of the procurement documents, based on the contents of a documentation review report developed in accordance with the provisions of the standard.

b) the authorised person may award the contract if satisfied with the recommendations contained in the evaluation report prepared in accordance with the provisions of the standard.

5.3 The responsibilities for taking the key actions associated with the issuing of an order in terms of a framework agreement shall be as stated in Table 3.

5 Infrastructure delivery management requirements

6.1 Institutional arrangements

6.1.1 Committee system for procurement[13]

6.1.1.1 General

6.1.1.1.1 A committee system comprising the documentation committee, evaluation committee and Bid Adjudication Committee shall be applied to all procurement procedures where the estimated value of the procurement exceeds the financial threshold for quotations and to the putting in place of framework agreements.

6.1.1.1.2 The evaluation committee shall, where competition for the issuing of an order amongst framework contractors takes place and the value of the order exceeds the financial threshold for quotations, evaluate the quotations received.

6.1.1.1.3 The persons appoint in writing as technical advisors and subject matter experts may attend any committee meeting.

6.1.1.1.4 No person who is a political officer bearer, a public office bearer including any councillor of a municipality, a political advisor or a person appointed in terms of section 12A of the Public Service Act of 1994 or who has a conflict of interest shall be appointed to a procurement documentation, evaluation or Bid Adjudication Committee.

6.1.1.1.5 Committee decisions shall as far as possible be based on the consensus principle i.e. the general agreement characterized by the lack of sustained opposition to substantial issues. Committees shall record their decisions in writing. Such decisions shall be kept in a secured environment for a period.

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[11] This clause is required to ensure compliance with the requirements of the standard.

[12] SCM Regulation 26 of the MFMA requires that a committee system be established for procurement above the threshold for quotations. It is not, however, a requirement for such a committee to deal with quotations.

[13] SCM Regulation 26 of the MFMA requires that a committee system be established for procurement above the threshold for quotations. A municipality of a municipal entity may require that the Bid Adjudication Committee (bid adjudication committee) also deal with quotations
The principle of segregation (an internal control designed to prevent error and fraud by ensuring that at least two individuals are responsible for the separate parts of any task) is dealt with the committee system in the standard as follows:

- procurement gate 3: a technical evaluation of procurement documents and an approval of such documentation.
- procurement gate 5: a technical evaluation of submissions and an authorization to proceed with the next phase of a procurement process; and
- procurement gate 6: a tender evaluation and a recommendation to award a contract.

of not less than five years after the completion or cancellation of the contract unless otherwise determined in terms of the National Archives and Record Services Act of 1996.

6.1.1.1.6 Committees may make decisions at meetings or, subject to the committee chairperson's approval, on the basis of responses to documents circulated to committee members provided that not less than sixty percent of the members are present or respond to the request for responses. Where the committee chairperson is absent from the meeting, the members of the committee who are present shall elect a chairperson from one of them to preside at the meeting.

6.1.1.2 Procurement documentation committee

6.1.1.2.1 The **Municipal Manager** shall appoint in writing on a procurement-by-procurement basis:

a) the persons to review the procurement documents and to develop a procurement documentation review report in accordance with clause 4.2.2.1 of the standard; and

b) the members of the procurement documentation committee.

6.1.1.2.2 The procurement documentation committee shall comprise one or more persons. The chairperson shall be an employee of Ugu District Municipality with requisite skills. Other members shall, where relevant, include a representative of the end user or the department requiring infrastructure delivery.

6.1.1.2.3 No member of, or technical adviser or subject matter expert who participates in the work of the any of the procurement committees or a family member or associate of such a member, may tender for any work associated with the tender which is considered by these committees.

Table 2: Procurement activities and gates associated with the formation and conclusion of contracts above the quotation threshold

Activity		**Sub-Activity** (see Table 3 of the standard)		**Key action**	**Person assigned responsibility to perform key action**
1*	Establish what is to be procured	1.3 **PG1**	Obtain permission to start with the procurement process	Make a decision to proceed / not to proceed with the procurement based on the broad scope of work and the financial estimates.	**Head of Department**
2*	Decide on procurement strategy	2.5 **PG2**	Obtain approval for procurement strategies that are to be adopted including specific approvals to approach a confined market or the use of the negotiation procedure	Confirm selection of strategies so that tender offers can be solicited	**Head of Department**
3	Solicit tender offers	3.2 **PG3**	Obtain approval for procurement documents	Grant approval for the issuing of the procurement documents	Procurement documentation committee
		3.3 **PG4**	Confirm that budgets are in place	Confirm that finance is available for the procurement to take place	**Manager Budget**
4	Evaluate tender offers	4.2 **PG5**	Obtain authorisation to proceed with next phase of tender process in the qualified, proposal or competitive negotiations procedure	Review evaluation report, ratify recommendations and authorise progression to the next stage of the tender process	**Bid Evaluation Committee**
		4.7 **PG6**	Confirm recommendations contained in the tender evaluation report	Review recommendations of the evaluation committee and refer back to evaluation committee for reconsideration or make recommendation for award	**Bid Adjudication Committee**
5	Award contract	5.3 **PG7**	Award contract	Formally accept the tender offer in writing and issue the contractor with a signed copy of the contract	**Municipal Manager**
		5.5 **GF1**	Upload data in financial management and payment system	Verify data and upload contractor's particulars and data associated with the contract or order	**SCM Manager**

* Applies only to goods and services not addressed in a procurement strategy developed during stage 2 (strategic resourcing) of the control framework for infrastructure delivery management

Table 2 (concluded)

Activity		Sub-Activity		Key action	Person assigned responsibility to perform key action
8	Administer contracts and confirm compliance with requirements	6.4 **PG8A**	Obtain approval to waive penalties or low performance damages.	Approve waiver of penalties or low performance damages	**General Manager: Water Services**
		6.5 **PG8B**	Obtain approval to notify and refer a dispute to an adjudicator	Grant permission for the referral of a dispute to an adjudicator or for final settlement to an arbitrator or court of law	**General Manager: Corporate Services**
		6.6 **PG8C**	Obtain approval to increase the total of prices. excluding contingencies and price adjustment for inflation. or the time for completion at the award of a contract or the issuing of an order up to a specified percentage	Approve amount of time and cost overruns up to the threshold	**PMU Manager (Look at delegations this should either be GM or MM and not PMU manager)**
		6.7 **PG8D**	Obtain approval to exceed the total of prices. excluding contingencies and price adjustment for inflation, or the time for completion at award of a contract or the issuing of an order by more than 20% and 30%, respectively	Approve amount of time and cost overruns above a the threshold	**Municipal Manager and/or Bid Adjudication Committee**
		6.8 **PG8E**	Obtain approval to cancel or terminate a contract	Approve amount	**Municipal Manager**
		6.9 **PG8F**	Obtain approval to amend a contract	Approve proposed amendment to contract	**Municipal Manager**

Table 3: Procurement activities and gates associated with the issuing of an order above the quotation threshold in terms of a framework agreement

Activity		Key action	Person assigned responsibility to perform key action
1 **FG1**	Confirm justifiable reasons for selecting a framework contactor where there is more than one framework agreement covering the same scope of work	Confirm reasons submitted for not requiring competition amongst framework contractors or instruct those quotations be invited	**PMU Manager (GM) who may then sub delegate**
3 **FG2**	Obtain approval for procurement documents	Grant approval for the issuing of the procurement documents	**Municipal Manager**
4 **FG3**	Confirm that budgets are in place	Confirm that finance is available so that the order may be issued	**Manager Budget**
6 **FG4**	Authorise the issuing of the order	If applicable, review evaluation report and confirm or reject recommendations. Formally accept the offer in writing and issue the contractor with a signed copy of the order	**Municipal Manager**

6.1.1.3 Evaluation committee

6.1.1.3.1 The **Municipal Manager** shall appoint in writing:

a) the persons to prepare the evaluation and, where applicable, the quality evaluations, in accordance with clauses 4.2.3.2 and 4.2.3.4 of the standard, respectively; and

b) the members of the evaluation committee.

6.1.1.3.2 The evaluation committee shall comprise not less than four people. The chairperson shall be an employee of Ugu District Municipality with requisite skills. Other members shall include a supply chain management practitioner[15] and, where relevant, include an official from the department requiring infrastructure delivery.

6.1.1.3.3 The evaluation committee shall review the evaluation reports prepared in accordance with sub clause 4.2.3 of the standard and as a minimum verify the following in respect of the recommended tenderer:

a) the capability and capacity of a tenderer to perform the contract;

b) the tenderer's tax and municipal rates and taxes compliance status;

c) confirm that the tenderer's municipal rates and taxes and municipal service charges are not in arrears;

d) the Compulsory Declaration has been completed; and

e) the tenderer is not listed in the National Treasury's Register for Tender Defaulters or the List of Restricted Suppliers.

6.1.1.3.4 No tender submitted by a member of, or technical adviser or subject matter expert who participates in the work of the procurement documentation committee or a family member or associate of such a member, may be considered by the evaluation committee.

6.1.1.3.5 The chairperson of the evaluation committee shall promptly notify the **Municipal Manager** of any respondent or tenderer who is disqualified for having engaged in fraudulent or corrupt practices during the tender process.

6.1.1.4 Bid Adjudication Committee [16]

6.1.1.4.1 The Bid Adjudication committee shall comprise the following persons or their mandated delegate:[17]

a) **Chief Financial Officer** who shall be the chairperson, if not available any Senior Manager who can be delegated as an alternate member on behalf of the Chief Financial Officer

b) GM: Corporate Services

c) GM: Water Services

d) GM: Environmental Services

e) Senior Supply Chain Management Official

f) Committee Secretariat Supply Chain Management

[15] Where no separate Bid Adjudication Committee is established, this section should simply refer to the bid adjudication committee which is set up to deal with tenders with both the supply chain for general goods and services and for infrastructure

[17] The chairperson needs to be an employee of the municipality with requisite skills. Other members should be employees of the municipality and include at least four senior managers including the chief financial officer, a supply chain management practitioner and a technical expert in the relevant field, if such municipality or municipal entity has such an expert.

6.1.1.4.2 No member of the evaluation committee may serve on the Bid Adjudication Committee. A member of an evaluation committee may, however, participate in the deliberations of a Bid Adjudication Committee as a technical advisor or a subject matter expert.

6.1.1.4.3 The Bid Adjudication Committee shall:

a) consider the report and recommendations of the evaluation committee and:

1) verify that the procurement process which was followed complies with the provisions of this document;

2) confirm that the report is complete and addresses all considerations necessary to make a recommendation;

3) confirm the validity and reasonableness of reasons provided for the elimination of tenderers; and

4) consider commercial risks and identify any risks that have been overlooked or fall outside of the scope of the report which warrant investigation prior to taking a final decision; and

b) refer the report back to the evaluation committee for their reconsideration or make a recommendation to the authorised person on the award of a tender, with or without conditions, together with reasons for such recommendation.

6.1.1.4.4 The Bid Adjudication Committee shall consider proposals regarding the cancellation, amendment, extension or transfer of contracts that have been awarded and make a recommendation to the authorised person on the course of action which should be taken.

6.1.1.4.5 The Bid Adjudication Committee shall consider the merits of an unsolicited offer and make a recommendation to the **Municipal Manager**.

6.1.1.4.6 The Bid Adjudication Committee shall report to the **Municipal Manager** any recommendation made to award a contract to a tenderer other than the tenderer recommended by the evaluation committee, giving reasons for making such a recommendation.

6.1.1.4.7 The Bid Adjudication Committee shall not make a recommendation for an award of a contract or order if the recommended tenderer or framework contractor has:

a) made a misrepresentation or submitted false documents in competing for the contract or order; or

b) been convicted of a corrupt or fraudulent act in competing for any contract during the past five years.

6.1.1.4.8 The Bid Adjudication Committee may on justifiable grounds and after following due process, disregard the submission of any tenderer if that tenderer or any of its directors, members or trustees or partners has abused the delivery management system or has committed fraud, corruption or any other improper conduct in relation to such system. The National Treasury and the **Provincial Treasury** shall be informed where such tenderers are disregarded.

6.1.2 Actions of an authorised person relating to the award of a contract or an order

6.1.2.1 Award of a contract

6.1.2.1 The authorised person shall, if the value of the contract inclusive of VAT, is within his or her delegation, consider the report(s) and recommendations of the Bid Adjudication Committee, or in the case of the awards for contracts below the quotation threshold, the recommendation of the **Bid Adjudication Committee**, and either:

a) award the contract after confirming that the report is complete and addresses all considerations necessary to make a recommendation and budgetary provisions are in place; or

b) decide not to proceed or to start afresh with the process.

6.1.2.2 The authorised person shall immediately notify the **Bid Adjudication Committee** if a tender other than the recommended tender is awarded, save where the recommendation is changed to rectify an irregularity. Such person shall, within 10 working days, notify in writing the Auditor-General, the National Treasury and **Provincial Treasury**, of the reasons for deviating from such recommendation.

6.1.2.3 Issuing of an order

The authorised person shall, if the value of an order issued in terms of a framework contract, is within his or her delegation, consider the recommendation of the evaluation committee or the **Bid Adjudication Committee**, as relevant, and either:

a) authorise the issuing of an order in accordance with the provisions of clause 4.25 of the standard; or

b) decide not to proceed or to start afresh with the process.

6.1.3 Conduct of those engaged in infrastructure delivery[18]

6.1.3.1 General requirements

6.1.3.1.1 All personnel and agents of **UGU DISTRICT MUNICIPALITY** shall comply with the requirements of the CIDB Code of Conduct for all Parties engaged in Construction Procurement. They shall:

a) behave equitably, honestly and transparently;

b) discharge duties and obligations timeously and with integrity;

c) comply with all applicable legislation and associated regulations;

d) satisfy all relevant requirements established in procurement documents;

e) avoid conflicts of interest; and

f) not maliciously or recklessly injure or attempt to injure the reputation of another party.

6.1.3.1.2 All personnel and agents engaged in **Ugu District Municipality**'s infrastructure delivery management system shall:

a) not perform any duties to unlawfully gain any form of compensation, payment or gratification from any person for themselves or a family member or an associate;

b) perform their duties efficiently, effectively and with integrity and may not use their position for private gain or to improperly benefit another person;

c) strive to be familiar with and abide by all statutory and other instructions applicable to their duties;

d) furnish information in the course of their duties that is complete, true and fair and not intended to mislead;

e) ensure that resources are administered responsibly;

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18 Sub clause 5.1 d) of the standard requires that the municipalities or municipal entity's policy establish ethical standards for those involved in the procurement and delivery of infrastructure. This clause is aligned with the provisions of SCM Regulation 46 (Ethical standards) issued in terms of the MFMA and National Treasury's Code of Conduct for Supply Chain Management Practitioners

f) be fair and impartial in the performance of their functions;

g) at no time afford any undue preferential treatment to any group or individual or unfairly discriminate against any group or individual;

h) not abuse the power vested in them;

i) not place themselves under any financial or other obligation to external individuals or firms that might seek to influence them in the performance of their duties;

j) assist Ugu District Municipality in combating corruption and fraud within the infrastructure procurement and delivery management system;

k) not disclose information obtained in connection with a project except when necessary to carry out assigned duties;

l) not make false or misleading entries in reports or accounting systems; and

m) keep matters of a confidential nature in their possession confidential unless legislation, the performance of duty or the provision of the law require otherwise.

6.1.3.1.2 An employee or agent may not amend or tamper with any submission, tender or contract in any manner whatsoever.

6.1.3.2 Conflicts of interest

6.1.3.2.1 The employees and agents of **Ugu District Municipality** who are connected in any way to procurement and delivery management activities which are subject to this policy, shall:

a) disclose in writing to the employee of the Ugu District Municipality to whom they report, or to the person responsible for managing their contract, if they have, or a family member or associate has, any conflicts of interest; and

b) not participate in any activities that might lead to the disclosure of [name of municipality or municipal entity] proprietary information.

6.1.3.2.2 The employees and agents of Ugu District Municipality shall declare and address any perceived or known conflict of interest, indicating the nature of such conflict to whoever is responsible for overseeing the procurement process at the start of any deliberations relating to a procurement process or as soon as they become aware of such conflict, and abstain from any decisions where such conflict exists or recuse themselves from the procurement process, as appropriate.

6.1.3.2.3 Agents who prepare a part of a procurement document may in exceptional circumstances, where it is in Ugu District Municipality's interest to do so, submit a tender for work associated with such documents provided that:

a) Ugu District Municipality states in the tender data that such an agent is a potential tenderer.

b) all the information, which was made available to, and the advice provided by that agent which is relevant to the tender, is equally made available to all potential tenderers upon request, if not already included in the scope of work; and

c) the procurement documentation committee is satisfied that the procurement document is objective and unbiased having regard to the role and recommendations of that agent.

6.1.3.3 Evaluation of submissions received from respondents and tenderers

6.1.3.3.1 The confidentiality of the outcome of the processes associated with the calling for expressions of

interest, quotations or tenders shall be preserved. Those engaged in the evaluation process shall:

a) not have any conflict between their duties as an employee or an agent and their private interest.

b) may not be influenced by a gift or consideration (including acceptance of hospitality) to show favour or disfavour to any person.

c) deal with respondents and tenderers in an equitable and even-handed manner at all times; and not use any confidential information obtained for personal gain and may not discuss with, or disclose to outsiders, prices which have been quoted or charged to Ugu District Municipality**.**

6.1.3.3.2 The evaluation process shall be free of conflicts of interest and any perception of bias. Any connections between the employees and agents of Ugu District Municipality and a tenderer or respondent shall be disclosed and recorded in the tender evaluation report.

6.1.3.3.3 Ugu District Municipality personnel and their agents shall immediately withdraw from participating in any manner whatsoever in a procurement process in which they, or any close family member, partner or associate, has any private or business interest.

6.1.3.4 Non-disclosure agreements

Confidentiality agreements in the form of non-disclosure agreements shall, where appropriate, be entered into with agents and potential contractors to protect Ugu District Municipality's confidential information and interests.

6.1.3.5 Gratifications, hospitality and gifts

6.1.3.5.1 The employees and agents of Ugu District Municipality shall not, directly or indirectly, accept or agree or offer to accept any gratification from any other person including a commission, whether for the benefit of themselves or for the benefit of another person, as an inducement to improperly influence in any way a procurement process, procedure or decision.

6.1.3.5.2 The employees and agents of Ugu District Municipality as well as their family members of associates shall not receive any of the following from any tenderer, respondent or contractor or any potential contractor:

a) money, loans, equity, personal favours, benefits or services;

b) overseas trips; or

c) any gifts or hospitality irrespective of value from tenderers or respondents prior to the conclusion of the processes associated with a call for an expression of interest or a tender.

6.1.3.5.3 The employees and agents of **Ugu District Municipality** shall not purchase any items at artificially low prices from any tenderer, respondent or contractor or any potential contractor at artificially low prices which are not available to the public.

6.1.3.5.4 All employees and agents of **Ugu District Municipality** may for the purpose of fostering inter-personal business relations accept the following:

a) meals and entertainment, but excluding the cost of transport and accommodation;

b) promotional material of small intrinsic value such as pens, paper-knives, diaries, calendars, etc;

c) incidental business hospitality such as business lunches or dinners, which the employee is prepared to reciprocate.

d) complimentary tickets to sports meetings and other public events, but excluding the cost of transport and accommodation, provided that such tickets are not of a recurrent nature; and

e) gifts in kind other than those listed in a) to d) which have an intrinsic value greater than R350 unless they have declared them to the **Municipal Manager**[19].

6.1.3.5.5 Under no circumstances shall gifts be accepted from prospective contractors during the evaluation of calls for expressions of interest, quotations or tenders that could be perceived as undue and improper influence of such processes.

6.1.3.5.6 Employees and agents of Ugu District Municipality shall without delay report to the **Municipal Manager** any incidences of a respondent, tenderer or contractor who directly or indirectly offers a gratification to them or any other person to improperly influence in any way a procurement process, procedure or decision.

6.1.3.6 Reporting of breaches

Employees and agents of Ugu District Municipality shall promptly report to the **Municipal Manager** any alleged improper conduct which they may become aware of, including any alleged fraud or corruption.

6.1.4 Measures to prevent abuse of the infrastructure delivery system[20]

The **Municipal Manager** shall investigate all allegations of corruption, improper conduct or failure to comply with the requirements of this policy against an employee or an agent, a contractor or other role player and, where justified:

a) take steps against an employee or role player and inform the National Treasury and Provincial Treasury of those steps;

b) report to the South African Police Service any conduct that may constitute a criminal offence;

c) lodge complaints with the Construction Industry Development Board or any other relevant statutory council where a breach of such council's code of conduct or rules of conduct are considered to have been breached;

d) cancel a contract if:

1) it comes to light that the contractor has made a misrepresentation, submitted falsified documents or has been convicted of a corrupt or fraudulent act in competing for a particular contract or during the execution of that contract; or

2) an employee or other role player committed any corrupt or fraudulent act during the tender process or during the execution of that contract.

6.1.5 Awards to persons in the service of the state[21]

6.1.5.1 Any submissions made by a respondent or tenderer who declares in the Compulsory Declaration that a principal is one of the following shall be rejected:

a) a member of any municipal council, any Provincial legislature, or the National Assembly or the National Council of Provinces;

b) a member of the board of directors of any municipal entity;

c) an official of any municipality or municipal entity;

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[19] SCM Regulation permits the receipt of gifts and hospitality provided that they are declared to the municipal manager or the chief executive

[20] The requirement to prevent abuse of the supply chain management system is aligned with the provisions of SCM Regulation 38 issued in terms of the MFMA.

[21] The clause aligns with SCM Regulation 44 issued in terms of the MFMA.

d) an employee of any national or Provincial department, national or Provincial public entity or constitutional institution within the meaning of the Public Finance Management Act, 1999 (Act No. 1 of 1999);

e) a member of the accounting authority of any national or Provincial public entity; or

f) an employee of Parliament or a Provincial legislature.

6.1.5.2 The notes to the annual financial statements of the **UGU DISTRICT MUNICIPALITY** shall disclose particulars of an award of more than R 2000 to a person who is a family member of a person identified in 6.1.5.1 or who has been in the previous 12 months. Such notes shall include the name of the person, the capacity in which such person served and the amount of the award.

6.1.6 Collusive tendering[22]

Any submissions made by a respondent or tenderer who fails to declare in the Compulsory Declaration that the tendering entity:

a) is not associated, linked or involved with any other tendering entity submitting tender offers; or

b) has not engaged in any prohibited restrictive horizontal practices including consultation, communication, agreement, or arrangement with any competing or potential tendering entity regarding prices, geographical areas in which goods and services will be rendered, approaches to determining prices or pricing parameters, intentions to submit a tender or not, the content of the submission (specification, timing, conditions of contract etc.) or intention to not win a tender shall be rejected.

6.1.7 Placing of contractors under restrictions[23]

6.1.7.1 If any tenderer which has submitted a tender offer or a contractor which has concluded a contract has, as relevant:

a) after having been notified of the acceptance of his tender, failed or refused to commence the contract;

b) had their contract terminated for reasons within their control without reasonable cause;

c) offered, promised or given a bribe in relation to the obtaining or the execution of such contract;

d) acted in a fraudulent, collusive or anti-competitive or improper manner or in bad faith towards Ugu District Municipality.

e) made any incorrect statement in any affidavit or declaration with regard to a preference claimed and is unable to prove to the satisfaction of Ugu District Municipality that the statement was made in good faith or reasonable steps were taken to confirm the correctness of the statements,

A Head of Department shall prepare a report on the matter and make a recommendation to the **Municipal Manager** for placing the contractor or any of its principals under restrictions from doing business with the Ugu District Municipality**.**

6.1.7.2 The Municipal Manager may, as appropriate, upon the receipt of a recommendation made in terms of 6.1.7.1 and after notifying the contractor of such intention in writing and giving written reasons for such action, suspend a contractor or any principal of that contractor from submitting a tender offer to Ugu District Municipality for a period of time.

22 The standard requires the inclusion of the Compulsory Declaration in all procurement documents. This sub-clause aligns with SCM Regulation 44 issued in terms of the MFMA and SANS 10845-3 which is incorporated by reference in the standard.

23 This sub-clause is aligned with the requirements of SCM Regulation 38 issued in terms of the MFMA.

6.1.7.3 The **Municipal Manager** shall:

a) record the names of those placed under restrictions in an internal register which shall be accessible to employees and agents of Ugu District Municipality who are engaged in procurement processes; and

b) notify the National Treasury and Provincial Treasury, if relevant, the Construction Industry Development Board, of such decision and provide them with the details associated therewith.

6.1.8 Complaints

6.1.8.1 All complaints regarding the Ugu District Municipality's infrastructure delivery management system shall be addressed to the Municipal Manager such complaints shall be in writing.

6.1.8.2 The Internal Audit shall investigate all complaints regarding the infrastructure procurement and delivery management system and report on actions taken to the Municipal Manager who will decide on what action to take.

6.2 Acquisition management

6.2.1 Unsolicited proposal[24]

6.2.1.1 The Ugu District Municipality is not obliged to consider unsolicited offers received outside a normal procurement process but may consider such an offer only if:

a) the goods, services or any combination thereof that is offered is a demonstrably or proven unique innovative concept.

b) proof of ownership of design, manufacturing, intellectual property, copyright or any other proprietary right of ownership or entitlement is vested in the person who made the offer;

c) the offer presents a value proposition which demonstrates a clear, measurable and foreseeable benefit for Ugu District Municipality

d) the offer is in writing and clearly sets out the proposed cost;

e) the person who made the offer is the sole provider of the goods or service; and

f) the Municipal Manager finds the reasons for not going through a normal tender processes to be sound.

6.2.1.2 The **Municipal Manager** may only accept an unsolicited offer and enter into a contract after considering the recommendations of the Bid Adjudication Committee if:

a) the intention to consider an unsolicited proposal has been made known in accordance with Section 21A of the Municipal Systems Act of 2000 together with the reasons why such a proposal should not be open to other competitors, an explanation of the potential benefits for **Ugu District Municipality** And an invitation to the public or other potential suppliers and providers to submit their comments within thirty (30) days after the notice;

b) the **Ugu District Municipality** has obtained comments and recommendations on the offer from the **National Treasury** and **Provincial Treasury**;

c) the bid adjudication committee meeting which makes recommendations to accept an unsolicited proposal was open to the public and took into account any public comments that were received and any comments and recommendations received from the National Treasury and Provincial Treasury; and

[24] The clause aligns with SCM Regulation 37 issued in terms of the MFMA.

d) the provisions of 6.2.1.3 are complied with.

6.2.1.3 The Municipal Manager shall, within seven (7) working days after the decision to award the unsolicited offer is taken, submit the reasons for rejecting or not following the recommendations to the National Treasury, the Provincial Treasury and Auditor General. A contract shall in such circumstances not be entered into or signed within 30 days of such submission.

6.2.2 Tax and rates compliance[25]

6.2.2.1 SARS tax clearance

6.2.2.1.1 No contract may be awarded or an order issued where the value of such transaction exceeds R 15 000, unless a tenderer or contractor is in possession of a valid Tax Clearance Certificate issued by SARS or if not domiciled in the Republic of South Africa and the SARS has confirmed that such a tenderer is not required to prove their tax compliance status.

6.2.2.1.2 In the case of a partnership, each partner shall comply with the requirements of 6.2.2.2.1.

6.2.2.1.3 No payment shall be made to a contractor who does not satisfy the requirements of 6.2.2.1.2. An employee of Ugu District Municipality shall upon detecting that a tenderer or contractor is not tax compliant, immediately notify such person of such status.

6.2.2.1.4 Notwithstanding the requirements of 6.2.2.1 and 6.2.2.3 the following shall apply, unless a person who is not tax compliant indicates to the **Supply Chain Management Unit** that it intends challenging its tax compliance status with SARS,

a) a contract may be awarded to a non-compliant tenderer if such a tenderer is able to remedy its tax compliance status within a period not exceeding 10 working days after being duly notified of its non-compliant status;

b) an order may be awarded to a non-compliant contractor if such a contractor is able to remedy its tax compliance status within a period not exceeding 10 working days after being duly notified of its non-compliant status;

c) a non-compliant contractor shall be issued with a first warning that payments in future amounts due in terms of the contract may be withheld, before the authorising of any payment due to such contractor;

d) before authorising a further payment due to a non-compliant contractor who has failed to remedy its tax compliance status after receiving a first warning, a second and final warning shall be issued to such contractor.

e) no payments may be released for any amounts due in terms of the contract due to a non-compliant contractor if, after a period of 30 calendar days have lapsed since the second warning was issued, the non-compliant contractor has failed to remedy its tax compliance status.

6.2.2.1.5 The Ugu District Municipality may cancel a contract with a non-compliant contractor if such a contractor fails to remedy its tax compliance status after a period of 30 calendar days have lapsed since the second warning was issued in terms of 6.2.2.1.4e).

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25 This sub-clause aligns with the provisions of SCM Regulation 43 issued in terms of the MFMA. .

6.2.2.2 Municipal rates and taxes[26]

No contract may be awarded to a tenderer who, or the principals of that tenderer, owes municipal rates and taxes or municipal service charges to any municipality or a municipal entity and are in arrears for more than 3 months.

6.2.3 Declarations of interest

Tenders and respondents making submissions in response to an invitation to submit a tender or a call for an expression of interest, respectively shall declare in the Compulsory Declaration whether or not any of the principals:

a) are an employee of the Ugu District Municipality or in the employ of the state; or

b) have a family member or a business relation with a person who is in the employ of the state.

6.2.4 Invitations to submit expressions of interest or tender offers

6.2.4.1 All invitations to submit tenders where the estimated value of the contract exceeds R200 000 including VAT, except where a confined tender process is followed, and expressions of interest shall be advertised on the Ugu District Municipality's website and on the National Treasury e-Tender Publication Portal[27]
Advertisements shall be placed by the designated person.

6.2.4.2 Advertisements relating to construction works which are subject to the Construction Industry Development Regulations issued in terms of the Construction Industry Development Act of 2000 shall in addition to the requirements of 6.2.4.1 be advertised on the CIDB website. Advertisements shall be placed by the Supply Chain Management Unit.

6.2.4.3 Where deemed appropriate by The Municipal Manager an invitation to tender and a call for an expression of interest shall be advertised in suitable local and national newspapers and the Government Tender Bulletin as directed by such person. Advertisements shall be placed by the Supply Chain Department

6.2.4.4 Such advertisements shall be advertised for a period of at least 30 days before closure, except in urgent cases when the advertisement period may be shortened as determined by the Municipal Manager

6.2.4.5 Invitations to submit expressions of interest or tender offers shall be issued not less than 10 working days before the closing date for tenders and at least 5 working days before any compulsory clarification meeting. Procurement documents shall be made available not less than 7 days before the closing time for submissions.

6.2.5 Publication of submissions received and the award of contracts[28]

6.2.5.1 The Contract Management section shall publish within ten (10) working days of the closure of any advertised call for an expression of interest or an invitation to tender where the estimated value of the contract exceeds R200 000 including VAT on the municipality's website, the names of all tenderers that made submissions to that advertisement, and if practical or applicable, the total of the prices and the preferences claimed. Such information shall remain on the website for at least 30 days.

6.2.5.2 The Contract Management Section shall publish within seven (7) working days of the award of a contract the following on the **Ugu District Municipality**'s website

a) the contract number.

b) contract title;

c) brief description of the goods, services or works;

d) the total of the prices, if practical;

e) the names of successful tenderers and their B-BBEE status level of contribution;

f) duration of the contract; and

g) brand names, if applicable.

6.2.5.3 The **Supply Chain Management Unit** shall submit within 7 working days of the award of a contract the information required by National Treasury on the National Treasury e-Tender Publication Portal regarding the successful and unsuccessful tenders.

6.2.5.4 The award of contracts relating to construction works which are subject to the Construction Industry Development Regulations issued in terms of the Construction Industry Development Act of 2000 shall in addition to the requirements of 6.2.5.3 be notified on the CIDB website.

The notification shall be made by placed by Contract Management Section.

6.2.6 Disposal committee

6.2.6.1 The **Municipal Manager** shall appoint on a disposal by disposal basis in writing the members of the disposal committee to decide on how best to undertake disposals in accordance with the provisions of clause 10 of the standard.

6.2.6.2 The disposal panel shall comprise not less than three people. The chairperson shall be an employee of **Ugu District Municipality**.

6.2.6.3 The disposal committee shall make recommendations to **Municipal Manager** who shall approve the recommendations, refer the disposal strategy back to the disposal committee for their reconsideration, decide not to proceed or to start afresh with the process.

6.3 Reporting of infrastructure delivery management information

The Municipality's designated person shall submit any reports required in terms of the standard to the **National Treasury** or **Provincial Treasury**.

6 Infrastructure procurement

7.1 Procurement documents

7.1.1 The forms of contract that may be used are as follows:

Forms of Contract

- General Conditions of Contract
- Special Conditions of Contract

[29] Reproduce from Table 11 of the standard the forms of contract which the municipality or municipal entity wishes to make use of.

7.1.2 The **Ugu District Municipality's** preapproved templates for Part C1 (Agreements and contract data) of procurement documents shall be utilised to obviate the need for legal review prior to the awarding of a contract. All modifications to the standard templates shall be approved by **Municipal Manager** prior to being issued for tender purposes.

7.1.2 Disputes arising from the performance of a contract shall be finally settled in a South African court of law.[30]

7.1.3 The Municipal Declaration and returnable documents contained in the standard shall be included in all tenders for:

a) consultancy services;[31] and

b) goods and services or any combination thereof where the total of the prices is expected to exceed R10 m including VAT.[32]

7.2 Payment of contractors[33]

The **Ugu District Municipality** shall settle all accounts within 30 days of invoice or statement as provided for in the contract.

7.3 Approval to utilise specific procurement procedures[34]

7.3.1 Prior approval shall be obtained for the following procurement procedures from the following persons, unless such a procedure is already provided for in the approved procurement strategy:

a) **The Municipal Manager** shall authorise the use of the negotiated procedure above the thresholds provided in the standard.

b) **The Municipal Manager** shall authorise the approaching of a confined market except where a rapid response is required in the presence of, or the imminent risk of, an extreme or emergency situation arising from the conditions set out in the standard and which can be dealt with or the risks relating thereto arrested within 48 hours; and

c) the proposal procedure using the two-envelope system, the proposal procedure using the two-stage system or the competitive negotiations procedure[35].

7.3.2 The person authorised to pursue a negotiated procedure in an emergency is the **Municipal Manager.**

7.4 Receipt and safeguarding of submissions[36]

7.4.1 A dedicated and clearly marked tender box shall be made available to receive all submissions made.[37]

7.4.2 The tender box shall be fitted with two locks and the keys kept separately by two **Supply Chain Officials** Such personnel shall be present when the box is opened on the stipulated closing date for submissions.

7.5 Opening of submissions[38]

7.5.1 Submissions shall be opened by an opening panel comprising two people nominated by the **Manager Supply Chain** who have declared their interest or confirmed that they have no interest in the submissions that are to be opened.

7.5.2 The opening panel shall open the tender box at the stipulated closing time and:

a) sort through the submissions and return those submissions to the box that are not yet due to be opened including those whose closing date has been extended;

b) return submissions unopened and suitably annotated where:

1) submissions are received late, unless otherwise permitted in terms of the submission data;

2) submissions were submitted by a method other than the stated method,

3) submissions were withdrawn in accordance with the procedures contained in SANS 10845-3; and.

4) only one tender submission is received, and it is decided not to open it and to call for fresh tender submissions;

c) record in the register submissions that were returned unopened.

d) open submissions if received in sealed envelopes and annotated with the required particulars and read out the name of and record in the register the name of the tenderer or respondent and, if relevant, the total of prices including VAT where this is possible;

e) record in the register the name of any submissions that is returned with the reasons for doing so.

f) record the names of the tenderer's representatives that attend the public opening.

g) sign the entries into the register; and

h) stamp each returnable document in each tender submission.

7.5.3 Each member of the opening panel shall initial the front cover of the submission and all pages that are stamped in accordance with the requirements of 7.7.3h).

7.5.4 Respondents and tenderers whose submissions are to be returned shall be afforded the opportunity to collect their submissions.

7.5.5 Submissions shall be safeguarded from the time of receipt until the conclusion of the procurement process.

7.6 Use of another organ of state's framework agreement[39]

The **Ugu District Municipality** may make use of another organ of state's framework contract which has been put in place by means of a competitive tender process and there are demonstrable benefits for doing so.
The **Municipal Manager or Chief Finance Officer** shall make the necessary application to that organ of state to do so.

7.7 Insurances[40]

7.7.1 Contractors shall be required to take out all insurances required in terms of the contract.[41]

7.7.2 The insurance cover in engineering and construction contracts for loss of or damage to property (except the works, Plant and Materials and Equipment) and liability for bodily injury to or death of a person (not an employee of the Contractor) caused by activity in connection with a contract shall in general not be less than the value stated in Table 4, unless otherwise directed by designated person.

7.7.3 Lateral earth support insurance in addition to such insurance shall be take out on a case by case basis.

Table 4: Minimum insurance cover[42]

Type of insurance	Value
Engineering and construction contracts - loss of or damage to property (except the works, Plant and Materials and Equipment) and liability for bodily injury to or death of a person (not an employee of the Contractor) caused by activity in connection with a contract	Not less than R20 million
Professional services and service contracts - death of or bodily injury to employees of the Contractor arising out of and in the course of their employment in connection with a contract or damage to property	Not less than R10 million
Professional indemnity insurance	geotechnical, civil and structural engineering: R5,0 million electrical, mechanical and engineering: R3,0 million architectural: R5,0 million other R3,0 million

7.7.4 The insurance cover in professional services and service contracts for damage to property or death of or bodily injury to employees of the Contractor arising out of and in the course of their employment in connection with a contract shall not be less than the value stated in Table 4 for any one event unless otherwise directed by designated person.

7.7.5 SASRIA Special Risk Insurance in respect of riot and associated risk of damage to the works, Plant and Materials shall be taken out on all engineering and construction works.

7.7.6 Professional service appointments shall as a general rule be subject to proof of current professional indemnity insurance being submitted by the contractor in an amount not less than the value stated in Table 4 in respect of each claim, without limit to the number of claims, unless otherwise directed by the designated person in relation to the nature of the service that they provide. .

7.7.7 Ugu District Municipality shall take out professional indemnity insurance cover where it is deemed necessary to have such insurance at a level higher than the levels of insurance commonly carried by contractors.

7.7.8 Where payment is to be made in multiple currencies, either the contractor or **Ugu District Municipality** should be required to take out forward cover. Alternatively, the prices for the imported content should be fixed as soon as possible after the starting date for the contract.

7.8 Written reasons for actions taken

7.8.1 Written reasons for actions taken shall be provided by the **PMU Manager.**

7.8.2 The written reasons for actions taken shall be as brief as possible and shall as far as is possible, and where relevant, be framed around the clauses in the:

a) SANS 10845-3, Construction procurement - Part 3: Standard conditions of tender, and, giving rise to the reason why a respondent was not short listed, prequalified or admitted to a data base; or

b) SANS 10845-4, Construction procurement - Part 4: Standard conditions for the calling for expressions of interest.

as to why a tenderer was not considered for the award of a contract or not awarded a contract.

7.10.3 Requests for written reasons for actions taken need to be brief and to the point and may not divulge information which is not in the public interest or any information which is considered to prejudice the legitimate commercial interests of others or might prejudice fair competition between tenderers.

7.9 Request for access to information[43]

7.9.1 Should an application be received in terms of Promotion of Access to Information Act of 2000 (Act 2 of 2000), the "requestor" should be referred to the **Ugu District Municipality's** Information Manual which establishes the procedures to be followed and the criteria that have to be met for the "requester" to request access to records in the possession or under the control of **Ugu District Municipality.**

7.9.2 Access to technical and commercial information such as a comprehensive programme which links resources and prices to such programme should be refused as such information provides the order and timing of operations, provisions for time risk allowances and statements as to how the contractor plans to do the work which identifies principal equipment and other resources which he plans to use. Access to a bill of quantities and rates should be provided in terms of the Act.

8. MONITORING AND EVALUATION

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

9. COMMENCEMENT OF THE POLICY

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

10. AMENDMENT AND/OR ABOLITION

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

11. COMPLIANCE AND ENFORCEMENT

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

12. POLICY REVIEW

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

APPEAL PROCESS/ GRIEVANCE PROCEDURE

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.

Records of Approval

Meeting	Date	Resolution
PRC	26/02/2022	Recommendation to Portfolio of Finance
Portfolio of Finance	03/03/2022	Recommendation to Exco.
Executive Committee		
Council		

UGU DISTRICT MUNICIPALITY

Policy Custodian	**BUDGET AND TREASURY OFFICE**
Policy Name	**Supply Chain Management Policy**
Policy Number	**5/21/P**
Status **Date**	**Review** **2021/2022**
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Date for Next Review	**12 months from date of adoption by Council**

Date Published on Intranet & Website	

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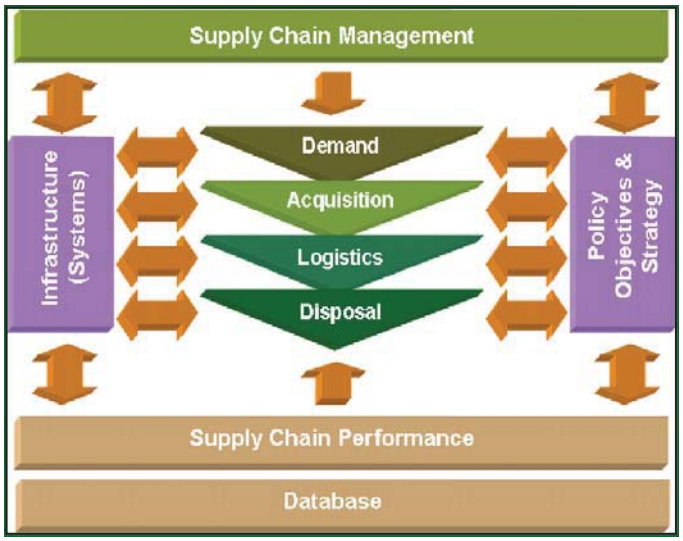
1. INTRODUCTION

(1) In terms of section 217 of the Constitution of the Republic of South Africa, 1996:

*"When an organ of state in the national, provincial or local sphere of government, or any other institution identified in national legislation, contracts for goods or services, it must do so in accordance with a system which is **fair**, **equitable**, **transparent**, **competitive** and **cost-effective**."*

Supply Chain Management is a critical support function to ensure effective and efficient service delivery to achieve the mandates and objectives of the municipality. The diagram below graphically illustrates the various elements of the supply chain management system and how they interact with the overall SCM system.



Central to the SCM system are the four elements of Demand Management, Acquisitions Management, Logistics Management (Stores) and Disposals Management. Underpinning the entire SCM system are the two pillars of Supply Chain Performance and the Supplier Database.

The SCM system has to be supported by effective and efficient SCM systems, policies and standard operating procedures that achieve the overall SCM strategy and objectives.

(2) Demand Management

Demand Management is the first phase of Supply Chain Management. It is the action of assessing 'what' good and/or service is needed, and then 'planning considering local content and product' when and how that good and/or service will be acquired.

Demand Management starts with the assessment of, and accepts input from:

- ✓ The Integrated Development Plan.
- ✓ Service Delivery Budget Implementation Plan.
- ✓ Approved Budget; and
- ✓ Existing Contract Register.

A critical output of demand management is the generation of annual procurement plans by the end-user Departments at the beginning of the financial year that are approved by the Accounting Officer. Procurement during the year will be guided by these procurement plans, with any deviations thereto approved by the Accounting Officer. The primary intention of these procurement plans is to identify goods and services required well in advance, to identify the appropriate procurement method to be deployed and to implement the necessary procurement processes timeously to ensure compliance and that goods and services are procured on time and when needed.

(3) Acquisitions Management

The word 'acquire' means to obtain or attain something which, in the Government context, may be a good, works and/or service that is required to fulfil a need. Acquisitions Management thus refers to the management of the entire process of acquiring that good, works and/or service which satisfies the need. This process covers the acquiring of the good, works and/or service by implementing the sourcing strategy determined by Demand Management and the administration thereof.

The primary objective of Acquisitions Management is to fulfil the demand determined by the Demand Management phase of Supply Chain Management. Acquisitions Management is thus driven by the Municipality's Procurement Plan and refers to a process of establishing: what will be acquired, when, how and from where it will be acquired, how much is required and at what price, as well as contracting with the vendor. The desired outcome is a well-managed process of acquisition that results in the satisfaction of the need that arose.

(4) Logistics Management

Logistics Management is the third element of Supply Chain Management and deals with the ordering and provisioning of goods, works and/or services within the Municipality. It is the process of determining when goods, works and/or services are procured, received, stored and distributed. Typically, this involves the processes of ordering, receiving, payment, provisioning and managing inventory.

(5) Disposal Management

Disposal is the final process when the institution needs to do away with unserviceable, redundant or obsolete movable assets done jointly by SCM& Asset Management. The Accounting Officer appoints a specific committee to deal with disposals, to make recommendations with regard to the disposal of any inventory item. It is the responsibility of the Accounting Officer or his/ her delegate to consider the recommendation of the appointed committee.

(6) Supply Chain Management Performance

Supply chain management performance is a critical component underpinning the entire SCM system. It is twofold in that, firstly, there should be effective monitoring of the SCM system. This requires effective and efficient monitoring of the implementation of and adherence to the SCM policy and standard operating procedures, as well as rigorous and robust monitoring of vendor performance.

Secondly, it entails monthly reporting to relevant structures within the Municipality, as well as external structures, as a key component of the Supply Chain Management framework. It interacts with each of the main functional areas represented in the framework and provides an overall look

at the performance of the Municipality's Supply Chain Management. The Municipal Finance Management Act, Act No. 56 of 2003, and the Supply Chain Management Regulations, Practice Notes, Instruction Notes and Circulars, specify several reporting requirements that are required by National Treasury and Provincial Treasury.

(7) Supplier Database

Underpinning the entire SCM system is the legislative requirement in terms of the SCM regulations that prescribes that the Accounting Officer shall maintain a list of accredited service providers with whom the Municipality shall procure from, and the rules and regulations governing the maintenance of the supplier database.

2. DEFINITIONS

Commented [NM1]: Removed "must" in all definitions

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

"Accounting Officer" mean the Ugu Municipal Manager or Acting Ugu Municipal Manager as per section 60 for the MFMA.

"Amendment" means a change made to the value of the contract beyond the contract authority and/or the duration of the contract beyond the contract authority and/or scope changes in the contract and/or contracting arrangements beyond the contracting allowances. An amendment may be a minor amendment or a major amendment.

"Major Amendment" mean an amendment to a contract which is not a minor amendment.

"Appeal Authority "mean an independent and impartial person appointed by the Accounting Officer in terms of Regulation 50 of the Local Government Municipal Supply Chain Regulations.

"municipality" means the Ugu District Municipality

"Competitive bidding process" means a competitive bidding process referred to in paragraph 12 (1) (d) of this Policy.

"Competitive bid" means a bid in terms of a competitive bidding process.

"days" means calendar days, including weekends and public holidays.

"award", in relation to bids or quotations submitted for a contract, means the final decision on

which bid or quote to accept.

"Formal written price quotation" means quotations referred to in paragraph 12 (1) (c) of this Policy

"In the service of the state" means to be –

(a) a member of –
  (i) any municipal council.
  (ii) any provincial legislature; or
  (iii) the National Assembly or the National Council of Provinces.
(b) a member of the board of directors of any municipal entity.
(c) an official of any municipality or municipal entity.
(d) an employee of any national or provincial department, national or provincial public entity or constitutional institution within the meaning of the Public Finance Management Act, 1999 (Act No.1 of 1999).
(e) a member of the accounting authority of any national or provincial public entity; or
(f) an employee of Parliament or a provincial legislature.

"Long term contract" means a contract with a duration period exceeding one year.

"List of accredited prospective providers" means the list of accredited prospective providers which the municipality must keep in terms of paragraph 14 of this policy.

"Other applicable legislation" means any other legislation applicable to municipal supply chain management, including –

(a) the Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000).
(b) the Broad-Based Black Economic Empowerment Act, 2003 (Act No. 53 of 2003); and
(c) the Construction Industry Development Board Act, 2000 (Act No.38 of 2000).

"Treasury guidelines" means any guidelines on supply chain management issued by the Minister in terms of section 168 of the Act.

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

"Contingency" means an amount included in the contract authority to cover the cost of

unforeseen circumstances and must be used in line with respective industry norms and standards. This percentage must be appropriately motivated and approved at contract approval stage via the Bid Specification Committee or Bid Adjudication Committee (where appropriate).

"Contract" means a legally binding agreement between the Municipality and the Contractor for the latter to provide goods, services, engineering, and construction works, or professional services in return payment by the former.

"Contract Authority "means the total contract award value as approved, or supported, by the Bid Adjudication Committee. This is inclusive of escalations and the normal contingency allowance for variations under the general conditions of contract and shall be taken from the amount approved at the Bid Specification Committee or Bid Adjudication Committee.

"Contract Manager" means the delegated official to manage and oversee a contract.
"Contract Participation Goal (CPG)" must mean the value of work to be subcontracted to enterprises or businesses factored according to their level of HDI/PPG ownership as set and approved in the bidding documents.

"Contract Period" must mean the duration of the contract as set out in the contract.

"Contractor" means any person, body, or legal entity that is under contract to the Municipality for the performance of the contract. A Tenderer whose tender has been accepted becomes a Contractor.
"Control" means the possession and exercise of legal authority and power to manage the assets, goodwill and daily operations of a business and the active and continuous exercise of appropriate managerial authority and power in determining the policies and directing the operations of the business;

"Exempted Micro Enterprise" means a bidder with an annual total revenue of R10 million or less (in terms of the Broad-Based Black Economic Empowerment Act).

"Final award" means in relation to bids or quotations submitted for a contract, means the final decision on which bid or quote to accept.
"Manufacturer" means a firm that operates or maintains a factory or establishment that produces on its premises materials or supplies required by the Prime Contractor for the performance of the Contract.

"Military Veteran": means any South African Citizen who-

(a) rendered military service to any military organizations, statutory and non-statutory, which were involved on sides of South Africa's Liberation war from 1960 to 1994.

(b) served in the Union Defense Force before 1960; (c) became a member of the new South African National Defense Force after 1994.

"Minor Amendment" means a change made to the value of the contract beyond the contract authority and where the change is up to 20% of the original contract authority for construction related goods, services and/or infrastructure projects. A change of only up to 15% of the original contract authority relating to goods and/or services is allowed to be considered a minor amendment.

"Non-Performance" means default on a contract in the public sector by willfully or negligently:
(a) Failing to perform at all.
(b) Failing to complete work timeously without good reason.
(c) Delivering defective performance, i.e., poor workmanship or substandard materials.
(d) Being in breach of a material term of the contract.
(e) Failing to achieve a specified contract participation goal or performance target as set out in the tender document/s, and
(f) despite being given written notice to remedy non-performance

"SMMEs" means Small, Medium and Micro Enterprises as defined in the National Small Business Act 102 of 1996.

"Variation" means a change to a provision/s in a contract, excluding the changes referred to in amendments in the definition of this policy.

"the Regulations" means the Local Government: Municipal Finance Management Act, 2003, Municipal Supply Chain Management Regulations published by Government Notice 868 of 2005.

"written quotations" means quotations referred to in paragraph 12(1)(b) of this Policy.

"specific bid" means bid under consideration.

"end user" means the unit requiring service or goods to be procured.

"sole supplier" means the instance where there is only one supplier on the municipalities supply database for the provision of particular goods or services: and

"preferred supplier" means the status awarded to a supplier by the municipality subsequent to due procurement process, awaiting the fourteen-day appeal process and resolution of any appeals received.

Black Designated Groups Means:

a) Unemployed not attending and not required by law to attend an educational institution and not awaiting admission to an educational institution.
b) Black people who are youth as defined in the National Youth Commission Act of 1996.
c) Black people who are persons with disabilities as defined in the Code of Goods Practice on employment of people with disabilities issued under the Employment Equity Act
d) Black people living in rural areas and under-developed areas.

Black People Means: Only natural persons who are citizens of the Republic of South Africa by birth.

Infrastructure delivery – the combination of all planning, technical and administrative and managerial actions associated with the construction, supply, renovation, rehabilitation, alteration, maintenance, operation, or disposal of infrastructure

(2) Abbreviations

"AO"	Accounting Officer
"BAC"	Bid Adjudication Committee
"BBBEEA"	Broad-Based Black Economic Empowerment Act

"BEC"	Bid Evaluation Committee
"BSC"	Bid Specification Committee
"CFO"	Chief Financial Officer
"CIPC"	Companies and Intellectual Property Commission
"HDI"	Historically Disadvantaged Individuals
"KZN"	KwaZulu-Natal
"MBD"	Municipal Bid Documents
"MFMA"	Municipal Finance Management Act, 2003 (Act 56 of 2003)
"PPPFA"	Preferential Procurement Policy Framework Act, 2000 (Act 5 of 2000)
"SCM"	Supply Chain Management
"SCMU"	Supply Chain Management Unit

3. POLICY OBJECTIVES

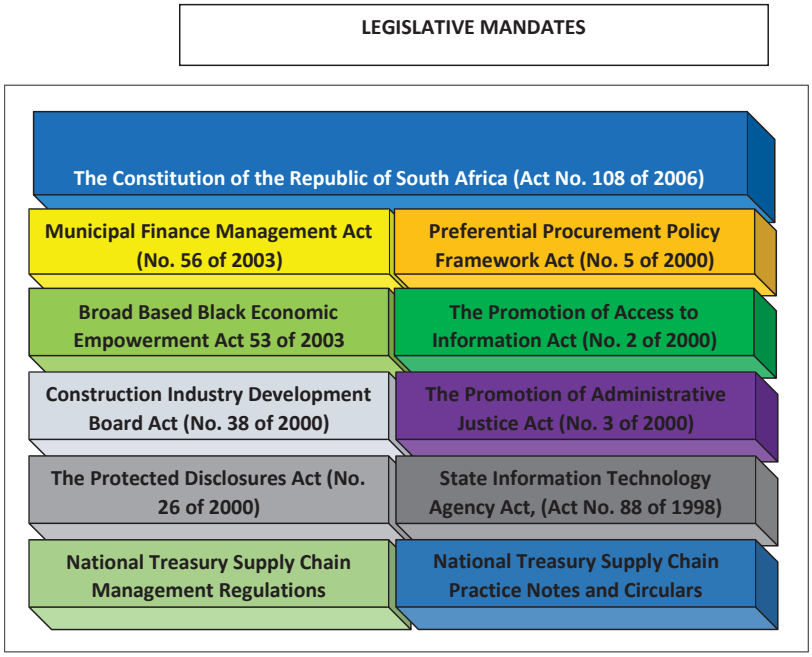
(1) The goal of the SCM policy is to ensure that there are effective and efficient SCM processes and systems in place to create an enabling environment towards the Municipality's service delivery objectives, whilst ensuring compliance with SCM legislation and regulations.

(2) The above goal shall be achieved through the following objectives:

- ✓ SCM practice and procedures shall comply with the SCM policy at all times, unless authorized otherwise by the Accounting Officer; and
- ✓ Appropriate and sufficient resources shall be made available to ensure compliance with the SCM policy.

1. Overview of key SCM legislation

(1) The figure below provides a simplified graphic overview of the legislative building blocks for SCM in the Ugu District Municipality.



4. PRESCRIPTIVE/LEGAL FRAMEWORK

The Municipality will comply with the following legislative requirements that the SCM unit of the Municipality is bound and guided by:

(a) The Constitution of the Republic of South Africa (Act No. 108 of 2006)

Section 217(1) provides the basis for procurement and determines that

"When an organ of state in the national, provincial or local sphere of government, or any other institution identified in national legislation, contracts for goods or services, it must do so in accordance with a system which is fair, equitable, transparent, competitive and cost-effective".

Subsection 217 (2) indicates that Section 217 (1) does not prevent the organs of state or institutions referred to in that subsection from implementing a procurement policy providing for:

- Categories of preference in the allocation of contracts; and
- The protection or advancement of persons, or categories of persons, disadvantaged by unfair discrimination.

Section 217(3) of The Constitution, 1996, further confers an obligation for National Legislation to prescribe a framework providing for preferential procurement to address the social and economic imbalances of the past.

(b) Municipal Finance Management Act (No. 56 of 2003)

The Municipal Finance Management Act 56 of 200) was promulgated to regulate financial management in the Municipal spheres of government. Considerable powers are assigned to Accounting Officers and Accounting Authorities to enable them to manage their financial affairs within the parameters outlined by the prescribed Norms and Standards.

The onus of responsibility for Supply Chain Management is placed on the Accounting Officers/Authorities.

(c) Preferential Procurement Policy Framework Act (No. 5 of 2000) and its Regulations

The Preferential Procurement Policy Framework Act, 2000 (Act 5 of 2000) (PPPFA) and its accompanying Regulations were promulgated to prescribe a framework for a preferential procurement system to give effect to section 217(3) of The Constitution. The PPPFA and its Regulations provides for the implementation of a preference point system in the allocation of contracts for categories of service providers and the promotion of goals, including socio-economic goals, to advance the interest of persons disadvantaged by unfair discrimination on the basis of race, gender or disability and implementing the programmes of the Reconstruction and Development Programme (RDP).

(d) Broad Based Black Economic Empowerment Act (BBBEE) (No. 53 of 2003)

The BBBEE Act allows the Minister of Trade and Industry to issue codes of practice that could include 'qualification criteria for preferential purposes for procurement and other economic activities. Where BEE should at all times be included as a priority, at least until certain prescribed targets have been achieved, allowance should also be made for pursuing other policy priorities through PPPFA (such as job creation and SMME development).

(e) Construction Industry Development Board Act (No. 38 of 2000)

The Act is applicable to all organs of state involved in procurement relating to the construction industry. It establishes a means by which the Board can promote and implement policies, programmes, and projects aimed at procurement reform, standardization, and uniformity in procurement documentation, practices and procedures within the framework of the procurement policy of government. It establishes a national register of contractors to manage public sector procurement risk.

(f) The Promotion of Access to Information Act (No. 2 of 2000)

This Act gives effect to Section 32 of the Constitution (Access to Information) by setting out how anyone can get access to information held by the state. By so doing, it promotes transparency and prevents government from operating in secret.

(g) The Promotion of Administrative Justice Act (No. 3 of 2000)

This Act gives effect to Section 33 of the Constitution (Just Administrative Action). It ensures that decisions that affect the public are taken in a way that is procedurally fair and it gives people the right to request written reasons for decisions they disagree with. In this way, it creates greater transparency - people may be less tempted to act corruptly if they know they will have to explain themselves to the public.

(h) The Protected Disclosures Act (No. 26 of 2000)

The Act (often called the 'Whistleblowers Act) was passed to encourage employees to disclose information about unlawful and irregular behavior in the workplace. It offers protection from victimization for 'whistleblowers', as long as they meet the requirements and follow the procedure set out in the Act.

(i) National Treasury Supply Chain Management Regulations

The Municipality shall apply the Treasury Regulations issued in terms of the MFMA as it pertains to SCM. It serves as a formal requirement for the Municipality, to ensure the establishment and implementation of an effective and efficient Supply Chain Management Unit (SCMU).

It also stipulates the establishment of an effective and efficient SCMU within the office of the Chief Financial Officer (CFO), as an integral part of their financial systems.

A Supply Chain Management system must be utilized and provide at least for the following:

- Demand Management.
- Acquisitions Management.
- Logistics Management.
- Disposal Management.
- Risk Management; and
- Supply Chain Performance and Reporting.

(j) State Information Technology Agency Act, (Act No. 88 of 1998)

The State Information Technology Agency (SITA) Act, Act No 88 of 1998, as amended by Act 38 of 2002, requires that SITA must act as the procurement agency for the Municipality's information technology requirements.

(k) Other Legislative Requirements

In addition to the above-mentioned legislative framework the Ugu District Municipality will also comply with the provisions of the following legislation that will impact on the supply chain environment:

- The Supply Chain Management Guide for Accounting Officers.
- The Prevention and Combating of Corrupt Activities Act, Act 12 of 2004.
- The National Small Business Act, Act 102 of 1996.
- Provincial Growth and Development Strategy.

- Public Service Act, Act No 23 of 1994.
- The Competition Act, Act No 89 of 1998; and
- The King Report on Corporate Governance for South Africa.

5. POLICY APPLICATION

CHAPTER 1

IMPLEMENTATION OF SUPPLY CHAIN MANAGEMENT POLICY

2. Supply chain management policy

(1) All officials and other role players in the supply chain management system of the municipality must implement this Policy in a way that –

(a) gives effect to –

(i) section 217 of the Constitution; and

(ii) Part 1 of Chapter 11 and other applicable provisions of the Act.

(b) is fair, equitable, transparent, competitive and cost effective.

(c) complies with –

(i) the Regulations; and

(ii) any minimum norms and standards that may be prescribed in terms of section 168 of the Act.

(d) is consistent with other applicable legislation.

(e) does not undermine the objective for uniformity in supply chain management systems between organs of state in all spheres; and

(f) is consistent with national economic policy concerning the promotion of investments and doing business with the public sector.

(2) This Policy applies when the municipality–

(a) procures goods or services.

(b) disposes goods no longer needed.

(c) selects contractors to provide assistance in the provision of municipal services otherwise than in circumstances where Chapter 8 of the Municipal Systems Act applies; or

(3) This Policy, except where provided otherwise, does not apply in respect of the procurement of goods and services contemplated in section 110(2) of the Act, including –

(a) water from the Department of Water Affairs or a public entity, another municipality or a municipal entity; and

(b) electricity from Eskom or another public entity, another municipality or a municipal entity.

3. Delegation of supply chain management powers and duties

(1) The council hereby delegates all powers and duties to the accounting officer which are necessary to enable the accounting officer –

(a) to discharge the supply chain management responsibilities conferred on accounting officers in terms of –

(i) Chapter 8 or 10 of the Act; and

(ii) this Policy.

(b) to maximize administrative and operational efficiency in the implementation of this Policy.

(c) to enforce reasonable cost-effective measures for the prevention of fraud, corruption, favoritism and unfair and irregular practices in the implementation of this Policy; and

(d) to comply with his or her responsibilities in terms of section 115 and other applicable provisions of the Act.

(2) Sections 79 and 106 of the Act apply to the sub delegation of powers and duties delegated to an accounting officer in terms of subparagraph (1).

(3) The accounting officer may not subdelegate any supply chain management powers or duties to a person who is not an official of the municipality or to a committee which is not exclusively composed of officials of the municipality**.**

(4) This paragraph may not be read as permitting an official to whom the power to make final awards has been delegated, to make a final award in a competitive bidding process otherwise than through the committee system provided for in paragraph 26 of this Policy.

4. Sub delegations

(1) The accounting officer may in terms of section 79 or 106 of the Act sub delegate any supply chain management powers and duties, including those delegated to the accounting officer in terms of this Policy, but any such sub-delegation must be consistent with subparagraph (2) of this paragraph and paragraph 4 of this Policy.

Table 1: Specific Procurement Delegations

No	Scope	Delegated Authority	Threshold Value	Conditions Applicable to Delegation
1.	Obtain Council Resolution for the approval of SCM Policy, SCM Delegations, Procedure Manual and Standard Operating Procedures for End Users.	AO	N/A	✓ Annual reviews of the SCM Policy, SCM Delegations, Procedure Manual and Standard Operating Procedures for End Users.
2.	Appointment of BSC, BEC and BAC members.	AO	N/A	✓ Members of the BSC, BEC and BAC must be appointed annually. ✓ At least five **(5)** members must be appointed to each Bid Committee. ✓ The Bid Committees must comprise suitably qualified and experienced members at least at **middle management level to senior management**. ✓ Members with specialist expertise may be co-opted onto these Bid Committees. ✓ No member may serve on both the BEC and the BAC.

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3.	**Deviations from this delegated authority.** **Detailed contract price adjustment. i.e. deviations and variations.**	AO	Unlimited	✓ Any deviation from these delegations **MUST** be approved by the AO in writing. ✓ Any request for deviation **MUST** be accompanied by detailed motivation in terms of the legal prescripts.

Table 2: Specific Procurement Threshold Values

No	Scope	Responsible Official	Threshold Value	Conditions Applicable to Delegation
1.	**Level 1:** Procurement for an estimated value up to R2 000 (Including VAT) per case	Manager, subject to condition regarding Petty Cash funded purchases	R2 000	✓ PPPFA does not apply. ✓ Authority to procure by means of petty cash vests with the Accounting Officer. ✓ **Re-imbursement of expenditure must be supported by actual invoice/ receipt/ cash sale slip from supplier up to R2 000.** ✓ **For petty cash procurement between R501 and R2 000, 1 written quotation must be obtained and awarded to the cheapest supplier.** ✓ The total monetary value of petty cash purchases per month, per General Manager may not exceed R8000. ✓ Suppliers not registered on the Institution's Suppliers Database may be considered. ✓ Records and appropriate documents for each purchase must be submitted to the relevant General Manager with 48 hours of purchase.

				✓ Submission of monthly Petty Cash reconciliation reports to BTO from each General Manager must contain the total number and total value of petty cash purchases for that month.
2.	**Level 2** Procurement for an estimated value of more than R2 000 up to R10 000 (Including VAT) per case.	Manager	R10 000	✓ Authority to procure may not be delegated to an official lower than a Manager. ✓ At least three (3) written quotations must be obtained from suppliers registered on the Institution's Suppliers Database. ✓ If only one or two suppliers are available, Preapproval by CFO must be obtained prior to the purchase order. Operations to ascertain that all suppliers on the Database has been invited to quote. ✓ Awarded to the lowest acceptable quote.
3.	**Level 3:** Procurement for an estimated value of more than R10 000 up to R30 000 (Including VAT) per case.	General Manager	R30 000	✓ Authority to procure may not be delegated to an official lower than a General Manager. ✓ At least three (3) written quotations must be obtained from suppliers registered on the Institution's Suppliers Database. ✓ Where there is less than (3) quotations the CFO must preapprove. ✓ Awarded to the lowest acceptable quote. ✓ PPPFA does not apply.
4.	**Level 4:** Procurement for an estimated value of more than R30 000 up to R200 000 (Including VAT) per case.	General Manager	R200 000	✓ Authority to procure from R30 001 **up to R200 000** may not be delegated to an official lower than a General Manager. ✓ Procurement above R30 000 must be advertised for a period of seven (7) days on the Municipal Notice Board and Website. ✓ The successful Supplier/Service Provider is the one that scores the highest points for Price (80) and Preference Points (20) in terms of the PPPFA, provided that all

				minimum and functionality criteria have been met in terms of the approved specification. ✓ PPPFA shall apply.
5.	**Level 5:** Procurement for an estimated value of more than R200 000 (Including VAT) per case.	AO	Above R200 000.00	☐ The Competitive Bidding process must be used for **ALL** bids. ☐ Public Invitation of the Bid for 14 days, or 30 days if transaction value exceeds R10m and contracts that are above (12) twelve months. ☐ Bids must be invited publicly in at least one local newspaper. ☐ Bid Specifications must be approved by the BSC prior to advertising. ☐ All bids are evaluated by the BEC and a report is submitted to the BAC recommending the successful bidder. ☐ All bids are adjudicated by the BAC and a recommended award is submitted to the AO or his delegate for approval and award.
6.	**Exceptional and Emergency Cases** (in terms of section 34 of this policy)	AO	Unlimited	✓ Goods and/or services may be procured, by making use of suppliers registered on the Institution's Suppliers Database. ✓ In these cases, it is permissible to invite at least three verbal or written quotations (where practical). The relevant suppliers must confirm their offers in writing within 2 days of verbal quotations. ✓ Where only one quotation is received and accepted, and taking the circumstances into account, all reasonable steps must be taken to ensure that a fair (market related) price is obtained. ✓ The conditions contained in the General Conditions of Contract must be made applicable to the purchase.

				✓ The reasons for the urgency or emergency and the losses or consequences that will follow if action was not taken must be recorded and must serve as the basis for a written motivation as to why it is impractical to invite competitive bids. ✓ Such written motivation must be approved by the Accounting Officer or his/her delegate. ✓ The standard deviation form must be completed and approved by the AO or his delegate.
7.	**Sole Supplier**	AO	Unlimited	✓ Where a bid is invited from a sole agent or supplier, provision must be made in the bid documents for the inclusion of particulars in order to determine the reasonableness of the price(s). ✓ All sole supplier bids shall be approved in writing by the Supply Chain Manager, or the Chief Financial Officer if the transaction value exceeds R100 000. ✓ Original tax clearance certificates should be a pre-requisite for award. ✓ Sole supplier bids may be accepted; provided it complies with the specification and that the prices are proved to be and are certified as fair and reasonable. Proof of reasonableness must be determined in the following sequence: (i) Comparison with prices, after discounts, to other clients and the relative discount that the Municipality enjoys. (ii) Where this is not possible, profit before tax, based on a full statement of relevant costs. (iii) In all cases, comparison with previous bid prices where these are available. (iv) Proof of reasonableness of prices where only one bid is received, must be available for audit purposes.

8.	**Variation Orders / Contingencies/ Extensions to Contracts**	AO	R20 Million	✓ Contracts may be expanded or varied by not more than 20% or R20 million (including all applicable taxes) for construction related goods, works and/or services and 15% or R15 million (including all applicable taxes) for all other goods and/or services of the original value of the contract, whichever is the lower amount. ✓ All variations must be recommended by the relevant management prior to seeking the approval of the AO. ✓ Extensions to any contracts on a month to month basis must not exceed a period of 6 months. ✓ All variations must be reported to Council.
10.	**Negotiations**	AO	Unlimited	✓ The AO may delegate a Negotiating Team as in when negotiating is required. ✓ The negotiation in terms of price quotations must be conducted in a formal sitting with all nominated Suppliers/ Service Providers that have been invited for purposes of fairness and equality. ✓ The Accounting Officer may ✓ Where a bid is invited from a sole agent or supplier, negotiation may take place so as to obtain the best possible price and quality for the required goods and/or services. ✓ Any discounts received conditionally as a result of negotiations must adhere to Regulation 11 of the Preferential Procurement Regulations. ✓ Other acceptable means of negotiations with Suppliers/ Service Providers will include confirmation of specifications, deliverables, scope of work, implementation plans, project charters, catalogues, performance standards, packaging, delivery, warranties, guarantees, payment terms and milestones,

				penalties, responsibilities of the Institution and vendor, monitoring mechanisms, etc.

(2) The power to make a final award:

(a) above R10 million (VAT included) may not be sub delegated by the accounting officer.

(b) above R2 million (VAT included), but not exceeding R10 million (VAT included), may be sub delegated but only to –

(i) the chief financial officer.

(ii) a general manager; or

(iii) a bid adjudication committee of which the chief financial officer or a general manager is a member; or

(c) not exceeding R2 million (VAT included) may be sub delegated but only to:

(i) the chief financial officer.

(ii) a general manager.

(iii) a manager directly accountable to the chief financial officer or a general manager; or

(iv) a bid adjudication committee.

(3) An official or bid adjudication committee to which the power to make final awards has been sub delegated in accordance with subparagraph (2) must within five days of the end of each month submit to the official referred to in subparagraph (4) a written report containing particulars of each final award made by such official or committee during that month, including–

(a) the amount of the award.

(b) the name of the person to whom the award was made; and

(c) the reason why the award was made to that person.

(4) A written report referred to in subparagraph (3) must be submitted –

(a) to the accounting officer, in the case of an award by –

(i) the chief financial officer.

(ii) a senior manager; or

(iii) a bid adjudication committee of which the chief financial officer or a senior manager is a member; or

(b) to the chief financial officer or the senior manager responsible for the relevant bid, in the case of an award by –

(i) a manager referred to in subparagraph (2)(c)(iii); or

(ii) a bid adjudication committee of which the chief financial officer or a senior manager is not a member.

Subparagraphs (3) and (4) of this policy do not apply to procurements out of petty cash.

(6) This paragraph may not be interpreted as permitting an official to whom the power to make final awards has been sub delegated, to make a final award in a competitive bidding process otherwise than through the committee system provided for in paragraph 25 of this Policy.

(7) No supply chain management decision-making powers may be delegated to an advisor or consultant.

5. Oversight role of council

(1) The council reserves its right to maintain oversight over the implementation of this Policy.

(2) For the purposes of such oversight the accounting officer must –

(i) within 30 days of the end of each financial year, submit a report on the implementation of this Policy and the supply chain management policy of any municipal entity under the sole or shared control of the municipality, to the council of the municipality: and

(ii) whenever there are serious and material problems in the implementation of this Policy, immediately submit a report to the council, who must then submit the report to the accounting officer of the parent municipality for submission to the council.

(3) The accounting officer must, within 10 days of the end of each quarter, submit a report on the implementation of the supply chain management policy to the mayor.

(4) The reports must be made public in accordance with section 21A of the Municipal Systems Act.

6. Supply chain management unit

(1) A supply chain management unit is hereby established to implement this Policy.

(2) The supply chain management unit operates under the direct supervision of the chief financial officer or an official to whom this duty has been delegated in terms of section 82 of the Act.

7. Training of supply chain management officials

(1) The training of officials involved in implementing this Policy should be in accordance with any Treasury guidelines on supply chain management training.

CHAPTER 2
SUPPLY CHAIN MANAGEMENT SYSTEM

8. Format of supply chain management system

This Policy provides systems for –

(i) demand management.
(ii) acquisition management.
(iii) logistics management.
(iv) disposal management.
(v) risk management; and
(vi) performance management.

Part 1: Demand management

9. System of demand management

(1) The accounting officer must establish and implement an appropriate demand management system in order to ensure that the resources required by the municipality support its operational commitments and its strategic goals outlined in the Integrated Development Plan.

(2) The demand management system must –

(a) include timely planning and management processes to ensure that all goods and services required by the municipality are quantified, budgeted for and timely and effectively delivered at the right

locations and at the critical delivery dates and are of the appropriate quality and quantity at a fair cost.

(b) take into account any benefits of economies of scale that may be derived in the case of acquisitions of a repetitive nature; and

(c) provide for the compilation of the required specifications to ensure that its needs are met.

(d) to undertake appropriate industry analysis and research to ensure that innovations and technological benefits are maximized.

(3) Before each financial year commences all Heads of Department/ General Managers must submit as part of the Budget Approval process a procurement plan containing all planned procurement. This procurement plan must be approved by the HOD or his/her delegate

(4) The procurement plan must include:

(l) quantity of goods including monthly requirement.

(m) estimated prices; and

(n) expected purchase date

(o) proposed procurement method

Part 2: Acquisition management

10. System of acquisition management

(1) The accounting officer must implement the system of acquisition management set out in this Part in order to ensure –

(a) that goods and services are procured by the municipality in accordance with authorized processes only.

(b) that expenditure on goods and services is incurred in terms of an approved budget in terms of section 15 of the Act.

(c) that the threshold values for the different procurement processes are complied with.

(d) that bid documentation, evaluation and adjudication criteria, and general conditions of a contract, are in accordance with any applicable legislation.
and

(e) that any Treasury guidelines on acquisition management are properly taken into account.

(2) When procuring goods or services contemplated in section 110(2) of the Act, the accounting officer must make public the fact that such goods or services are procured otherwise than through the municipality's supply chain management system, including -

(a) the kind of goods or services; and

(b) the name of the supplier.

11. Range of procurement processes

(1) Goods and services may only be procured by way of –

(a) petty cash purchases, up to a transaction value of R2 000 (VAT included).

(b) formal written price quotations for procurements of a transaction value over R2 000 up to R200 000 (VAT included); and

(c) a competitive bidding process for–

(i) procurements above a transaction value of R200 000 (VAT included); and

(ii) the procurement of long-term contracts.

(2) Goods or services may not deliberately be split into parts or items of a lesser value merely to avoid complying with the requirements of the policy. When determining transaction values, a requirement for goods or services consisting of different parts or items must as far as possible be treated and dealt with as a single transaction.

12. General preconditions for consideration of written quotations or bids

A written quotation or bid may not be considered unless the provider who submitted the quotation or bid:

(a) has furnished that provider's:

(i) full name.

(ii) identification number or company or other registration number; and

(iii) tax reference number and VAT registration number, if any.

(b) has authorized the municipality to obtain a tax clearance from the South African Revenue Services

that the provider's tax matters are in order; and

(c) has the following declaration where necessary?

(i) whether he or she is in the service of the state or has been in the service of the state in the previous twelve months.

(ii) if the provider is not a natural person, whether any of its directors, managers, principal shareholders, or stakeholder is in the service of the state, or has been in the service of the state in the previous twelve months; or

(iii) whether a spouse, child or parent of the provider or of a director, manager, shareholder or stakeholder referred to in subparagraph (ii) is in the service of the state or has been in the service of the state in the previous twelve months.

(iv) declaration of Interest (MBD4).

(v) declaration for procurement above R10 million (all applicable taxes included) (MBD5).

(vi) preference points claim (MBD6.1).

(vii) declaration for local production and content (MBD6.2).

(viii) declaration of bidder's past supply chain management practices (MBD8).

(ix) certificate of independent bid determination (MBD9); (vii) declaration of municipal fees.

(x) tax certificate requirements (MBD2)

13. Lists of accredited prospective providers

(1) The accounting officer must:

(a) keep a list of accredited prospective providers of goods and services that must be used for the procurement requirements through formal written price quotations; and

(b) at least once a year through newspapers commonly circulating locally, the website and any other appropriate ways, invite prospective providers of goods or services to apply for evaluation and listing as accredited prospective providers.

(c) specify the listing criteria for accredited prospective providers; and

(d) disallow the listing of any prospective provider whose name appears on the National Treasury's database as a person prohibited from doing business with the public sector.

(2) The list must be updated at least monthly to include any additional prospective providers and any new commodities or types of services. Prospective providers must be allowed to submit applications for listing at any time.

(3) The list must be compiled per commodity and per type of service. Prospective providers are allowed to

amend the list of commodity and type of service at any given point in time.

Registration on National Treasury Central Supplier Database (CSD)

Prospective supplier of goods and services will be required to register on the National Treasury Central Database to assist in performing validation functions of key supplier information. With effect from 01 July 2016, Municipalities and Municipal Entities must use the CSD supplier number starting with MAAA which is auto generated by the Central Supplier Database System after successful registration and validation of prospective provider as mandatory requirement as part of listing criteria for accrediting prospective provider in line with Section 14(1) (b) of the Municipal Supply Chain Management Regulations.

The CSD will automatically validate the following registration documents for Municipalities.

- Confirmation and status of Business Registration Documents.

No quotations may be solicited from any supplier/service provider/contractor who is not registered and verified by the National Treasury Central Supplier Database and by the appropriate branch on the Ugu District Municipality Central Supplier Database or is in a position to be so before the award.

Implementation of the CSD requirement will be phased in gradual over multiple financial years.

- Proof of bank account registration.
- Tax compliance status.
- Employee in the service of the state as defined in the Municipal SCM Regulations with information only available in the CAAT system at this time.
- Identity documentation; and
- Tender defaulters and restrictions status.

The following aspects are work-in-progress and further information will be provided once systems have been upgraded after consultation with relevant stakeholders, they are not yet available, the municipality is required to continue with their existing process:

- BBBEE Status
- CIDB
- Municipal Account status.

The municipality will continue with verification of other listing criteria which are not currently validated by CSD.

14. Petty cash purchases

Refer to Table 2: Specific Procurement Threshold Values under paragraph 5, Sub delegations, for provisions relating to petty cash purchases.

15. Formal written price quotations

(1) The conditions for the procurement of goods or services through formal written price quotations are as follows:

(a) quotations must be obtained in writing from at least three different providers whose names appear on the list of accredited prospective providers of the municipality.

(b) quotations may be obtained from providers who are not listed, provided that such providers meet the listing criteria set out in paragraph 15 of this Policy.

(c) if it is not possible to obtain at least three quotations, the reasons must be recorded and approved by the Chief Financial Officer if the transaction value exceeds R2000, and

(d) the procurement system must make provision for recording the names of the potential providers and their written quotations.

(2) A designated official referred to in subparagraph (1) (c) must within three days of the end of each month report to the chief financial officer on any approvals given during that month by that official in terms of that subparagraph.

16. Procedures for procuring goods or services through formal written price quotations

Commented [NM2]: Remove Mini Tender Committee requirement.

(1) The accounting officer should appoint quotation committees as indicated below:

a) Mini Tender Evaluation Committee; and

(2) Appointment of Mini Tender Evaluation Committee

The Accounting Officer must appoint members of the Mini Tender Evaluation Committee in writing. The term of office of the Mini Tender Evaluation Committee should be for the financial year.

(3) Composition of Mini Tender Evaluation Committee

a) The committee shall comprise of at least 4 officials from the Municipality and the procurement clerk responsible must be invited.

b) The composition should be as follows:

(i) Chairperson – SCM Manager

(ii) Member – Grants and Expenditure Manager

(iii) Member – Budget Manager

(iv) Member - Procurement Coordinator

(4) Functions of the Mini Tender Evaluation Committee

This committee is responsible for the award of quotations received, which includes:

a) Verification of administrative compliance of the quotation documents.

b) If less than three quotations were obtained that would require the CFO to pre-approve before the process continues.

c) Evaluation of quotations in accordance with the criteria specified in the invitation to quote documents (specification) and the PPPFA Regulations. Ensures that the evaluation was

done in a fair and transparent manner.

d) Detect and manage the splitting of orders; and

e) Recording of minutes of the award and sign-off thereof by each member.

(5) Decisions

a) Members are obliged to reveal to the Committee any information that may affect the decision made or to be made by the Committee.

b) Decisions will be determined by the adjudication criteria. In the event where two or more quotations have scored equal total points, the successful quotation must be the one scoring the highest number of preference points for specified goals. Should two or more quotations still be equal in all respect, the award shall be decided by the drawing of lots.

Criteria for breaking deadlock in scoring

(i) If two or more tenderers score an equal total number of points, the contract must be awarded to the tenderer that scored the highest points for B-BBEE.

(ii) If functionality is part of the evaluation process and two or more tenderers score equal total points and equal preference points for B-BBEE, the contract must be awarded to the tenderer that scored the highest points for functionality.

(iii) If two or more tenderers score equal total points in all respect, the award must be decided by drawing of lot

Confidentiality of information and documentation must be maintained. All documents/memoranda must remain on the table during the Mini Tender Evaluation Committee meetings, unless the Chairperson grants permission to members to keep certain documents.

(10) Participation of advisors

The accounting officer may procure the services of advisors to assist in the execution of the supply chain management function. These services should be obtained through competitive bidding process. No advisor may, however, form part of the final decision-making process regarding the award of quotations, as this will counter the principle of vesting accountability with the accounting officer. The accounting officer cannot delegate decision -making authority to a person other than a public service official.

(11) General

a) In performing their functions, the Committee should be guided by all the applicable SCM, Procurement Legislations, Policies and Directives

b) No lobbying in Mini Tender Evaluation Committees or from interested outside parties is allowed.
c) Any allegations against members must be in writing, substantiated and channeled through the procedure as determined by the accounting officer as prescribed in the Municipality SCM System.
d) No press release should be made without the approval of the accounting officer.
e) All the proceedings shall be recorded manually, and decisions must be minute.

17. Competitive bids

(1) Goods or services above a transaction value of R200 000 (VAT included) and long-term contracts may only be procured through a competitive bidding process, subject to paragraph 11(2) of this Policy.

(2) No requirement for goods or services above an estimated transaction value of R200 000 (VAT included), may deliberately be split into parts or items of lesser value merely for the sake of procuring the goods or services otherwise than through a competitive bidding process.

18. Process for competitive bidding

The procedures for the following stages of a competitive bidding process are as follows:

(a) Compilation of bidding documentation as detailed in paragraph 20.
(b) Public invitation of bids as detailed in paragraph 21.
(c) Site meetings or briefing sessions as detailed in paragraph 21.
(d) Handling of bids submitted in response to public invitation as detailed in paragraph 22.
(e) Evaluation of bids as detailed in paragraph 27.
(f) Award of contracts as detailed in paragraph 28.
(g) Administration of contracts
(i) After approval of a bid, the accounting officer and the bidder must enter into a written agreement.
(h) Proper record keeping
(i) Original / legal copies of written contracts agreements should be kept in a secure place for reference purposes.

19. Bid documentation for competitive bids

The criteria to which bid documentation for a competitive bidding process must comply, must:

(a) take into account –

(i) the general conditions of contract and any special conditions of contract, if specified.

(ii) any Treasury guidelines on bid documentation; and

(iii) the requirements of the Construction Industry Development Board, in the case of a bid relating to construction, upgrading or refurbishment of buildings or infrastructure.

(b) include the preference points system to be used, goals as contemplated in the Preferential Procurement Regulations and evaluation and adjudication criteria, including any criteria required by other applicable legislation.

(c) compel bidders to declare any conflict of interest they may have in the transaction for which the bid is submitted.

(d) if the value of the transaction is expected to exceed R10 million (VAT included), require bidders to furnish–

(i) if the bidder is required by law to prepare annual financial statements for auditing, their audited annual financial statements –

- for the past three years; or
- since their establishment if established during the past three years.

(ii) a certificate signed by the bidder certifying that the bidder has no undisputed commitments for municipal services towards a municipality or other service provider in respect of which payment is overdue for more than 30 days.

(iii) particulars of any contracts awarded to the bidder by an organ of state during the past five years, including particulars of any material non-compliance or dispute concerning the execution of such contract.

(iv) a statement indicating whether any portion of the goods or services are expected to be sourced from outside the Republic, and, if so, what portion and whether any portion of payment from the municipality or municipal entity is expected to be transferred out of the Republic; and

(v) stipulate that dispute must be settled by means of mutual consultation, mediation (with or without legal representation), or, when unsuccessful, in a South African court of law.

20. Public invitation for competitive bids

(1) The procedure for the invitation of competitive bids, is as follows:

(a) Any invitation to prospective providers to submit bids must be by means of a public advertisement in newspapers commonly circulating locally, the website of the municipality or any other appropriate ways (which may include an advertisement in the Government Tender Bulletin); and

(b) the information contained in a public advertisement, must include –

(i) the closure date for the submission of bids, which + 30 days in the case of transactions over R10 million (VAT included), or which are of a long term nature, or 21 days in any other case, from the date on which the advertisement is published, subject to subparagraph (2) of this policy;

(ii) a condition that "Bids may only be submitted on the bid documentation provided by the municipality"; and

(iii) bids must be submitted in a sealed and marked envelope"

(iv) a date, time and venue of any proposed site meetings or briefing sessions.

(v) Evaluation criteria as well as the minimum qualifying score, where applicable in accordance to the Preferential Procurement Policy Framework Act.

(2) The accounting officer may determine a closure date for the submission of bids which are less than the 30 or 21days requirement, but only if such shorter period can be justified on the grounds of urgency or emergency or any exceptional case where it is impractical or impossible to follow the official procurement process.

21. Procedure for handling, opening and recording of bids

The procedures for the handling, opening and recording of bids, are as follows:

(a) Bids:

(i) must be opened only in public.

(ii) must be opened at the same time and as soon as possible after the period for the submission of bids has expired; and

(iii) received after the closing time should not be considered and returned unopened immediately.

(a) Any bidder or member of the public has the right to request that the names of the bidders who submitted bids in time must be read out and, if practical, also each bidder's total

bidding price.

(a) No information, except the provisions in subparagraph

(b) relating to the bid should be disclosed to bidders or other persons until the successful bidder is notified of the award; and

(d) The accounting officer must:

(i) record in a register all bids received in time.

(ii) make the register available for public inspection; and

(iii) publish the entries in the register and the bid results on the website.

22. Negotiations with preferred bidders

(1) The accounting officer may negotiate the final terms of a contract with bidders identified through a competitive bidding process as preferred bidder, provided that such negotiation –

(a) does not allow any preferred bidder a second or unfair opportunity.

(b) is not to the detriment of any other bidder; and

(c) does not lead to a higher price than the bid as submitted.

(2) Minutes of such negotiations must be kept for record purposes.

(3) The multi-disciplinary team undertaking the negotiations must include a representative from SCM Policy and Support Services. The SCM practitioner must preside over the negotiations

(4) Authority to negotiate price and any conditions of tender with preferred bidder(s) must be approved by the Bid Adjudication Committee and the outcome of the negotiations must be reported back to the Bid Adjudication Committee for final approval or support.

(5) Authority to negotiate price and any conditions of written or verbal quotations and formal written price quotations must be approved by an official who is sub-delegated in terms of supply chain management code of delegations approved by the accounting officer. The outcome of the negotiations must be reported back to the duly delegated official for final approval.

(6) The negotiations may include price and or final terms and conditions of tender, project plan and service level agreement.

(7) Discount offers or alternate offers must be considered for negotiation after the Bid Adjudication Committee has granted authority to consider any alternate or discount offers. Outcome of the negotiation together with the minutes of the negotiation meeting must be reported back to the Bid Adjudication Committee for final approval or support.

(8) Bid validity must be monitored and where applicable be extended by the Line Department at all times during the process of negotiations.

(9) (9) The framework or terms of reference for negotiations shall be determined by the Bid Adjudication Committee

23. Two-stage bidding process

(1) A two-stage bidding process is allowed for –

(a) large complex projects.

(b) projects where it may be undesirable to prepare complete detailed technical specifications; or

(c) long term projects with a duration period exceeding three years.

(2) In the first stage technical proposals on conceptual design or performance specifications should be invited, subject to technical as well as commercial clarifications and adjustments.

(3) In the second stage final technical proposals and priced bids should be invited.

Committee system for competitive bids

(1) A committee system for competitive bids is hereby established, consisting of the following committees for each procurement or cluster of procurements as the accounting officer may determine:

(a) a bid specification committee.
(b) a bid evaluation committee; and
(c) a bid adjudication committee.

(2) The Accounting Officer appoints the members of each committee, considering section 117 of the Act. A neutral or independent observer may be appointed by the Accounting Officer and must attend or oversee a committee when this is appropriate for ensuring fairness and promoting transparency.

(3) The committee must be consistent with:

a) Paragraphs 27 (5), 27 (6) and 27 (7) of this policy; and
b) Any other applicable legislation.

(4) The Accounting Officer may apply the committee system to formal written price quotations.

Bid Specification Committee

a) Appointment of bid specification committee

(i) The accounting officer must appoint members of the bid specification committee in line with the financial year of the Municipality, in writing.

b) Composition of bid specification committee

(ii) The committee shall comprise of at least 5 officials from the municipality and may when appropriate, invite an external technical expert.

(iii) The composition should be as follows:

- ✓ Chairperson – equivalent grading to Manager and above from the Water Services Directorate - (Permanent member).
- ✓ Vice Chairperson - equivalent grading to Manager and above - (Permanent member).
- ✓ Member - equivalent grading to Manager (Permanent member).
- ✓ Member - Municipal Official (Permanent member); and
- ✓ An official responsible for demand management (Permanent member).

Commented [NM3]: Remove - WS

c) Functions of the Specification Committee:

(i) It is the responsibility of the committee to compile specifications/ terms of reference for each bid/ quotation for the procurement of goods or services by the municipality and to ensure:

- ✓ that a proper and unbiased specification is compiled for the specific requirement.
- ✓ that proper terms of reference are drawn up for the service required clearly indicating the scope of the requirement, the ratio between price and functionality, the evaluation criteria as well as their weights and values.
- ✓ that strategic sourcing is applied and that the market is properly researched and analyzed.
- ✓ that the necessary funds are available.
- ✓ that, in addition to the general conditions of contract, appropriate special conditions of contract are specified, if applicable.
- ✓ that in terms of the PPPFA, the correct preference point system is prescribed and that appropriate goals are identified, and points allocated for these goals.

Commented [NM4]: Amendments on the functions of the specification committee

(6) Bid evaluation committee

a) Appointment of bid evaluation committee

(i) The accounting officer must appoint members of the bid evaluation committee in line with the financial year of the Municipality, in writing.

(ii) Members should declare interest in the bid under consideration up front and such member must automatically recuse himself / herself from participating in the evaluation process.

(ii) Members should sign oath of secrecy forms up-front.

b) Composition of Bid Evaluation Committee

(i) The committee must in so far as it may be possible, be cross functional.

(ii) The committee should comprise of at least 5 (five) officials from the Municipality.

(iii) The following officials should serve in the Bid Evaluation Committee.

- ✓ Chairperson – equivalent grading to GM and above - (Permanent member).
- ✓ Vice Chairperson - equivalent grading to GM and above - (Permanent member).
- ✓ Legal Services Practitioner (advisory capacity).
- ✓ Two other Municipal Officials (Permanent members).
- ✓ SCM Practitioner (Permanent Member); and
- ✓ The Accounting Officer may appoint an external technical expert to serve in the committee for that specific bid in an advisory capacity only and not as a member.

c) Functions of the Bid Evaluation Committee

(i) This committee is responsible for the evaluation of bids received, which includes:

- ✓ Verification of administrative compliance of the bid documents.
- ✓ Evaluation of bids in accordance with the criteria specified in the bid documents (specification) and the PPPFA Regulations.
- ✓ Evaluation of each bidder's technical and functional ability to execute the contract.
- ✓ Verification of NIPP requirements if the contract is in excess of ten million rand (R10m); and
- ✓ Submission of evaluation report and recommendation(s) regarding the award of the bid to the Adjudication Committee.

(7) Bid Adjudication Committee

a) Appointment of Bid Adjudication Committee

(i) The Accounting Officer must constitute one Municipality bid adjudication committee.

(ii) The bid adjudication committee is appointed in writing by the Accounting Officer.

(iii) Members of the adjudication committee cannot be appointed as members of an evaluation committee.

(iv) The Accounting Officer shall determine the term of office for members although the tenure may not exceed two (2) years.

(v) The period of tenure may be renewed if the Accounting Officer deems it necessary.

(vi) All members as well as the secretary of bid adjudication committee should be cleared at the level of "Confidential" by the accounting officer and should be required to declare their financial interest annually.

(vii) Committee members should be required to sign the code of conduct upon their appointment.

(viii) Members may be removed by the Accounting Officer/Accounting Authority if a member's conduct violates the principles of the committee's purpose/mandate or code of conduct.

(ix) The Accounting Officer/Authority may at any given time replace person for management reasons.

(x) The functions of BAC should form part of member's performance agreements.

b) Composition of the Bid Adjudication Committee

(i) The committee must consist of at least five (5) senior officials constituted as follows:

- ✓ CFO, as the chairperson of the committee (where possible).
- ✓ Deputy Chairperson: an official at least at a general management level.
- ✓ Two other Municipal Officials (Senior Manager & Permanent members); and
- ✓ Head of the SCM Unit is (Permanent member).

(ii) For the purposes of continuity and not to delay meetings, the *AO* may also appoint a *"secundus'* to temporarily replace a member who is absent from meetings due to illness or leave. The AO shall also decide whether or not such *"secundus"* will have the same powers as members.

(iii) No external people should serve permanently on the adjudication Committee.

c) Functions of the Bid Adjudication Committee

(i) Consider the reports and recommendations made by the bid evaluation committee.

(ii) Depending on the delegations granted by the accounting officer/authority the adjudication committee could make the final award of the bid or make a recommendation to the accounting officer to make the final award.

(iii) Recommend to the Accounting Officer/Authority the extensions of contracts and deviations if reasonable and justifiable grounds exist.

(iv) In performing their functions: -

- ✓ Committee members should be guided by all the applicable SCM, procurement legislations, policies and directives.
- ✓ Members must declare interest in any specific bid/point on the agenda up front and such member must automatically recuse him/herself from participating in discussions unless the committee decides otherwise.
- ✓ If a bid adjudication committee decides to award a bid to a bidder other than the one recommended by the Evaluation Committee, the Bid adjudication committee must consult with the Accounting Officer before a final decision is taken.
- ✓ Accounting Officer /Authority may confirm or vary a recommendation by an Adjudication Committee. In cases where he/she varies with the BAC recommendations reasons should be furnished in writing and reported to the Provincial Treasury within a prescribed period of seven (7) days.
- ✓ Furthermore, AO may refer back in writing any recommendation of the bid Adjudication Committee to be reworked if there are any material flaws.

d) Bid adjudication committee must ensure that:
   (i) scoring has been fairly, consistently and correctly calculated and applied.
   (ii) disqualifications are justified.
   (iii) all declarations of interest have been captured.
   (iv) all necessary bid documents have been submitted; and
   (v) that valid and accountable reasons/ motivations were furnished for passing over of bids.

e) The bid adjudication committee must consider and rule on all recommendations/ reports regarding the amendment, variation, extension, cancellation, or transfer of contracts awarded.

f) In order to meet their obligations, committee members must be familiar with and adhere to all relevant legislation, the SCM policy, SCM Guide to Accounting Officers and SCM Practice Notes.

g) The highest level of professional competence must be maintained. Furthermore, courteous conduct is expected of all committee members

h) A declaration form where all members of the committee present at the meeting as well as all officials rendering administrative support during the meeting must be signed to declare that they:
   (i) accept the confidentiality of the contents of the meeting.
   (ii) will not make known anything regarding the meeting, unless officially authorized, and
   (iii) will not purposefully favor or prejudice anybody.
   (iv) The BAC shall submit a monthly report to the Accounting Officer on all awards made for that month as well as other issues it wishes to bring to the attention of the Accounting Officer.

(8) Role of the secretariat

a) Executes procurement support function for the municipality and a secretariat function for the bid adjudication committee.

b) The Head of the SCM Unit is an EX-Officio member of the committee without voting powers. He/she serves in an advisory capacity.

c) Convenes BAC meetings and prepares an agenda or each meeting.

d) Ensures that all submissions and reports are of good quality and well presented to the committee.

e) Ensures that the evaluation process is done in a fair and transparent manner.

f) Ensures that the agenda is dispatched on time.

g) Takes minutes of all the meetings.

h) Ensures that proceedings are recorded electronically.

i) Keeps the attendance register.

j) Keeps a register of all approved submissions, disapproved, deferred and withheld as well as deviations condoned.

k) Ensures that the chairperson signs all adopted minutes.

l) Files all the minutes / documents that served before the committee.

(9) General

a) In performing their functions, the Committee should be guided by all the applicable SCM, Procurement Legislations, Policies and Directives

b) No lobbying in Bid Committees or from interested outside parties is allowed.

c) Any allegations against members must be in writing, substantiated and channeled through the procedure as determined by the accounting officer.

d) No press release should be made without the approval of the accounting officer.

e) All the proceedings shall be recorded electronically, and decisions must be recorded.

24. Procurement of banking services

(1) A contract for banking services –

(a) must be procured through competitive bids.

(b) must be consistent with section 7 or 85 of the Act; and

(c) may not be for a period of more than five years at a time.

(2) The process for procuring a contract for banking services must commence at least nine months before the end of an existing contract.

(3) The closure date for the submission of bids may not be less than 60 days from the date on which the advertisement is placed in a newspaper in terms of paragraph 22(1). Bids must be restricted to banks registered in terms of the Banks Act, 1990 (Act No. 94 of 1990).

25. Procurement of IT related goods or services

(1) The municipality shall abide by the provisions of this SCM policy and SITA provisions in the procurement of IT related goods and services.

26. Procurement of goods and services under contracts secured by other organs of state

(1) The accounting officer may procure goods or services under a contract secured by another organ of state, but only if –

(a) the contract has been secured by that other organ of state by means of a competitive bidding process applicable to that organ of state.

(b) there is no reason to believe that such contract was not validly procured.

(c) there are demonstrable discounts or benefits to do so; and

(d) that other organ of state and the provider have consented to such procurement in writing.

(2) Subparagraphs (1)(c) and (d) do not apply if –

(a) a municipality procures goods or services through a contract secured by a municipal entity of which it is the parent municipality.

(3) If the municipality wants to invoke the use of this regulation as part of its procurement competitive bidding process or to give consent to another organ of state it must do so in conjunction with Circular 96 of the MFMA.

27. Procurement of goods necessitating special safety arrangements

(1) The acquisition and storage of goods in bulk (other than water), which necessitate special safety arrangements, including gasses and fuel, should be avoided wherever possible.

(2) Where the storage of goods in bulk is justified, such justification must be based on sound reasons, including the total cost of ownership, cost advantages and environmental impact and must be approved by the accounting officer.

28. Proudly SA Campaign

The municipality supports the Proudly SA Campaign to the extent that, all things being equal, preference is given to procuring local goods and services from-

- Firstly – suppliers and businesses within the municipality or district.
- Secondly – suppliers and businesses within the relevant province.
- Thirdly – suppliers and businesses within the Republic.

29. Appointment of consultants

(1) The accounting officer may procure consulting services provided that any Treasury guidelines in respect of consulting services are taken into account when such procurements are made.

(2) Consultancy services must be procured through competitive bids if-
- (a) the value of the contract exceeds R200 000 (VAT included); or
- (b) the duration period of the contract exceeds one year.

(3) In addition to any requirements prescribed by this policy for competitive bids, bidders must furnish particulars of –
- (a) all consultancy services provided to an organ of state in the last five years; and
- (b) any similar consultancy services provided to an organ of state in the last five years.

(4) The accounting officer must ensure that copyright in any document produced, and the patent rights or ownership in any plant, machinery, thing, system or process designed or devised, by a consultant in the course of the consultancy service is vested in the municipality**.**

30. Deviation from, and ratification of minor breaches of, procurement processes

(1) The accounting officer may –
- (a) dispense with the official procurement processes established by this Policy and to procure any required goods or services through any convenient process, which may include direct negotiations, but only –
  - (i) in an emergency.
  - (ii) if such goods or services are produced or available from a single provider only.
  - (iii) for the acquisition of special works of art or historical objects where specifications are difficult to compile.
  - (iv) acquisition of animals for zoos and/or nature and game reserves; or
  - (v) in any other exceptional case where it is impractical or impossible to follow the official procurement processes.
- (b) ratify any minor breaches of the procurement processes by an official or committee acting in terms of delegated powers or duties which are purely of a technical nature.

(2) The accounting officer must record the reasons for any deviations in terms of subparagraphs (1)(a) and (b) of this policy and report them to the next meeting of the council and include as a note to the annual financial statements.

(3) Subparagraph (2) does not apply to the procurement of goods and services contemplated in paragraph 13(2) of this policy.

Commented [NM5]:

(4) Prior authority to invite quotations invoking the use of this section must be sought from the Accounting Officer.

(5) The Bid Adjudication Committee is delegated authority to make final recommendations on award in terms of deviations to the Accounting Officer.

(6) In the case of emergencies, where practicable, prior authority must be sought via the Accounting Officer to deviate from the official processes and the Chairperson of the relevant Committee shall be notified of such emergency. All emergency procurement must be formalized in a report to the Accounting Officer within one (1) working day, and to the next possible Executive Committee meeting.

(7) Emergency procurement should not be used to evade the use of standard procurement procedures.

(8) The circumstances which may give rise to an emergency which may not have been foreseeable, or where it is impractical or impossible to follow official procurement processes or may have been the result of negligent conduct a motivation for the use of this section must show one or more of the following:

(a) the imminent threat to health, injury, or death to persons.

(b) the imminent threat of damage to property or suffering and death of livestock and animals.

(c) The unforeseeable interruption of essential services whose provision is within the municipal competency, including transportation and communication facilities or support services critical to the effective functioning of the Municipality as a whole.

(d) the imminent and or unforeseeable of serious damage occurring to the natural environment.

(e) the imminent threat and or damage of the municipal assets.

(9) The Municipality is still required to comply with Section 217(1) of the Constitution in the event of an emergency with specific reference to obtaining goods and services on the best possible terms.

(10) In an emergency, and where possible, at least three quotations must be obtained.

(12) The value of and duration of contracts which have been concluded because of the emergency must be in accordance with the goods and services required in order to address and/or remedy the immediate emergency. Any other goods and services which may be required subsequent by the municipality. Emergency and relating to such emergency must wherever possible follow the normal tendering process and procedures.

(13) Procuring goods and services from sole supplier occur in instances where: -

(a) only one supplier manufactures or renders goods and services due to unique nature of the requirements.

(b) goods and services already in the municipality's value chain/employ are only supplied by an Original Equipment Manufacturer (OEM) or by a licensed agent thereof and there is a requirement for compatibility, continuity, and alignment.

(c) the process for approved list of sole suppliers(s) will be as follows:

(i) departments requiring the use of sole supplier must issue a circular calling for the of sole supplier(s) who wish to be on the list or database of sole suppliers. SCM Unit shall manage and maintain the list of sole suppliers.

(ii) response to the circular must contain appropriate motivation in terms of constitutional pillars of fair, equitable, transparent, cost effective and competitive.

(ii) the response to the circular and compilation of the list of sole suppliers must be categorized, screened, and supported by a relevant appointed team. In instances where there is no consensus among the team members such be escalated to Head: SCM for decision and support.

(iii) (iv) the supported list of sole suppliers be advertised for public comments and or objections.

(iv) in instances where there are objections, such objections be referred to the Head SCM for decision and support.

(v) The report must outline how value for money will be achieved and managed.

(14) Unit or Department invoking the use of section 36 (1) (a) (v) must in all reports to BAC demonstrate that the use of this provision: -

(a) is not because of poor planning for it being impractical or impossible to follow the official procurement processes. Where there is a risk of poor planning or negligence proof that remedies and actions including disciplinary processes have been taken to avoid recurrence.

(b) has considered that it does not prejudice other potential tenderers and meets the r requirements of section 217 of the Constitution of the Republic of South Africa.

(15) The respective Unit Head must sign off a report to BAC invoking section 36 (1) (a) (v) that is accepting full responsibility, accountability for the report and its contents.

31. Unsolicited bids

(1) In accordance with section 113 of the Act there is no obligation to consider unsolicited bids received outside a normal bidding process.

(2) The accounting officer may decide in terms of section 113(2) of the Act to consider an unsolicited bid, only if –

(a) the product or service offered in terms of the bid is a demonstrably or proven unique innovative concept.

(b) the product or service will be exceptionally beneficial to or have exceptional cost advantages.

(c) the person who made the bid is the sole provider of the product or service; and

(d) the reasons for not going through the normal bidding processes are found to be sound by the accounting officer.

(3) If the accounting officer decides to consider an unsolicited bid that complies with subparagraph (2) of this policy, the decision must be made public in accordance with section 21A of the Municipal Systems Act, together with –

(a) reasons as to why the bid should not be open to other competitors.

(b) an explanation of the potential benefits if the unsolicited bid were accepted; and

(c) an invitation to the public or other potential suppliers to submit their comments within 30

days of the notice.

(4) The accounting officer must submit all written comments received pursuant to subparagraph (3), including any responses from the unsolicited bidder to the National Treasury and the relevant provincial treasury for comment.

(5) The adjudication committee must consider the unsolicited bid and may award the bid or make a recommendation to the accounting officer, depending on its delegations.

(6) A meeting of the adjudication committee to consider an unsolicited bid must be open to the public.

(7) When considering the matter, the adjudication committee must take into account –

(a) any comments submitted by the public; and

(b) any written comments and recommendations of the National Treasury or the relevant provincial treasury.

(8) If any recommendations of the National Treasury or provincial treasury are rejected or not followed, the accounting officer must submit to the Auditor General, the relevant provincial treasury and the National Treasury the reasons for rejecting or not following those recommendations.

(9) Such submission must be made within seven days after the decision on the award of the unsolicited bid is taken, but no contract committing the municipality to the bid may be entered or signed within 30 days of the submission.

32. Combating of abuse of supply chain management system

(1) The accounting officer must–

(a) take all reasonable steps to prevent abuse of the supply chain management system.

(b) investigate any allegations against an official or other role player of fraud, corruption, favoritism, unfair or irregular practices or failure to comply with this Policy, and when justified –

(i) take appropriate steps against such official or other role player; or

(ii) report any alleged criminal conduct to the South African Police Service.

(c) check the National Treasury's database prior to awarding any contract to ensure that no recommended bidder, or any of its directors, is listed as a person prohibited from doing business with the public sector.

(d) reject any bid from a bidder–

(i) if any municipal rates and taxes or municipal service charges owed by that bidder or any of its directors to the municipality, or to any other municipality or municipal entity, are in arrears for more than three months; or

(ii) who during the last five years has failed to perform satisfactorily on a previous contract with the municipality or any other organ of state after written notice was given to that bidder that performance was unsatisfactory?

(e) reject a recommendation for the award of a contract if the recommended bidder, or any of its directors, has committed a corrupt or fraudulent act in competing for the particular contract.

(f) cancel a contract awarded to a person if –

(i) the person committed any corrupt or fraudulent act during the bidding process or the execution of the contract; or

(ii) an official or other role player committed any corrupt or fraudulent act during the bidding process or the execution of the contract that benefited that person; and

(g) reject the bid of any bidder if that bidder or any of its directors –

(i) has abused the supply chain management system of the municipality or has committed any improper conduct in relation to such system.

(ii) has been convicted for fraud or corruption during the past five years.

(iii) has willfully neglected, reneged on or failed to comply with any government, municipal or other public sector contract during the past five years; or

(iv) has been listed in the Register for Tender Defaulters in terms of section 29 of the Prevention and Combating of Corrupt Activities Act (No 12 of 2004).

(2) The accounting officer must inform the National Treasury and relevant provincial treasury in writing of any actions taken in terms of subparagraphs (1)(b)(ii), (e) or (f) of this policy.

37. Prohibition on awards to persons whose tax matters are not in order

The Accounting Officer must ensure that, irrespective of the procurement process followed, no award above R15 000 (VAT Included) is given to a person whose tax matters have not been declared by SARS to be in order.

Before making an award to a provider or bidder, a tax clearance certificate from SARS or Tax Compliance PIN must first be provided and be verified on the SARS website by the municipality.

Where a recommended bidder is not tax compliant the bidder should be notified of their non-compliant status and the bidder must be requested to submit to the municipality within (7) working days, written proof from SARS of their tax compliance status or proof from SARS that they have made an arrangement to meet their outstanding tax obligations. The proof of tax compliance status submitted by the bidder must be verified via CSD or e-filing. AO should reject a bid/quote submitted if such bidder fails to provide proof of tax compliance status within the timeframe as stated above.

Where goods have been delivered satisfactorily without any dispute, the AO should not delay processing payment of invoices due to outstanding tax matters.

34. Preferential Procurement Implementation Guidelines

Provisions of this section take effect as from 1st of April 2017

All procurement of goods, services and works are to be in compliance with this policy.

The Ugu District Municipality is committed to contributing to social and economic transformation in KwaZulu-Natal and will actively pursue the following targeted procurement strategy to advance government's pledge to address poverty, unemployment and job creation.

These guidelines are to be read in conjunction with MFMA Circular number 69 and is intended to assist the Accounting Officer with the implementation of the Preferential Procurement Regulations, 2011 issued in terms of section 5 of the Preferential Procurement Policy Framework Act, Act Number 5 of 2000 (PPPFA).

These guidelines should also be read and utilized in conjunction with other relevant SCM related prescripts, instructions, circulars, and guidelines.

(1) The Ugu District Municipality has committed itself to the following key priorities with respect to all procurement dealings:

(i) Providing second economy opportunities through Black Economic Empowerment.
(ii) Increased usage of local resources and emerging contractors.
(iii) Promoting growth and ensuring sustainable SMME's.
(iv) Contributing to socio-economic transformation.
(v) Creation of opportunities for job creation and poverty alleviation.
(vi) Commitment to skills development and transfer; and
(vii) Fast tracking service delivery.

(2) Our objectives are as follows:

(i) The policy is simple so that it can be understood by everyone and easy to apply.
(ii) It meets all the legal requirements including provisions of the Constitution to avoid or minimize any possible legal challenges.
(iii) The policy is as flexible as possible to allow creativity in the implementation of targeted procurement.
(iv) It sets targets to be achieved so that performance can be measured through reliable monitoring mechanisms; and
(v) The policy is all encompassing in that it covers everything that is procured and/ or disposed of by the Municipality and embraces all its citizens.

(3) The intended outcomes of these guidelines are to ensure:

(i) Preference for employment equity and economic empowerment.

(ii) The inclusion of priority groups that have not benefited from the implementation of the current policy.

(iii) To have a significant contribution towards job creation, poverty alleviation and economic growth; and

(iv) To ensure that the Ugu District Municipality impacts significantly on improving the quality of life of the majority of KwaZulu-Natal citizens/beneficiaries, by optimizing employment and economic empowerment in all its dealings, resulting in the annual procurement spend reflecting KwaZulu-Natal demographics.

(4) Preference points system:

80/20 preference point system for acquisition of goods or services for Rand Value equal to or above R30 000 and up to R50 million inclusive of all applicable taxes.

- A tenderer may not be awarded points for B-BBEE status level of contributor if the tender documents indicates that the tenderer intends subcontracting more than 25% of the value of the contract to any other person not qualifying for at least the points that the tenderer qualifies for, unless the intended subcontractor is an EME that has the capability to execute the subcontract.
- If the price quoted by the tenderer scoring the highest points is not market related, the organ of the state may not award the contract to that tenderer.
- The organ of the state may negotiate a market related price with the tenderer scoring the highest points or cancel the tender.
- If the tenderer does not agree to the market related price, negotiate the market related price with the second highest points or cancel the tender.
- If the tenderer scoring the second highest points does not agree with to a market related price, negotiate a market related price with the tenderer scoring the third highest points or cancel the tender.
- If a market related price is not agreed as envisaged in the above paragraphs organ of the state must cancel the tender.

90/10 preference point system for acquisition of goods or services for Rand Value above R50 million inclusive of all applicable taxes.

- A tenderer may not be awarded points for B-BBEE status level of contributor if the tender documents indicates that the tenderer intends subcontracting more than 25% of the value of the contract to any

other person not qualifying for at least the points that the tenderer qualifies for, unless the intended subcontractor is an EME that has the capability to execute the subcontract.

- If the price quoted by the tenderer scoring the highest points is not market related, the organ of the state may not award the contract to that tenderer.
- There The organ of the state may negotiate a market related price with the tenderer scoring the highest points or cancel the tender.
- If the tenderer does not agree to the market related price, negotiate the market related price with the second highest points or cancel the tender.
- If the tenderer scoring the second highest points does not agree with to a market related price, negotiate a market related price with the tenderer scoring the third highest points or cancel the tender.
- If a market related price is not agreed as envisaged in the above paragraphs organ of the state must cancel the tender.

(5) Broad-Based Black Economic Empowerment (B-BBEE) Status Level Certificates

(i) Bidders are required to submit original and valid B-BBEE Status Level Verification Certificates or certified copies thereof together with their bids, to substantiate their B-BBEE rating claims.

(ii) Bidders who do not submit B-BBEE Status Level Verification Certificates or are non-compliant contributors to B-BBEE do not qualify for preference points for B-BBEE but should not be disqualified from the bidding process. They will score points out of 90 or 80 for price only and zero (0) points out of 10 or 20 for B-BBEE.

(iii) A trust, consortium or joint venture must submit a consolidated B-BBEE Status Level Verification Certificate for every separate bid.

(iv) Public entities and tertiary institutions must also submit B-BBEE Status Level Verification Certificates together with their bids.

(v) If the Municipality is already in possession of a valid and original or certified copy of a bidder's B- BBEE Status Level Verification Certificate that was obtained for the purpose of establishing the database of possible suppliers for price quotations or that was submitted together with another bid, it is not necessary to obtain a new B-BBEE Status Level Verification Certificate each time a bid is submitted from the specific bidder. Such a certificate may be used to substantiate B-BBEE rating claims provided that the closing date of the bid falls within the expiry date of the certificate that is in the Municipality's possession.

(vi) Each time this provision is applied, cross-reference must be made to the B-BBEE Status Level Verification Certificate already in possession for audit purposes.

(vii) The Accounting Officer must ensure that the B-BBEE Status Level Verification Certificates submitted are issued by the following agencies:

- Bidders other than EMEs
  - Verification agencies accredited by SANAS; or
  - Registered auditors approved by IRBA.
- Bidders who qualify as Exempted Micro Enterprises
  - Accounting officers as contemplated in the Close Corporations Act, Act No. 69 of 1984; or
  - Verification agencies accredited by SANAS; or
  - Registered auditors. (Registered auditors do not need to meet the prerequisite for IRBA's approval for the purpose of conducting verification and issuing EMEs with B- BBEE Status Level Certificates)

(6) Planning, Stipulation of Preference Point System to be utilized and the Determination of Designated Sectors

Prior to the invitation of bids, the Accounting Officer is required to:

(i) Properly plan for the provision of services, works or goods in order to ensure that the resources that are required to fulfil the needs identified in the strategic plan of the Municipality are delivered at the correct time, price, place and that the quantity and quality will satisfy those needs.

(ii) As far as possible, accurately estimate the costs for the provision of the required services, works or goods. This is in order to determine and stipulate the appropriate preference point system to be utilized in the evaluation and adjudication of the bids and to ensure that the prices paid for the services, works and goods are market related.

(iii) Estimated costs can be determined by conducting an industry and commodity analysis whereby prospective suppliers may be approached to obtain indicative market related prices that may be utilized for benchmarking purposes. Based on the findings, the relevant preference point system (80/20 or 90/10) to be utilized for the evaluation of the bid must be stipulated in the bid documents.

(iv) Determine whether the services, works and/or goods for which an invitation is to be made, has been designated for local production and content in terms of Regulation 9 of the Preferential Procurement Regulations. This will entail the inclusion of a specific condition in the bid documents that only locally produced services, works or goods or locally manufactured goods with a stipulated minimum threshold for local production and content will be considered. This will subsequently have a direct impact on the evaluation of the bid.

Pre-qualification Criteria for Preferential Procurement refer to the regulation

(i) If an organ of state decides to apply pre-qualifying criteria to advance certain designated groups, that organ of state must advertise the tender with a specific tendering condition that only one or more of the following tenderers may respond.

(ii) A tenderer having a stipulated minimum B-BBEE status level of contributor.

(iii) An Exempted Micro Enterprise (EME) or Qualifying Small Business (QSE)

(iv) A tenderer subcontracting a minimum of 30% to EME or QSE which is at least 51% owned by black people who are youth or women or people with disabilities or black people who are living in rural or underdeveloped areas or townships.

(v) A tenderer subcontracting a minimum of 30% to cooperatives which is at least 51% owned by black people who are military veterans.

(vi) A tender that fails to meet any pre-qualifying criteria stipulated in the tender documents is an unacceptable tender.

(7) Bids Based on Functionality as a Criterion

(i) In general, not all bids should be invited based on functionality as a criterion. The need to invite bids based on functionality as a criterion depends on the nature of the required commodity or service considering quality, reliability, viability and durability of a service and the bidder's technical capacity and ability to execute a contract.

(ii) When the Municipality invites a bid that will also be evaluated based on functionality as a criterion, the Accounting Officer of his/her delegate must clearly specify the following aspects in the bid documents:

- Evaluation criteria for measuring functionality.
- The evaluation criteria may include criteria such as the bidder's relevant experience for the assignment, the quality of the methodology; the qualifications of key personnel; transfer of knowledge, etc.
- Weight of each criterion.
- The weight that is allocated to each criterion should not be generic but should be determined separately for each bid on a case by case basis.
- Applicable value.
- The applicable values that will be utilized when scoring each criterion should be objective. As a guide, values ranging from 1 being poor, 2 being average, 3 being good, 4 being very good and 5 being excellent, may be utilized.
- Minimum qualifying score for functionality.

- The minimum qualifying score that must be obtained for functionality in order for a bid to be considered further should not be generic. It should be determined separately for each bid on a case by case basis. The minimum qualifying score must not be prescribed so low that it may jeopardize the quality of the service required nor so high that it may be restrictive to the extent that it jeopardizes the fairness of the SCM system.

(8) Local Production and Content

(i) Designated Sectors

- Bids in respect of services, works or goods that have been designated for local production and content, must contain a specific bidding condition that only locally produced goods, services or works or locally manufactured goods with a stipulated minimum threshold for local production and content will be considered.
- The Accounting Officer or His/her delegate must stipulate in bid invitations that the exchange rate to be used for the calculation of local content (local content and local production are used interchangeably) must be the exchange rate published by the SARB at 12:00 on the date, one week (7 calendar days) prior to the closing date of the bid.
- Only the South African Bureau of Standards (SABS) approved technical specification number SATS 1286:201x must be used to calculate local content.

  The following formula to calculate local content must be disclosed in the bid documentation:

  The local content (LC) as a percentage of the bid price must be calculated in accordance with the SABS approved technical specification number SATS 1286: 201x as follows:

$$LC = 1 - \left(\frac{x}{y}\right) x100$$

  Where

  x = imported content

  y = bid price excluding value added tax (VAT)

  Prices referred to in the determination of x must be converted to Rand (ZAR) by using the exchange rate published by the SARB at 12:00 on the date, one week (7 calendar days) prior to the closing date of the bid.
- For the purpose of the paragraphs above, the SBD 6.2 (Declaration Certificate for Local

Content) must form part of the bid documentation.

- ☐ The Declaration Certificate for Local Content (SBD 6.2) must be completed and duly signed. The Accounting Officer or his/her delegate is required to verify the accuracy of the rates of exchange quoted by the bidder in paragraph 6.4.3 of this Certificate.

The current list regarding designated sectors is as follows:

(a) Textile, clothing, leather, and footwear.

(b) Buses (bus body).

(c) Steel power pylons.

(d) Canned / processed vegetables.

(e) Rail rolling stock.

(f) Set top boxes.

(g) Furniture; and

(h) Electrical and telecom cable products.

(i) Power pylons

(j) Pharmaceutical products

(k) Power and Telecom cables

(l) Solar water heaters (collectors and storage tanks/geysers)

(m) Valves products actuators

(n) Working vessels

(o) Residential electricity meters

(p) Steel conveyance pipes

(q) Powerline hardware and Structures

Non-Designated Sectors

(a) Where there is no designated sector, the Accounting Officer or his/her delegate may decide to include a specific bidding condition that only locally produced goods, services or works or locally manufactured goods with a stipulated minimum threshold for local production and content, will be considered, on condition that such prescript and threshold(s) are in accordance with the specific directives issued for this purpose by the National Treasury in consultation with the DTI.

(b) Accounting Officer or his/her delegate must stipulate in bid invitations that the exchange rate to be used for the calculation of local content must be the exchange rate published by the SARB at 12:00 on the date, one week (7 calendar days) prior to the date of closure of the bid.

(c) Only the South African Bureau of Standards approved technical specification number SATS 1286:201x as indicated above must be used to calculate local content.

(d) For the paragraphs above, the SBD 6.2 (Declaration Certificate for Local Content) must form part of the bid documentation.

(e) The Declaration Certificate for Local Content (SBD 6.2) must be completed and duly signed. Accounting Officer or his/her delegate is required to verify the accuracy of the rate(s) of exchange quoted by the bidder in paragraph 4.1 of this Certificate.

(f) Any enquiries in respect of Local Production and Content may be directed to the Department of Trade and Industry (DTI) as follows:

Ms. Basani Baloyi
Director: Industrial Development Division (IDD) Tel: (012) 394 3851
Fax: (012) 394 2851

E-mail: BBaloyi@thedti.gov.za

(9) Local Production and Content: SCM Circular No.6 of 2020/2021

(a) DTI in consultation with National Treasury can designate a sector, sub-sector or industry in accordance with national development and industrial policies for local production and content, where only locally produced services or goods or locally manufactured goods meet the stipulated minimum threshold for local production and content.
(b) Organ of State must in the case of a designated sector, advertise the invitation to tender with a specific condition that only locally manufactured goods, only tenderers who meet the stipulated minimum threshold for local production and content will be considered.
(c) If there is no designated sector, an organ of state may include as a specific condition of the tender that only locally produced services or goods or locally manufactured goods with a stipulated threshold for local production and content will be considered.
(d) A tenderer that fails to meet the minimum stipulated threshold for local production and content is an unacceptable tender.

(10) Services Rendered by Tertiary Institutions and Public Entities

(a) Based on thorough analysis of the market, institutions may invite written price quotations for services that can only be provided by tertiary institutions from the identified tertiary institutions.
(b) Where the required service can be provided by tertiary institutions, public entities and enterprises from the private sector, the Municipality must invite competitive bids.

(11) Discounts

(a) When calculating comparative prices.
(b) Unconditional discounts must be considered for evaluation purposes.
(c) Conditional discounts must not be considered for evaluation purposes but should be implemented when payment is affected.

(12) Sub-Contracting

Subcontracting as the condition of tender:

(a) If feasible to subcontract for a contract above R30 million, an organ of state must apply subcontracting to advance designated groups.

(b) Tenderer must subcontract a minimum of 30% of the value of the contract to the black designated group.
(c) The organ of state must make available the list of all suppliers registered on a database approved by National Treasury to provide the required goods or services in respect of the applicable designated groups from which the tenderer must select a supplier.

Subcontracting after an award of tender

(i) A person awarded a contract may only enter into a subcontracting arrangement with the organ of the state.
(ii) For local production and content, a person awarded a contract in relation to the designated sector, may not subcontract in such a manner that the local production and content of overall value of the contract is reduced to below the stipulated minimum threshold.
(iii) A person awarded a contract may not subcontract more that 25% of the value of the contract to any other enterprise that does not have an equal or higher B-BBEE status level of contributor than the person concerned, unless the contract is subcontracted to an EME (Exempted Micro Enterprise) that has the capability to execute the subcontract.

(13) Evaluation of Bids Based on Functionality as a Criterion

Bids invited on the basis of functionality as a criterion must be evaluated in two stages - first functionality must be assessed and then in accordance with the 80/20 or 90/10 preference point systems prescribed in Preferential Procurement Regulations 5 and 6. The evaluation must be done as follows:

(a) First stage - Evaluation of functionality

- Bids must be evaluated in terms of the evaluation criteria embodied in the bid documents. The amendment of evaluation criteria, weights, applicable values and/or the minimum qualifying score for functionality after the closure of bids is not allowed as this may jeopardize the fairness of the process.
- A bid will be considered further if it achieves the prescribed minimum qualifying score for functionality.
- Bids that fail to achieve the minimum qualifying score for functionality must be disqualified.
- Score sheets should be prepared and provided to panel members to evaluate the bids.
- The score sheet should contain all the criteria and the weight for each criterion as well as the values to be applied for evaluation as indicated in the bid documents.
- Each panel member should after thorough evaluation independently award his /her

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own

value to each individual criterion.

- Score sheets should be signed by panel members and if necessary, written motivation may be requested from panel members where vast discrepancies in the values awarded for each criterion exist.
- If the minimum qualifying score for functionality is indicated as a percentage in the bid documents, the percentage scored for functionality may be calculated as follows:
- The value awarded for each criterion should be multiplied by the weight for the relevant criterion to obtain the score for the various criteria.
- The scores for each criterion should be added to obtain the total score; and
- The following formula should be used to convert the total score to percentage for functionality:

$$Ps = \frac{So}{Ms} X\ 100$$

Ps = percentage scored for functionality by bid under consideration So = total score of bids under consideration
Ms = maximum possible score

- The percentage of each panel member should be added and divided by the number of panel members to establish the average percentage obtained by each bidder for functionality.

(b) Second stage - Evaluation in terms of the 80/20 or 90/10 preference point systems

- Only bids that achieve the minimum qualifying score / percentage for functionality must be evaluated further in accordance with the 80/20 or 90/10 preference point systems prescribed in Preferential Procurement Regulations 5 and 6.
- Where appropriate, prices may be negotiated only with short listed or preferred bidders. Such negotiations must not prejudice any other bidders.

(14) The Preference Point System

(a) Step 1: Calculation of points for price

- The PPPFA prescribes that the lowest acceptable bid will score 80 or 90 points for price. Bidders that quoted higher prices will score lower points for price on a pro-rata basis.
- The formulae to be utilized in calculating points scored for price are as follows:

80/20 Preference point system [(for acquisition of services, works or goods up to a Rand

value of R1million) (all applicable taxes included)].

$$Ps = 80\left(1 - \frac{Pt - P\,min}{P\,min}\right)$$

Where
Ps = Points scored for comparative price of bid or offer under consideration. Pt = Comparative price of bid or offer under consideration.
Pmin = Comparative price of lowest acceptable bid or offer.
90/10 Preference point system [(for acquisition of services, works and/or goods with a Rand value above R1million) (all applicable taxes included)].

$$Ps = 90\left(1 - \frac{Pt - P\,min}{P\,min}\right)$$

Where
Ps = Points scored for comparative price of bid or offer under consideration. Pt = Comparative price of bid or offer under consideration.
Pmin = Comparative price of lowest acceptable bid or offer.

- Points scored must be rounded off to the nearest 2 decimal places

(b) Step 2: Calculation of points for B-BBEE status level of contributor

- Points must be awarded to a bidder for attaining the B-BBEE status level of contribution in accordance with the table below:

B-BBEE Status Level of Contributor	Number of Points (90/10 System)	Number of Points (80/20 System)
1	10	20
2	9	18
3	8	16
4	5	12
5	4	8
6	3	6
7	2	4
8	1	2
Non - Contributor	0	0

Figure 1: B-BBEE Status Level of Contributor

- A bid must not be disqualified from the bidding process if the bidder does not submit a certificate substantiating the B-BBEE status level of contribution or is a non-compliant contributor. Such a bidder will score zero (0) out of a maximum of 10 or 20 points respectively for B-BBEE.

(c) Calculation of total points scored for price and B-BBEE status level of contribution

- The points scored for price must be added to the points scored for B-BBEE status level of

contribution to obtain the bidder's total points scored out of 100.

(15) Evaluation of Bids that Scored Equal Points

(a) In the event that two or more bids have scored equal total points, the successful bid must be the one that scored the highest points for B-BBEE.

(b) If two or more bids have equal points, including equal preference points for B-BBEE, the successful bid must be the one scoring the highest score for functionality, if functionality is part of the evaluation process.

(c) In the event that two or more bids are equal in all respects, the award must be decided by the drawing of lots.

(16) Cancellation and Re-Invitation of Bids

(a) In the application of the 80/20 preference point system, if all bids received exceed *R50 million*, the bid must be cancelled. If one or more of the acceptable bids(s) received are within the *R50 million* threshold, all bids received must be evaluated on the 80/20 preference point system.

(b) In the application of the 90/10 preference point system, if all bids received exceed *R50 million*, the bid must be cancelled. If one or more of the acceptable bids(s) received are within the *R50 million* threshold, all bids received must be evaluated on the 90/10 preference point system.

(c) If a bid was cancelled in terms of the above paragraphs, the correct preference point system must be stipulated in the bid documents of the re-invited bid.

(d) The Accounting Officer of his/her delegate may, prior to the award of a bid, cancel the bid if:

- Due to changed circumstances, there is no longer a need for the services, works or goods requested. [Accounting Officer must ensure that only goods, services or works that are required to fulfil the needs of the Municipality are procured]; or
- Funds are no longer available to cover the total envisaged expenditure. [Accounting Officer must ensure that the budgetary provisions exist]; or
- No acceptable bids are received. [If all bids received are rejected, the Municipality must review the reasons justifying the rejection and consider making revisions to the specific conditions of contract, design and specifications, scope of the contract, or a combination of these, before inviting new bids].

✓ An organ of state may only with the prior approval of the relevant treasury cancel a tender invitation for the second time.

(17) Award of Contracts

(a) A contract must be awarded to the bidder who scored the highest total number of points in terms of the preference point system.

(b) In exceptional circumstances a contract may, on reasonable and justifiable grounds, be awarded to a bidder that did not score the highest number of points. The reasons for such a decision must be approved and recorded for audit purposes and must be defendable in a court of law.

(18) Resolution of disputes, objections, complaints and queries

(a) Once the Accounting Officer agrees with the recommendation of the BAC, the intention to award a bid must be advertised in the Government Gazette, selected news media and the Municipality's website within 5 days, allowing for disputes, objections, complaints and queries to be lodged with the Municipality within 14 days.

(b) An independent and impartial person, not directly involved in the supply chain management process, must be appointed by the Accounting Officer. The independent, impartial person must:

- advise the Accounting Officer, within 3 days of any disputes, objections, complaints and queries lodged so that the award process can be suspended until the dispute, objection, complaint or query has been investigated.
- assist in resolving disputes between the Municipality and other persons regarding:
  - Any decisions or actions taken in the implementation of the supply chain management system.
  - Any matter arising from a contract awarded during the supply chain management system; or
- deal with objections, complaints, or queries regarding any such decisions or actions or any matters arising from such contract.
- issue a formal report with recommendations to the Accounting Officer.

(c) Once the independent, impartial person has completed the investigation, s/he must issue a formal report to the Accounting Officer. The Accounting Officer must consider the recommendations of the independent, impartial person and make a determination on the way forward. The way forward could be to award the bid, refer the bid back for re-evaluation and re-adjudication or even to cancel and re-advertise the bid. Should the Accounting Officer award the bid after the appeals processes have been followed, the successful bidder can be accordingly notified.

(19) Remedies

(a) The Accounting Officer must act against the bidder or person awarded the contract upon detecting that the B-BBEE status level of contribution has been claimed or obtained on a fraudulent basis or any of the contract conditions have not been fulfilled.

(b) The Municipality may, in addition to any other remedy that it may have against the bidder or person:

- Disqualify the bidder or person from the bidding process.
- Recover all costs, losses or damages it has incurred or suffered as a result of that

person’s

conduct.

- Cancel the contract and claim any damages which it has suffered as a result of having to make less favorable arrangements due to such cancellation.
- Restrict the bidder or contractor, its shareholders and directors, or only the shareholders and directors who acted on a fraudulent basis, from obtaining business from any organ of state for a period not exceeding 10 years, after applying the audi alteram partem (hear the other side) rule; and
- Forward the matter for criminal prosecution.

(c) The Municipality must involve their legal services when any of the remedies are applied.

(d) The details of any restrictions imposed on bidders, persons or contractors must be forwarded to the National Treasury for inclusion on the central Database of Restricted Suppliers.

(20) Tax Clearance

No bid may be awarded to any bidder whose tax matters have not been declared by the SARS to be in order.

(21) Bidding Documents

(a) The following bidding documents, which have been amended, where necessary, in accordance with the prescripts of the Preferential Procurement Regulations, 2011, and MFMA Circular No.25 must be used:

MBD Description	Document Number
• Invitation to Bid	MBD 1
• Application for Tax Clearance Certificate	MBD 2
• Pricing Schedules	MBD 3.1 to 3.3
• Declaration of Interest	MBD 4
• National Industrial Participation Programme	MBD 5
• Preference claims in terms of the Preferential Procurement Regulations, 2011	MBD 6.1 to 6.12
• Formal contract	MBD 7.1 to 7.3

(b) The Municipality must customize and utilize the bidding documents by incorporating the Municipality's name, logo and contact details.

(c) Other changes to the MBDs, such as variations necessary to address specific contract and project issues, should be kept to a minimum. The standard wording for the Application for Tax Clearance

Certificates (MBD 2) and the National Industrial Participation Programme (MBD 5) should not be amended. The formal contract document (MBD 7.1 to 7.3) should not form part of the bidding documents issued to every prospective bidder but should be made applicable only to the successful bidder after adjudication and award of the bid.

(d) The relevant MBDs must be utilized for procurement by means of written price quotations, advertised competitive bids or proposals.

(22) Sale and Letting of Assets

(a) The preference point system prescribed in the PPPFA and the Preferential Procurement Regulations, 2011 are not applicable to the sale and letting of assets.

- In instances where assets are sold or leased by means of advertised competitive bids or written price quotations or by auctions the award must be made to the highest bidder.
- The tax clearance requirement applies to the sale and letting of assets as well.

(23) SMME Status Table

Industrial Sector Category	Size of Class	Total Full-Time Employees	Total Turnover	Total Gross Asset Value (Fixed Property excl.)
Agriculture	✓ Medium ✓ Small ✓ Very small ✓ Micro	✓ 100 ✓ 50 ✓ 10 ✓ 5	✓ R5m ✓ R3m ✓ R0, 50m ✓ R0, 20m	✓ R5m ✓ R3m ✓ R0, 50m ✓ R0, 10m
Mining and Quarrying	✓ Medium ✓ Small ✓ Very small ✓ Micro	✓ 200 ✓ 50 ✓ 20 ✓ 5	✓ R39m ✓ R10m ✓ R4m ✓ R0, 20m	✓ R5m ✓ R3m ✓ R0, 50m ✓ R0, 10m
Manufacturing	✓ Medium ✓ Small ✓ Very small ✓ Micro	✓ 200 ✓ 50 ✓ 10 ✓ 5	✓ R51m ✓ R13m ✓ R5m ✓ R0, 20m	✓ R5m ✓ R3m ✓ R0, 50m ✓ R0, 10m

Electricity, Gas & Water	✓ Medium ✓ Small ✓ Very small ✓ Micro	✓ 200 ✓ 50 ✓ 20 ✓ 5	✓ R51m ✓ R13m ✓ R5m ✓ R0, 20m	✓ R5m ✓ R3m ✓ R0, 50m ✓ R0, 10m

Industrial Sector Category	Size of Class	Total Full-Time Employees	Total Turnover	Total Gross Asset Value (Fixed Property excl.)
Construction	✓ Medium ✓ Small ✓ Very small ✓ Micro	✓ 200 ✓ 50 ✓ 20 ✓ 5	✓ R26m ✓ R6m ✓ R3m ✓ R0, 20m	✓ R5m ✓ R3m ✓ R0, 50m ✓ R0, 10m
Retail, Motor Trade and Repair Services	✓ Medium ✓ Small ✓ Very small ✓ Micro	✓ 200 ✓ 50 ✓ 20 ✓ 5	✓ R39m ✓ R19m ✓ R4m ✓ R0, 20m	✓ R5m ✓ R3m ✓ R0, 50m ✓ R0, 10m
Wholesale Trade, Commercial Agents & Allied Services	✓ Medium ✓ Small ✓ Very small ✓ Micro	✓ 200 ✓ 50 ✓ 20 ✓ 5	✓ R64m ✓ R32m ✓ R6m ✓ R0, 20m	✓ R5m ✓ R3m ✓ R0, 50m ✓ R0, 10m
Catering, Accommodation and other Trade	✓ Medium ✓ Small ✓ Very small ✓ Micro	✓ 200 ✓ 50 ✓ 20 ✓ 5	✓ R13m ✓ R6m ✓ R5, 10m ✓ R0, 20m	✓ R5m ✓ R3m ✓ R0, 50m ✓ R0, 10m
Transport, Storage & Communication	✓ Medium ✓ Small ✓ Very small ✓ Micro	✓ 200 ✓ 50 ✓ 20 ✓ 5	✓ R26m ✓ R13m ✓ R3m ✓ R0, 20m	✓ R5m ✓ R3m ✓ R0, 50m ✓ R0, 10m
Finance and Business Services	✓ Medium ✓ Small ✓ Very small ✓ Micro	✓ 200 ✓ 50 ✓ 20 ✓ 5	✓ R26m ✓ R13m ✓ R3m ✓ R0, 20m	✓ R5m ✓ R3m ✓ R0, 50m ✓ R0, 10m
Community, Social and Personal Services	✓ Medium ✓ Small ✓ Very small ✓ Micro	✓ 200 ✓ 50 ✓ 20 ✓ 5	✓ R13m ✓ R6m ✓ R1m ✓ R0, 20m	✓ R5m ✓ R3m ✓ R0, 50m ✓ R0, 10m

(24) Payment to SMME`s (Early Payment Cycles)

SMME`s within the Very small and Micro categories will be paid within 30 days of receipt of approved invoice. All other payments are to be within 30 days from date of delivery or in the case of work completed, the date on which the invoice has been approved.

Part 3: Logistics, Disposal, Risk and Performance Management

35. Logistics management

The accounting officer must establish and implement an effective system of logistics management, which must include -

(a) the monitoring of spending patterns on types or classes of goods and services incorporating, where practical, the coding of items to ensure that each item has a unique number.

(b) the setting of inventory levels that includes minimum and maximum levels and lead times wherever goods are placed in stock.

(c) the placing of manual or electronic orders for all acquisitions other than those from petty cash; (d)before payment is approved, certification by the responsible officer that the goods and services are

received or rendered on time and is in accordance with the order, the general conditions of contract and specifications where applicable and that the price charged is as quoted in terms of a contract.

(e) appropriate standards of internal control and warehouse management to ensure that goods placed in stores are secure and only used for the purpose for which they were purchased.

(f) monitoring and review of the supply vendor performance to ensure compliance with specifications and contract conditions for goods or services.

36. Disposal management

(1) The store manager shall monthly identify obsolete and slow-moving stock that should be disposed of.

(2) He shall motivate for their disposal, together with necessary documentation, to the SCM Manager for recommendation for disposal thereof.

(3) All such stock disposals must be approved by both, the chief financial officer, and the municipal manager.

(4) Once approved, the stock must be physically transferred for safe keeping and disposal to the disposal's

unit.

37. Risk management

(1) The SCM unit shall subscribe to the Municipal Risk Management Policy and its related risk management processes.

(2) Risks are identified and assessed in terms of impact and likelihood.

(3) Mitigating measures are developed, implemented, and regularly monitored.

(4) Risk management must include –

(a) the identification of risks on a case-by-case basis.

(b) the allocation of risks to the party best suited to manage such risks.

(c) acceptance of the cost of the risk where the cost of transferring the risk is greater than that of retaining it.

(d) the management of risks in a pro-active manner and the provision of adequate cover for residual risks; and

(e) the assignment of relative risks to the contracting parties through clear and unambiguous contract documentation.

38. Performance management

The accounting officer must establish and implement an internal monitoring system in order to determine, on the basis of a retrospective analysis, whether the authorized supply chain management processes were followed and whether the objectives of this Policy were achieved.

Part 4: Other matters

39. Prohibition on awards to persons whose tax matters are not in order

(1) No award above R15 000 may be made in terms of this Policy to a person whose tax matters have not been declared by the South African Revenue Service to be in order.

(2) Before making an award to a person the accounting officer must first check with SARS whether that person's tax matters are in order.

(3) If SARS does not respond within 7 days such person's tax matters may for purposes of subparagraph (1) be presumed to be in order.

40. Prohibition on awards to persons in the service of the state

Irrespective of the procurement process followed, no award may be made to a person in terms of this Policy –

(a) who is in the service of the state?

(b) if that person is not a natural person, of which any director, manager, principal shareholder or stakeholder is a person in the service of the state; or

(c) a person who is an advisor or consultant contracted with the municipality.

41. Awards to close family members of persons in the service of the state

The accounting officer must ensure that the notes to the annual financial statements disclose particulars of any award of more than R2000 to a person who is a spouse, child or parent of a person in the service of the state, or has been in the service of the state in the previous twelve months, including –

(a) the name of that person.

(b) the capacity in which that person is in the service of the state; and

(c) the amount of the award.

42. Code of conduct

(1) The purpose of this Code of Conduct is to promote mutual trust and respect and an environment where business can be conducted with integrity and in a fair and reasonable manner.

(2) General Principles

a) The municipality commits itself to a policy of fair dealing and integrity in the conducting of its business. Officials and other role players involved in supply chain management (SCM) are in a position of trust, implying a duty to act in the public interest. Officials and other role players should not perform their duties to unlawfully gain any form of compensation, payment or gratuities from any person, or provider/contractor for themselves, their family or their friends.

b) Officials and other role players involved in SCM should ensure that they perform their duties efficiently, effectively and with integrity, in accordance with the relevant legislation, policies and guidelines. They should ensure that public resources are administered responsibly.

c) Officials and other role players involved in SCM should be fair and impartial in the performance of their functions. They should at no time afford any undue preferential treatment to any group or individual or unfairly discriminate against any group or individual. They should not abuse the power and authority vested in them.

(3) Conflict of interest

An official or other role player involved with supply chain management:

(a) must treat all providers and potential providers equitably.

(b) may not use his or her position for private gain or to improperly benefit another person.

(c) may not accept any reward, gift, favor, hospitality or other benefit directly or indirectly, including to any close family member, partner or associate of that person, of a value more than R350.

(d) must declare to the accounting officer details of any reward, gift, favor, hospitality or other benefit promised, offered or granted to that person or to any close family member, partner or associate of that person.

(e) must declare to the accounting officer details of any private or business interest which that person, or any close family member, partner or associate, may have in any proposed procurement or disposal process, or in any award of a contract by the municipality.

(f) must immediately withdraw from participating in any manner whatsoever in a procurement or disposal process or in the award of a contract in which that person, or any close family member, partner or associate, has any private or business interest.

(g) must declare any business, commercial and financial interests or activities undertaken for financial gain that may raise a possible conflict of interest.

(h) should not place him/herself under any financial or other obligation to outside individuals or organizations that might seek to influence them in the performance of their official duties; and

(i) Should not take improper advantage of their previous office after leaving their official position.

(4) Accountability

a) Practitioners are accountable for their decisions and actions to the public.

b) Practitioners should use public property scrupulously.

c) Only accounting officers or their delegates have the authority to commit the municipality to any transaction for the procurement of goods and / or services.

d) All transactions conducted by a practitioner should be recorded and accounted for in an appropriate accounting system. Practitioners should not make any false or misleading entries into such a system for any reason whatsoever.

e) Practitioners must assist the accounting officer in combating fraud, corruption, favoritism and unfair and irregular practices in the supply chain management system.

f) Practitioners must report to the accounting officer any alleged irregular conduct in the supply chain management system which that person may become aware of, including

(i) any alleged fraud, corruption, favoritism, or unfair conduct.

(ii) any alleged contravention of the policy on inducements, rewards, gifts and favors to municipalities or municipal entities, officials, or other role players; and

(iii) any alleged breach of this code of conduct.

g) Any declarations made must be recorded in a register which the accounting officer must keep for this purpose. Any declarations made by the accounting officer must be made to the mayor who must ensure that such declaration is recorded in the register.

(5) Openness

Practitioners should be as open as possible about all the decisions and actions that they take. They should give reasons for their decisions and restrict information only if it is in the public interest to do so.

(6) Confidentiality

a) Any information that is the property of the municipality or its providers should always be protected . No information regarding any bid / contract / bidder / contractor may be revealed if such an action will infringe on the relevant bidder's / contractors' personal rights.

b) Matters of confidential nature in the possession of officials and other role players involved in SCM should be kept confidential unless legislation, the performance of duty or the provision of law requires otherwise. Such restrictions also apply to officials and other role players involved in SCM after separation from service.

(7) Bid Specification / Evaluation / Adjudication Committees

a) Bid specification, evaluation and adjudication committees should implement supply chain management on behalf of the municipality in an honest, fair, impartial, transparent, cost-effective and accountable manner.

b) Bid evaluation / adjudication committees should be familiar with and adhere to the prescribed legislation, directives and procedures in respect of supply chain management in order to perform effectively and efficiently.

c) All members of bid adjudication committees should be cleared by the accounting officer at the level of "CONFIDENTIAL" and should be required to declare their financial interest annually.

d) No person should:

(i) interfere with the supply chain management system of the municipality or

(ii) amend or tamper with any price quotation / bid after its submission.

(8) Combative Practices

Combative practices are unethical and illegal and should be avoided at all cost. They include but are not limited to:

a. Suggestions to fictitious lower quotations.

b. Reference to non-existent competition.

c. Exploiting errors in price quotations / bids.

d. Soliciting price quotations / bids from bidders / contractors whose names appear on the Register for Tender Defaulters.

43. Inducements, rewards, gifts and favors to municipalities, officials and other role players

(1) This policy ensures that the officials employed by the municipality do not unlawfully, for private gain, accept gifts, rewards or favors from Customers/ Public or any person who either seeks or has any business relations with the municipality:

a) An official, upon possible or actual receipt of a reward or gift of whatever nature and regardless of the total value thereof from a benefactor must immediately disclose this to his or her immediate Manager/Supervisor.

b) The prescribed discloser form to be duly completed and signed by the official and handed to the Manager/ Supervisor or in his absence to the official appointed in an Acting capacity.

c) The General Manager/ Supervisor must acknowledge receipt of the disclosure form and hand same to the Municipal Manager for his authorization.

d) In the event that the General Manager/ or the Municipal Manager be of the opinion that the gift reward or favor constitutes bribery or will unduly influence the official or enrich him/ her, the General Manager or Municipal Manager will advise the official accordingly in writing.

e) Under the circumstances prescribed in clause (d) above, the gift or reward will be returned to the benefactor and the favor refused. The circumstances will be given to the benefactor.

f) A register of all gifts, rewards and/ or favors accepted by employees shall be maintained by each Head of Department, which shall be inspected by the Municipal Manager monthly.

(2) Exclusions:

a) Gifts received during conferences, workshops, seminars, and meetings which accrue to all participants at same conference, workshop, or seminar.

b) Gifts received as a token of appreciation for the delivery of an address/ speech at a conference, seminar, or workshop.

c) Gifts such as calendars, diaries, cufflinks, ties, scarves, or articles for normal office use which display

the supplier's name, trademark, or logo and which are presented for advertising purposes; and

d) Gifts less than R350 in value.

(3) The accounting officer must promptly report any alleged contravention of subparagraph (1) to the National Treasury for considering whether the offending person, and any representative or intermediary through which such person is alleged to have acted, should be listed in the National Treasury's database of persons prohibited from doing business with the public sector.

44. Sponsorships

The accounting officer must promptly disclose to the National Treasury and the relevant provincial treasury any sponsorship promised, offered, or granted, whether directly or through a representative or intermediary, by any person who is –

(a) a provider or prospective provider of goods or services; or
(b) a recipient or prospective recipient of goods disposed or to be disposed.

45. Objections and complaints

Persons aggrieved by decisions or actions taken in the implementation of this supply chain management system, may lodge within 14 days of the decision or action indication of their grievance.:

46. Resolution of objections and complaints against procurement process

(1) The accounting officer must appoint an independent and impartial official, not directly involved in the supply chain management processes to assist in the resolution of objections and complaints between the municipality and any other person regarding:
   a) the implementation of the procurement process in terms of the supply chain management system; or
   b) any matter arising from the implementation of the procurement process in terms of the supply chain management system.

(2) The accounting officer, or another official designated by the accounting officer, is responsible for assisting the appointed person to perform his or her functions effectively.

(3) The person appointed must –
   a) strive to resolve promptly all objections and complaints received; and
   b) submit monthly reports to the accounting officer on all such objections and complaints received, attended to or resolved.

(4) If the independent and impartial person referred to in paragraph (1), is of the view that a matter should be dealt with in terms of paragraph externally, , he or she shall forthwith refer the matter to the Municipal Bid Tribunals convened at Provincial Treasury; and that Tribunal shall then hear and determine the matter.

(5) An objection or complaint may be referred to the KwaZulu-Natal Provincial Treasury if:

a) the objection or complaint is not resolved within 60 days: or

b) no response is forthcoming within 60 days.

(6) If the Provincial Treasury does not or cannot resolve the matter, the objection or complaint may be referred to the National Treasury for resolution.

47. Municipal Bid Appeals Tribunal

(1) The council shall utilize a Municipal Bid Appeals Tribunal for matters referred by the Independent & Impartial person referred to in 49 above

(3) The powers, duties and functions of the Municipal Bid Appeals Tribunal, and matters incidental thereto, are set out in the Rules which are appended to this Supply Chain Management Policy and marked Appendix A.

(4) The administrative and secretarial work involved in the performance of the duties and functions of the Municipal Bid Appeals Tribunal shall be performed by officers of the Provincial Treasury as set out in the Rules referred to in paragraph

(5) There shall be no further appeal against a decision of the Municipal Bid Appeals Tribunal, expect for where normal legal rights exist, such as referral to High Court for Review. /PAJA.

48. Contracts providing for compensation based on turnover

If a service provider acts on behalf of a municipality to provide any service or act as a collector of fees, service charges or taxes and the compensation payable to the service provider is fixed as an agreed percentage of turnover for the service or the amount collected, the contract between the service provider and the municipality must stipulate:

(a) a cap on the compensation payable to the service provider; and

(b) that such compensation must be performance based.

49. Roles and responsibilities

The SCM unit is tasked with the effective and efficient implementation of this policy document, thereby ensuring compliance with and enforcement of the SCM policy.

50. MONITORING AND EVALUATION

50.1 This Policy shall be monitored and evaluated by the General Manager: XXX and regular monitoring reports submitted to the Management Committee Meeting, xx Portfolio Committee, Executive Committee and Full Council Meetings.

51 ADDING OR CHANGING OF BANKING DETAILS

Commented [NM6]: Added to the policy – better suitable to be included on the SOP's.

52.1 This procedure aims to minimize potential fraud:

1. Supplier Banking details can only be added on the database when the supplier has provided the letter from bank with the bank stamp which serves as the verification that it is a proper business account.
2. Changing of bank details can be accepted on if the same letter from the bank with the stamp is provided to the municipality and the old bank details are included.
3. Once that letter is provided, a request through an email is sent to FMSS unit to give rights on financial system of changing banking details to the SCM official who needs to process the change, rights are revoked immediately after that change is done.
4. SCM practitioners are not allowed to have access to the banking details change screen unless they have been allowed by FMSS unit.

52 COMMENCEMENT OF THE POLICY

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

53 AMENDMENT AND/OR ABOLITION

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

54 COMPLIANCE AND ENFORCEMENT

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

55 POLICY REVIEW

55.1 This Policy will be reviewed annually to ensure applicability and relevance.

APPEAL PROCESS/ GRIEVANCE PROCEDURE

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.

Records of Approval

Meeting	Date	Resolution
Review 2021/22		
Policy Committee	22/02/2022	Recommendation to MANCO
Extended MANCO/MANCO	09/05/2022	Consultation comments
Portfolio Committee on Finance	05/05/2022	Recommended to EXCO
EXCO	18/05/2022	Recommended to Council
Council	26/05/2022	ADOPTED

UGU DISTRICT MUNICIPALITY

Policy Custodian	**BTO**
Policy Name	**Unauthorized Irregular Fruitless and Wasteful Expenditure Policy**
Policy Number	
Status **Date**	**New**
Approved by	**Council**
Date First Approved	**N/A**
Date Last Approved	**N/A**
Date for Next Review	

E. Gama

Received by Policy & Research

Date: 13 May 2022

REVIEWED
Policy Committee
2022 -05- 17
Chairperson: N Msomi

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REVIEWED
Policy Committee
2022 -05- 17
Chairperson: N Msomi

Unauthorized, Irregular, Fruitless and Wasteful Expenditure Policy

PREAMBLE

The poor economic conditions prevailing in South Africa has had serious financial pressure on government service delivery mandates. This financial challenge has influenced government to re-assess its current financial position and activities, shifting focus and resources towards key service delivery activities and allocating resources more efficiently on essential services.

Therefore, the need is for the Ugu District Municipality to curb unnecessary expenditure and ensure that resources are allocated and used effectively, efficiently, and economically.

The UIFWE Policy is meant to give effect to the provisions of Section 62 of the Municipal Finance Management Act No. 56 of 2003, in line with Section 62(1)(a), 62(1)(d), and 62(1)(e) of the MFMA, 2003, the object of which is to ensure that resources of a municipality are used effectively, efficiently, and economically by UIFWE measures.

1. INTRODUCTION

1.1 In terms of Section 62 of the Municipal Finance Management Act No. 56 of 2003, the accounting officer is responsible for managing the financial affairs of Ugu District Municipality and he/she must, for this purpose, inter alia.

a) Take all reasonable steps to ensure that unauthorize, irregular, fruitless and wasteful expenditure and other losses are prevented; and
b) Ensure that disciplinary or, when appropriate, criminal proceedings are instituted against any official or councilor of Ugu District Municipality who has allegedly committed an act of financial misconduct or an offence in terms of Chapter 15 of the MFMA

1.2 This is to ensure the effective, efficient and transparent systems of financial, risk management and internal control.

2 DEFINITIONS AND ABBREVIATION

TERMS	DEFINATION
MFMA	Municipal Finance Management Act, no. 56 of 2003
Municipality	UGU District Municipality
ACCOUNTING OFFICER	The Municipal Manager or Acting Municipal Manager of the municipality
CFO	The Chief Financial Officer or Acting Chief Financial Officer of the municipality
Capital expenditure	Expenditure on items or projects with a life span of more than 12 months (i.e. other than consumables) which affect financial position of the municipality
Operating expenditure	Expenditure on items or projects written off against accumulated surplus or deficit of the municipality during the year which affect statement of financial performance of the municipality

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Fruitless and wasteful expenditure in terms of MFMA	Expenditure incurred in vain and would have been avoided had a reasonable care been exercised. This expenditure does not add any value to the municipality instead it creates waste or is fruitless
Unauthorized expenditure in terms of MFMA	Expenditure incurred which was not appropriated in an approved budget which include over expenditure within any vote or account. This includes utilization of funds for other purposes other than an intended purpose.
Irregular expenditure in terms of MFMA	It means: • Expenditure incurred in contravention of MFMA, SCM processes, municipal bylaws, practice notes, directive, any prescripts or regulations issued by Treasury or Minister of Finance
Emergency	Incidence whereby the following of SCM processes can cause threat to the human lives. This should not be a justification for poor planning.
VOTE	(a) one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments 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

3 POLICY OBJECTIVES

This document sets out the Municipality's policy and procedures with regards to unauthorized, irregular, fruitless and wasteful expenditure.

This policy aims to ensure that, amongst other things:

3.2 Unauthorized, irregular, fruitless and wasteful expenditure is detected, processed, recorded, and reported in a timely manner.

3.3 Officials and councilors of the Ugu District Municipality have a clear and comprehensive understanding of the procedures they must follow when addressing unauthorized, irregular, fruitless and wasteful expenditure.

3.4 All officials and councilors are aware of their responsibilities in respect of unauthorized, irregular, fruitless and wasteful expenditure.

4 PRESCRIPTIVE/LEGAL FRAMEWORK

Ugu District Municipality's Unauthorized, irregular, fruitless and wasteful expenditure Policy has been developed with recognition of the following prescriptive context – within which it needs to comply:

- The Local Government Municipal Finance Management Act, Act No 56 of 2003
- Remuneration of Public Office Bearers Act;
- Municipal Systems Act, 2000, Act No. 32 of 2000
- MFMA Circular 68;
- Ugu District Municipality Virement Policy

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- Ugu District Municipality Expenditure Policy
- Constitution of the Republic of South Africa, Act No. 108 of 1996

5 POLICY APPLICATION

This Policy is applicable to all officials and councilors, both future and present, of the Ugu District Municipality

6 UNAUTHORIZED EXPENDITURE

Ugu District Municipality may incur expenditure on in terms of an approved budget and within the limits of the amounts appropriated for the different votes in an approved budget.

Expenditure incurred within the ambit of the Municipality's virement policy is not regarded as unauthorized expenditure.

Any expenditure that has not been budgeted for, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, economic entity or organ of state and expenditure in the form of a grant that is not permitted in terms of the MFMA is regarded as unauthorized expenditure.

"**Unauthorised expenditure**", in relation to a municipality, means any expenditure incurred by a municipality otherwise than in accordance with section 15 or 11(3) MFMA. and includes.

7.1 Overspending of the total amount appropriated in the municipality's approved budget.
7.2 Overspending of the total amount appropriated for a vote in the approved budget;
7.3 Expenditure from a vote unrelated to the department or functional area covered by the vote.
7.4 Expenditure of money appropriated for a specific purpose. otherwise, than for that specific purpose:
7.5 Spending of an allocation referred to in paragraph (b), (c) or (d) of the definition of "allocation" otherwise than in accordance with an! condi1ions of the allocation; or
7.6 A grant by the municipality otherwise than in accordance with MFMA:

8 IRREGULAR EXPENDITURE

Irregular expenditure is an expenditure incurred by a municipality or municipal entity in contravention of Municipal Finance Management Act (Act 56 of 2003), the Municipal Systems Act (Act 32 of 2000), and the Public Office Bearers Act (Act 20 of 1998) or is in contravention of the entity's supply chain management policy.

Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

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Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

Irregular expenditure includes the following:

8.1 Irregular expenditure incurred as a result of institutions procuring goods or services by means other than through competitive bids and where reasons for deviating from inviting competitive bids to have not been recorded and approved by the accounting officer.
8.2 Irregular expenditure incurred as a result of non-compliance with a requirement of the Municipality's delegations of authority.
8.3 Irregular expenditure incurred due to it being in contravention of the municipality's supply chain management policy.
8.4 Expenditure paid out to service providers who are in the service of state.
8.5 Irregular expenditure incurred because of non-compliance with a provision contained in any applicable legislation.

9 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and Wasteful Expenditure is any expenditure that is incurred for which no benefit is received by the municipality and would have been avoided had reasonable care been exercised.

Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

Fruitless and wasteful expenditure includes the following:

9.1 Procuring of goods and services that are not beneficial to the municipality
9.2 Costs of goods and services are more than what would have been the case have proper procedures been followed
9.3 Renting of property when sufficient and appropriate unoccupied property is owned by the entity
9.4 Exuberant costs on parties, entertainment etc.
9.5 Incurring penalty and interest costs on late payment of accounts
9.6 Mismanagement of funds

10 TREATMENT OF IRREGULAR OR FRUITLESS AND WASTEFUL EXPENDITURE

10.1 Where irregular or fruitless and wasteful expenditure is identified and discovered, it must be recorded in the appropriate internal registers and must be reported to relevant municipal committees in the next available meeting after the occurrence of the expenditure.
10.2 The same must be reported to the Mayor, Provincial Cogta and the Auditor-General the particulars of the expenditure; and any steps that have been taken to recover the expenditure; and to prevent a recurrence of the expenditure.

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10.3 Where appropriate, the Accounting Officer must take appropriate steps to recover the amount from the persons concerned.

10.4 If the amount is irrecoverable, the Council of Ugu District Municipality may write-off debt in terms of Treasury Regulations,

10.5 The amounts written off in terms of treasury regulations must be disclosed in the Annual Financial Statements of the municipality.

10.6 The Unauthorized, Irregular, Fruitless and Wasteful expenditure register must be updated accordingly according to the various outcomes of the above processes.

11 RECOVERY OF UNATHORISED, IRREGULAR, FRUITLESS OR WASTEFUL EXPENDITURE

11.1 All instance of unauthorized, irregular, fruitless or wasteful expenditure must be recovered from liable official or political officer-bearer, unless the expenditure is certified by the municipal council, after investigation by a council committee, as irrecoverable and is written off by the council or unauthorized expenditure has been authorized by council in an adjustment budget. In other word the expenditure that is written off is therefore condoned.

11.2 Unauthorized, irregular, fruitless and wasteful expenditure resulting from breach of public Office-bearers act is an exception in that the unauthorized, irregular, fruitless and wasteful expenditure must be recovered from the political Officer- bearer to who it was paid, who might not have been responsible for making, permitting, or authorizing the unauthorized, irregular, fruitless and wasteful expenditure.

11.3 Once it has been established who is liable for the irregular expenditure, the accounting officer must in writing request that the official or political Office- bearer pay the amount within 30 days or in reasonable instalments. If the person fails to comply with the request, the matter must be recovered through the normal debt collection process of the entity.

12 PROCESS TO BE FOLLOWED IN CASES OF UNAUTHORISED, IRREGULAR OR FRUITLESS AND WASTEFUL EXPENDITURE

12.1 Any unauthorized, irregular, or fruitless and wasteful expenditure as defined above, must be promptly reported to the Chief Financial Officer who will initiate the process of dealing with the unauthorized, irregular, or fruitless and wasteful expenditure

12.2 A register will be maintained in Budget and Treasury Office to record all instances of unauthorized, irregular, fruitless and wasteful expenditure. The format of the register will be consistent with Annexure A of MFMA Circular 68 issued on 10 May 2013.

12.3 The Register of unauthorized, irregular, or fruitless and wasteful expenditure will form part of the Municipal Manager's management meeting agenda to ensure the reported items are dealt with in a prompt manner.

12.4 Upon receiving a report of unauthorized, irregular, or fruitless and wasteful expenditure, the CFO will advise, in writing, the Municipal Manager and the Head of Internal Audit.

12.5 The Internal Audit will institute an investigation as contemplated in section 32 of the MFMA, and, determine the following:

12.5.1 Nature and reason for the unauthorized expenditure, irregular or fruitless and wasteful expenditure;

12.5.2 Whether the irregular expenditure result from a minor breach in the procurement policy.

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12.5.3 Whether the municipality suffered a financial loss.
12.5.4 Whether the accounting officer / official / public officer bearer acted deliberately, negligently, or grossly negligently.
12.5.5 Whether the accounting officer can condone the non-compliance with the SCM policy as a minor breach.
12.6 The findings of the Internal Audit will be submitted to the Municipal Manager for consideration of the following:
12.6.1 Introduction of an adjustments budget to authorize the un-authorized expenditure (if unforeseen and unavoidable and the process outlined in paragraph 3 of this policy could not be followed)
12.6.2 Recommendation to recover funds
12.6.3 Recommendation to write the funds of as irrecoverable
12.6.4 Disciplinary / Criminal action to be instituted.
12.7 If the unauthorized expenditure is not authorized by Council, the funds must be recovered from the liable official or political officer bearer (within 30 days or in reasonable instalments).
12.8 All instances of unauthorized, irregular, fruitless and wasteful expenditure must be disclosed in the annual report.

13 REPORTING

13.1 The Accounting Officer must comply with the following reporting requirements:

13.1.1 Immediately upon discovery of unauthorized, irregular or fruitless, and wasteful expenditure, the Accounting Officer must report the details of the unauthorized, irregular or fruitless, and wasteful expenditure to the Mayor.

The report must include the following details:

13.1.1.1 amount of the Unauthorized, irregular, or fruitless and wasteful expenditure.
13.1.1.2 name of the vote from which the expenditure was made;
13.1.1.3 reason why the unauthorized, irregular, or fruitless and wasteful expenditure could not be avoided.
13.1.1.4 name and title of the responsible official.
13.1.1.5 details of any recovery steps taken or to be taken by the municipality.
13.1.1.6 details of any disciplinary steps taken or to be taken by the municipality,

13.1.2 The Accounting Officer must also include the expenditure in the department's monthly revenue and expenditure report submitted to the Council in terms of the MFMA.

13.1.3 All unauthorized, irregular, or fruitless and wasteful expenditure must be reported as a note to the annual financial statements.

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14. MONITORING AND EVALUATION

14.1 This Policy shall be monitored and evaluated by the CFO and regular monitoring reports submitted to the Management Committee Meeting, Finance Portfolio Committee, Executive Committee and Full Council Meetings.

15. COMMENCEMENT OF THE POLICY

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

16. AMENDMENT AND/OR ABOLITION

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

17. COMPLIANCE AND ENFORCEMENT

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

18. POLICY REVIEW

18.1 This Policy will be reviewed annually to ensure applicability and relevance.

Records of Approval

Council Meetings		
Council		
Council		
Policy Review		
Policy Committee		
Policy Committee		
Policy Committee		

Unauthorized, Irregular, Fruitless and Wasteful Expenditure Policy

REVIEWED
Policy Committee
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UGU DISTRICT MUNICIPALITY

“The Municipality”

VIREMENT POLICY

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Annexure: Virement Request Form (PLEASE ATTACH THE VIREMENT 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.

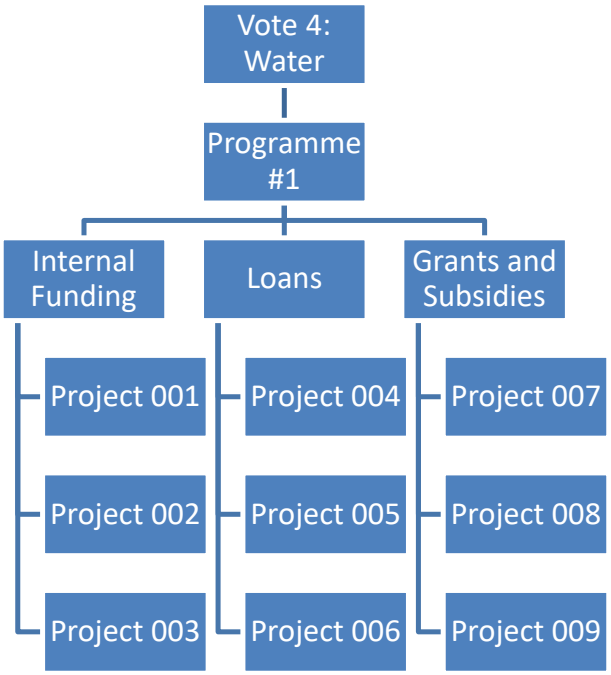
9.3 The prescribed request form shall include, but not limited to, provisions for the following:

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 MUNICIPLAITY** as follows:

Resolution No:…….

Approval Date:.....

UGU DISTRICT MUNICIPALITY

TARIFF OF CHARGES 2022/2023 WITH EFFECT FROM 1 JULY 2022 (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) In 2022/2023 financial year there will be no increment on the basic charge.

(c) Charges for water supplied shall be calculated by multiplying the consumption of the consumer by the applicable tariff code, by category of consumer.

(d) The following tariff and basic costs will be implemented on all accounts submitted on or after **1 July 2022** based on the quota as allocated to the meter.

(e) The production cost incurred by the municipality in producing one (1) kilolitre of water is **R17.30 excluding VAT.**

(f) The 6 kilolitres free will only be limited to indigent customers. Non indigent customers will be charged on all water usage.

(g) All overdue accounts will be charged 6.5% interest per annum.

(h) The deposit amounts for new connections per quota will be as follows: - R550.00 for Urban customers, R200 for Rural customers and R1000 for Tenants.

CONSUMPTION CHARGE

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

A: INDIGENTS CUSTOMERS

	2021/2022	2022/2023	% Increase	
0 to 6 Kl	Free	Free	Indigent only	Indigent customers
7 – 39kl	17.54	18.68	6.50%	
40 – 51kl	27.96	29.78	6.50%	
>52kl	31.50	33.55	6.50%	

B: NON-INDIGENTS CUSTOMERS

	2021/2022	2022/2023	% Increase	
0 – 39kl	17.54	18.68	6.5%	
40 – 51kl	27.96	29.78	6.5%	
>52kl	31.50	33.55	6.5%	

2. **Multi-unit residential - Estates AND OTHER bulk users**

Total Monthly Quota as per Service Level Agreement- Category B

	2021/2022	2022/2023	% Increase	
For water consumption	15.98	18.68	Adjusted to normal residential tariff	
For water drawn in excess of quota	31.58	33.63	6.5%	

3. **Commercial, Industrial or other- Category C**

For water consumption up to quota	16.98	19.68	Business and government charged R1 more than Residential which is R1 above break-even	
For water drawn in excess of quota	35.03	37.31	6.5%	

4. **Special Category - Category D**

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

5. Harry Gwala District Municipality

	2021/2022	2022/2023	% Increase	
For water consumption	7.76	8.26	6.5%	

BASIC CHARGE

1. **Category A to D (i.e. Residential and Special Residential Properties)**

(a) 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 – **R165.11**.
Consumers residing in areas currently categorised as rural areas by the municipality will receive a 75% rebate on the basic charge.

(b) 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 – **R117.23**

2. **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

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

4.1 **WATER**

SIZE	2021/2022	2022/2023	% Increase
15 mm [Other]	4,303.59	4 583.32	6.5%
20 mm	7,795.69	8 302.41	6.5%
25 mm	10,103.83	10 760.58	6.5%
40 mm	15,813.27	16 841.13	6.5%

SIZE		Deposit Required	
50mm	Cost plus 10%	12,000.00	
75mm	Cost plus 10%	13,000.00	
100mm	Cost plus 10%	14,000.00	
50mm combination	Cost plus 10%	16,000.00	

4.2 **SANITATION**

SIZE	2021/2022	2022/2022	% Increase
110mm standard connection, 6m from the boundary of the property to be connected	2,742.96	2 921.25	6.5%
160mm Standard connection 6m from the boundary of the property to be connected	3,528.24	3 757.58	6.5%
SIZE	**2021/2022**	**2021/2022**	
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%	

5. COUNCIL'S CHARGES FOR MISCELLANEOUS SERVICES

	SERVICE	2021/2022	2021/2022	% INCREASE
5.1	Testing water meters 15 mm and 20 mm	1,768.99	1,883.97	6.5%
5.2	Reconnection/Requested Disconnection of supply	373.33	397.60	6.5%
5.3	Reconnection of supply outside working hours	1,628.25	1,734.09	6.5%
5.4	Restriction (Credit control)	382.43	407.29	6.5%
5.5	Disconnection (Credit control)	892.33	950.33	6.5%
5.6	Special meter readings	1,274.72	1 357.58	6.5%
5.7	Inspection of leaks in terms of Section 23(c)	1,701.50	1 812.09	6.5%
5.8	Any other service	N/A	N/A	
5.9	For water drawn from an unmetered point of supply per hour or part thereof	1,300.23	1 384.74	6.5%
5.10	For water drawn from a hydrant standpipe	17.54	18.68	6.5%
5.11	Availability charge per fire hydrant standpipe	134.35 per month per fire hydrant	143.08 per month per fire hydrant	6.5%
5.12	Water supplied by tanker less/equal to 6kl	1,838.78	1 958.30	6.5%
5.13	Plan approval fee	404.54	430.84	6.5%
5.14	Inspection Fee per visit	823.31	876.83	6.5%
5.15	Manual Clearance Certificates Fee	856.05	911.69	6.5%
5.16	Electronic Clearance Certificates Fee	425.18	452.82	6.5%
5.17	Drainage Certificate Fee	334.31	356.04	6.5%
5.18	Application in terms of New Planning Act	4,158.16	4 428.44	6.5%
5.19	Town Planning Applications	404.54	430.84	6.5%
5.20	Miscellaneous charges	Cost + 10%	Cost + 10%	
5.21	Administration fee/ Town Planning related matters	327.49	348.78	6.5%
5.22	Administration fee/ Town Planning related matters	823.31	876.83	6.5%

6. COUNCIL'S CHARGES FOR SANITATION SERVICES

		2021/2022	2022/2023	% INCREASE (DECREASE)
6.1	**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 **Industrial/Commercial** Basic Charge (per quota) Charge per kilolitre	 269.16 5.46 538.32 269.16 6.90	 269.16 5.81 538.32 269.16 7.90	 0.00% 6.5% 0.00% 0.00% R1 above residential
	For any sewage effluent delivered to the sewerage works for processing, per kilolitre or part thereof	40.96	43.62	6.5%
6.3	**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 TARIFF- ▪ THIRD LOAD AND MORE 50% OF APPROVED 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 *Conservancy tank customers will receive one load per month included in the basic charge tariff*	 269.16 5.46 813.75 569.25 406.88 269.16 7.9	 269.16 5.81 866.64 606.25 433.33 269.16 8.41	 0.00% 6.5% Market related 30% rebate 50% rebate 0.0% 6.5%
6.4	**Adhoc Vacuum tanker services (All Ugu)** For each draw requested	813.75	866.64	Market related

		2021/2022	2022/2023	% INCREASE (DECREASE)
6.5	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.	3,222.28	3,431.73	6.5%
6.6	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.	546.56 556.82 390.41	582.07 593.01 415.79	6.5% 6.5% 6.5%
6.7	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.	2,048.18	2,181.31	6.5%
6.8	Leachate Removal Charge: - Umdoni Municipality - Per Draw	367.66	391.56	6.5%

7. <u>Tariff of charges for GIS Copies of Maps</u> – all prices excl vat

Size	Colour Copy		Black and White Copy		Standard photo Copy		% Increase / (Decrease)
	2021/2022	2022/2023	2021/2022	2022/2023	2021/2022	2022/2023	
AO	417.76	444.91	208.87	222.45	-	-	6.5%
A1	313.30	333.66	156.64	166.82	-	-	6.5%
A2	208.87	222.45	97.56	103.90	-	-	6.5%
A3	126.13	134.33	62.65	66.72	10.42	11.10	6.5%

A4	103.43		52.20	55.59	4.17	4.44	6.5%
Electronic Soft copy on CD	103.43	110.15			-	-	6.5%
Images (per MB)	85.26		52.20	55.59			6.5%

8. 1 CAPITAL CONTRIBUTIONS FOR 2022/2023

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).

8.2 QUOTA

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

8.3 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.

9. 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: -

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

  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 9.38

  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 R0.89

  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 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 be 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.

10. ACCEPTANCE OF SEWAGE DELIVERED BY ROAD HAULAGE

Description	**2020/2021**	**2021/2022**	
	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	R900.39	R958.91	6.5%
(b) Disposal of trade effluent from without the Council's area of jurisdiction delivered by private road tanker to Council facilities			
Per tanker load	R1,615.40	1,720.40	6.5%
(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	R269.22	R286.72	6.5%
(ii) delivered by private road haulage in drums per drum of capacity not exceeding 150 litres	R53.83	R57.33	6.5%

11. 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:

- R9,192.25 (R8,631.22) on property with an existing structure.
Tower erected on Municipal land (a Greenfield site)

- R4,596.11(R4,315.60) for Co-Locators (Sub-leases)
Billed to the main lessee, applicable to new leases signed or renewed after 1 July 2012

-R1 838.45 (R1,726.24) 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.

The renewal of existing leases will be as per the signed SLA

The escalation percentage will be as per the signed SLA

12. 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.

ENVIRONMENTAL HEALTH PROPOSED TARIFFS AND CHARGES

		2021/2022	2022/2023	
	FINES			
	PUBLIC HEALTH HAZARDS AND PUBLIC HEALTH NUISANCES			
1	Causing of public health hazard or nuisances		1,500.00	New
	FOOD			
2	Failure to operate a food handling premises with a valid certificate of acceptability		1,000.00	New
3	Failure to comply with standards and requirements for food Premises including butcheries (handling of meat), and caterers		1,000.00	New
4	Failure to comply with standards and requirements for the storage and transport of food		500.00	New
5	Failure to comply with general requirements for vending carts		500.00	New
4	Failure to display a valid COA		500.00	New

	WATER POLLUTION			
6	Failure to comply with wastewater runoff and disposal from premises which may impact on public health		1,000.00	New
7	Dumping/littering and/or disposal of any waste in an unauthorised area		1,000.00	New
8	Failing to maintain uninterrupted and adequate water supply to premises		1,000.00	New
	SANITARY SERVICES			
9	Failure to maintain the fat/grease trap in good order		1,500.00	New
10	Failure to comply with condition of toilets, urinals, backyards and refuse areas		1,500.00	New
11	Failure to keep drains, sanitary fitments, and sewer systems in good order		1,500.00	New
	CHILD – CARE FACILITIES			
12	Failure to comply with the environmental health requirements of childcare services		2,000.00	New
	DISPOSAL OF THE DEAD			
13	Failure to operate funeral undertaker's premises without a valid certificate of competence		2,000.00	New
14	Failure to comply with the conditions of certificate of competence for funeral undertakers and mortuary		2,000.00	New
	BURIAL SITES AND BURIALS			
15	Failure to comply with the minimum requirements for a crematorium facility		2,500.00	New
16	Failure to comply with the requirements for transportation of mortal remains		2,500.00	New
	KEEPING OF ANIMALS			
17	Failure to comply with the requirements for premises of keeping of animals		1,000.00	New
	SCHEDULED TRADES			
18	Conducting a scheduled trade operation without approval		2,500.00	New
	CHARGES			
	FOOD			
1	Issuing of Amendment, Renewal or Duplicate Certificate of Acceptability		500.00	New
2	Application fee for caterers' events permit		200.00	New
3	Re-inspection of a food premises for finalisation of issuing of Certificate of Acceptability		500.00	New

	DISPOSAL OF THE DEAD			
4	Issuing Certificate of competence in respect of funeral undertakers and mortuaries		1,000.00	New
5	Permit to operate a crematorium		1,000.00	New

13. SPORTFIELDS AND MULTI – COURTS TARIFFS 2022/2023

	SERVICE	2021/2022	2022/2023	
1	**SOCCER FIELDS**			
	1.1 Ad Hoc Daily Charges - Sporting Events			
	(Per field or part thereof).			
	1.1.1 Hire by clubs, associations, schools, welfare organisations and Religious Organisations			
	If a gate levy or event fee is charged, then the hire fee will be either 15% of gross gate levy or the tariff, whichever is the greater. PER GAME			
	- FIELD A	850.38	905.65	6.5%
	- FIELD B	589.52	627.84	6.5%
	- FIELD C	589.52	627.84	6.5%
	1.1.2 Hire by Professional clubs:			
	(i) Soccer Match - FIELD A	3,130.23	3,333.69	6.5%
	- FIELD B	2 608.51	2,778.06	6.5%
	- FIELD C	2 608.51	2,778.06	6.5%
	1.1.3 Hire by Professional Clubs for training sessions only (Per day or part thereof) one day prior to the day of the match - FIELD B only			
	1.2 Hire Flood Lights - Per hour or part thereof	589.52	627.84	6.5%
	1.2.1 Schools and amateur clubs - FIELD A (100 lux)	139.12	148.16	6.5%
	- FIELD B (100 lux)	139.12	148.16	6.5%
	1.2.2 Practice - MAIN FIELD (200 lux)	243.46	259.28	6.5%
	- FIELD B (200 lux)	243.46	259.28	6.5%
	1.2.3 Event - MAIN FIELD (500 lux)	939.06	1,000.10	6.5%
	1.3 Corporate Events - Daily Charges			

	- FIELD A	7 929.91	8,445.35	6.5%
	- FIELD B	6 740.26	7,178.38	6.5%
	Flood Lights - as per hourly charge item 1.2			
2	**MULTI-COURT CHARGES**			
	Netball, Volleyball, Basketball, Korfball, Other			
	2.1 DAILY CHARGES per Court			
	per session to a maximum of 4 hours,	122.90	130.89	6.5%
	Thereafter per hour or part thereof.	19.98	21.28	6.5%
	2.2 MONTHLY CHARGES per court			
	per court, applicable to clubs, schools, & associations.	265.19	282.43	6.5%
	2.3 HIRE FLOOD LIGHTS - Per hour or part thereof			
	2.3.1 Schools and Amateur clubs	193.03	208.58	6.5%
	2.3.2 Commercial users	286.94	305.59	6.5%
3	**OTHER**			
	DAILY CHARGES			
	3.1 Use of ablutions/ changerooms			
	for sporting and other events taking place outside the facility (per change room unit)	643.43	685.25	6.5%
	3.2 CLUB HOUSE			
	(i) Hire of functions room only, not connected with an event at the stadium, per 4 hour or part thereof.	208.67	222.23	6.5%
	(ii) V.I.P. Lounge - Per hour per room.	391.27	416.70	6.5%
	3.3 Driving schools - Driver training in the parking area- per month	408.67	435.23	6.5%
4	INDOOR CENTRE			
4.1	**Balls, Dances, Discotheques, Banquets,**			
	Exhibitions, Concerts, Shows, Competitions,			
	Conferences, Promotions, Pageants, Funerals, Memorial Services, Isikhumbuzo.			
	(i) Per hour or thereof (min 4 hours hire) - weekdays	208.67	222.23	6.5%

	(ii) 50% for setting up/breaking down per hour Weekends	521.70	555.61	6.5%
4.2	**Weddings, Thanksgiving, Birthdays, Graduation Ceremonies, Engagements, Umemulo**			
	(i) Per hour or part thereof (min 4 hours hire)			
	(ii) 50% for setting up/breaking down per hour			
	Public assemblies, Lectures, Meetings, Seminars and Workshops			
4.3	**Religious Services, Inkonzo yePhasika, School entertainment and functions**			
	(i) Per hour or part thereof (min 4 hours hire)	173.90	185.20	6.5%
	(ii) 50% for setting up/breaking down per hour			
4.4	**Public assemblies, Lectures, Meetings, Seminars and Workshops**			
	(i) Per hour or part thereof (min 4 hours hire)	608.66	648.22	6.5%
	(ii) 50% for setting up/breaking down per hour			
4.5	**Sport, Recreation and Cultural practices, competitions and tournaments incl. music, drama and dance**			
	(i) For once off events and tournaments			
	per hour or part thereof (min 4 hours hire)	434.75	463.01	6.5%
	(ii) Club/Association/Federation training and coaching,			
	per hour or part thereof (min 4 hours hire)	260.85	277.81	6.5%
	(iii) 50% for setting up / breaking down per hour.			
5	**ADDITIONAL CHARGES:**			
	(i) Security			
	When security is required in the case of high risk, events such as large crowds, school functions, parties and disco techs, amongst others, the department will arrange security for the protection of the council asset at the expense of the hirer, giving due notification.			
	(ii) Fireman, Medical and Disaster Management attendance			
	For the attendance of a Fireman, Medical and Disaster Management on duty at the facility, as required by law. Such charges are payable in terms of the General By-laws.			
	(iii) Equipment and Accessories			

	Any equipment or accessories required will be charge separately.		
	(iv) Portable Seating		
	Portable seating for utilisation off site will be charged at R0.60 per seat per day excluding cost to move and replace post event. The hirer will also be responsible for insurance of seats and damages.		
	(v) Deposit		
	All Club House and Indoor Centre bookings shall be charged a deposit of R2,000 which shall be paid 3 days before the event to secure the booking. The deposit is refundable in 14 days and shall be directly deposited in the hirer's account upon claim.		
	(vi) Third Party Claims		
	Council reserves the right to claim for damages to 3rd party property from the hirer should such claims be directly linked to the event.		
	(vii) Rebate on Tariff		
	Only upon authorisation by the Municipal Manager shall a tariff rebate be considered in respect of sports fields, Multi-courts, and the Indoor Centre tariff of charges.		

14. 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.

FEE STRUCTURE

Fees chargeable for the records of Ugu District Municipality;

A.	REPRODUCTION FEES	2021/2022	2022/2023	
1.	For every photocopy of an A4 Size page or part thereof	R1.08	R1.15	6.5%
2.	For every printed copy of an A4 size page or part thereof held on a computer in electronic or machine readable form	R0.76	R0.81	6.5%
3. 3.1 3.2	For a copy in a computer readable form on; Compact Disc (CD) Digital Video Disk (DVD)	 R71.98 R71.98	 R76.66 R76.66	 6.5% 6.5%
4. 4.1 4.2	 For transcription of visual images for an A4 size page or part thereof For a copy of visual images	 R39.58 R113.94	 R42.15 R121.35	 6.5% 6.5%

5. 5.1 5.2	 For a transcription of an audio record, for an A4 size page or part thereof For a copy of an audio record	 R22.78 R33.58	 R24.26 R35.76	 6.5% 6.5%
6.	The request fee payable by every requested, other than a personal requestor referred to in section 22(1) of the Act	R62.94	R67.03	6.5%
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	R1.08	R1.15	6.5%
2.	For every printed copy of an A4 size page or part thereof held on a computer in electronic or machine readable form	R0.80	R0.85	6.5%
3. 3.1 3.2	For a copy in a computer readable form on; Compact Disc (CD) Digital Video Disk (DVD)	 R71.98 R71.98	 R76.66 R76.66	 6.5% 6.5%
4. 4.1 4.2	 For transcription of visual images for an A4 size page or part thereof For a copy of visual images	 R39.58 R107.93	 R42.15 R114.95	 6.5% 6.5%
5. 5.1 5.2	 For a transcription of an audio record, for an A4 size page or part thereof For a copy of an audio record	 R21.60 R59.60	 R23.00 R63.47	6.5%
6.	To search for the record for disclosure, excluding the first hour, reasonably required time for such a search.	R27.89 per hour or part of an hour	R29.70 per hour or part of an hour	6.5%

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.

Atmospheric Emission Processing fees

	2021/2022	2022/2023
Application for new Atmospheric Emission License		R10 000.00 per listed activity
Application for Atmospheric Emission License Review		R10 000.00 per listed activity under

Application for Atmospheric Emission License Renewal		R5 000.00 per listed activity
Application for Atmospheric Emission License transfer		R 2 000.00

Ugu District Municipality

Financial Recovery Plan/Budget Funding Plan

STRAT REF	STRATEGIC PRIORITY	FOCUS AREA	Key Activities	Responsible Person	Start Date	Initial End Date	Revised End Date	Remedial Action to meet revised deadline	Status	Comments regarding status and progress related to activities
STABILISE THE BTO BUSINESS UNIT										
1.1	PRIORITY 1: STABILISE THE BTO BUSINESS UNIT	FILING OF CRITICAL VACANCIES	Post of **CFO** filled by 31 December 2020	GM-CS/HR Manager/CFO	30 09 2020	31 12 2020	31 12 2021	The upcoming elections will assist with ensuring that the new leadership prioritise the appointment of the new CFO.	Completed	The CFO has been appointed and shall commence in the beginning of March 2022.
			Manager: Revenue and position be filled with a competent person not later than 30 November 2020	GM-CS/HR Manager/CFO	30 09 2020	31 12 2020	31 10 2021	An incumbent has been appointed	Completed	The posistion has been filled effective from 01/11/2021.
			A position of a **Senior Manager** must be introduced.	GM-CS/HR Manager/CFO	30 09 2020	31 12 2020	31 12 2021	The strategy which proposes this position has been approved by council and the position included in the organogram	In progress - 80%	The position is on the approved organogram of the municipality, the position is on hold due to budget availability. Recruitment process shall commence as soon as budget is made available.
			The position of **Manager: Internal Controls and Compliance** must be formalised into the new organogram.	GM-CS/HR Manager/CFO	30 09 2020	31 12 2020	31 08 2021	N/A	Completed	The posistion has been filled effective from 01/08/2021.
1.1			The position of **Manager: Expenditure & Salaries** must be filled	GM-CS/HR Manager/CFO	30 09 2020	31 12 2020	30 06 2022	A process of naturalising the current encument acting in the position was initiated since she was the only one that applied and was interviewed.	In progress - 80%	The Legal dispute between the municipality and the previous incument is in labour court. The legal experts have advised the municipality not to fill the posistion until the matter has been concluded in court. The acting incumbent will continue until the legal matter has been finalised.
			Introduce **2xSCM Officers (Level 4)** and a demand management coordinator	GM-CS/HR Manager/CFO	30 09 2020	indefinite	indefinite	The strategy which proposes this position has been approved by council and the position included in the organogram	In progress - 80%	The position is on the approved organogram of the municipality, the position is on hold due to budget availability. Recruitment process shall commence as soon as budget is made available.
COST CONTAINMENT AND IMPROVE SUPPLY CHAIN MANAGEMENT PRACTICES										
2.3	PRIORITY 2: ADDRESS LIQUIDITY CHALLENGES THROUGH COST CONTAINMENT MEASURES	COST CONTAINMENT	Reduce telephone cost	ICT Manager	30 09 2020	indefinite	indefinite	N/A	In progress -	Telephone Cost decreased by 15.35% as at 30 May 2022
			Reduce ITC licencing cost	ICT Manager	30 09 2020	indefinite	indefinite	N/A	In progress -	UCT Licencing increased by 42.97% as at 30 May 2022
			Reduce internet and network cost	ICT Manager	30 09 2020	indefinite	indefinite	N/A	In progress -	Internet and network cost decreased by 18.68% as at 30 May 2022
			Reduce toll gate fees	Fleet manager	30 09 2020	indefinite	indefinite	N/A	In progress -	Toll gate fees decreased by 26.03% as at 30 May 2022
			Reduce vehicle repairs cost and ensure all invoices should be submitted to creditors timeouly for complete disclosure	Fleet manager	30 09 2020	indefinite	indefinite	N/A	In progress -	Motor Vehicle repairs cost increased by 16.71% as at 30 May 2022
			Reduce fuel cost	Fleet manager	30 09 2020	indefinite	indefinite	N/A	In progress -	Fuel cost decreased by 26.03% as at 30 May 2022
			Reduce disaster emergency cost	Disaster Manager	30 09 2020	indefinite	indefinite	N/A	In progress -	Disaster emergency cost increased by 10.19% as at 30 May 2022
			No catering expenditure	All HOD's / All managers	30 09 2020	indefinite	indefinite	N/A	In progress -	Catering cost decreased by 32.75% as at 30 May 2022
			Reduce electricity cost	Auxiliary manager / All HOD's / All managers	30 09 2020	indefinite	indefinite	N/A	In progress -	Electricity cost increased by 74.84% as at 30 May 2022
			Reduce printing cost	Auxiliary manager / All managers	30 09 2020	indefinite	indefinite	N/A	In progress -	Printing cost increased by 55.25% as at 30 May 2022
			Reduce S&T cost Prioritize repairing the municipal fleet, and implement close monitoring of travelling claims must be exercised	All HOD's	30 09 2020	indefinite	indefinite	N/A	In progress -	S&T cost decreased by 56.00% as at 30 May 2022
			Reduce travel and accommodation cost	MM / Senior manager mayoralty and	30 09 2020	indefinite	indefinite	N/A	In progress -	Travel & accommodation cost decreased by 56.00% as at 30 May 2022
			Reduce expenditure on events and social functions	All HOD's / All managers	30 09 2020	indefinite	indefinite	N/A	In progress -	Events cost decreased by 100.00% as at 30 May 2022
			Reduce costs associated with the use of consultants	All HOD's / All managers	30 09 2020	indefinite	indefinite	N/A	In progress -	Cost associated with the use of consultants increased by 49.05% as at 30 May 2022
			Suspension of all non-core activities	All HOD's / All managers	30 09 2020	indefinite	indefinite	N/A	In progress -	Achieved as at 30 May 2022
			Reduce cost relating to audit (AG) and ensure thatAGSA invoices are supported	CFO/ Manager Internal Audit	30 09 2020	indefinite	indefinite	N/A	In progress -	Proposed AG costs indicates a 3% increasse
			Adhere to the approve overtime policy	GM-WS/GM-CS/HR Manager/CFO	30 09 2020	indefinite	indefinite	N/A	In progress -	Overtime and related cost increased by 115.50% as at 30 May 2022
			Reduce overtime cost	GM-WS/GM-CS/HR Manager/CFO	30 09 2020	indefinite	indefinite	N/A	In progress -	Overtime and related cost increased by 115.50% as at 30 May 2022
			Acting allowance payment to be approved by MM	GM-CS/HR Manager/All HOD's	30 09 2020	indefinite	indefinite	N/A	In progress -	Acting allowance cost increased by 168.82% as at 30 May 2022
			Reduce the Costs related to Bulk Water Purchases	GM-WS/GM-CS/ CFO		indefinite	indefinite		In progress -	1. The municipality must have a measuring device, so that liters claimed by service provider can be verified. 2. Cost Analysis study be conducted - Cost of proving vs Benefits received
			Reduce the Electricity Costs	GM-WS/GM-CS/ CFO		indefinite	indefinite		In progress -	1. Thorough verification of electricity bills be conducted, meters be read for proper verification. 2. Fastract the closure of the accounts that are no longer in use by the municipality. 3. Consider using solar electricity backup system in all Small Power User plants
			Reduce the Costs related to Emergency Work by Service Providers	GM-WS/GM-CS/ CFO		indefinite	indefinite		In progress -	Consider using the internal resources, prioritise repairing internal fleet
			Reduce the Costs related to Cleaning of Reservior by Service Providers	GM-WS/GM-CS/ CFO		indefinite	indefinite		In progress -	Consider using the internal resources, grant funding ie EPWP grant
2.4		PAYMENT OF CREDITORS	1. Payment Plan developed for Umgeni Water and eThekwini debt. 2. Negotiate the payment plans with the service providers	Expenditure Manager/CFO	30 09 2020	indefinite	30 06 2022	1. Payment plans have been concluded with Ethekwini and Umngeni. 2. The payment plan have been negatiated with the service providers	In progress - 80%	1. Plan for Ethekwini, Umngeni Water other suppliers has been concluded and is in implementation. An additional plan has been developed to be concluded with uMgeni to deal with the historic debt. 2. All the payment plans have been negotiated with the service providers.
4.1	PRIORITY 4: IMPROVE SUPPLY CHAIN MANAGEMENT PROCESSES	SCM - Improved SCM functionality, capacity & turnaround times	a) Facilitate capacity building training b) Implement & review improved internal controls and monitoring c) Report on SCM performance to Management d) Implement revised organogram	SCM Manager/CFO	a) 28 Feb 2022 b) monthly c) monthly d) 01 Jul 2021	indefinite	N/A	a) Through HR office coordinate raining for SCM officials as required by S119 and The Municipal Regulations on Minimum Competency Levels, 2007 b) Implement revised checklist to assist streamline expected processes. c) Monthly SCM report on i) Open Bids ii) Bids Backlog & Remedial iii) Purchase Order issued iv) Current Contracts v) Vendor Performance d) Sought Approval and Budget for Revised Organogram	a) In Progress b) In Progress c) In Progress d) Not Started	a) Two of the SCM officials have been enrolled for MFMP training program with two more in the next year. More trainin programs still need to be conducted to capacitate SCM staff and also comply with S119 and new practice and guidelines. b) Checklist have been updated and implemented and SOPs circulated. However there is still a wholesome review of each procedure and new checklist created or automation where possible. c) SCM Performance report is submitted to Finance Committee and will have to be submitted to Management for greater analysis. d) Revised organogram is adopted as part of the financial turnaround, it has not yet been sent to council for actual adoption and budgeting. e) A strategy going forward is to have a dedicated demand management unit that should be set up and resourced by a dedicated qualified demand management practitioner once the proposed organogram is adopted. f) There is a contract management is in place and the Contract Register is being updated monthly. g) Vendor performance committee is in place and it sits on a monthly basis to monitor contracted services.
4.2		CONTRACT MANAGEMENT- Reduction in unwarranted variation orders and lapses of contracts	a) Introduction of the Contracts management System b) Update Contracts Register with the correct information. c) Retrieval of Contracts information. d) Implementaion of the Document Management System (DMS). e) Establish the Joint Task Team with PMU- Water Sevices for Capex projects.	SCM Manager/CFO	a) 2020/09/30 b) monthly c) monthly d) monthly e) monthly	indefinite	N/A	a) The contract register is being set up on the system and is at review stage b) The update of the contract register is done on the manual spreadsheet in the interim for import at completion of the contract register c) The currunt financial system is place d) With the intervention of CoGTA bi-weekly meetings are held to mornitor the spending and also implementation of the procurement plan	a) In progress - 95% b) In progress - 80% c) In progress - 100% d) On-going	a) Procurement Planning has been enforced to the Municipality, especially the PMU related projects. We hav communicated with business units the importance of planning and feasibility studying. The Municipality will also be implementing standards for infrastructure procurement and delivery management policy. b) A joint task team for BTO and PMU to discuss the implementation of capital funded projects. Monitoring of contracts is done through the Contract Register and Vendor Performance Committee. c) Contract Management module on the financial system is still in progress.

4.3		DELAYS IN THE CURRENT BID AND COMMITTEE PROCESS	a) Ensure attendance from Committee Members b) Improved Bid Coordination	SCM Manager/CFO	a) Monthly b) Daily	N/A	N/A	a) Bid Committee Members must adopt Bid Committee schedule to their ordinary calendar. b) Bid Coordination/ SCM Manager must report to Management monthly on the status of Committee and Tenders	a) In Progress b) In Progress	a) Challenges to get qourum remain the primary reason for delay in Bids/Tenders. b) New Committee members were appointed and others restructured in an effort to improve bid committee work. c) Additional resource(intern) has been alloated to the Bid Coordination team to improve capacity.
4.4		IRREGULAR APPOINTMENT OF SERVICE PROVIDERS	a) Reduction to Prohibit Regulation36 appointments. b) Compliance to the Regulations & Act c) Implement compliance and demand management	SCM Manager/CFO	a) 01 Jul 2020 b) Daily c) Not Started	N/A	indefinite	a) Prohibit or Limit Reg. 36 appointments. b) Capacitate staff and Ensure compliance to Act and Regulation c) Implement reviseed organogram	a) In Progres b) In Progress c) Not Started	a) Procurement plan has been implemented and is monitored closely to try and minimize any unplanned procurement such as regulation 36 appointments. We are still faced with department who request Reg.36 from the Accounting Officer due to unforseen need or demand for a service or works but that is discouraged except on instances where the regulation qualifies. b) The implementation of compliance checklist is primarily to assist ensure the process is compliant and complete, an amended checklist for tenders is currently being implemented. c) The municipality currently does not have demand management to coodinate the procurement planning and municipal strategic needs. The Municipality also have acquired Compliance office under BTO which work hand in hand with the Internal audit and other advisory units to ensure maximum compliance and corrective
4.5		MISUSE OF PANEL CONTRACTS	There should be no work issued with purchase order and without following SCM process.	SCM Manager/CFO	30 09 2020	indefinite	indefinite	a) Updated spreadsheets for panel rotations. b) Authorised allocation forms to be properly filed and align to purchase orders issued.	In progress -95%	a) The SCM office has ensured that no work proceed without purchase orders. For emergency work related (i.e. pumps and road reinstatement) where in the past, work was issued without orders, the municipality is now putting standard operating procedures that will ensure that the service providers send quoations prior to the commencement of work. b) The SCM is often faced with mounting pressure to allocate service providers as the nature of the work is always urgent and has negative impact the service delivery and enviroment. c) The strategy that is noe being implemented is that all quotations/ invoices that are attached with requisitions must be authorised by responsible manager to ensure that monitoring was done. d) As part of the implementation of the cost containment strategy a close monitoring and reviewing of requisitions that are internally funded should be done from the user department level to only process requisitions that are for the core function only and put a monatorium to a non core function requisitions.
4.6		MISUSE OF CONSULTANTS CONTRACTS	ALLOCATION BASED	Implement effective Project Management to ensure project are within budget and variation orders follow an approval process up t council.	SCM Manager/CFO	30 09 2020	indefinite	indefinite	a) Updated Contract Register that aligns with Commitments Register. b) Verification of all contracted services requisitions through contract management unit.	In progress -70%	a) The CFO has strengthened internal controls where variation orders that exceeds the threshold must be presented to MANCO and to sought Council approval. The internal controls will ensure the Project Management office plan, cordinate and monitor project progress to avoid variations. Frequent reporting of Variation orders to Committees is also set to ensure effective project management and transperancy. b) All requisitions for contracted services are verified through contract management unit before they are processed to ensure that the contracts are still in compliance and a purchase order can be issued. That process assists in also ensuring that contract files are updated.
4.7		LACK OF PMU FINANCE, CREDITORS & SCM COORDINATION	Improve communication and coordination between Project Management Unit, Creditors and SCM	SCM/PMU/Expenditure Manager and CFO	01 Jul 21	N/A	indefinite	a) Revival of joint task team (BTO & Water Services)	In Progress	a) In order to ensure effective management of projects and service deliverables are delivered at the right time. There ought to be a clear coordinated process between SCM, PMU and Creditors. We have experienced challenges where suppliers suspended services or refused to do business with the municipality due to payment issues. b) The chunk of the SCM audit findings was due to Project Management such as commitments updates, monitoring of contracts etc.
4.8		INTERPRETATION OF REGULATION & POLICIES	Capacity Building and share up to date Regulations	N/A	N/A	N/A	N/A	a) Annual Training for SCM Practitioners scheduled for 20 June	In Progress - 90%	a) One of the key issues to non-complaince is misunderstanding of regulations and policies. b)We have shared a simplyfied version of key requirements for day to day activities and also created checklist that helps to comply. c) An annual compliance capacity building for SCM practitioners does take place on an annual basis.
4.9		BEC & FUNCTIONALITY –	Improve BEC and Pre Evaluation	N/A	N/A	N/A	N/A	a) Bid Evaluation Committee meeting sits weekly on Wednesdays	In Progress	a) One of the major delays that contributes in the Tender process stem from end user/consultants when they perform functionality criteria assessment during the pre evaluation process. This then delays the BEC from sitting on time to do the averall evaluation. b) Regular monitoring and updating of the Open Bids Register and bids backlog report does assist in clearing the backlog. c) Bid Committee Meetings currently sits weekly, BEC sits on Wedsnedays and BAC sits on Thursdays.
4.10		SYSTEMS AND INTERNAL CONTROLS	Improved Systems and Internal Controls	N/A	N/A	N/A	N/A	a) The checklist for tenders has been amended to meet the requirements of the updated regulations.	In Progress	a) A wholesome review of the SCM unit has been conducted and a strategy has been developed to address issues partaining to SCM. b) Cheklist and SOPs assists in improving the SCM processes and its primary objectives. c) SCM Policies has been adopted for the current financial year.
4.11		CAPACITY BUILDING	a) Engage HR on the enrollment of the SCM staff on the MFMP programme. b) Provide internal training. c) Assessment improvements	SCM Manager/CFO	a) 2021/07/31 b) 2021/09/30 c) 2022/06/22	N/A	a) 2022/07/31 b) 2021/09/30 c) 2022/06/22	a) A new service provider has been appointed for the MFMP for implementation of the programme in this financial year. b) Training was provided to SCM staff by PT c) IPMS has been implemented for supervisors	a) In progress - 20% b) Achieved - 31 July 2021 c) In progress - 85%	a) A new service provider has been appointed for the MFMP for implementation of the programme in this financial year. b) Training was provided to SCM staff by PT c) IPMS has been implemented for supervisors
4.12		PRICE ESCALATION	Establish a Demand Management Section to conduct demand assessment, market analysis, compliance & report. Demand Management section that will monitor the procurement plan and ensure all that is requested is as budgeted.	SCM Manager/CFO	30 09 2020	indefinite	indefinite	The strategy which proposes this position has been approved by council and the process to finalise the amended organogram has commenced.	In progress -10 % complete	a) In the revised organogram, we have proposede 2 x senior officials for the SCM unit who will strenghten the compliance and general administration of the section including Demand Management, Compliance and Reporting. b) The contract management has initiated the implementation of procurement planning although the municipality has not been fully responsive. During the MIG accelaration, procurement planning, this was well implemented, howver the broader aspect of demand management is yet to be implemented. The proposed organogram with new proposed positions is waiting for the adoption of the organogram.
REVENUE ENHANCEMENT AND CASHFLOW MANAGEMENT										
2.5	PRIORITY 2: ADDRESS LIQUIDITY CHALLENGES THROUGH REVENUE ENHANCEMENT STRATEGIES	REDUCTION OF DEBTORS BOOK	Reduce Debtors book by R200 million by end of June 2023	Revenue Manager/CFO	30 09 2020	indefinite	indefinite	N/A	In progress -	a) The municipality has started the process of cleansing the incorrect debtors taken-on balances from the previous financial system which was caused by the processing of the incorrect meter reading . The data cleasing process was started in July 2021 and is in progress until the all the debtors balances have been restated. The process has been halted as system limitations were identified and communicated with the service provider. we are currently using the manual methods pf correcting customer accounts. b) The debtors book have increased by**2%** as at the end of**May** 2022 compared to the previous month, i.e. **April 2022** c) The amnesty program has been extended for a further 6 months which with effect from 1st April 2022. d) The SCM processes has been initiated for a contract to be awarded to a Debt Collector who will assi**The process was halted after the directive from Treasury.**

2.6		REVENUE ENHANCEMENT AND CREDIT CONTROL STRATEGY	a) An Integrated & Targeted Revenue Enhance Strategy developed by 31 December 2021 b) Improve on service delivery and the turnaround time of resolving calls logged with the call centre c) Clear the backlog of meter changes and new connections d) The organogram was reviewed and the staff complement was downsized whilst the number of customers increased.	Revenue Manager/CFO	30 09 2020	31 03 2021	31 12 2021 30 06 2022	a) N/A b) The Revenue section is working hand in hand with Water services to resolve issues of meter changes and disconnections c) An action plan with a log of meters has been developed and targetted for the next 3 financial years which caters for the backlog and dealing with current occurances d) **The input regarding the new additions to the organogram has been detailed in the strategy but the actual review process hasn't began.**	a) In progress -100% complete. b) In progress - 65% complete. c) In progress - **0%** complete. d) In progress - **0%** complete.	a) The Revenue Enhancement Strategy was adopted by the Council on the 24th of June 2021 b) The tasks team to be formed that will deal with the service delivery issues (details are contained in the Revenue Enhancement Implementation Plan) and the progress on implemenetion has been reported in MANCO since July 2021. c) In progress - **0%** d) In progress - **0%**
2.7		DATA CLEANSING & BILLING	Accurate bills sent to all customers on monthly basis	Revenue Manager/CFO	30 09 2020	indefinite	indefinite		In progress - 75% complete	a) The process of meter changes and meter readings rectification functionality on the system has been finalised and now the revenue team can retrospectively change meter readings which ultimately assist with the credibility of bills b) With the insourcing of meter readers more freaquent meter readings are undertaken which improves on the credibility of bills
2.8		METER READING	a) Monthly meter reading cycle implemented for government, commercial and other bulk users. b) Developed a plan to ensure that household consumers' meters are read at least every two months. c) Improve meter readings to ensure 100% meters are read within a 3-month cycle.	Revenue Manager/CFO	30 09 2020	indefinite	indefinite		a) In progress - 80% complete. b) In progress - 50% complete. c) In progress - 80% complete.	a)The correction of the take-on balances from the previous systems has been automated and a material progress has been made since July 2021. Th process has been halted as system limitations were identified and communicated with the service provider. we are currently using the manual methods pf correcting customer accounts. b)This process is in progress. c)The meter reading process has improved and the process of correcting the taken on balance from the previous financial system has been automated and some progress has been made since July 2021. The process has been halted as system limitations were identified and communicated with the service provider. we are currently using the manual methods pf correcting customer accounts.
2.9		INSTALLATION OF NEW METERS	a) Budget for new meters set aside in the Special Adjustment Budget by 30 Sept 2020 b) Newly installed meters properly processed on the system and monthly reports to be incorporated in the section 71 report. c) Water Wervices department to fast track the installation of new meters and ensure that the information flows from the plumbers to the revenue section.	Revenue Manager/CFO/GM Water services	30 09 2020	30 06 2021	30 06 2022		a) In progress - 10% complete. b) In progress - 10% complete. c) In progress - 10% complete.	a)Turnaround time for new meter installation is slow due to lack of capacity in the technical department. b) Turnaround time for new meter installation is slow due to lack of capacity in the technical department. c)Turnaround time for new meter installation is slow due to lack of capacity in the technical department.
2.10		SERVICES DISCONNECTIONS AND RECONNECTIONS	a) Disconnection and reconnection schedule developed and shared with Troika weekly. b) Water Services to carry out the disconnections as would be instructed by Revenue Management Unit. c) Most of the Revenue Management functions are directly linked to Water Services and there is lack of co-ordination between these departments. There is no properly documented workflow.	Revenue Manager/CFO/GM Water services	30 09 2020	indefinite	indefinite		a) In progress - 65% complete. b) In progress - 10% complete. c) In progress - 10% complete.	a) A team of special worksman has been formed that deals with disconnections and an internal process has commenced with seconding staff to be special worksmen to capacitate the team b)Technical department has done an assessment where the resources are being analysed and also explore engaging a service provider for the backlog of disconnections as immediate priority c) The tasks team to be formed that will deal with the service delivery issues (details are contained in the Revenue Enhancement Implementation Plan) and the progress on implemenetion has been reported in MANCO since July 2021.
2.11		RECONCILIATION OF INVOICES FOR BULK PAYMENTS	a) Report compiled to investigate value chain for bulk supplies and invoicing processes. B) Conduct monthly reconciliations and ensure that only valid invoices are captured and paid. c) Centralisation of invoice receiving point to be adhered to	Expenditure Manager/CFO	30 09 2020	indefinite	indefinite		a) In progress - 100% b) In progress - 100% c) In progress - 100%	a) Payment plans have been set up for large creditors for uMgeni and eThekwini to ensure that payments are staggered to the affordability of the municipality b) Reconciliations are done monthly. c) Invoices are submitted to expenditure via email.
2.12		INDIGENT REGISTER	Accurate register compiled by 31 March 2021	Revenue Manager/CFO	30 09 2020	indefinite	indefinite		In progress - 100%	The register is updated regulary but the municipality does not have an external verification tool to test the accuracy of information provided by consumers.
2.13		SALARY BILL SUSTAINABILITY	Restructuring proposals developed for consultation with major stakeholders by 31 December 2020 and thereafter implemented with effect from 1 July 2021	Revenue Manager/CFO	30 09 2020	31 07 2021	30 06 2022		In progress - 65%	The revised orgamogram for 2020/2021 was approved by the municipal council in June 2021.
2.14		MERGING OF ENTITIES	Merger of the two entities by the 1 July 2021, reduction of transfers to support them.	GM-EDES	30 09 2020	01 07 2021	31 07 2022	a) Sub-committees to the TMC has been implemented for the implementation of the merger b) A report for the process of the merger has been tabled to the Portfolio Committee for onward submission to council to finalised the merger c) Financila modeling is been developed to ensure that the entities are not grant dependant	In progress - 95%	A Technical Change Management Committee (TCMC) has been formed to champion the process. The Committee then has the following sub-committees – ICT and Records Management, Legal and Corporate Governance and Finance.
2.2	PRIORITY 2: ADDRESS LIQUIDITY CHALLENGES THROUGH CASH MANAGEMENT STRATEGIES	CASH FLOW MANAGEMENT	1.Cash flow projected plan in place 2.Implementation of Cash flow projected plan	Manager Cash	01 Mar 22	indefinite	N/A	The Municipality is under enormous financial constraints, due to over committed Working capital. The Municipality is in the process of implementing Cost containment measures, as well as increasing resources towards strengthening Revenue collection strategy. A Cash flow projected plan was therefore developed which seeks to improve the Municipal cash coverage and build sustainable reserves	1. Completed 2. In progress	1. Completed 2. 30% Due to overly indebted Municipality the progress is moving a bit slow, as the Municipality is working paying historic debt, thereafter building Reserves which should be able to cover Municipal operating costs for not less than 3moths.
			3.Accumulate and build sustainable Reserves whilst maintaining payments for Municipal Commitment	Manager Cash Management	01 Mar 22	indefinite	N/A	1. Colections from VAT refunds to be invested in separate account, which is intended to accumulate reserves. 2. Interest generated from Investments to be set aside in the same reserves account	In progress-	Although the progress is slow due to huge amount of historic debt owed by the Municipality, however the activity has started from March with some slight progress
			4. 4.1 Align payments mainly to Municipal core function 4.2.Sourcing of additional Grant Funding and with an aim of relieving Internal Funding	Manager Cash,All HODs & All Managers	01 Jun 22	indefinite	N/A	1. Align payments to Cost containment Stategy, which seeks to relieve the overcommitted Internal funding 2. Requisitions for non Core function be stopped, and may only be processed on written motivation signed by GM: Treasury 1. Source Grant funding for functions implemented through the Municipality, which are aligned to other Dept eg Spec Programme - sources funding from Public Works, because one of the functions to that Dept. 2. Partnering with other stake holders in implemantation of function. 3. Source various Grant Funding, through researching also from Cogta and other Munipalities	In Progress	Alignment of payments to Core function of the Municipality is in progress and ongoing, as it is also informed by the Cost Containment Strategy. Activity for stopping of non core requisition is still at implementation stage with 0% progress Sourcing of Grant fundingis still at implementation stage, with other Departments already sourcing funds from Grants.