

# **UGU DISTRICT MUNICIPALITY**

## **TARIFF OF CHARGES 2021/2022 WITH EFFECT FROM 1 JULY 2021 (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 2021/2022 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 2021** 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 **R15.98 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 existing connections on the tariff schedule R550.00 – Urban, R200 – Rural and R1000 – Tenants

### **CONSUMPTION CHARGE**

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

##### **A: INDIGENTS CUSTOMERS**

	2020/2021	2021/2022	% increase	
0 to 6 Kl	Free	Free	Indigent only	Indigent customers
7 – 39kl	16.47	17.54	6.5%	Loss
40 – 51kl	26.25	27.96	6.5%	Surplus
>52kl	29.58	31.50	6.5%	Surplus

**B: NON-INDIGENTS CUSTOMERS**

	2020/2021	2021/2022	% increase	
0 – 39kl	16.47	17.54	6.5%	Loss
40 – 51kl	26.25	27.96	6.5%	Surplus
>52kl	29.58	31.50	6.5%	Surplus

**2. Multi-unit residential - Estates AND OTHER bulk users****Total Monthly Quota as per Service Level Agreement- Category B**

	2020/2021	2021/2022		
For water consumption	15.98	15.98	Adjusted to normal residential tariff	Break-even
For water drawn in excess of quota	29.66	31.58	6.5%	Surplus

**3. Commercial, Industrial or other- Category C**

For water consumption up to quota	15.24	15.24	Business and government charged R1 more than Residential which is R1 above break-even
For water drawn in excess of quota	32.89	35.03	6.5%

**4. Special Category - Category D**

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

**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.

**2. Category E (i.e. Sub-economic such as Townships)**

- (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.**

### 3. Water and Sanitation Basic Charges- other

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

### 4. COUNCIL'S CHARGE FOR A NEW WATER AND SANITATION CONNECTION

#### 4.1 WATER

SIZE	2020/2021	2021/2022	% Increase
15 mm [Other]	4,040.93	4,303.59	6.5%
20 mm	7,319.90	7,795.69	6.5%
25 mm	9,492.80	10,103.83	6.5%
40 mm	14,484.14	15,813.27	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	2020/2021	2021/2022	% Increase
110mm standard connection, 6m from the boundary of the property to be connected	2,575.55	2,742.96	6.5%
160mm Standard connection 6m from the boundary of the property to be connected	3,312.90	3,528.24	6.5%

SIZE	2020/2021	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	2020/2021	2021/2022	% INCREASE
5.1	Testing water meters 15 mm and 20 mm	1,661.03	1,768.99	6.5%
5.2	Reconnection/Requested Disconnection of supply	350.55	373.33	6.5%
5.3	Reconnection of supply outside working hours	1,528.87	1,628.25	6.5%
5.4	Restriction (Credit control)	359.09	382.43	6.5%
5.5	Disconnection (Credit control)	837.87	892.33	6.5%
5.6	Special meter readings	1,196.92	1,274.72	6.5%
5.7	Inspection of leaks in terms of Section 23(c)	1,597.65	1,701.50	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	1,220.88	1,300.23	6.5%
5.10	For water drawn from a hydrant standpipe	16.47	17.54	6.5%
5.11	Availability charge per fire hydrant standpipe	126.15	134.35 per month per fire hydrant	6.5%
5.12	Water supplied by tanker less/equal to 6kl	1,726.56	1,838.78	6.5%
5.13	Plan approval fee	379.85	404.54	6.5%
5.14	Inspection Fee per visit	773.06	823.31	6.5%
5.15	Manual Clearance Certificates Fee	803.80	856.05	6.5%
5.16	Electronic Clearance Certificates Fee	399.23	425.18	6.5%
5.17	Drainage Certificate Fee	313.91	334.31	6.5%
5.18	Application in terms of New Planning Act	3,904.38	4,158.16	6.5%
5.19	Town Planning Applications	379.85	404.54	6.5%
5.20	Miscellaneous charges		Cost + 10%	
5.21	Administration fee/ Town Planning related matters	307.50	327.49	6.5%
5.22	Administration fee/ Town Planning related matters	773.06	823.31	6.5%

## 6. **COUNCIL'S CHARGES FOR SANITATION SERVICES**

		2020/2021	2021/2022	% INCREASE (DECREASE)
6.1	<b>Waterborne Sanitation (All Areas)</b> Residential Basic Charge (per unit / per property) 269.16 Charge per kilolitre (water consumption) 5.12 Conservancy with a Main line facility to Pay 538.32 2 x basic fee  <b>Industrial/Commercial</b> Basic Charge (per quota) 269.16 Charge per kilolitre 6.90			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	38.46	40.96	6.5%
6.3	<b>Conservancy Tank Clearances (All Ugu)</b> Residential Basic Charge (per unit/ per property) 269.16 Charge per kilolitre (water consumption) 5.12  <b>SINGLE RESIDENTIAL UNITS</b> <ul style="list-style-type: none"> <li>FIRST LOAD 100% OF APPROVED TARIFF - 750.00</li> <li>SECOND LOAD 70% OF APPROVED TARIFF- 525.00</li> <li>THIRD LOAD AND MORE 50% OF APPROVED 375.00</li> </ul> ON CONDITION THAT THERE IS A SPLIT OF GREY AND BLACK WATER As approved by a municipal inspector  <b>Industrial/Commercial</b> Basic Charge (per quota) 269.16 Charge per kilolitre 6.9 <i>Conservancy tank customers will receive one load per month included in the basic charge tariff</i>			0.00% 6.5%  Market related 30% rebate 50% rebate  0.0% 6.5%
6.4	<b>Adhoc Vacuum tanker services (All Ugu)</b> For each draw requested	750.00	813.75	Market related

		2020/2021	2021/2022	% 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.	3,025.62	3,222.28	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.	617.90  513.2  366.58	546.56  556.82  390.41	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.	1,923.17	2,048.18	6.5%
6.8	Leachate Removal Charge: - Umdoni Municipality - Per Draw	345.22	367.66	6.5%

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

Size	Colour Copy		Black and White Copy		Standard photo Copy		% Increase / (Decrease)
	2020/2021	2021/2022	2020/2021	2021/2022	2020/2021	2021/2022	
AO	392.26	417.76	196.12	208.87	-	-	6.5%
A1	294.18	313.30	147.08	156.64	-	-	6.5%
A2	196.12	208.87	91.63	97.56	-	-	6.5%
A3	116.56	126.13	58.83	62.65	9.79	10.42	6.5%
A4	98.05	103.43	49.01	52.20	3.91	4.17	6.5%
Electronic Soft copy on CD	98.05	103.43			-	-	6.5%

Images (per MB)	80.06	85.26	49.01	52.20			6.5%
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## 8.1 **CAPITAL CONTRIBUTIONS FOR 2021/2022**

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 31<sup>st</sup> December, or 30<sup>th</sup> June of each year and shall apply to such periods. Where during any such six monthly period there has been a change of ownership or occupancy necessitating an apportionment of the amount due to the Council, the Council will apportion the amount between the parties concerned in a manner proportionate to the quantity of trade effluent discharged during the relevant respective periods of ownership or occupancy. Nothing herein shall be construed as preventing the Council from submitting accounts on a monthly basis should such practice be considered more expedient by the Council.

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

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

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

WHERE

R is the rate in cents per kilolitre due to the Council.

A is the basic carriage tariff expressed in cents per kilolitre, determined annually in advance by the Council. The value of A is R 8.81

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 R0.84

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 by reaction or evaporation during any processes on the manufacturing premises concerned and for water present in the final products or materials produced on such premises and, generally, the District Municipality shall take into consideration such matters as will enable it to estimate for the purpose of the by-laws the quantity of trade effluent discharged as aforesaid during any given period.

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

#### 10. **ACCEPTANCE OF SEWAGE DELIVERED BY ROAD HAULAGE**

Description	2020/2021	2021/2022
	<b>R</b>	<b>R</b>
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	R845.44	R900.39
(b) Disposal of trade effluent from without the Council's area of jurisdiction delivered by private road tanker to Council facilities		
Per tanker load	R1,516.80	R1,615.40
(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	R252.79	R269.22
(ii) delivered by private road haulage in drums per drum of capacity not exceeding 150 litres	R50.54	R53.83

#### 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:

- R8,631.22 (R8,104.43) on property with an existing structure.

*Tower erected on Municipal land (a Greenfield site)*

- R4,315.60 (R4,052.21) for Co-Locators (Sub-leases)

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

-R1,726.24 (R1,620.88) 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.

## 13. **SPORTFIELDS AND MULTI – COURTS TARIFFS 2021/2022**

	SERVICE	2020/2021	2021/2022
1	<b>SOCCER FIELDS</b>		
	<b>1.1 Ad Hoc Daily Charges - Sporting Events</b>		
	<b>(Per field or part thereof).</b>		
	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	798.48	850.38
	- FIELD B	553.54	589.52
	1.1.2 Hire by Professional clubs:		
	(i) Soccer Match - FIELD A	2 939.18	3 130.23
	- FIELD B	2 449.31	2 608.51

	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		
	<b>1.2 Hire Flood Lights - Per hour or part thereof</b>	<b>553.54</b>	<b>589.52</b>
	1.2.1 Schools and amateur clubs - FIELD A (100 lux)	130.63	139.12
	- FIELD B (100 lux)	130.63	139.12
	1.2.2 Practice - MAIN FIELD (200 lux)	228.60	243.46
	- FIELD B (200 lux)	228.60	243.46
	1.2.3 Event - MAIN FIELD (500 lux)	881.75	939.06
	<b>1.3 Corporate Events - Daily Charges</b>		
	- FIELD A	7 445.92	7 929.91
	- FIELD B	6 328.88	6 740.26
	Flood Lights - as per hourly charge item 1.2		
<b>2</b>	<b>MULTI-COURT CHARGES</b>		
	Netball, Volleyball, Basketball, Korfbal, Other		
	<b>2.1 DAILY CHARGES per Court</b>		
	per session to a maximum of 4 hours,	115.40	122.90
	Thereafter per hour or part thereof.	18.76	19.98
	<b>2.2 MONTHLY CHARGES per court</b>		
	per court, applicable to clubs, schools, & associations.	249.00	265.19
	<b>2.3 HIRE FLOOD LIGHTS - Per hour or part thereof</b>		
	2.3.1 Schools and Amateur clubs	181.25	193.03
	2.3.2 Commercial users	269.43	286.94
<b>3</b>	<b>OTHER</b>		
	<b>DAILY CHARGES</b>		
	3.1 Use of ablutions/ changerooms		
	for sporting and other events taking place outside the facility (per change room unit)	604.16	643.43
	3.2 CLUB HOUSE		
	(i) Hire of functions room only, not connected with an event at the stadium, per 4 hour or part thereof.	195.94	208.67
	(ii) V.I.P. Lounge - Per hour per room.	367.39	391.27

	3.3 Driving schools - Driver training in the parking area- per month	383.72	408.67
4	INDOOR CENTRE		
4.1	<b>Balls, Dances, Discotheques, Banquets,</b>		
	<b>Exhibitions, Concerts, Shows, Competitions,</b>		
	<b>Conferences, Promotions, Pageants, Funerals, Memorial Services, Isikhumbuzo.</b>		
	(i) Per hour or thereof (min 4 hours hire) - weekdays	195.94	208.67
	(ii) 50% for setting up/breaking down per hour Weekends	489.86	521.70
4.2	<b>Weddings, Thanksgiving, Birthdays, Graduation Ceremonies, Engagements, Umemulo</b>		
	(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	<b>Religious Services, Inkonzo yePhasika, School entertainment and functions</b>		
	(i) Per hour or part thereof (min 4 hours hire)	163.29	173.90
	(ii) 50% for setting up/breaking down per hour		
4.4	<b>Public assemblies, Lectures, Meetings, Seminars and Workshops</b>		
	(i) Per hour or part thereof (min 4 hours hire)	571.51	608.66
	(ii) 50% for setting up/breaking down per hour		
4.5	<b>Sport, Recreation and Cultural practices, competitions and tournaments incl. music, drama and dance</b>		
	<b>(i) For once off events and tournaments</b>		
	per hour or part thereof (min 4 hours hire)	408.22	434.75
	<b>(ii) Club/Association/Federation training and coaching,</b>		
	per hour or part thereof (min 4 hours hire)	244.93	260.85
	(iii) 50% for setting up / breaking down per hour.		
5	<b>ADDITIONAL CHARGES:</b>		
	<b>(i) Security</b>		

	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.		
	<b>(ii) Fireman, Medical and Disaster Management attendance</b>		
	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.		
	<b>(iii) Equipment and Accessories</b>		
	Any equipment or accessories required will be charge separately.		
	<b>(iv) Portable Seating</b>		
	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.		
	<b>(v) Deposit</b>		
	All Club House and Indoor Centre bookings shall be charged a deposit of R1,500 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.		
	<b>(vi) Third Party Claims</b>		
	Council reserves the right to claim for damages to 3rd party property from the hirer should such claims be directly linked to the event.		
	<b>(vii) Rebate on Tariff</b>		
	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;

<b>A.</b>	<b>REPRODUCTION FEES</b>	
1.	For every photocopy of an A4 Size page or part thereof	R1.08
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
3.	For a copy in a computer readable form on;	
3.1	Compact Disc (CD)	R71.98
3.2	Digital Video Disk (DVD)	R71.98
4.		
4.1	For transcription of visual images for an A4 size page or part thereof	R39.58
4.2	For a copy of visual images	R113.94
5.		
5.1	For a transcription of an audio record, for an A4 size page or part thereof	R22.78
5.2	For a copy of an audio record	R33.58
6.	The request fee payable by every requested, other than a personal requestor referred to in section 22(1) of the Act	R62.94
<b>B.</b>	<b>ACCESS FEES</b>	
	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
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
3.	For a copy in a computer readable form on;	
3.1	Compact Disc (CD)	R71.98
3.2	Digital Video Disk (DVD)	R71.98
4.		
4.1	For transcription of visual images for an A4 size page or part thereof	R39.58
4.2	For a copy of visual images	R107.93
5.		
5.1	For a transcription of an audio record, for an A4 size page or part thereof	R21.60
5.2	For a copy of an audio record	R59.60
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

## **COUNCIL'S TARIFF OF CHARGES FOR ATMOSPHERIC EMISSIONS LICENCE PROCESSING**

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

**EXISTING AEL FEE BANDS**

<b>APPLICATION BANDS</b>	<b>BAND SIZE</b>		<b>FEE SCHEDULE (R)/YEAR</b>
Band 1	0	13	6,872.73
Band 2	14	21	17,181.82
Band 3	22	40	27,490.93
Band 4	41	60	37,800.05
Band 5	61	80	103,091.02
Band 6	81	100	137,454.69

**UGU DISTRICT MUNICIPALITY**

**NEW ATMOSPHERIC EMISSIONS LICENCE (AEL) FEES 2021/22 FOR POST 2013 (NEW) AELS**

<b>Number of 21 listed activities</b>	<b>New application</b>	<b>Review</b>	<b>Renewal</b>	<b>Transfer</b>	<b>Service fee (consideration of annual reports)</b>	<b>Penalty for late submission of annual report</b>
1 unit of listed activities	26,352	13,176	13,176	13,176	6,588	12% of the outstanding amount
2 to 5 units of listed activities	65,880	32,940	13,176	13,176	16,470	12% of the outstanding amount
6 to 10 units of listed activities	131,760	65,880	13,176	13,176	32,940	12% of the outstanding amount
11 and more units of listed activities	527,040	263,520	13,176	13,176	254,880	12% of the outstanding amount

# **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 1<sup>st</sup> 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

<b>FINAL DATE</b>	<b>ACTION BY MUNICIPALITY</b>	<b>ACTION BY MUNICIPAL ENTITY</b>
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	-
<b>FINAL DATE</b>	<b>ACTION BY MUNICIPALITY</b>	<b>ACTION BY MUNICIPAL ENTITY</b>
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	<p>Mayor must at least 10 months before start of budget year table in council time schedule outlining key deadlines for</p> <ul style="list-style-type: none"> <li>- preparation, tabling and approval of annual budget</li> <li>- annual review of IDP</li> <li>- annual review of budget-related policies</li> <li>- tabling and adoption of any amendments to IDP and budget-related policies</li> <li>- any consultative processes forming part of foregoing</li> </ul>	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	<p>It is not clear to what person or structure in the parent municipality this budget must be submitted.</p> <p>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.</p>

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	-



53(1)(c)(iii)(aa) & (bb)	Within 28 days after annual budget approved (late June to late July)	may change them and then only following the approval of an adjustments budget. See Section 54(1)(c)). 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.

## Free Basic Water Policy

<b><u>UGU DISTRICT MUNICIPALITY</u></b>	
	
<b>Policy Custodian</b>	<b>BTO</b>
<b>Policy Name</b>	<b>Free Basic Water Policy</b>
<b>Policy Number</b>	<b>17/1/1/2</b>
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# 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



# Free Basic Water Policy

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 areas
- (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

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## Records of Approval

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Meeting	Date	Resolution
<b>Council Meetings</b>		
Council	24 May 2018	Approved
Council	30 May 2019	Approved
Council	28 May 2020	Approved
Council	29 April 2021	Approved
<b>Reviews</b>		
Policy Review Committee	27 February 2020	Recommended to MANCO
Policy Review Committee	28 January 2021	Recommended to MANCO

<p style="text-align: center;"><b><u>UGU DISTRICT MUNICIPALITY</u></b></p> 	
<b>Policy Custodian</b>	<b>BTO</b>
<b>Policy Name</b>	<b>Credit Control and Debt Collection Policy</b>
<b>Policy Number</b>	<b>5/22/P</b>
<b>Status</b>	<b>Approved</b>
<b>Date</b>	<b>29 April 2021</b>
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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;

## Credit Control and Debt Collection Policy

- 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 2018;
- 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.



## Credit Control and Debt Collection Policy

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 of the past three (3) months' 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 may be 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;



## Credit Control and Debt Collection Policy

- (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**

12.1 An 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 than 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.

## Credit Control and Debt Collection Policy

- 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:



## Credit Control and Debt Collection Policy

- (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 DISCONTINUATION 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 quite 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

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**Records of Approval**

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Meeting	Date	Resolution
<b>Council Meetings</b>		
Council	24 May 2018	Approved
Council	30 May 2019	Approved
Council	28 May 2020	Approved
Council	29 April 2021	Approved
<b>Reviews</b>		
Policy Review Committee	27 February 2020	Recommended to MANCO
Policy Review Committee	28 January 2021	Recommended to MANCO