CITY OF MATLOSANA

PROVISION FOR DEBT IMPAIRMENT POLICY 2025/2026

DRAFT

PROVISION FOR DEBT IMPAIRMENT POLICY

PURPOSE

To ensure that sufficient provision for bad debt is provided for.The Municipal Finance Management Act, Act 56 of 2003, as amended states that the municipality must manage its revenue by ensuring a proper system of internal control exists in respect of debtors and revenue.

The municipality must budget for realistic anticipated revenue less an acceptable provision for bad debts.

The policy aims to ensure that debtors are disclosed in the annual financial statements at the amounts deemed collectable and uncollectable debt is written off within the guidelines of existing policies and applicable legislation.

By adopting this policy clear guidelines are set on the treatment of the impairment of debtors and write-off of debtors. This is to ensure that sufficient provision for bad debt is provided for.

1. OBJECTIVES

The objectives of this policy are to:

1.1. ensure any long outstanding debt is evaluated in order to determine the possibility of realizing such income as revenue.

1.2. ensure that where it is evident that a particular debt cannot be turned into a revenue such debt be procedurally regarded as irrecoverable.

1.3. ensure that the Council of the municipality makes enough provision for bad debts in the budget.

1.4. ensure that outstanding monies which have been outstanding for a long time after all attempts have been made in terms of recovering them should then be written off.

1.5. ensure the identification of bad debts during the course of the financial year.

1.6. provide guidelines on the writing off of bad debts at least three months before the end of the financial year.

1.7. ensure the proper delegation of powers to the chief financial officer to write off bad debts up to a certain amount.

2. A provision shall be recognized when:

2.1. An entity has a present obligation (legal of constructive) as a result of a post event,

2.2. It is possible that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, and

2.3. A reasonable reliable estimate can be made of the amount of the obligation

If these conditions are not met, no provision shall be recognized.

3. ROLE CLARIFICATION

The Municipal Manager as an Accounting Officer remains the overseeing authority over all the provisions made on behalf of Council.

The Chief Financial Officer must perform the provision management functions as prescribed in Section 97(d)(ii) of the Local Government Municipal Systems Act 2000 as amended and the delegation authority of the Council as prescribed in Section 82 of the Municipal Finance Management act, 2003 (Act 56 of 2003) as amended.

4. DELEGATIONS

The Chief Financial Officer may delegate the provisions responsibility to either his deputy or the provisions responsibility to either his deputy or the assistant managers as prescribed in Section 82 of the Municipal Finance Management Act, 2003 (Act 56 of 2003).

5. ADMINISTRATION

Consumer Debtors

Annual provision for bad debt on consumer debtors shall be done by the Budget and Treasury Office and provided for as follows:

5.1. Debtors who have not paid in the last twelve months are impaired in full.

5.2. Debtors who have paid in the last twelve months but paid an amount less than what they owe at year end will be assessed as follows:

a) High risk – if the amount paid is less than 33% of the total debt as at year end, and the projected recovery rate is 16%

b) Medium risk- if the amount paid is less than 66% but more than 33% of the total debt as at year end, and the projected recovery rate is 49%

c) Low risk – if the amount paid is less than 100% but more than 66% of the total debt as at year end, and the projected recovery rate is 83%.

d) The estimated projected cash flows are discounted at a rate linked to prime.

5.3 Provision for bad debt shall be provided for the following services:

a) electricity basic charges
b) electricity consumption,
c) housing rentals and instalments
d) interest and/or surcharges
e) miscellaneous and sundry charges
f) property rates,
g) refuse removal,
h) sewerage services (Basic and Additional Charges)
i) water basic charges
j) water consumption,

5.4 Impairment exclusions

The following accounts are specifically excluded from the assessment for impairment:

a) Receivable accounts with a total credit balance at reporting date.
b) Receivable account balances that have not been outstanding for more than 30 days at the reporting date as these account balances are considered not to be past due.
c) Receivable accounts where the municipality is the owner, as this is raised on the debtor system and rebated accordingly.

5.5 Traffic Fine Receivables Impairment calculation:

Traffic fines issued in terms of the Criminal Procedures Act are usually issued by way of notice to offenders, and can:
(a) indicate the value of the fine to be paid, and that certain reductions could be made to the value of the fine payable and how, or the circumstances under which, such reductions can be applied, or
(b) indicate that the offender must appear in Court on a specified date (in these instances, the value of the fine may or may not be indicated but this is often only determined after a separate legal process).
Fines are recognized as revenue when the fine is issued. Revenue from fines shall be recognized when it is probable that economic benefits shall flow to the municipality and the amount can be reliably measured. Revenue is therefore recognized at the amount issued, less any discounts and withdrawals made during the financial year.

The municipality will assess traffic fine receivables for individual receivable impairment.

Step 1: Individual impairment

a) Traffic fines will be impaired when the possibility of collecting the fines cannot be ascertained and where the prospects of a successful prosecution of an offender are not certain.
b) The National Prosecuting Authority (NPA) has issued a countrywide instruction that all outstanding traffic fines issued in terms of the Criminal Procedure Act should be canceled after 18 months if no summons has been issued.
c) Additionally, where a summons has been issued and the alleged transgressor fails to appear in court, resulting in a warrant of arrest, the warrant has a lifetime of two years from the date of issue. Should it not be carried out within two years, it should also be canceled.

Based on the above-mentioned, individual traffic fines will be assessed to identify the following:

a) Traffic fines issued in terms of the Criminal Procedure Act, that are outstanding for a period greater than or equal to 18 months, and no summons have been issued; and
b) Traffic fines where warrants of arrest remain outstanding for greater than or equal to two years, from the date the warrant has been issued.

The above-mentioned traffic fines will be considered for 100% of impairment of the rand value outstanding, as it is probable that these traffic fines will be written off by the municipality.

1. An actual collection rate for the financial year shall be calculated for traffic fine receivables.
2. An average actual collection rate for traffic fine receivables, considering the actual collection rates for the previous three/five financial years, as a minimum, shall be calculated.
3. The impairment rand value for traffic fine receivables shall be calculated using the average collection rate.

Opening traffic receivable balance as at beginning

6. RECORDS AND REPORTS

6.1. The Chief Financial Officer or the delegated official must keep all provisions transactions in accordance with General Recognized Accounting Practices.

6.2. The Chief Financial Officer or the delegated official must report to the Accounting Officer / Municipal Manager the provisions portfolio in a prescribed form as required by the Municipal Regulation and must review and adjust the provisions with the adjustment budget

PROOF

CITY OF MATLOSANA

FLEET MANAGEMENT POLICY

2025 2026

DRAFT

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FLEET MANAGEMENT POLICY

INTRODUCTION

This policy was adopted by Council in March 2010. City of Matlosana adopted and implemented the policy to put measures in place that govern the use of Council vehicles, disciplinary procedures, the maintenance and other related matters.

The policy covers all motor vehicles owned by the municipality, whether allocated to departments or form part of pool items, items from donor organisations (if any) and any item hired by the municipality.

It must be noted that this policy will be reviewed, revised and refined as an on-going framework and will therefore be subject to changes and adjustments. This policy has been amended to include the Fleet Replacement Policy.

SECTION 1
OBJECTIVES AND SCOPE

Transport within a municipality is supplied as a tool to support the municipality in the delivery of its objectives. Therefore, the aim for this policy is to ensure that the municipality's transport is used in the most cost effective manner and also to ensure the correct and relevant utilization of the fleet.

Every driver in the municipality should be given a copy of this policy before he/she is allowed to drive/operate the vehicle, machinery or equipment and should be made aware of what the policy entails. Non compliance with standing rules contained in this document will render the offending official liable to disciplinary action and in certain cases, to making good any loss, which the municipality may suffer. This policy is augmented by the Supply Chain Management Policy of the municipality.

SECTION 2
DEFINITIONS

"Municipality" means the City of Matlosana Local Municipality

"Fleet Manager" means an official appointed by the municipality to preserve and manage the correct utilization and maintenance of the Municipal Fleet.

"Departmental vehicle" means a vehicle permanently allocated to a department for its exclusive use, operated and maintained by its own budget.

"Pool vehicle" means any vehicle other than a departmental vehicle and are for general use by officials or employees subject to availability.

"Wear and tear" means any loss or damage to a vehicle resulting from reasonable usage of the vehicle such as cracked or broken glass, stone chips, minor scratches, reasonable tyre wear etc.

"Major scratches" means an area on a vehicle where the clear coat is opened and the base coat damaged, necessitating a re-spray.

"Municipal Manager" includes any delegates of the Municipal Manager;

"Underbody damage" means excessive damage to the exhaust system, underbody protection, chassis, sump guard etc.

"Unofficial passenger" means an authorized person found in an official transport or persons whose conveyance are not necessary for the execution of official duties as well as any employee (s) who is off duty or any private property which may be conveyed without written authority from the departmental head concerned.

"Designated parking premise" means an official parking area used for parking municipality vehicle at the end of a shift.

"Driver/operator" means an official/employee of the municipality in possession of a valid unendorsed driver's license, which enables him/her to drive/operate a specific category of a vehicle/machinery.

"Classification code or fleet number" means a code or number used to identify a municipality's vehicle.

"Transport inspector" means an official appointed by the municipality to check, inspect, and control all vehicles and train and or monitor driver performance.

"Private repair" means repairs to municipality's vehicles by a party other than an authorized dealer, recommended by the insurance company or approved by the municipality.

"Accident" means an incident resulting in loss or damage to a municipality vehicle, but excluding fair wear and tear.

"Road Traffic Act" means the National Road Traffic Act, 1996 (Act No. 93 of 1996)

SECTION 3

PROPER USE OF MUNICIPAL VEHICLE

3.1 The vehicle shall only be driven by an appropriately licensed and duly authorized employee on official duty.

3.2 The driver must be licensed in terms of the National Road Traffic Act for the particular class of vehicle under his/her control.

3.3 The allocation of vehicles, machinery, equipment and plant to other departments is at the discretion of the departmental manager thereof. He/she must ensure that the "party" borrowing the vehicles, machinery equipment, plant etc will meet the operational control requirements.

3.4 The driver shall not utilize any municipal vehicle for private purposes.

3.5 Log books with specific details must be kept up to date and inspected by the Unit/Section manager or designated representative at least once a week. Any deviation must be investigated and, when necessary, reported to the directorate concerned and the Fleet management section for further investigation, so that disciplinary action can be taken against infringing members.

3.6 No person shall move, drive or operate any municipal vehicle unless he/she is fully authorized to do so. The unauthorized use of a vehicle will render the person concerned liable for prosecution in a court of law, over and above any internal disciplinary action.

3.7 Drivers are expected to route their vehicles so as to secure maximum operating efficiency at minimum expense.

3.8 Transporting unofficial passengers using municipality vehicles i.e. offering a lift to a hitchhiker, a friend or a family member is strictly prohibited. The driver of the vehicle will be held responsible for ensuring that unofficial passengers are not conveyed. The municipality accepts no liability for any unofficial passenger transported without the necessary permission.

3.9 Official transport is to be used in all instances where personnel and Councillors who do not participate in transport allowance scheme, need to travel within/outside the municipality's area of jurisdiction.

SECTION 4
RESPONSIBILITIES OF DRIVERS

Municipality vehicle can only be driven by municipal employees, (except on special cases such as when the vehicle is driven by a private service provider's employee while taking the vehicle to his premises to repair such vehicle, where Form TR8 must be used). The driver must have an unendorsed valid driver's license. He/she must have no outstanding transport related disciplinary action against him/her at the time of using the vehicle.

Councillors are not allowed to drive official vehicles. Transport arrangements for the Executive Mayor are to be handled by the Manager: Office of the Executive Mayor and for all other Councillors by the Office of the Mayor and Office of the Speaker.

The full co-operation of all employees concerned is required to ensure that the municipal transport system functions efficiently at all times. All drivers are expected to accept and exercise the responsibilities associated with the operation of vehicles, as described in this policy and procedures document.

DRIVERS

Arrangement shall be made through the Mechanical Workshop and Traffic department to test the driving ability and skill of all or any potential new driver (s) appointed by the Council before being authorized to drive any Council vehicle.

In future the municipality may opt for the use of authorized driver permit which shall be renewed annually after an internal driver fitness test to reduce the extent of damage to municipal vehicle.

4.1 USAGE

4.1.2 Municipal transport is provided strictly for official services only and is not to be used for private purposes.

4.1.3 When a municipal vehicle is to be used the driver must ensure that a copy of the trip authority duly authorized and signed, is held in the vehicle. Especial if the vehicle would be used outside the City of Matlosana borders.

4.1.4 All municipal vehicles and mobile plant must be issued with a logbook. The driver/operator is required to record all his/her daily trips in the logbook of which the top sheet is to be detached or copy made and handed to his/her supervisor for checking and retention for record purposes, and the original be handed to the Fleet Management department for fuel reconciliation.

4.2 PUBLIC IMAGE

All municipal vehicles shall be driven in a SAFE and COURTEOUS manner which will promote the municipality's PUBLIC IMAGE. Municipal drivers and vehicle/work teams are constantly in public view. Their behavior shapes the public concept of municipal efficiency in general.

4.3 CAREFUL HANDLING

Municipal vehicles shall at all times be driven and handled with proper care and attention, to obtain the best mechanical service and avoid infringements of the law. Any evidence of neglect, rough handling or reckless driving shall be reported to the relevant unit/section manager concerned and the Fleet Manager and will result in disciplinary action.

4.3.1 Pre-drive inspections of vehicles are to be carried out by drivers/operators on a daily basis as required.

4.3.2 Every driver of a municipal motor vehicle must at all times ensure that the vehicle is in a roadworthy condition failing which he/she will be responsible for the payment of any traffic fines that may be imposed.

4.3.3 The last user of a vehicle will be held responsible for any unreported damage/defects/loss. The onus is therefore on each driver to thoroughly inspect a vehicle prior to acceptance.

Any damage or defects found by the driver must be reported to the vehicle workshop.

4.3.4 All municipal vehicles will be inspected periodically by designated staff appointed by the unit/section managers to ensure that a proper state of cleanliness, repair and efficiency is being maintained by the driver/person responsible for the vehicle. Regular and ad hoc inspections will be done by the Fleet Management team on all municipal vehicles.

Any senior manager of the municipality has the right to stop and inspect any municipal vehicle and check for trip authorizations.

4.4 SAFETY

All employees must be fully aware that it is a criminal offence to disobey the general safety instructions issued by their employer.

Persons guilty of failing to observe safety instructions are liable not only to disciplinary action in terms of the Municipality's Conditions of Service but also to prosecution by the Department of Labour.

4.5. PROFESSIONAL DRIVING PERMITS

Professional drivers required driving the following vehicle categories are required to have Professional Driving Permits (PrDP's):

- Heavy goods → 3,5t GVM
- Articulated → 3,5t GVM
- Breakdown vehicle
- Bus seating more than 16
- Mini bus seating more than 12
- Refuse compactor
- Water tanker
- Truck tractor → 3,5t GVM

4.6 RULES

Failure to observe the rules contained herein and any additional instructions issued by unit/section manager will render the offending employee liable to disciplinary action.

SECTION 5
TRIP AUTHORITY

All movements must have a signed trip authority and must be registered on the logbook. In normal circumstances may be authorized by a section head or unit manager and in other circumstances by the municipal manager or Executive Mayor or Council Speaker.

If a vehicle is based away from the main municipal offices e.g. satellite station(s) or an official is required to be on standby then a trip authority can be issued against a weekly or monthly work plan e.g. Water and Sanitation vehicles. The signed trip authority and a logbook must be carried in the respected vehicle at all times; and be produced if requested to do so by the Traffic Official(s), Fleet Manager or Vehicle Inspector.

Every driver and or operator must conduct a pre-trip inspection on the vehicle, construction plant, etc using pre-trip check form (Form TR5). The driver will be held accountable for any defects not recorded or the loss of a jack, spare wheel, wheel spanner etc. NB: Senior Manager, Vehicle Inspector, Fleet Manager and/or Traffic official are mandated to stop any vehicle at any given time to ascertain whether the necessary forms have been properly completed.

SECTION 6
PARKING OF MUNICIPAL VEHICLES

6.1 All municipality vehicles must be returned to their designated parking premises immediately upon return from an official trip or end of shift.

6.2 The vehicle must be properly locked and keys must be kept away in a safe place. Spare keys must be kept safely at the vehicle workshop.

6.2 When the vehicle is away from its designated parking premises, the parking place should be lockable or have a 24 hour security. The driver must use a steering or gear lock on the vehicle. Where secure facilities are not available, the vehicle should be parked at the nearest official property, e.g. Police station. The driver of the vehicle is responsible for ensuring that the vehicle is parked as safely as circumstances may permit.

6.3 Specific authority from the unit/section manager concerned must be obtained before an employee will be permitted to safeguard any official vehicle at a private residence.

6.4 Such vehicle shall be parked on the premises of the employee, preferably in a lockable garage but in the event of this being impossible the vehicle shall be kept out of sight of road users and/or passes by, behind a locked gate/fence.

6.5 The driver must ensure that the gear lock (where available) is engaged and the key is removed when the vehicle is not in use.

6.6 The driver is responsible for any tools and equipment left on or in the vehicle when taken home.

6.7 The driver will be held liable should these be stolen from a vehicle not kept in a locked garage. Where vehicles are kept in a locked garage loose equipment must be securely locked away in the house, flat or garage.

6.8 To eliminate the possibility of the theft or loss of municipal assets, personal belongings and radio microphones whilst a motor vehicle is being serviced or repaired, all such items must be removed BEFORE the vehicle is delivered to the vehicle workshop or the relevant external service provider.

6.9 If vehicles are left at the service provider with such items still in the vehicle, the driver will be held responsible for any subsequent loss in this regard.

SECTION 7

VEHICLE KEYS

7.1 Employees in charge of vehicle shall ensure at all times that the ignition, door lock, fuel cap, gear lock and other keys of the vehicle in use are suitably safeguarded against loss or theft.

7.2 In the event of a vehicle's keys being lost or mislaid the driver shall not attempt to open the locking system of the vehicle, but shall obtain assistance from the vehicle workshop.

7.3 At no time shall a driver leave his/her vehicle unattended without first switching off the engine and removing the ignition key, engaging the gear-lock and removing the key.

7.4 Vehicle keys will only be replaced on production of a copy of the relevant loss report. All costs for keys will be for the user's account.

SECTION 8
DAMAGES, LOSSES AND THEFTS

Damages, losses and thefts, other than those arising from accidents are dealt with under this section.

8.1 An employee who takes over a municipal vehicle must ensure that any damage or loss is immediately brought to the notice of his/her supervisor in writing. Unless he/she complies with this instruction he/she will be deemed to have received the vehicle in good order.

8.2 Any person found unlawfully removing fuel from a municipal vehicle or engaged in an authorized removal or exchange of any component on a municipal vehicle will be subjected to the strictest discipline as prescribed in the prevailing Conditions of Service.

8.3 In the event of losses, thefts or hijackings the employee operating the vehicle shall immediately report the matter to his/her supervisor, who shall in turn ensure that the incident is dealt with in terms of the municipality's Loss Control Policy Procedures Manual for reporting of incidents of fraud, theft and loss.

8.4 In the event of a hijacking or armed robbery the unit/section manager concerned must ensure that the affected staff member(s) is/are given the necessary counseling.

8.5 Any municipal vehicle may be subjected to a search by Security Personnel or by any official from supervisory level upwards.

SECTION 9

WITHDRAWAL OF PRIVILEDGES

The municipality at its discretion may withdraw any privileges and/or take disciplinary action against an official/employee in the event of such official/employee having contravened any of the conditions contained hereunder:

9.1 Driving under the influence of alcohol and/or intoxicating substance.

9.2 Allowing any person or employee to drink alcohol or intoxicating substance while being transported on a municipal vehicle.

9.3 Acting maliciously, intentionally or grossly negligent or permitting anyone else to willfully damage or misuse the municipality's vehicle and equipment.

9.4 Failing to report any accident within the prescribed period.

9.5 Effecting a private repair.

9.6 In the event of a driver developing any disease or disability which will render him/her incapable of effectively controlling a vehicle and subject to a report from the Medical Doctor, he/she will be suspended temporarily or permanently from driving a municipal vehicle.

9.7 Admitting liability for loss or damage caused due to an accident to an outside party whether orally or in writing, without the consent of the municipality.

9.8 Failing to conduct a pre trip inspection on the vehicle using the pre check form (Form TR5).

9.9 Failing to complete and carry a logbook in a vehicle at all times (Form TR6)

9.10 Failing to report all vehicle defects including tyre wear using vehicle defects form (Form TR7)

9.11 Failing to bring a vehicle complete monthly vehicle/machine return (Form TR9)

9.12 Overloading a vehicle beyond its design capabilities.

9.13 Engaging in unsafe loading and unloading practices.

9.14 Taking the vehicle to a private service provider without authorization or writing the name of a preferred service provider on a requisition without consulting the vehicle workshop.

9.15 Calling out a private field service mechanic or towing services when his/her vehicle has a break down with authority from the Vehicle Inspector or Workshop Superintendent.

9.16 Failing to record fuel issues on the logbook of the vehicle.

9.17 Failing to bring a vehicle for service.

9.18 Being involved in three or more accidents in a period of 24 months.

9.19 Using a vehicle without fully completed necessary forms.

9.20 Using a municipality vehicle for private purposes and

9.21 Smoking in a municipality vehicle.

SECTION 10

BREAKDOWN PROCEDURES

In the event of a breakdown all care should be taken that the vehicle and its load are in the safest position possible and that warning triangles be placed at a distance of 45 meters in line with the centre of the vehicle and in the direction of approach. If the breakdown results in a traffic hazard, assistance must be requested from the Traffic Authorities.

10.1 In the event of a breakdown involving suspected brake failure THE VEHICLE MUST REMAIN STATIONERY, to be moved only by the breakdown crew.

10.2 Breakdowns during normal working hours must be reported to the vehicle workshop. In order to guide the breakdown crew regarding the choice of equipment best suited for the speedy repair/recovery of the unit, the following information should be provided;

10.2.1 Names of driver and the Unit

10.2.2 Vehicle registration or Fleet number

10.2.3 Exact location where the vehicle has broken down

10.2.4 Possible causes of breakdown

20.2.5 Evidence of leaks (oil, water, hydraulic fluid, air etc)

20.2.6 Where the fault is located (eg. Front, rear or side)

20.2.7 Whether the vehicle is bogged down

20.2.8 Breakdowns outside normal duty hours should be reported as follows:

Municipal –Owned vehicle

Report the Standby

Tel: 018 464 8020

Drivers are to remain with their vehicles until assistance arrives. No towing company is allowed to tow any municipality's vehicle without the authority from the vehicle workshop or fleet manager, however in the case where a municipality vehicle is involved or is broken down and is obstructing traffic flow, they may be allowed to move the vehicle out of the way but only on the instruction from the Police or Traffic officials.

SECTION 11

ACCIDENTS

11.1 Call a police traffic officer if possible. If no such officer is available report the accident as soon as possible but within 24 hours to a police station or police or traffic officer and furnish full details.

11.2 Supply the name and address of the driver and the registration number of the vehicle to any person having reasonable grounds for requesting such information. Under no circumstances must liability be admitted to any person at all or at any time, or payment offered or made to a third party.

11.3 In the event of a third party admitting liability endeavors must be made to obtain a written statement from him/her to that effect.

11.4 Should the third party be suspected of being under the influence of intoxicating liquor or drugs this fact must be brought to the attention of the police or traffic officer called to the scene of the accident and every assistance must be rendered to him/her in ensuring that the suspected person is examined by a doctor as soon as possible.

11.5 The following particulars must be obtained preferably at the scene of the accident:

- Name, address, ID number, home and work telephone number of
- the driver and the owner of the other vehicle

11.6 The name of the insurance company of the other vehicle.

11.7 The nature and extent of the damage caused to the other vehicle (s) in this particular accident only if there is previous damage to such vehicle this should be recorded and pointed out to the police or traffic officer.

11.8 The name, address, ID number, home and work telephone number and estimated age of any passenger (s) and/or pedestrians (s) involved in the accident and of any person (s) killed or injured as well as nature and extent of injuries.

11.9 A description of animals and fixed objects involved in the accident and the name and address of the owner in the case of animals and also the name and estimated age of any herdsman (men) who tended or drove the animals as well as the nature and extent of injuries and damage.

11.10 Should the driver of the municipality's vehicle be required to appear at an autopsy or inquiry or should any criminal or civil proceedings be instituted against him/her, he must immediately notify Legal Division and submit the summons, subpoena or notification to appear served before him/her to this division.

SECTION 12

THIRD PARTY CLAIMS

12.1 Third party claims received must immediately be handed to the Directorate: Finance (Insurance Section).

12.2 If receipt of the claim is acknowledged it must be stated clearly in the letter of acknowledgement that it is being done without prejudice and that the claim is receiving attention. The letter must contain no statement or admission that could possibly prejudice the municipality's case.

SECTION 13
INSURANCE

COVER: All vehicles are covered by insurance company approved by the municipality. **Forfeiture of cover by the driver** the cover and insurance arrangements will as far as The driver of the municipality's vehicle is concerned not be applicable in cases where the driver:

13.1 Used the municipality vehicle without authority for other than official purposes

13.2 Was not in possession of a valid driver's license

13.3 Allowed the vehicle (s) to be handed by a person not authorized to do so.

13.4 Without authority deviated from the authorized or official trip or route.

13.5 He/she was under the influence of intoxicating liquor or drugs or

13.6 The concentration of alcohol in his/her blood was not less than that prescribed by legislation and this could have resulted in or contributed to liability being incurred in which case own legal counsel must be obtained.

13.7 He/she was found guilty of contravening any of the Road Traffic Act and Regulations.

An official who is injured whilst using a municipality vehicle on official duty either as a driver or as a passenger will be regarded as having been injured on duty and the matter will be dealt with in accordance with the arrangements applicable to injury on duty.

SECTION 14

FUELS AND OILS

All vehicles must obtain fuel and/oil using the eFuel system at contracted filling station.

NB: No fuel will be issued to any vehicle without the logbook, fleet number and municipal branding displayed both sides of the vehicle.

14.1 When on tour any eFuel garage can be used and the receipt should be produced for reimbursement.

14.2 The municipality shall make use of the petrol card. The card is valid only for the vehicle for which it was issued and is to be treated as cash and the driver will be held responsible for the transactions that takes place on it whilst it is in his/her possession.

14.3 Fuel in separate containers:

a) In view of the fire hazard and the risk of theft, transporting of additional amounts of fuel in separate containers is restricted to the Jerry can provided by the vehicle workshop.

b) A fuel tank and/or and/or a browser with a limited amount of petrol/diesel should be made available for emergencies only. Its purpose is to service construction plant on site.

SECTION 15

PROCEDURE TO OBTAIN A POOL VEHICLE

15.1 Telephonic request to be made to the Fleet Manager.

15.2 The driver must then complete his/her portion of the trip authority by signing his/her name and any other information that may be required.

15.3 The trip authority must then be submitted to the departmental manager for approval.

15.4 Then the trip form must be approved by the municipal manager before the trip can be undertaken.

15.5 The fleet manager will issue a pool vehicle upon receiving fully completed necessary forms, recording the condition of the vehicle, quantity of fuel in the tank and checking loose equipments such as tool kit, spare wheel, jack and any other extras. The driver will then assume responsibility for the vehicle at that point and the vehicle will remain the responsibility of the driver until it is returned.

SECTION 16

TRAFFIC FINES

16.1 All fines obtained through transgression of Road Traffic Act will be borne by the driver.

16.2 If there has been any transgression of transport policy rules, normal disciplinary process shall be followed and if the offender is found guilty he/she shall reimburse the municipality for any damage the municipality may have suffered over and above the normal action taken against him.

SECTION 17

PAYMENT OF TRAFFIC FINES

This will apply only when the driver's negligence is proven beyond reasonable doubt in which case the municipality is then entitled to take civil action to claim any damages incurred. The recommended payment of fines is as follows:

AMOUNT	PERIOD
Up to R15 000	To be paid within 12 months after being found guilty
Above R15 000 but less than R30 000	To be paid within 24 months after being found guilty
Above R30 000	To be paid within 36 months after being found guilty

SECTION 18
DISCIPLINARY PROCESSES AND PROCEDURES

The disciplinary process consists of rules and regulations; disciplinary procedure and the disciplinary code.

SECTION 19
NEGLIGENCE

- All employees are expected to maintain municipal vehicles and equipments with due diligence and all defects must be reported.
- All municipality vehicles and equipments must be used solely for municipal purposes and not for private use.

SECTION 20
UNSATISFACTORY PERFORMANCE

All necessary forms must be filled before undertaking any trip and should be returned after each trip, pre trip inspection to be done physically with the aid of a pre trip inspection form.

SECTION 21
ALCOHOL OR DRUG OFFENCES

- Nobody should be under the influence of, or in possession of alcohol and/or drugs while driving a municipality vehicle.
- Nobody should drink alcohol or take drugs when being transported in a municipality vehicle.
- Nobody should smoke while being transported in a municipality vehicle.

WILLFUL LOSS, DAMAGE OR MISUSE OF MUNICIPALITY VEHICLES AND EQUIPMENTS

The willful loss, damage or misuse of municipality vehicle and equipment is unacceptable and will lead to prosecution.

15.1 DISCIPLINARY PROCEDURE

The disciplinary and grievance procedure that will be pursued is extracted directly from the basic conditions of employment agreement printed as Clause 10 and Clause 14 respectively in Government Gazette.

SECTION 22

AMENDMENT OF POLICY

This policy can only be amended by Council

PRESCRIBED FORMS TO BE COMPLETED

FORM NUMBER	DESCRIPTION	PAGE
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(TR2)	AUTHORITY FOR TRIP OUTSIDE THE AREA OF JURISDICTION	16
(TR3)	AUTHORITY AFTER NORMAL WORKING HOURS	18
(TR5)	DAILY PRE-CHECK LIST	20
(TR6)	VEHICLE LOGBOOK	22
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FORM TR1

CITY OF MATLOSANA

LOCAL MUNICIPALITY

REQUEST FOR OFFICIAL TRANSPORT

I have been invited/delegated to attend _____

at _____ (place) at _____ (time) on _____ (date)

and request that official transport be made available to me for this purpose.

A copy of the agenda/invitation is attached.

The following passenger/s will accompany me:

_____ _____

_____ _____

_____ _____

_____ _____

The vehicle will be collected at _____ (time) on _____ (date)

I undertake to examine the vehicle and report any defects before I leave.

The vehicle will be kept under my personal control.

I will fully complete the vehicle's log book before and after the trip.

_____	_____	_____
Name	Date	Signature (Driver)

APPROVAL

The above mentioned trip is hereby authorized.

_____

_____

HEAD OF DEPARTMENT **DIRECTOR**

_____ _____

DATE DATE

Vehicle Made:	Vehicle Registration Number:

FORM TR2

CITY OF MATLOSANA

LOCAL MUNICIPALITY

AUTHORITY FOR TRIP OUTSIDE THE AREA OF JURISDICTION

Authority is hereby requested for the under mentioned person(s) to undertake a trip outside the jurisdiction of the City of Matlosana municipality. The following particulars are submitted:

Name of Driver:							
Department:		**Division:**					
Participant in Motor Vehicle Scheme:				**Yes**		**No**	
Name(s) of Passenger(s):							
DESTINATION:							
Town/City:							
Company/Institution:							
Purpose of the Visit:							
Departure:			**Return:**				
Date:		**Time:**		**Date:**		**Time:**	
PARTICULARS OF VEHICLE:							
	Official Vehicle		**Subsidized Vehicle**		**Private Vehicle**		
Registration Number							
Actual Purchase Price							
Engine Volume			Cc		Cc		
Estimated Distance	Km		Km		Km		
Tariff per Kilometer							
Total estimated Travel Cost							
Confirmation that Official Vehicle is not available							
Signature: Fleet Manager			Date				
APPROVAL OF THE TRIP:							
Municipality Resolution Number:			Date				

_____ _____

DRIVER **DEPARTMENTAL MANAGER**

The above-mentioned trip is hereby authorized

_____ _____

DATE **DIRECTOR**

TO BE COMPLETED BY THE DRIVER	
KM reading at completion of trip:	
KM reading at commencement of trip:	
Total km's travelled:	

PROOF ONLY

FORM TR5

CITY OF MATLOSANA

LOCAL MUNICIPALITY

DAILY PRE-CHECK LIST

This form must be completed by the driver/operator while physically checking the following daily. All defects must be reported IMMEDIATELY. This form must be handed over to the Fleet Manager daily.

Division:		Department:		KM Reading:	
Reg No:		Fleet No:		Date:	

	ITEM	OK	FAULT
1)	Windscreen, wipers and all windows		
2)	Wheel rims and nuts		
3)	Tyre condition, pressure and treads		
4)	Rear view mirrors		
5)	Body work, scratches and dents		
6)	Head and park lights		
7)	Tail and stop lights		
8)	Indicators		
9)	Emergency lights		
10)	Reverse lights		
11)	Engine Oil level		
12)	Transmission Oil level		
13)	Hydraulic Oil level		
14)	Power steering Oil level		
15)	Battery water level		
16)	Coolant level		
17)	Cooling fan		
18)	V-belts		
19)	Water hoses		
20)	Fuel lines		
21)	Oil leaks		
22)	Interior/cab		
23)	Panel instruments		
24)	Sufficient fuel		
25)	Hooter		
26)	Brakes/handbrake		

ITEM		OK	FAULT
27)	Speedometer/hour meter		
28)	Hydraulic equipment and controls		
29)	Pneumatic equipment and controls		
30)	Emergency triangle		
31)	Jack and wheel spanner		
32)	Drain air tanks		
COMMENTS:			
Driver's Name:		Foreman's Signature:	
Next service km reading:			

PROOF

CITY OF MATLOSANA

LOCAL MUNICIPALITY

LAST KM READINGS
CURRENT READINGS
TOTAL KM READINGS

LOG BOOK

DATE	KM READING	TIME START	REASON FOR TRIP	NO. OF PASSENGER	DRIVER'S NAME	SUPERVISOR'S NAME	PETROL DATE	AMOUNT	LITRE	

DRIVER' S SIGNATURE:		Date:	
SUPERVISOR'S SIGNATURE:		Date:	

FORM TR7

CITY OF MATLOSANA

LOCAL MUNICIPALITY

DRIVERS REPORT OF VEHICLE DEFECTS

This form must be used only to report defects. It must be completed by the driver and his foreman IMMEDIATELY on return from trip and must be handed over to the Vehicle Workshop IMMEDIATELY.

NO VERBAL REPORTS			
Date:		Time:	
Driver's Name:			
Department:		Vehicle made:	
Vehicle Registration number:		Fleet number:	
DEFECTS:			
Driver's Signature:		Foreman's Signature:	
FOR OFFICE USE ONLY			
DATE:	ARTISAN'S NAME:		
ARTISAN'S SIGNATURE:			
WORKSHOP FOREMAN'S SIGNATURE:			

FORM TR8

CITY OF MATLOSANA

LOCAL MUNICIPALITY

SPECIAL PERMISSION TO DRIVE A MUNICIPAL VEHICLE

This form serves as a permit to drive a Municipal vehicle by a private person. No private person is allowed to drive a municipal vehicle without this permit in his possession.

Name of Institution/Workshop:					
Name of Driver:		Signature:			
Reason:					
Vehicle Registration No:		Division:			
Motor No:		Date issued:		Date returned:	
Fleet Manager/Transport Inspector:					
Signature:					

The Fleet Manager, Vehicle Inspector or Workshop Superintendent can be contacted at the following telephone number for confirmation of this permit – 018 487 8733/8227.

This form is the property of the Municipality and it must be returned to the Municipality with the vehicle.

CITY OF MATLOSANA
LOCAL MUNICIPALITY

MONTHLY VEHICLE/MACHINE RETURN

[TO BE SUBMITTED TO MECHANICAL WORKSHOP BY THE 15TH OF EACH MONTH]

REG No:		FLEET No:		MONTH:	
DEPARTMENT:					
VEHICLE/MACHINE DETAILS:					

Date	KM/Hour Meter		Km travelled	Hours worked	Hours lost			Oils used/Litres				
	am	pm			Repair	Rain	Not used	Eng	Trmsn	Diff	F Dr	Hydr
			A	**B**	**C**	**D**	**E**					

VEHICLE
MACHINE

CERTIFIED CORRECT
OPERATOR/DRIVER

CERTIFIED CORRECT
FOREMAN/SUPERVISOR

CITY OF MATLOSANA



INDIGENT RELIEF POLICY

2025/2026
DRAFT

CITY OF MATLOSANA

INDIGENT RELIEF POLICY

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INDIGENT RELIEF POLICY

1. PRE-AMBLE

One of the main objectives of the Council is to ensure the provision of basic services to the community in a sustainable manner. This objective will however, only be possible within the financial and administrative capacity of the Council. The Council recognizes the fact that the community has a right of access to basic services, but the community also has an obligation to settle their monthly services accounts.

The Council also recognizes the fact that many of the residents can simply not afford the cost of full service provision and for this reason, the Council will endeavour to ensure affordability through:

- Setting tariffs in terms of the Council's Tariff Policy, which will balance the economic viability of, continued service delivery.
- Determining appropriate service levels.

Legal and Constitutional Requirements

The Constitution of South Africa of 4 February of 1997 as amended
Local Government: Municipal Structures Act No. 117 of 1998 as amended
Local Government: Municipal Structures Amendment Act No. 33 of 2000 as amended
Local Government: Municipal Systems Act No. 32 of 2000 as amended
Local Government Property Rates Act No 6 of 2004 as amended
Municipal Finance Management Act No. 56 of 2003 as amended
Water Services Act No. 108 of 1997 as amended
Division of Revenue Act 3 of 2017 as amended
Local Government: Municipal Demarcation Act No 27 of 1998 as amended

2. DEFINITIONS

"Indigents"

Indigents are defined as those people, due to a number of factors, who are unable to make monetary contribution towards basic services, no matter how small the amounts seem to be. Any household, earning less than the amount stated by the financial and fiscal commission from time to time qualify to be registered as an indigent. That the combined gross income of a household for qualification as an indigent be determined as equal or less than the equivalent of two social welfare grants. Examples are pensioners, unemployed, child headed families, and youth headed families.

"Household"

is defined as all adults and children living on a single property. An indigent policy will thus refer to fairly limited set of administrative procedures within the income function for distributing grant support to reduce the municipal account to particular households.

As per the indigent policy, an indigent database refers to a database that The City of Matlosana Local Municipality establishes to register and monitor all households that are categorised as per financial definition of an indigent.

"***Basic municipal services***"

means a Municipal service that is necessary to ensure an acceptable and reasonable quality of life and, if not provided, would endanger public health, safety or the environment.

"CFO"

means the Chief Financial Officer of the City of Matlosana Local Municipality, a person designated in terms of section 80(2)(a) of the Local Government: Municipal Finance Management Act,56 of 2003 as amended

"***Child Headed***"

means a household where all members are under 18 years as defined in section 28(3) of the Constitution.

"***Consumer***"

means the owner of the premises to which the council has agreed to supply or is actually supplying municipal services, or if there is no occupier, then the owner of the premises.

"Contracted undertaker"

means a registered undertaker appointed by the Municipality to provide for indigent burials.

"***Council***"

means-

a) A municipal council as referred to in section 157 of the Constitution

b) Matlosana Local Municipality exercising a delegated power or carrying out an instruction, where any power in this policy has been delegated, or sub delegated, or an instruction given as contemplated in section 59 of the Municipal Systems Act, 32 of 2000 as amended;

"***Destitute***" means extremely poor individuals or family who lack the means to provide for themselves.

"***Disabled***"

means a household headed by a disabled person. (Physically or Mentally)

"Employed"

means a household earning an income that is below the income as determined below.

"Foreign National" means a non-South African citizen who is in the country legally or illegally.

"Indigent Data Base" means a database that the City of Matlosana Local Municipality has established to register and monitor all households that are categorized as per financial definition of an indigent.

"***Municipal Manager"***

means the person appointed at Matlosana Local Municipality in terms of section 82(1)(a) or (b) of the Municipal Structures Act as amended.

"Occupier "

in relation to a property, means a person in actual occupation of a property, whether or not that person has a right to occupy the property;

"Pauper" means a person who died as an unknown, or the body is not claimed, no family or friends could be traced for a period of six weeks to identify the body or bury the deceased person or pay for the burial or cremation of the deceased person.

"Resident" refers to a person who lives in the jurisdiction of the City of Matlosana Local Municipality for a long term period. For the purpose of this policy a resident will be a person who lives in a known address within the City of Matlosana Local Municipality area.

"***Unemployed"***

means household of which there is no income or income or household income is as determined below

"Verification Officer" means an official, ward committee member, councillor or community liaison officer duly authorized by the municipality to verify the status of an applicant for indigent burial.

3. SOURCE OF INCOME

The Council needs to have access to adequate sources of revenue in order to fulfil its constitutional obligation. The available sources should be fully exploited to meet the development objectives.

Two main sources of income exist.

- Own revenue which is the main source of income to the Council and which is based on the economic costs to render the service required by the community.
- Transfers from other spheres of government of which intergovernmental transfers are the most important. A portion of this income (equitable share) is earmarked for indigent relief, which will be used to alleviate and address poverty.
- As such, the subsidy can only be credited to the qualifying customer's accounts until the amount received by the Municipality from National Government for this purpose has been exhausted, whereupon no further credits will be made, or the level of the credits reduced, until further national funds are received

4. STANDARD OF SERVICES

The Council accepts that they are responsible for the rendering of services in terms of schedules 4 and 5 of the Constitution as well as other services, which may be delegated by National and Provincial Government. The Council will endeavour to render a basic standard and level of services necessary to ensure an acceptable and reasonable quality of life and which takes into account health and environmental considerations. None of the residents should fall below the minimum standard of services as is embodied in the Council's Financial Policies.

The Council realizes that in certain circumstances and as a result of past policies, certain services are available to communities, the cost of which are beyond the financial means of such communities, and will through this policy assist those communities within the financial ability of the Council. In each instance, the economic cost to render the services shall be calculated in accordance with the Council's Tariff Policy.

5. CRITERIA FOR INDIGENT SUPPORT

The basic point of departure is that Council will assist, through funds received from National Government; to provide basic services to "poorer" households within the Council's service provision area in this regard no discrimination on any grounds will be allowed.
In order to qualify for financial assistance, the following will apply:

5.1. Only registered residential/farm consumers as reflected in the General Valuation Roll, of services delivered by the Council will qualify
5.2. The approval of the Indigent application may only be done by the relevant Ward Councilor subject to the applicant meeting the requirements as per indigent policy
5.3. Should the ward councillor not sign the application form timeously, then the Speaker must intervene, to get the application signed
5.4. No residential consumer conducting a business from the residential property, with or without special consent obtained from the Council or with or without existing usage rights, shall qualify for assistance.
5.5. Occupants/residents who own more than one property and occupying a house where application is sought will render such application of the owner/occupier invalid.
5.6. Occupants who are approved for indigent assistance, may not apply to do business Council, as they cannot afford to pay his/her municipal services.

5.6. Where a tenant is renting a property, or receiving accommodation for free, from an owner of a house, fully motivated applications and proof, together with a sworn affidavit from the owner or verification from the ward councillor must be submitted, if the owner is not accessible

5.7. Where the registered owner or occupant is deceased and **underage children** of the deceased are residing in the house, the **relevant documentation** to **this effe**ct must be produced.

5.8. The account holder must apply in person and **must present the following documents** upon application:

5.8.1. The latest municipal account in his/her possession.

5.8.2. Once approved as an indigent, the applicant will produce the latest prepaid electricity slip with the prepaid meter number for verification. If the applicant is not on prepaid, the applicant must be converted to electricity immediately at the cost of the municipality

5.8.3. Account holder's South African Identity document

5.8.4. Pension certificates and/or card /or affidavit

5.8.5. Proof of income (if any)

5.8.6. Information of other individuals residing with the applicant.

5.9. Only households where the total household income is less or equal to R4 700.00 (Four thousand seven hundred rand) per month may apply for indigent support. The calculation is determined by 2 x old age grant rounded to the nearest rand.

5.10. Every applicant must complete an application agreement. This agreement must include an affidavit and a customer profile of the household.

5.11. An approved indigent subsidy is valid for a period of five years or until Council decides to cancel all previous applications and indigents will have to renew their applications, or as soon as the circumstances have changed of an indigent debtor, on an annual basis based from the approval date of the application. Approved applicants from previous financial years will automatically qualify for this extended period. It is the applicants responsibility to inform Council of the change of their circumstances.

5.12. No pensioner indigents, whose indigent subsidy has been approved from the preceding financial year, need to reapply for the subsidy, as it is automatically approved. Pensioners only need to verify that they are still alive.

5.13. All indigent applicants give permission that an ITC check may be done on them to verify their claimed indigent status if needed. Failure thereof will cause the application not to be considered and approved. Consent form from COGTA will be included with the application form. ITC checks to be done mandatory.

5.14. No debt collection or credit control measures will be instituted against an indigent household, so long as consumption over and above the free usage is paid in full and other outstanding levies not written off due to previous write-offs as referred to in 9.8 are also paid in full.

6. LEVEL OF INDIGENT SUPPORT

6.1. The level of indigent support will be as follows:

6.1.1. Water:

6.1.1.1. Usage: An indigent subsidy amount equal to the value of 6kl water and thereafter normal tariffs will apply which is payable by the Indigent consumer. Any unused consumption less than 6kl per month will not be rolled over to the following month.

6.1.1.2. Basic Fees: A subsidy amount equal to the value of the basic fees as determined by the water tariffs.

6.1.2. Refuse removal:

Removal once (1) a week of 85 or 240 litre container: Free of charge per month

6.1.3. Sewerage:

Cost of drainage basic charge plus additional sewerage charge per dwelling house: Free of charge per month.

6.1.4. Electricity:

6.1.4.1. Usage - A maximum indigent subsidy of 50 kWh free of charge and thereafter-normal tariffs will apply which the Indigent consumer must pay. The FBE tokens must be collected in the current month only and cannot be carried forward on the next month.

6.1.4.2. Basic Fees: An indigent subsidy amount equal to the value of the basic fees as determined by the electricity tariffs.

6.1.5. Free Basic Alternative Energy

Indigent consumers who do not have access to electricity qualify for alternative energy sources. According to the National Policy for Indigents, free basic

alternative energy may be utilised as one of the core sources for alternative energy. It must be noted that the applicants must be in an area where numbers of persons reside and not individual applicants. The Municipality cannot afford this FBAE as it is in a financial crisis.

The application form is attached as annexure "B".

6.1.5.1. Free basic alternative energy as and when the municipality affords, as a relieve to farms and informal settlements and thereby have access to alternative energy.

6.1.6. Property Rates:

100% of the rates as subsidized by the Property Rates Policy will be subsidized for indigent residents. The gross total household income of the residential property may not exceed or equal than R4 700.00 (Four thousand seven hundred rand).

6.2. METERED SERVICES

6.2.1. Pre-paid electricity meter to be installed, without the consumers' consent.

6.2.2. Where a consumer who is classified and approved as an indigent in terms of Council's policy exceeds an average usage of 20 kl over a three months' period, Council may install a water restriction device without the consumers' consent.

6.2.3. These installations are at Councils cost from the equitable share from National Government. Indigent consumers are obligated to comply with these installations. Should the consumer fall into arrears the prepaid electricity may be disconnected.

6.2.4. The Council via the Inter-Governmental Grants shall finance the transfer from a conventional electricity meter to a prepaid electricity meter and the installation of a water restriction device.

6.2.5. The level of support to indigent consumers on the replacement of stolen service (consumer) cables be limited to one replacement free of charge and thereafter the indigent consumer be liable for replacement thereof.

6.2.6. That the level of support to indigent consumers for replacement of meter and ready board when a house is damaged through fire, one time free of charge,

and thereafter the consumer be liable for the replacement of the meter and/ or ready board.

6.2.7. The Council via water department will supply indigents with plumbers to attend to water leaks. From their meters.

6.3. It may happen that even with the introduction of the indigent policy, certain households may fall into arrears in respect of the amounts due by them. The property owner or accountholder concerned will have to make immediate arrangements with the municipal manager, or his/her nominee, to pay off these arrears within a reasonable time determined by the municipal manager in terms of the Municipality's Credit Control and Debt Collection Policy. If these arrangements are not made, no subsidies will be paid or free services provided, and services may be terminated in terms of the municipality's credit control and debt collection policy.

In all instances, the actual indigent support shall be calculated taking due cognisance of the amount received, the number of applications received and the standard and level of services.

7. BURIAL / CREMATION BENEFITS

7.1 LEGISLATION THAT GOVERNS BURIALS

The Health Act No 63 0f 1977 as amended, article 48 states: -

The removal and burial of dead a body within the jurisdiction of the municipality is the responsibility of the municipality, subject to the provisions of the Inquest Act, 1959 and the said Births, marriages and Deaths Registration Act, 1963 and whether or not any direction under subsection (1) has been issued, Responsibility for the removal and burial of the dead body which is unclaimed or which no competent person undertakes to bury and does bury and for the payment of all costs entailed thereby, shall devolve upon the local authority of the district in which the dead body is at the time when necessity of removal thereof first arise, save in the case of a person who has died in hospital or other institution, in which case such responsibility shall devolve upon the responsible authority of such hospital or institution.

7.2 REQUIREMENTS

7.2.1. The Municipality will bury an indigent person upon evidence that they are bona fide residents within the jurisdiction of the City of Matlosana Local Municipality, provided they are buried within the municipal jurisdiction.

7.2.2 The deceased should have died at home. The City of Matlosana **will not** pay for a person that died at the hospital as the hospital has its own funding for indigent burial.

7.2.3 Indigent burials are conducted during the week from Monday to Thursday.

7.2.4 The burial can only be conducted after the order has been issued from Health Services to access a grave from Community services (cemetery section).

7.2.5 In case whereby the undertaker received a decomposed corpse, the corpse should be buried as soon as possible, prior arrangements should be made with Health Service for urgent burial.

7.2.6 The municipality reserves the right to refuse to pay the cost of indigent burial/cremation in instances where evidence provided indicated that the family may have been in a position to afford its own burial or in instance where the municipality was misinformed and requirements not met.

7.3 PROCEDURE FOR INDIGENT BURIAL APPLICATIONS:

7.3.1. Any member or family, or foreign national residing in Matlosana, of a registered indigent who resides within the municipal area of the City of Matlosana and provision will be made for those that are not registered but meet all other criteria for burial benefit who applies for indigent burial assistance will be required to submit of the following documents as proof:

- Applicant's Identity document SA green barcoded ID or ID Card
- Deceased's Identity document SA green barcoded ID or ID Card
- Death certificate of the deceased
- Certified copy of death notification BI 1663
- Proof of registration of indigent subsidy from the municipalities Finance OR a motivation letter from Ward Councillor in the case of informal settlement or farms.

- Affidavit by South African Police Services (SAPS) as proof by the family member or relative declaring that they cannot afford to bury / cremate the deceased due to a lack of income
- Indigent persons who reside in a temporary structure on a consumer's property will also qualify for Indigent Burial Benefits under the following conditions:
  - The owner of the property must provide an affidavit that the person resides on the property and that they are indigent
  - Only the ward councillor may verify and approve the affidavit of the owner stating that the person resides on the property and that they are indigent.

7.3.2. The Municipality will incur the costs relating to the transport within the jurisdiction of Dr Kenneth Kaunda District Municipality to a mortuary, according to SARS travelling rates, a standard coffin, and cost for the grave. No relative or friends have any claim against the Municipality whatsoever.

7.3.3. The family or relative of the deceased buried as an indigent will be allowed to erect a tombstone on the grave after 90 days of burial, at their own expense.

7.3.4. The next of kin will receive the reservation certificate and grave number upon a written request.

7.3.5. Services to registered indigent households that have in terms of the credit control policy, been restricted, removed, or disconnected will be temporally re-instated for a period of 14 days to cater for the funeral. The cost of re-instatement of services will be debited to his/her municipal services account.

All requests for indigent burial / cremation will be referred to and considered by the City of Matlosana Health Services Department only.

7.3.6. Burials will be conducted from Monday to Thursday.

7.3.7. Burial and arrangements will be concluded according to specifications as determined by Council

7.3.8. The contracted funeral undertaker will bury the deceased closest to the area of residence of the deceased, but within the boundaries of the City of Matlosana.

7.3.9. All indigent burials from Klerksdorp/ Tshepong Hospital Complex will be attended to by a designated official of said hospital.

7.3.10. THRESHOLDS

The thresholds that are payable are as follows, and shall increase annually subject to Council approval with annual budget

AGE OF BENEFICIARY	TOTAL COSTS 2025/2026
0-3 Years (Including stillborn)	R3 616.00
Adults	R7 372.00
Oversized adults	R9 370.00
Cremations	R9 365.00
Exhumations	R9 000.00

7.4. LIST OF EXCLUSIONS

The following is a list of exclusions from benefits:

7.4.1. A non-resident who died outside the jurisdiction of the Matlosana municipality

7.4.2. Other related items: flowers and catering, Flowers, Tent Chairs.

7.4.3. Indigent families, who have a funeral plan or life insurance cover for the deceased, will be required to declare such cover and will not be eligible for the subsidized burial, unless confirmation in writing by the Ward Councilor is submitted regarding limited affordability to bury the deceased.

7.4.4. The municipality reserves the right to refuse to pay the costs of an indigent burial/cremation in instances where evidence indicates that the family may have been in a position to conduct its own burial or in instance where the municipality was misinformed. These costs will be recovered in such instances from the responsible person.

8. DISTRIBUTION OF INDIGENT SUPPORT

Indigent relief will only be granted to those residents who applied for assistance, qualified in accordance with criteria as determined, and will be applied as follows:

8.1. The qualifying recipients of the indigent relief will receive a monthly account indicating that no charges were raised for services as set out Clause 5(i).

8.2. The qualifying recipients will also receive a monthly free prepaid electricity token for 50 kWh if a prepaid meter has been installed.

The Council undertakes to advertise the existence of the indigent relief program on an annual basis with the budget consultations process.

9. APPLICATION FOR INDIGENT SUPPORT

9.1 The application form attached as annexure "A" will apply.

9.2 All residents complying with the criteria may apply for indigent relief.

9.3 No retrospective applications will be considered

9.4 All applications must be made on the prescribed form and all additional information must be supplied (together with documentary proof where required).

9.5 The onus is on the account holders to apply for support.

9.6 The completed application will be forwarded to the Ward councillor or under extreme circumstances to the deployed PR Councillor for verification in the absence of the ward councillor

9.7 The indigent support will only be affected after the verification of the application by the Ward Councillor or under extreme circumstances the deployed PR Councillor for verification in the absence of the ward councillor and will become effective within a maximum of two months or less after approval.

9.8 Debtors who qualify and become registered as indigent, will have their arrears, excluding tampering fines, written off only once upon registration approval during ownership/occupation of the property and will be subject to the items below, should it become known that false information was submitted with their application. Tampering fines may be paid off according to Councils Customer Care, Debt Collection, and Credit Control Policy

9.9 Indigent Consumers must take note that when a consumer has been registered as an Indigent and a write off of arrears has been done, no further write offs of arrears with the renewal of an Indigent subsidy will be allowed in the subsequent years

9.10 No property may be sold by the indigent consumer within a time frame of 12 months, after any write offs have been done, should this occur then the new owner will be held liable to pay the amounts that have been written off. The amount written off will be reversed by the Rates Section and included in the debtor's account before issuing the clearance figures for the Rates clearance certificate as follows

- Indigent section will reverse the write-off amount into the municipal account of the seller and he/she will be held liable to pay the amounts that have been previously written off,
- Indigent Section will cancel/suspend Indigent subsidy on the seller's municipal account for future subsidy benefit.
- Indigent Section will change debtor type of the seller's municipal account from indigent to household (residential),
- When above conditions are met, Rates Section will proceed with procedures to issue clearance figures for the Rates clearance certificate.
- The following cases are examples to be exempted from 8.10,
  - Insolvent estate,
  - Deceased estate (Inheritance) and etc.
  - Transfer to wife or husband through estate

9.11 Should it be established that a recipient of indigent relief has supplied the Council with false information or not informed the Council of a change in circumstances within the household:

9.11.1 The indigent support will be stopped immediately.

9.11.2 The recipient will be liable for the repayment of all indigent support received for the period involved which amount will be debited against the consumers account.

9.11.3 Normal credit control in accordance with the Council's Credit Control and Debt Collection Policy will apply.

9.11.4 Criminal charges may be instituted against the account holder for supplying false information.

The replacement of stolen cables of Indigent consumers will only be done twice. Further costs are for the consumer

10. COMMUNITY INVOLVEMENT

The Council relies on the community's participation in applying for indigent relief and it is a priority of all Councillors to ensure that indigent consumers are registered.

Council will be furnished with a report on a basis as determined by Council indicating:

10.1. The financial implications of the indigent support program

10.2. A schedule of the progress of the indigent registrations

10.3. Council to ensure and maintain access to basic services and/or benefits for all identified and deserving poor households including emergency services rendered by City of Matlosana

10.4. To improve monitoring systems, provide support and to strengthen capacity of the municipality and ensure capacity to implement the policy

10.5. To ensure that subsidisation for indigent support is funded and allocated as per policy directives to the qualifying households

10.6. To effectively manage co-ordination between internal and external departments regarding the policy implementation

10.7. To link the members of the registered indigent households with the exit programs with the exclusion of the pensioners and child headed households

10.8. To ensure that the municipality remains financially sustainable while meeting the needs of the indigents

11. CONSEQUENCES IN CASE OF FALSE INFORMATION

Should it be established that a recipient of indigent relief has supplied the Council with false information or not informed the Council of any change in circumstances within the household:

11.1. The indigent support will be stopped / cancelled immediately.

11.2. The recipient will be liable for the repayment of all indigent support received for the period involved which amount will be debited against the consumer's account.

11.3. Normal credit control in accordance with the Council's Credit Control and Debt Collection Policy will apply.

11.4. Investigations may be made with Insurances companies or any other institutions to determine if there are "Burial Policies" which are relevant to the indigent burial benefits.

11.5. Criminal charges will be instituted against the account holder, official, or councillor for supplying false information.

12. REPORTING REQUIREMENTS

The municipal manager or his nominee shall report on a basis as determined by Council on the below information accumulatively for the financial year to date following:

12.1 the number of households registered as indigents.

12.2. the monetary value of the actual subsidies and rebates granted.

12.3. The number of households registered for Free Basic Alternative Energy.

12.4. the budgeted value of the subsidies and rebates concerned; and

12.5. The above information accumulatively for the financial year to date.

Contact details for indigent office are as follows: 018 487 8608

Approval resolution of the policy CC101/2024

CITY OF MATLOSANA INDIGENT APPLICATION FORM 2025/2026	ANNEXURE "A"1

SECTION A – ACCOUNT INFORMATION: **APPLICATION NUMBER:**

Account Name:	Date of application:
Account Number:	Address:
Erf no:	
Council/Eskom Pre-paid meter number:	Ward Number:

SECTION B - TERMS AND CONDITIONS:

- Only households where the total household income is less or equal to R4 700.00 (Four thousand seven hundred rand) per household of Councils policy may apply for support.
- External verification will be done using the ITC as well a physical audit to confirm the household financial status. Upon signing this application, the consumer gives consent to such checks.
- False information or the withholding of information will disqualify anyone from further participation in the subsidy scheme, with the liability of immediate repayment of all allocations received plus interest and the risk of possible criminal proceedings being instituted;
- Should the gross income of a household increase and thereby exceed the approved limit during the subsidy time period (Increases, no longer unemployed), the registered consumer must immediately inform the municipality. Failure to comply could result in the repayment of all allocations plus interest and the risk of possible legal steps being instituted.
- No property may be sold by the indigent consumer within a time frame of 12 months, after any write offs have been done, should this occur then the new owner will be held liable to pay the amounts that have been written off
- The information contained in this document is not confidential. A list of approved applicants can be handed to councillors for comments, as well as publicly displayed.
- The City of Matlosana reserves the right to collect any outstanding debts on the account by means of the pre-paid services, in a portion not excessive in relation to the purchases made by the accountholder.
- That City of Matlosana may issue my Free Basic Electricity (50 units) via my cell phone

I, hereby declare that I am the registered owner/lessee of the above erf/stand and that the said property is inhabited and controlled by me. I further declare that I fully realize that should any of the above information be found to be incorrect or false, I shall be responsible for the repayment of any allocation received plus interest, as well as any debt written off, and I acknowledge that legal steps for the fraudulent declaration, could be instituted against me. I confirm that I have read, understood, and accepted the terms and conditions stated above. I also give my permission that a credit check may be done on my details to determine the validity of my information and that my indigent status may be listed at an ITC institution.
I/we*, the undersigned Applicant(s), hereby give consent to SARS to disclose my/our information to the Municipality [name of municipality] and the National Department of Cooperative Governance (COGTA) for purposes of verifying the details of my/our income levels that I/we* have disclosed to the Municipality in support of my/our* application for a municipal indigent grant.

Declared and signed at..... On the ..... day of ..... 20.....

....
NAME OF APPLICANT (BLOCK LETTERS) **NAME OF INTERVIEWER (BLOCK LETTERS)**

....
SIGNATURE OF APPLICANT **SIGNATURE OF INTERVIEWER**

The application **must** be accompanied with copies of the applicants:

- Municipal account
- Proof of income / pension certificates

ID document
Individuals residing with the applicant

SECTION B - PERSONAL INFORMATION: **ANNEXURE "A"2**

Surname:	Other Names:

Residential Address:	Postal Address:

Contact Number / Cell phone number	Marital Status: (Mark with an X)			
	Married	Single	Divorced	Widowed

Husband: Birth date:	**Wife:** Birth date:
D D / M M / C C Y Y	D D / M M / C C Y Y
ID number:	ID number:
Pension number:	Pension number:

SECTION C
INDIVIDUALS RESIDING WITH THE APPLICANT

NAME	SURNAME	RELATIONSHIP	ID NUMBER	INCOME

SECTION D – FINANCIAL INFORMATION

Details of Gross Monthly Income (in Rand)					
	Husband	**Wife**	**Children living with parents**	**Other**	**TOTAL**
a) Salary	R	R	R	R	R
b) Wage	R	R	R	R	R
c) Pension : Employer	R	R	R	R	R
Disability	R	R	R	R	R
Old Age	R	R	R	R	R
d) Board / Rental	R	R	R	R	R
e) Child support	R	R	R	R	R
f) Informal / Casual work	R	R	R	R	R
g) Other	R	R	R	R	R
Total Gross Monthly Income					

Occupant Name:	Date of application:
Account Number:	Address:
Erf no:	

Do you own or rent other property except the one above: YES / NO

If YES, please specify details: _____

_____ _____

DATE **DATE**

_____ _____

SIGNATURE OF VERIFIER (ITC CHECK) **SIGNATURE OF WARD COUNCILOR**

GENERAL **ANNEXURE "A"3**

COMMENTS OF THE VERIFIER (CONDITIONS, ETC.)

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ANNEXURE "A"4

Name (BLOCK LETTERS)

OFFICE USE ONLY:

SECTION E - CHECKLIST: _____

	Please Tick
ID document	
Documentary **proof of total gross income of household namely account** holder, spouse, and persons older than 18 years of age (including children) residing on **the** premises.	
List of **all residents on premises**. (Ages must be specified, and copies of Identity Documents attached).	
Proof of pension/grants.	
Proof of unemployment. Department of Manpower and/or unemployment insurance certificate, original letter of religious leader to confirm unemployment and sworn affidavit by applicant.	
Birth certificates / ID documents of dependent children and or a court order that confirms guardianship.	
If owner of **motor vehicle**, full particulars as well as means of **finance**.	
Latest **municipal rates and services account.**	
Copy of Prepaid electricity slip	
Does the applicant own or **rent** other properties	

Approved		**Declined**		**Date:**	
Reason if declined:					
Date of letter to applicant:					
Name of official:					

CITY OF MATLOSANA 2025/2026
INDIGENT APPLICATION FORM FOR RURAL DEVELOPMENT PROGRAMME

SECTION A – ACCOUNT INFORMATION:

ANNEXURE "B"1

Farm Name:	Date of application:
Farm Owner:	Farm /Plot Address:
Erf no:	
Council/Eskom Pre-paid meter number:	Ward Number:

SECTION B - TERMS AND CONDITIONS:

- Only households where the total household income less or equal to R4 700.00 (Four thousand seven hundred rand) will qualify.
- Only one person per household may apply and receive Free Basic Alternative Energy (two dwelling in the same yard will receive one supply)
- External verification may be done using the ITC as well as physical audits to confirm the household's financial status. Upon signing of this application, the consumer gives consent to such checks.
- False information or the withholding of information will disqualify anyone participation in the subsidy scheme, with the liability of immediate repayment of all allocations received plus interest and the risk of possible criminal proceedings being instituted;
- Should the gross income of a household increase and thereby exceed the approved limit during the subsidy time period (Increases, no longer unemployed), the registered consumer must immediately inform the municipality. Failure to comply could result in the repayment of all allocations plus interest and the risk of possible legal steps being instituted.
- The information contained in this document is not confidential. A list of approved applicants can be handed to councillors for comments, as well as publicly displayed.
- That Matlosana City council may issue my Free Basic Alternative Energy via the service provider

I, hereby declare that I am the **registered owner/lessee** of the above erf and that the said property is inhabited and controlled by me. I further declare that I fully realize that should any of the above information be found to be incorrect or false, I shall be responsible for the repayment of any allocation received plus interest, as well as any debt written off, and I acknowledge that legal steps for the fraudulent declaration, could be instituted against me. I confirm that I have read, understood and accepted the terms and conditions stated above. I also give my permission that a credit check may be done on my details to determine the validity of my information and that my indigent status may be listed at an ITC institution.
I/we*, the undersigned Applicant(s), hereby give consent to SARS to disclose my/our information to the Municipality [name of municipality] and the National Department of Cooperative Governance (COGTA) for purposes of verifying the details of my/our income levels that I/we* have disclosed to the Municipality in support of my/our* application for a municipal indigent grant.

Declared and signed at .....on the ..... day of ..... 20.....

.....	.....
NAME OF APPLICANT (BLOCK LETTERS)	**NAME OF INTERVIEWER (BLOCK LETTERS)**
.....	.....
SIGNATURE OF APPLICANT	**SIGNATURE OF INTERVIEWER**

The application **must** be accompanied with copies of the applicants:

- Letter from farm owner / Letter of oath
- ID document
- Proof of income / pension certificates

SECTION C - PERSONAL INFORMATION: **ANNEXURE "B"2**

Surname:	Christian Names:

Residential Address:	Postal Address:

Contact Number / Cell phone number	Marital Status: (Mark with an X)			
	Married	Single	Divorced	Widowed

Husband: Birth date:	Wife: Birth date:
D D / M M / C C Y Y	D D / M M / C C Y Y
ID number:	ID number:
Pension number:	Pension number:

SECTION D – FINANCIAL INFORMATION

Details of Gross Monthly Income (in Rand)					
	Husband	**Wife**	**Children living with parents**	**Other**	**TOTAL**
a) Salary	R	R	R	R	R
b) Wage	R	R	R	R	R
c) Pension : Employer	R	R	R	R	R
Disability	R	R	R	R	R
Old Age	R	R	R	R	R
d) Board / Rental	R	R	R	R	R
e) Child support	R	R	R	R	R
f) Informal / Casual work	R	R	R	R	R
g) Other	R	R	R	R	R
Total Gross Monthly Income					

Do you own or rent other property except the one above: YES / NO

Occupant Name:	Date of application:
Account Number:	Address:
Erf no:	

If YES, please specify details: _____

_____ _____

DATE **DATE**

_____ _____

SIGNATURE OF VERIFIER (ITC CHECK) **SIGNATURE OF <u>WARD</u> COUNCILOR**

ANNEXURE "B"3

GENERAL

COMMENTS OF THE VERIFIER (CONDITIONS, ETC.)

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ANNEXURE "B"4

Name (BLOCK LETTERS) **Name (BLOCK LETTERS)**

OFFICE USE ONLY: _____

SECTION E - CHECKLIST:

	Please Tick
ID document	
Documentary **proofs of total gross income of household namely account** holder, spouse, and persons older than 18 years of age (including children) residing on **the** premises.	
List of **all residents on premises**. (Ages must be specified, and copies of Identity Documents attached).	
Proof of pension/grants.	
Proof of unemployment. Department of Manpower and/or unemployment insurance certificate original letter of religions leader to confirm unemployment and sworn affidavit by applicant.	
Birth certificates / ID documents of dependent children as well as a court order that confirms guardianship.	
If owner of **motor vehicle**, full particulars as well as means of **finance**.	
Latest **municipal rates and services account.**	
Copy of Pre-paid electricity slip	
Have you asked the applicant if he has or rents other properties	

Approved		**Declined**		**Date:**	
Reason if declined:					
Date of letter to applicant:					
Name of official:					

CITY OF MATLOSANA



INSURANCE MANAGEMENT POLICY AND PROCEDURES

2025/2026

DRAFT

PREAMBLE

Whereas it is required of the accounting officer to take all reasonable steps to ensure that the Council has and implements crucial policies for effective financial and risk management and the safeguarding of assets and the protection of Council against liabilities is very important. Which forms part of a proper assets management system as prescribed by Section 63 of Municipal Finance Management Act and needs annual revision in terms of Section 24(2) (c) (v) of the MFMA 56 of 2003 as amended.

The objective of this document is to outline the claims management processes and to set the minimum standards applicable to the management of claims.

1. INTRODUCTION

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

1.2 It is the responsibility of the Accounting Officer or his/her delegates to ensure that all municipal assets are safeguarded against all risks that will result in a loss.

1.3 Responsible financial management of any municipality requires that assets are properly managed. Municipalities have large numbers of assets, including equipment, plant, and machinery. As trustees of public funds, the Council must ensure that municipal assets are adequately insured at all times. The insurance should in addition protect the municipality, Councillors and employees against public liability claims and other losses.

2. INSURABLE RISK

Insurance is a contract (policy) in which an entity receives financial protection or reimbursement against losses from an *insurance* company

It is a form of risk management primarily used to hedge against the risk of a contingent, uncertain loss in exchange for a premium. It can be thought of as a guaranteed small loss to prevent a large or possibly devastating loss.

Even with effectively managed risks, the municipality acknowledges that there will still be residual risk. The City of Matlosana shall seek cost effective insurance cover for residual **risks that are insurable**

To this end City of Matlosana's Insurance Portfolio shall cover, but shall not be limited to the following:

- Combined section

  All Buildings, Structures and Erections including fixtures and fittings therein, thereto or thereon, boundary walls, gates, posts and fences belonging thereto and All Contents contained in any building, structure or erection, including underground fuel storage tanks and their contents and lampposts, traffic signs, lights, parking meters.

  All Substations, Mini-substations, Transformers, Electrical Switchgear including fixtures and fittings relating thereto

  All Water Purification Works and Pump-stations, Reservoirs, Water Towers and property relating thereto

  All Sewerage Works and Pump stations and property relating thereto

  Property in the Open
- House-owners (City of Matlosana's residential units)
- **Glass**
- Business Interruption
- Office contents
- Business All Risks
- **Theft**
- **Money**
- Fidelity
- Motor
- **Motor Liability**
- Goods in transit
- Group Personal Accidents
- Electronic equipment
- Machinery breakdown
- Public Liability
- **Employers Liability**

- Aerodome
- Marine / Small crafts
- SASRIA
- All other insurable interests

BULLETON POINT #3 SPECIAL FDN - "INSURANCE COMMITTEE" - TO BE RE-INSTATED

3. INSURANCE COMMITTEE

A separate committee must be set up to monitor the control of Council's assets by monitoring the risks and insurance claims that are submitted to Councils Insurers on a monthly basis.

Composition of the Committee

3.1. Officials from the following directorates will represent Council at the relevant Insurance Committee Meetings -

- Accounting Officer OR Delegate
- Chief Financial Officer OR Delegate
- Director Corporate Support
- Director Technical and Infrastructure
- Director Planning & Human Settlement
- Director Community Development
- Director Public Safety;

3.2 The Chief Financial Officer will be the Chairperson for the Insurance Committee.

3.3 Officials from the following departments will attend the relevant Insurance Committee Meetings –

- Deputy Director Budget & Treasury
- Insurance Accountant;
- Chief Risk Officer
- Assistant Director Legal Services;
- Fleet Manager
- Human Resources & Labour Relations Manager
- Representative of department involved in the incident under consideration;

3.4 An official (Administrative Officer) will be designated as Secretary by Corporate Services for capturing the minutes of the meeting.

4. RESPONSIBILITY - INSURANCE

4.1 The Accounting Officer or his/her delegate shall every three years call for tenders in term of SCM policies and regulations.

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

5. ASSETS TO BE INSURED

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

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

5.3 The insurance section will use such book values as replacement values, unless a different replacement value is determined by the insurer and the municipality.

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

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

5.6 Additions during the year - When new items/ vehicles are purchased, buildings or Structures erected or expanded/ upgraded which has an influence on the Insurance portfolio of Council, each Department involved should send detailed information of new assets (including the value, which is very crucial for insurance purpose) to be insured within 72 hours after the plant/property/equipment is recognised as an asset of the municipality to the Asset Section in Finance

This information must be submitted to the Insurance Desk in form of a departmental memo or email.

5.7 Newly purchased/donated vehicles cannot be utilized up until cover is confirmed by insurer.

NB: If a notification (request) to insure Municipal property was never submitted to the Insurance Desk, unfortunately no claim resulting from any loss will be entertained by the Insurer. Departments will therefore take the responsibility of replacing or repairing damaged items from their own departmental budget.

5.8 SOUTH AFRICAN SPECIAL RISK INSURANCE ASSOCIATION (SASRIA) - SPECIAL RISK INSURANCE COVER FOR COUNCILLORS

SALGA urges municipalities to take a Special Risk Insurance for the newly elected Mayor & Councillors' private dwellings, contents and vehicles.

The cover provided by this policy is very limited in that **the councillors are insured only if the damage to property is caused by strikers and/or rioters**.

But **there is no cover at all if the damage is unrelated to strikes or riots.**

This is not an ideal way of insuring the properties belonging to mayors and councillors. There are many other risks to which the properties belonging to councillors are exposed. It is therefore recommended that the councillors be encouraged to take out their own insurance policies where they will enjoy full cover, irrespective of whether the damage is resulting from riots or any other cause.

To place Councillors' property on risk, the Insurance Desk will need: - Councillor's personal information (Name and Surname, Physical Address, Value of House and Contents Value, Vehicle details being the description of vehicle, registration number and value thereof).

Please note that there will be no cover until such information is received from the Speakers Office or Councillors.

NB: Should any Councillor who does not provide their info suffer a loss due to riots, they will not be covered/ reimbursed for their losses. In the event that a councillor steps down from the position (dismissal/death etc.) it is expected that the Speaker's Office advise the insurance desk accordingly asap and provide new information on the newly appointed councillor.

6 RECOVERY OF LOSS

6.1 Notice be taken that claims may be repudiated due to late submission or officials' negligence. Disciplinary action and potential recovery of losses from the responsible official should be considered.

6.2 Possible / proven negligence must be escalated **by the User department** to Human Resources Department for disciplinary action and recovery of the loss where applicable.

7 PROCEDURES FOR CLAIMS ADMINISTRATION

7.1 GENERAL

a. All claims, however small these may be, are to be reported to the Insurance Section, dealing with such claims on behalf of Council, within 48 hours of the date on which this accident/incident took place.
b. The Head of Department/Supervisor should be notified within 24 hours of the accident/incident.
c. All claims will be entered in a claims register which is to be reconciled and reported to Council on a quarterly basis.
d. Should negligence or recklessness be proved by the security and safety loss committee, the official will personally be held liable for losses suffered.
e. The supply of false information is regarded as Insurance fraud and applicable disciplinary steps can be initiated by the Human Resource department.
f. Claims will be reported by the Insurance Section to the insurers as soon as practical (preferably within 7 days).
g. Claims reported later than 30 days are invalid and will not be entertained
   Such claims will be repudiated outright by the Insurance Desk and referred back to the department. Disciplinary action must be taken by the involved department and potential recovery of losses from the responsible official be considered
h. Departments must provide remedial steps to be taken to prevent reoccurrence of the same incidents in all claims (e.g Improve/ Tighten/ beef up security)

7.2 CLAIM PROCEDURES: VEHICLES ACCIDENTS

The responsible official (driver of council's vehicle), has to report the claim to the insurance section, providing the below information and any other information required to lodge the claim:

a) Vehicle involved
b) Registration number(s)
c) Details of driver(s) of vehicle(s)
d) Residential / business addresses & telephone numbers
e) Passengers details
f) Copies of identity document(s) and driver's licence(s)
g) Witness report(s), police report and case number,
h) Description of damage to vehicle(s), date, time, and location of scene of accident

7.3 CLAIM PROCEDURES: **MOTOR LIABILITY CLAIMS**

7.3.1 In cases of third party claims, the responsible official should:

(a) Inform the third party that he/she should contact their insurance broker or company;

(b) Complete the required section in respect of third parties on the claim form.

7.3.2 Officials should not correspond with third parties. Should you be contacted by the legal representatives of the third parties involved, no statement should be made under any circumstances.

7.3.3 Only the municipality's legal representative has the authority to enter into correspondence with third parties.

RECOVERY

7.3.4 Motor vehicle recovery from third parties will be dealt with by the Claims departments of the Insurance Company.

7.4 CLAIM PROCEDURES: THIRD PARTY CLAIMS (NON MOTOR)

7.4.1 All third party claims have to be in writing and should be accompanied by proof of loss (Photos, quotations, invoices) and submitted to the insurance section.

7.4.2 The relevant department and/or claimant should be requested to submit a comprehensive report of the incident to the Insurance Section, which should be submitted together with all relevant documentation to the insurers.

7.4.3 The report should include the following information:

- Detailed description of incident
- Date of first knowledge of incident
- Could incident have been avoided
- Steps taken/to be taken to prevent future incidents
- Applicable legislation

7.4.4 All relevant documentation may include but are not limited to: claim form, affidavit, quotations from public, proof of insurance or non-insurance, ID document, and any other proof that may be required by the Insurers

7.4.5 Third Party should be informed of contact particulars and claim number from Insurance Company.

7.4.6 In the instance where a claim is within the excess amount as stipulated by the Insurance Policy the claim is forwarded to the Municipal Legal department for handling.

7.5 CLAIM PROCEDURES: **PROPERTY LOSS OR DAMAGE**

7.5.1 Property loss is in respect of assets *stolen, lost, or damaged by an employee of council or assets stolen, maliciously damaged by unknown parties.*

7.5.2 These incidents must be reported to the SAPS within 48 hours and to the immediate supervisor and/or head of department.

7.5.3 Reports from the department involved should be submitted together with all relevant documentation to the insurance section.

7.5.4 Claims are forwarded with all relevant documentation (such as notice of claim form, affidavit, case number and any other proof that may be required) to the Insurers.

7.5.5 Damage to buildings (Civic and Housing units) should on discovery be immediately reported to the Building Maintenance section and the Insurance Section.

7.5.6 In the case of damage to rental units the Housing Section is responsible for the report to the Insurance Section and the reporting to the SAPS in the case of malicious damage.

7.5.7 The Building Maintenance Section should ensure that the building is safeguarded. If not possible, Security should be appointed to avoid further loss to Council and its Insurers.

7.5.8 Building Maintenance should also ensure that three (3) quotes are forwarded to the Insurance section as soon as possible to enable quick repairs.

8. PERSONAL EFFECTS OF EMPLOYEES

Applications/claims by staff members for reimbursement of loss or damage to personal belongings shall not be considered by the municipality. Liability will not be accepted by the municipality for loss or damage to an employee's personal effects which are used or stored on premises owned or used by the municipality except in specific circumstances.

It is expected that employees, in their own interests, will ensure that any personal items (Electronic equipment/ devises, accessories, clothing, tools, etc) whether worn, kept or used while on duty are personally insured against loss or theft, as Council cannot be held liable for any private losses suffered.

9. RELATIONSHIP WITH OTHER POLICIES

This policy, once effective, needs to be read in conjunction with other relevant adopted policies of the municipality, including the following –

(a) Delegation of Powers (Delegations register) - Identifying the processes surrounding the establishment of delegated authority.

(b) SCM Policy - Regulating all processes and procedures relating to acquisitions of goods and services.

(c) Asset Management Policy.

This policy does not overrule the requirement to comply with other policies. The Chief Financial Officer (CFO) will provide guidance or adjust this policy where an apparent conflict exists between this policy and other policies, legislation or regulations. This policy may be updated whenever deemed necessary by the Chief Financial Officer in consultation with the Accounting Officer and respective Executive Directors. Changes to this document shall only be applicable if approved by Council.

PROOF

CITY OF MATLOSANA



INVESTMENT & CASH MANAGEMENT POLICY

2025/2026

DRAFT

PREAMBLE

Whereas section 13 of the Local Government: Municipal Finance Management Act, 2003
(Act No. 56 of 2003) determines that a municipality must introduce appropriate and affective
investment arrangement;

And whereas a municipality must disclose its investment details;

And whereas Councilors and officials as trustees of public funds, have an obligation to
ensure that cash resources are managed as effectively, efficiently and economically as
possible

Now therefore the City of Matlosana adopts the following Investment Policy:

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1. LEGISLATIVE REQUIREMENT

Section 13(1) and (2) state that the Minister, acting with the concurrence or the Cabinet member responsible for local government, may prescribe a framework within which municipalities must-

(a) Conduct their cash management and investments; and

(b) Invest money not immediately required.

(2) A municipality must establish and appropriate and effective cash management and investment policy in accordance with any framework that may be prescribed in terms of subsection (1)

2. DISCUSSION

The purpose of this policy is to establish a formal investment and cash management policy within the Investment of funds made in compliance with MFMA and Municipal Investment Regulations prescribed by the Minister of Finance on the 1st April 2005 in a government Gazette No. 27431. Another purpose is to secure the sound and sustainable management of the Municipality's cash and investments.

3. INVESTMENT OBJECTIVES

The primary objective of all investments will be based on a proper risk analysis before any investment is made. The secondary objective is the investment made shall be met by the liquidity of the council. The third objective shall be to achieve the maximum return as possible after the primary and secondary objectives are fulfilled.

4. DEFINITIONS

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

"Financial institution" means Banks, Public Investment Commissioners as contemplated by the Public Investment Commissioners Act, 1984 (Act No. 45 of 1984); Corporation for Public Deposits as contemplated by the Corporation for Public Deposits Act, 1984 (Act No.46 of 1984); and any other legal brokers and dealers of the financial instruments.

"Investee" means an institution with which an investment is placed, or its agent;

"Investment officer" means an official who is delegated by the Chief Financial Officer (CFO), in accordance with the Act, to handle the Council's investments.

"Investment manager" means a natural person or legal entity that is a portfolio manager registered in terms of the Financial Markets Control Act, 1989 (Act No. 55 of 1989), and Stock Exchanges Control Act, 1985 (Act No. 1 of 1985), contracted by the Council entity to –

(a) advise it on investments;
(b) manage investments on its behalf; or
(c) advise it on investments and manage investments on its behalf;

"Trust money" means money held in trust on behalf of third parties in a trust contemplated in terms of section 12 of the Act.

"Analysis" means that the overall value of funds shall not be diminished in the process of securing and investing those funds during the duration of the investments.

"Liquidity" means that funds shall be made available to meet all anticipated obligations and a prudent reserve shall be kept available to meet unanticipated cash requirements. Availability has two elements, namely liquidity and the scheduling of cash flows. Liquidity is the ability to transform an investment into cash on short notice at its prevailing market value. Scheduling of cash flows means that investments are to mature or are to be transformed into cash in parity with the anticipated cash requirements.

"Achieve a return" means to earn the optimum interest/income from funds proportionate to the objectives of safety and availability of the principle investment. At no time shall funds be invested in any security that could result in zero interest accrual if held to maturity.

5. SCOPE

This investment policy applies to all investments. Investment income and interest will be allocated according to the requirements of Generally Accepted Municipal Accounting Practices and Generally Recognized Accounting Practices.

6. ROLE CLARIFICATION

The Accounting Officer as an Accounting Officer remains the overseeing authority over all investments that has been made on behalf of the Council.

The CFO must perform the cash Management and investment of funds as
prescribed in Section 81 (e) of the Act and the delegation authority of the council as prescribed in Section 60 (2) of the Local Government Municipal

Systems Act, 2000 (Act 32 of 2000).

7. DELEGATIONS

The CFO may delegate the cash management and investment responsibility to either his deputy or to the assistant directors as prescribed in Section 82 (1) of the Act.

8. ADMINISTRATION

The Investment Committee will meet at least once a quarter to review and evaluate previous investment activity and yield, to review the current status of all funds held by the City of Matlosana, to discuss anticipated cash requirements and investment activity for the future, and to determine an investment strategy.

Any two members of the Committee may call a special meeting and two members shall constitute a quorum.

9. PERMITTED INVESTMENTS

As prescribed in a Municipal Investment Regulation No.6 issued by the Minister of Finance, the permitted investments are as follows -

(a) securities issued by the national government;
(b) listed corporate bonds with an investment grade rating from a nationally or internationally recognized credit rating agency;
(c) deposits with banks registered in terms of the Bank Act, 1990 (Act No 94 of 1990);
(d) deposits with the Public Investment Commissioners as contemplated by the Public Investment Commissioners Act, 1984 (Act no. 45 of 1984);
(e) deposits with the Corporation for Public Deposits as contemplated by the Corporation for Public Deposits Act, 1984 (Act No. 46 of 1984);
(f) bankers acceptance certificates or negotiable certificates of deposit of banks registered in terms of the Banks Act,1990;
(g) guaranteed endowment policies with the intention of establishing a sinking fund;
(h) repurchase agreements with banks registered in terms of the Banks Act, 1990;
(i) municipal bonds issued by a municipality; and
(j) any other investment type as the Minister may identify by regulation in terms of section 168 of the Act, in consultation with the Financial Services Board.

10. PROHIBITED INVESTMENTS

The Council shall not be permitted to make the following investments:

(a) investments in listed or unlisted shares, or unit trusts
(b) investments in standalone derivative instruments
(c) investments denominated in, or linked to, foreign currencies
(d) investments in market linked endowment policies

The Council shall not borrow for the purpose of investing.

11. INVESTMENT ETHICS

(a) The Accounting Officer; Chief Financial Officer or their delegate are responsible for the investment of funds and must ensure that there is no interference in these processes.
(b) No member of staff may accept any gift unless that gift can be deemed so small that it would not have an influence on his/her relationship with the said institution.
(c) The gift must be declared to their Superior.

The Accounting Officer, Chief Financial Officer or their delegate must act according to their discretion and must report any serious cases of payment in kind or gifts, to the Municipal Council. Excessive gifts and hospitality should be avoided at all costs.

11.1 RISK MANAGEMENT

The preservation of principal is the foremost objective of the investment program. To attain this objective, diversification is required to ensure that the Accounting Officer or their nominee prudently manages risk exposure. Risk profiles should be minimized by only placing investments with institutions and instruments approved by the Public Investment Commission or the Republic of South Africa: National Minister of Finance.

11.2 Investment shall be made with care, skill, prudence and diligence. The approach must be that which a prudent person acting in a like capacity and familiar with investment matters would use in the investment of funds of like character and with like aims, to safeguard the principal and maintain the liquidity needs of the Municipality. Investment officials are required to:

(a) adhere to written procedures and policy guidelines
(b) exercise due diligence
(c) prepare all reports timeously
(d) exercise strict compliance with all legislation

12. DELEGATION OF AUTHORITY

The delegation to authorise investments must distinguish between short-term & long-term investments as provision of security is vested with the Municipal Council in terms of Section 48 of the MFMA and with reference

to section 11(1) (h) of the MFMA dealing with cash management, the responsibility to make short investments lies with the Accounting Officer or Chief Financial Officer or any other senior financial officer authorised by either the Accounting Officer or the Chief Financial Officer/relevant assignee.

The Local Government Municipal Systems Act of 2000, Section 3, (60) (2) states that the Municipal Council may only delegate to an Accounting Officer, Executive Committee or Executive Mayor or Chief Financial Officer decisions to make investments on behalf of the municipality within a policy framework determined by the Minister of Finance.
The Chief Financial Officer must ensure that a bank, insurance company or other financial institution, which at the end of a financial year holds, or at any time during a financial year held, an investment for the municipality must:

- Promptly disclose information regarding the investment when so requested by the National treasury or the Auditor-General
- Promptly disclose information of any possible or actual change, in the investment portfolio, that could or will have a material adverse effect.

13. USE OF INDEPENDENT INVESTMENT MANAGERS

Should the need arise to use an investment manager at the cost of Council; one will be appointed using Supply Chain Management principles and practices.

14. CASH MANAGEMENT

The Chief Financial Officer, inter-alia, has to ensure financial viability and sustainability of the municipality. In order to achieve this in a sustainable manner, the Chief Financial Officer must ensure that internal financial systems and controls are in place that will enable the Municipality to detect mismanagement of funds.

Availability of cash is one of key requirements for financial sustainability for any organisation. Accumulated surplus is not an indicator of available cash and should not be seen as having a direct correlation with surplus cash.

One of the first and most important issues that must be borne in mind is that financial statements of municipalities are compiled on the accrual basis (GRAP accounting standards used as basis of compilation) and not on the cash basis as Provincial and National Government. In the past the accrual basis was used, but fund accounting was applied and not GRAP. This change in accounting basis led to the accumulation of larger than expected accounting surpluses with little or no relation to cash reserves.

Cash Management will include all amounts disclosed on the financial

statements on the following line items:

14.1 Investments (Long Term and Short Term)

14.2 Cash and Cash Equivalents

14.3 BANK ACCOUNT ADMINISTRATION

14.3.1 The Accounting Officer or delegated nominee is responsible for the administration of the municipality's bank accounts including the opening of the bank accounts, the designation of the primary bank account and all banking and withdrawal procedures. The bank account may only be managed in accordance with any auditing requirements as well as any legal requirements including as prescribed in the Local Government: Municipal Finance Management Act, 2003 and in particular Chapter 3 of the Act as well as section 64 of the Act.

14.3.2 The Accounting Officer may delegate the duties attached to the administration of the bank accounts as per paragraph 11 of this policy.

14.3.3 The Accounting Officer, in conjunction with the Chief Financial Officer (CFO) is responsible for the effective and efficient management of the council funding, namely-

14.3.3.1 The municipality must open at least one bank account in the name of the municipality

14.3.3.2 The municipality may not open a bank account –

14.3.3.2.1 abroad;

14.3.3.2.2 with an institution not registered as a bank in terms of the Banks Act, 1990 (Act 94 of 1990); or

14.3.3.2.3 otherwise in the name of the municipality.

14.3.3.2.4 ensure that its funding always has sufficient money for appropriated expenditure and direct charges to meet the progressive cash flow requirements.

14.3.4 Bank account requirements, guidelines and regulations in terms of sections 7, 8, 9, 10 and 11 of the MFMA are adhered to.

14.3.5 Ensure that the Municipality accounts daily for the cash movements of all bank accounts in the financial records.

14.3.6 The Accounting Officer, in conjunction with the CFO are responsible for establishing systems, procedures, processes and training and awareness programmes to ensure efficient and effective banking and cash management for the treasury and budget offices.

14.3.7 Sound cash management would include -

13.3.7.1 collecting revenue when it is due and banking it promptly;

13.3.7.2 making payments, including transfers, no earlier than necessary, with due regard for efficient, effective and economical programme delivery and the municipality's normal terms for account payments;

15. BANK AND CASH IN TERMS OF THE LOCAL GOVERNMENT:

MUNICIPAL FINANCE MANAGEMENT Act N0.56 of 2003, Chapter 3, Part 1

- All names of bank accounts must be changed to the name of the newly created municipality,
- New bank accounts must be opened if required,
- All cheques received from the disestablished municipalities must be banked,
- All bank accounts currently held and transferred to the municipality must be accounted for in the new accounting system,
- The official responsible must ensure that the name change on the accounts has been effected,
- All bank and cash must be made in terms of Cash Management Policy
- Every municipality must open and maintain at least one bank account in the name of the municipality and
- All money received by a municipality must be paid into its bank account in the name of the municipality as per the above mentioned legislative framework

16. INVESTMENTS PROCEDURE

(a). Quotations should be invited from at least three financial institutions for the term for which the investment is to be placed. In the event of one of the financial institutions offering a more beneficial rate for an alternative term, the other institutions invited to quote should be approached for their rates on the alternative term.

(b) It is acceptable to obtain telephonic quotations, when placing funds.

(c) The person responsible for calling for quotations from institutions should note the name of the institution, the person who has given the telephonic quote and the terms and interest applicable, e.g. whether interest is payable monthly or on maturity.

(d) Having obtained the necessary number of quotations, the decision needs to be made regarding the best terms offered and the institution with whom the investment is to be placed. The investment objectives must be kept in mind.

(e) An investment may only be made if it is denominated in Rand and is not indexed to, or affected by, fluctuations in the value of the Rand against any foreign currency.

(f) The above procedure should be followed for any investment irrespective of the duration of the investment.

(g) All investments made by an investment officer, or by an investment manager on behalf of the Council, must be in

accordance with this investment policy.

(h) All investment documents will require two signatories, namely the Chief Financial Officer or his delegated official and one other senior official in the budget and treasury office. Specimen signatures must be held by all institutions that the Municipality deals with.

17. PRUDENTIAL'S

(a) Investments must be made with such judgment and care, under the prevailing circumstances, as a person of prudence, discretion and intelligence would exercise in the management of that person's own affairs;

(b) May not be made for speculation but must be a genuine investment; and

(c) Must in the first instance be made with primary regard being to the probable safety of the investment, in the second instance to the liquidity needs of the municipality and lastly to the probable income derived from the investment.

(d) Employees involved in the investment process should refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions. Employees who handle the investments should disclose any personal financial/investment positions that could be related to the performance of the investment portfolio.

(e) Investment officers should avoid any transactions that might impair public confidence in the City of Matlosana.

18. PAYMENT OF COMMISSION

(a) No fee, commission or other reward may be paid to a councillor, manager or any official of the municipality to a spouse or close family member of such councillor, manager or official in respect of any investment made or referred by the municipality.

(b) If an investee pays any fee, commission or other reward to an investment manager in respect of any investment made by the municipality, both the investee and the investment manager must declare such payment to the council of the municipality by way or a certificate disclosing full details of the payment.

19. RECORDS AND REPORTS

(a) The CFO or the delegated official must keep all investment transaction in a proper register, in accordance with Generally Recognized Accounting Practices.

(b) The CFO must within 7 working days at the end of each month report to the Accounting Officer/Accounting Officer the investment portfolio in a prescribed form as required by the Municipal Management Regulation.

(c) The Accounting Officer must within 10 working days of the end of each month, submit to the Executive Mayor a report describing in accordance with Generally Recognized Accounting Practice the portfolio as at the end of the month.

(d) The report must set out at least –

- the market value of each investment as at the beginning of the reporting period;
- any changes to the investment portfolio during the reporting period;
- and the market value of each investment as at the end of the reporting period.

20. PORTFOLIO DIVERSIFICATION

(a) Funds, which are not required for immediate cash expenditures or to maintain, required compensating cash balances should be invested in interest bearing investments or accounts.

(b) To reduce overall portfolio risk while attempting to attain market rates of return consistent with the primary objectives of safety and availability of funds, investments shall be diversified across types of investments, maturities of those investments, and institutions in which those investments are made.

- Investment Instruments

  Investments shall be made only in those instruments specifically authorized by the law.

- Institutions

  The council must take all reasonable prudent steps consistent with the investment policy and according to standard of care set out in Prudencialism in this policy, to ensure that it places its investments with credit-worthy institutions.

  i. Funds shall only be deposited in a financial institution

whose performance has been reliable and whose safety rating, as determined by a reputable independent rating service

ii. No single institution shall have, in cumulative total, as deposits and investments (other than safe kept investments) more than 50% of the City of Matlosana available funds for investment.

iii. No funds may be invested in instruments that are prohibited by this policy.

iv. When the appropriate Investment Officer or the Investment Manager must liquidate an investment that no longer has the minimum acceptable credit rating as specified in the investment policy.

21. RELATIONSHIPS WITH FINANCIAL INSTITUTIONS

All financial institutions with which the Council conducts investment activities must agree in writing to undertake reasonable efforts to prevent illegal and/or imprudent transactions involving the Council funds. Should it come to the attention of the Financial Services Manager that funds have been involved in illegal and/or imprudent transactions, this will be reported to the City of Matlosana along with options for dealing with the situation.

22. MISCELLANEOUS PROVISIONS

(a) The responsibility and risk arising from any investment transaction vests in the Accounting Officer and the Chief Financial Officer.

(b) All investments made by the municipality must be in the name of the Council.

(c) No money may be borrowed for the purpose of investment.

23. INDEMNIFICATION OF INVESTMENT OFFICIALS

Any investment officer exercising his or her authority with due diligence and prudence, and in accordance with the requirements of the Act, will not be held personally liable for any individual investment losses or for total portfolio losses.

Council will however have the right to collect any losses from an official, if an investment is made contrary to the stipulation of this policy or when gross negligence can be proved.

CITY OF MATLOSANA

IRRECOVERABLE BAD DEBT POLICY

2025/2026

DRAFT

IRRECOVERABLE BAD DEBT POLICY

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PROPOSED

1. INTRODUCTION

The policy starts by emphasizing the municipality's duty to attempt to collect all debts owed to it while recognizing that some debts will inevitably become irrecoverable. This is in line with the MFMA's requirement for municipalities to manage their finances responsibly.

The Municipal Manager must ensure that all avenues are utilised to collect the municipality's debt. However, for various reasons there will always be bad debt cases that needs to be catered for through a policy on the writing-off of irrecoverable debt for circumstances that allows for the valid termination of debt collection procedures as contemplated in section 109(2) of the Local Government: Municipal Systems Act (No 32 of 2000) as amended. The Municipal Manager must provide Council with a policy and guidelines with regards to the writing off of irrecoverable debts / bad debts, owed by consumers to Council and to ensure that all outstanding amounts owing to Council can be recovered effectively and economically and are financially viable

2. DEFINITIONS

The definitions section aligns with the MFMA's requirement for clarity and consistency in terminology used within financial policies.

For the purpose of this policy, the wording or any expression has the same meaning as contained in the Act, except where clearly indicated otherwise and means the following:

"**Act**"

The Local Government Act: Systems Act, 2003 as amended from time to time;

"**Authorized Representative**"

Person or instance legally appointed by the Council to act or to fulfil a duty on its behalf;

"**Chief Financial Officer**"

the person appointed by Council to administer its finances regardless of the designation or title attached to the post;

"**Consumer**"

any occupier of any property to which the Council has agreed to supply services or already supplies services to, or failing such an occupier, then the owner of the property;

"**Council**"

The municipal Council of the City of Matlosana that is responsible for the collection of funds and the provision of services to the consumers of;

"**Credit control and debt collection**"

Means the functions relating to the collection of any monies due and payable to the Council;

"**Defaulter**"

A consumer who owes money to the Council after the due date has expired;

"**Households**"

All matured persons older than 18 years that occupied a property within the jurisdiction of the Council regardless whether the person rents or owns the property;

"**Municipal account**"

Shall include levies or charges in respect of the following services and taxes:

1. electricity basic charges
2. electricity consumption,
3. housing rentals and instalments
4. interest and/or surcharges
5. miscellaneous and sundry charges
6. property rates,
7. refuse removal,
8. sewerage services (Basic and Additional Charges)
9. water basic charges,
10. water consumption,
11. VAT – Value added tax as determined by the VAT Act

"**Municipal Manager**"

The person appointed as Municipal Manager in terms of section 82 of the Local Government: Structures Act, 1998, (Act 117 of 1998) as amended and include any person acting in that position or to whom authority was delegated;

"**Property**"

Any portion of land, of which the boundaries are determined, within the jurisdiction of the Council.

3. CRITERIA FOR IRRECOVERABLE DEBT

This section outlines specific criteria under which debt may be considered irrecoverable and eligible for write-off. The criteria include legal considerations, practicality of debt collection efforts, and various exceptional circumstances such as insolvency, emigration, or death of the debtor. These criteria provide a structured approach to determining irrecoverable debt, ensuring compliance with the MFMA's requirement for prudent financial management.

Debt will only be considered as irrecoverable if it complies with the following criteria provided there is sufficient provision for bad debt. The Chief Financial Officer shall write off any revenue which is irrecoverable or the recovery of that which is considered not to be reasonably practicable

3.1. If contradictory to Councils Standard Financial By-Laws, Section 12

3.2. All reasonable notifications and cost effective legal avenues have been exhausted to recover a specific outstanding amount. However, in special cases where the requirements in terms of Council's Credit Control and Debt Collection Policy are impractical, the administration must motivate which other remedies were applied or actioned; or

3.3. any amount equal to or less than R1 000 or as determined by Councils Customer Care, Debt Collection and Credit Control Policy from time to time, will be considered too small, after having followed basic checks, to warrant further endeavours to collect it can be written off without submission to Council; or

3.4. debt on an account which comprises of only interest

3.5. the cost to recover the debt does not warrant further action; or

3.6. the amount outstanding is the residue after payment of a dividend in the rand from an insolvent estate; or

3.7. there is a danger of a contribution;

3.8. no dividend will accrue to creditors; or

3.9. a deceased estate has no liquid assets to cover the outstanding amount following the final distribution of the estate; or

3.10. In case of death of the debtor a creditor's claim must be timeously registered against the deceased's estate or if an estate has no income or has not been registered and the death can be proved by any means, any amount not being recovered due to insufficient funds be written off.

3.11. it has been proven that the debt has prescribed; or

3.12. the debtor is untraceable or cannot be identified so as to proceed with further action; or

3.13. the debtor has emigrated leaving no assets of value to cost effectively recover Councils claims;

3.14. it is not possible to prove the debt outstanding; or

3.15. a court has ruled that the claim is not recoverable; or

3.16. the outstanding amount is due to an irreconcilable administrative error by the Council; or

expenditure incurred, in respect of internal accounts raised in the name of the City of Matlosana, in any previous financial year; or

If an offer of full and final settlement is confirmed in writing by the City Manager in terms of the City of Matlosana: Credit Control and Debt Collection By-law; or

3.17. all arrears may be written off to bad debts where Council-

3.17.1. expropriates any property; or

3.17.2. purchases any property in terms of item Section 4 of this policy

3.18. all arrears may be written off to bad debts where a property has been forfeited to the State in terms of the Prevention of Organized Crime Act 121 of 1998; or

3.19. where the occupiers have been evicted from Council, Provincial or State properties due to criminal activities; or

3.20. through supporting the City's housing related debt management processes and in instances where a housing debtor has applied for and been granted a housing indigent grant in terms of the Housing Indigent Policy, All debt related to that property for that debtor (excluding capital debt of home ownership units), up to the date of granting of indigent status will be written back. Such write back will occur only once for any debtor, thereby allowing for a once off rehabilitation, where after the debtor will immediately be subject to the Customer Care, Credit Control & Debt Collection policy should the account again fall into arrears; or

3.21. where the Housing advises the Chief Financial Officer that a housing debtor has been granted a housing indigent grant such debtors rates, services and sundry debt related to that property for that debtor shall be written off once; or

3.22. should any tampering with or bypassing of the water and electricity meters be discovered, any arrears written-off, in terms of this sub-item, will become payable with immediate effect and any other action as per any legislation or policy that applies to such tampering and/or bypassing will be instituted;

3.23. should the Municipal Manager become aware that the focus of an organization has changed, or its financial position has improved or its registration as a non-profit organization or public benefit organization has lapsed or terminated within three years after the arrears were written-off, such arrears will become payable with immediate effect.

3.24. Where registered non-profit organizations or public benefit organizations would, except for being in arrears on their Municipal accounts, qualify to receive a rates rebate, in terms of the Rates Policy, will, with effect from the date of qualification, have all their arrears written off, thus ensuring that they meet all the criteria to receive the rates rebate and;

3.24.1. this assistance will only be granted once to an organization subject to the condition that an electricity prepayment meter must be installed at the organizations cost, where applicable;

3.24.2. should any tampering with or bypassing of the water and electricity meters be discovered, any arrears written-off, in terms of this sub-item, will become payable with immediate effect and any other action as per any

legislation or policy that applies to such tampering and/or bypassing will be instituted;

3.25. should the Municipal Manager become aware that the focus of the organization has changed, or its financial position has improved or its registration as a non-profit organization or public benefit organization has lapsed or terminated within three years after the arrears were written-off, such arrears will become payable with immediate effect.

3.26. Arrears on closed tenant accounts which have debt which exceeds 1,080 days (3 years) and cannot be linked to an account on Councils financial system, not exceeding R500 on the account may be written off with approval of the Chief Financial Officer. Any amount exceeding R500 must be submitted to Council for approval to write off.

3.27. Irrecoverable debt of registered indigent consumers will be written off on a once off basis by Council subject to the stipulations in the Indigent policy.

4. OTHER CASES

This section addresses specific scenarios related to housing and property, providing guidance on how to handle debts arising from these situations. The policies outlined here demonstrate consideration for various circumstances while ensuring accountability and transparency, as required by the MFMA.

4.1. Housing

The allocation of stands and or houses (low cost) with State or Council associated funds by the applicable directorate, has in some instances resulted in debt being raised and carried on Council's Financial system in the name of the intended beneficiary as per Council's records, but who never took occupation of the property for one or more of the reasons that follows herein after or for a dispute that arose and can reasonably be motivated by the applicable Director or his/her delegated official.

4.1.1. Occupation taken by illegal occupants

4.1.2. Failure to have informed the intended beneficiary

4.1.3. Failure of beneficiary to take occupation of the property due to the fact that the beneficiary cannot be traced

4.1.4. Alteration of allocation not effected in council's records

4.2. The following scenarios are reflected;

All scenarios are subject to the conditions reflected in paragraph 1 above and are the responsibility of the Housing Manager

4.2.1. Where a debtor is untraceable or cannot be identified to proceed with further action, the Housing Manager or his delegate shall accordingly inform the CFO for possible write off and the delegated housing official shall re allocate the stand to a new occupant.

4.2.2. On all residential permits issued for the historical townships, it is clearly stipulated that the allocated person shall take occupation or develop the site within three months from the date of signature of that permit. All such abandoned stands shall be identified and be reallocated by the delegated housing official on a "Voetstoots" basis and shall be approved by the Housing Manager or his delegate.

4.2.3. That all such privately owned properties be identified and be immediately handed over to Council's panel of attorneys for collection. When all legal avenues have been exhausted and amounts owed cannot be recovered, such cases be referred to the relevant Court for possible attachment of that immovable property.

4.2.4. In case of death of the debtor, a creditor's claim must be timeously registered against the deceased's estate, failing which the property be handed over for collection. (Estate). Such properties may ultimately be deregistered and shall revert back to Council.

4.2.5. That all cases where the estate (next of kin) is indigent and cannot afford the transfer costs from the deceased, Council seek funding either

internally, or externally to resolve this challenge and that Council writes off the amounts due by the deceased.

5. CLEARANCE CERTIFICATES

The policy acknowledges the importance of clearance certificates for property transactions and provides a mechanism for addressing outstanding debts that may hinder the issuance of such certificates. This aligns with the MFMA's objective of facilitating efficient municipal service delivery and economic development.

5.1. In terms of the Local Government Municipal Systems Act of 2000 as amended, section 118, the Council will under normal circumstances not issue a clearance certificate on any property unless all outstanding amounts are paid to date. However due to the potential lack of resources of Council to implement its credit control policy, it might be possible that such a property may have accumulated such a significant outstanding balance over a period of time that it may not be within the ability of the new owner to pay such an amount in order to obtain a clearance certificate.

5.2. Where such circumstances may prevail the prospective new owner may apply to the Council for relief of such outstanding debt or a portion thereof.

5.3. Such application must be submitted to the Chief Financial Officer for consideration. In reviewing such application, the Chief Financial Officer must ensure that;

5.3.1. Reasonable measures have already been taken to recover the outstanding amount from the current debtor.

5.3.2. The prospective buyer of the property is not in a financial position to settle the outstanding amount before a clearance certificate is issued.

5.4. It is not in the interest of the Council and/ or the community to withhold a clearance certificate before the outstanding debt is fully paid

5.5. Meritorious Cases

Notwithstanding the framework provided in this policy for the writing off of irrecoverable debt, Council mandates the CFO or his / her delegate to

consider and recommend to Council meritorious cases and provide reasons for same.

6. AUTHORIZATIONS

The policy delineates the authority responsible for approving debt write-offs based on the amount and nature of the debt. This helps ensure accountability and proper oversight in accordance with the MFMA's principles of good governance.

6.1. The Chief Financial Officer or his delegated person as a delegated authority may approve debt below R1 000 as stipulated in point 3.3. for writing off.

6.2. debt on an account which comprises of only interest may written off by the Chief Financial Officer or his delegated person as a delegated authority, due to the fact that there is no capital amount outstanding

6.3. In respect of other debt above R1 000, schedules indicating the debtor account number, debtors name and physical address in respect of which the debt was raised, address, erf number, if applicable, amount per account category as well as a reason to write-off the amount must be compiled and submitted to Council for approval as irrecoverable debt and writing off.

6.4. Notwithstanding the above, the Municipality or its authorized officials will be under no obligation to write-off any particular debt and will always retain sole discretion to do so.

7. CONCLUSION

Overall, this policy appears to align well with the MFMA's requirements for responsible financial management by municipalities. It provides a clear framework for identifying and handling irrecoverable debt while ensuring transparency, accountability, and adherence to legal and regulatory standards.

CITY OF MATLOSANA



MUNICIPAL PROPERTY RATES POLICY

2025/2026

PREAMBLE

1. **WHEREAS** the Constitution of the Republic of South Africa, 1996, and the Local Government: Municipal Property Rates Act, Act 6 of 2004, as amended by the provisions of the Local Government: Municipal Property Rates Amendment Act, Act 29 of 2014 (hereinafter referred to as "the MPRA"), empowers the City of Matlosana (hereinafter referred to as "the Municipality") to impose rates on property

2. **AND WHEREAS** in terms of section 4(1)(c) of the Local Government: Municipal Systems Act, Act 32 of 2000 as amended (hereinafter referred to as "the Systems Act"), the Municipality may, *inter alia*, levy rates on property to finance the operational expenditure of the Municipality

3. **AND WHEREAS** in terms of section 62(1)(f)(ii) of the Local Government: Municipal Finance Management Act, Act 56 of 2003 as amended (hereinafter referred to as "the MFMA"), the Municipal Manager of the Municipality appointed in terms of section 82 of the Local Government: Municipal Structures Act, Act 117 of 1998 (hereinafter referred to as "the Structures Act"), must, in his capacity as the accounting officer of the Municipality, ensure that the Municipality has and implements a municipal property rates policy

4. **AND WHEREAS** the Municipality:

   4.1. Must, in terms of section 3(1) of the MPRA, adopt a policy consistent with the MPRA on the levying of rates on rateable property within the municipal area of the Municipality

   4.2. Must, in terms of section 6(1) of the MPRA, adopt by-laws to give effect to the implementation of its rates policy

   4.3. Must, in terms of section 5(1) of the MPRA, annually review, and may, if necessary, amend this policy. Proposals for reviewing this policy must be considered by the Municipality in conjunction with its annual operating budget

   4.4. May, in terms of section 22 of the MPRA, levy an additional rate on property in a special rating area and, in doing so, may differentiate between different categories of property

5. **NOW THEREFORE**, this policy has been drafted in compliance with the provisions of sections 3(1) and 6(1) of the MPRA, and must be read within the context of the MPRA, and in as far as required, supplemented and amplified by the MPRA.

THE CITY OF MATLOSANA

MUNICIPAL PROPERTY RATES POLICY

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PROPOSED

CHAPTER 1

INTRODUCTORY PROVISIONS

1. DEFINITIONS

In this policy, except where the context otherwise indicates, or it is expressly stipulated otherwise, the following words and expressions shall have the respective meanings assigned to them hereunder, and words or expressions to which a meaning has been assigned in terms of the provisions of section 1 of the MPRA will have the meaning assigned thereto by the said act. All headings are included for convenience only and shall not be used in the interpretation of any of the provisions of this policy.

NO.	WORD/EXPRESSION	DEFINITION
		"A"
1.1	**"Account"**	Means the account furnished to an owner by the Municipality once the owner becomes liable for the payment of rates and which reflects the amount due to the Municipality by such owner in respect of the rates, and depending on the context may also refer to an "account" as defined in terms of the provisions of the Customer Care, Credit Control & Debt Collection Policy and Tariff and Municipal Property Rates By-Laws of the Municipality.
1.2	**"Agent"**	In relation to property, means a person appointed by the owner of such property: 1. to receive rental or other payments in respect of the property on behalf of the owner; 2. to make payments in respect of the property on behalf of the owner.
1.3	**"Agricultural / farming property"**	Means property, which is used for agricultural and/or farming purposes, but excludes any portion thereof that is used commercially.
		"C"

1.4	**Category**	1. In relation to property, means a category of properties determined in terms of section 8; 2. in relation to owners of properties, means a category of owners determined in terms of section 15 (2);
1.5	**"Certificate of occupancy"**	Means the certificate of occupancy issued by the Municipality in terms of the provisions of section 14 of the National Building Regulations and Building Standards Act, Act 103 of 1977.
1.6	**"Consent use"**	Means the purpose for which land may lawfully be used and on which buildings may be erected and used only with the consent of the Municipality.
1.7	**"Council"**	Means the Municipal Council of the Municipality as referred to and constituted in terms of the provisions of section 157 of the Constitution.
1.8	**"Current monthly rates"**	Means the rate levied on a property in the month immediately preceding the month in which application for a rebate has been made, where such application is required in terms of this policy, and in all other events, the month preceding the month in which the rebate will come into operation.
		"D"
1.9	**Date of valuation**	Means the date determined by City of Matlosana in terms of Sect 31 (1)
		"E"
1.10	**"Exemption"**	In relation to the payment of a rate, means an exemption granted by the Municipality in terms of the provisions of section 15 of the MPRA.
		"F"

1.11	**"Financial year"**	Means the period commencing on the 1st day of July in any calendar year and ending on the 30th day of June of the following calendar year.
		"G"
1.12	**Government or State owned property Public Service Purpose**	In so far as, it relates to property owned and used by the State, means property owned and used by the National Government and North West Provincial Government for the provision of community type services, including but not limited to police stations, hospitals. All other property owned and utilised by the State will be classified in accordance with its zoning i.e. business for offices, residential for housing schemes etc. Public Service Purpose in relation to the use of a property, means property owned and used by an organ of state such as: 1. Hospitals and Clinics. 2. Schools and Pre-schools and early childhood development centres 3. National and Provincial Libraries and Archives 4. Police Stations 5. Correctional Facilities and 6. Courts of Law
		"I"
1.13	**"Income Tax Act"**	Means the Income Tax Act, Act 58 of 1962 as amended.
		"M"
1.14	**"MFMA"**	Means the Local Government: Municipal Finance Management Act, Act 56 of 2003 as amended.
1.15	**"MPRA"**	Means the Local Government: Municipal Property Rates Act, Act 6 of 20042004 as amended by Local Government: Municipal Property Rates Amendment Act, Act 29 of 2014.

1.16	**"MPRA Rate Ratio Regulations"**	Means the Municipal Property Rates Act: Regulations on the Rate Ratio between Residential and Non-Residential Properties promulgated in terms of the provisions of section 83 of the MPRA and published in GNR195 in GG 33016 of 12 March 2010.
1.17	**"Multi Purpose "**	1. in relation to a property, means **the use** of a property for more than one purpose **subject** to section 9.
1.18	**"Municipality"**	Means the CITY OF MATLOSANA (also referred to as the "COM"), a local government and legal entity with full legal capacity as contemplated in section 2 of the Systems Act, read with the provisions of Chapter 7 of the Constitution of the Republic of South Africa and sections 12 and 14 of the Local Government: Municipal Structures Act, Act 117 of 1998, with its main place of business and the offices of the Municipal Manager, as envisaged in terms of the provisions of section 115(3) of the Systems Act, at corner of Braam Fisher and Emily Hobhouse Streets, Klerksdorp, North West Province, and includes: 2. Its successor in title; or 3. A functionary exercising a delegated power or carrying out an instruction, in the event of any power being delegated as contemplated in terms of the provisions of section 59 of the Systems Act; or 4. An authorised service provider fulfilling a responsibility assigned to it by the Municipality through a service delivery agreement.
1.19	**"Municipal property"**	Means property owned by, vested in or under the control and management of the Municipality.
		"N"
1.20	**"Non-residential property"**	Means all properties (including all undeveloped properties) other than those defined as "residential property".

"O"

Means:

1.20.1. In relation to immovable property registered in the name of a person including, in the case of a sectional title scheme, a sectional title unit registered in the name of a person, means a person in whose name ownership of the property is registered;

1.20.2. In relation to a right registered against immovable property in the name of a person, excluding a mortgage bond registered against the property, means a person in whose name the right is registered;

1.20.2.1. In relation to a time sharing interest contemplated in the Property Time-sharing Control Act, Act 75 of 1983, means the management association contemplated in the regulations made in terms of section 12of the Property Time-sharing Control Act, and published in Government Notice R327 of 24 February 1984;

1.21 **"Owner"**

1.20.2.2. In relation to a share in a share block company, the share block company as defined in the Share Blocks Control Act, Act 59 of 1980;

1.20.3. In relation to buildings, other immovable structures and infrastructure referred to in section 17 (1) (*f*), means the holder of the mining right or the mining permit;

1.20.3. In relation to a land tenure right registered in the name of a person or granted to a person in terms of legislation, means a person in whose name the right is registered or to whom it was granted in terms of legislation; or

1.20.4. In relation to public service infrastructure, means the organ of state which owns or controls

that public service infrastructure as envisaged in the definition of "publicly controlled",

provided that a person mentioned below may for the purposes of this Act be regarded by a municipality as the owner of a property in the following cases:

1.20.4.1. A trustee, in the case of a property in a trust excluding state trust land;

1.20.4.2. An executor or administrator, in the case of a property in a deceased estate;

1.20.4.3. A trustee or liquidator, in the case of a property in an insolvent estate or in liquidation;

1.20.4.4. A judicial manager, in the case of a property in the estate of a person under judicial management;

1.20.4.5. A curator, in the case of a property in the estate of a person under curatorship;

1.20.4.6. A person in whose name a usufruct or other personal servitude is registered, in the case of a property that is subject to a usufruct or other personal servitude;

1.20.4.7. A lessee, in the case of a property that is registered in the name of a municipality and is leased by it;

or

A lessee, in the case of property to which a land tenure right applies and which is leased by the holder of such right; or

1.20.4.8. A buyer, in the case of a property that was sold by a municipality and of which possession was given to the buyer pending registration of ownership in the name of the buyer.

"P"

1.22	**"Public service infrastructure"**	Means public service infrastructure as defined in the Municipal Property Rates Act, Act 6 of 2004 as amended.

"R"

1.23	**"Rateable property" and "property"**	Means property on which the Municipality may in terms of the provisions of Sections 1, 2 and 7 of the MPRA levy a rate, excluding property fully excluded from the levying of rates in terms of the provisions of Section 17 of the MPRA and including 1.22.1. immovable property registered in the name of a person, including, in the case of a sectional title scheme, sectional title unit registered in the name of a person; 1.22.2. A right registered against immovable property in the name of a person, excluding a mortgage bond registered against property; 1.22.3. A land tenure right registered in the name of person of granted to a person in terms of legislation, or d) public service infrastructure.
1.24	**"Ratepayer"**	Means any owner of rateable property as well as any owner of rateable property held under sectional title, situated within the municipal area of the Municipality.
1.25	**"Rates"**	Means a municipal rate on property levied in terms of section 229(1) (a) of the Constitution and section 2(1) of the MPRA.
1.26	**"Rebate"**	Means a discount granted in terms of the provisions of section 15 of the MPRA on the amount of the rate payable on the property.
1.27	**"Reduction"**	Means the lowering in terms of the provisions of section 15 of the MPRA of the amount for which the property was valued and the rating at that lower amount.
1.28	**"Registered Indigent"**	Means a person who has applied to the Municipality in terms of the Indigent Policy of the Municipality to be

registered as a Registered Indigent, whose application was approved by the Municipality, and who is indicated as a Registered Indigent on the Indigent Relief Register, as contemplated in terms of the Indigent Policy of the Municipality

1.29 **"Residential property"**

Means property which is:

1.28.1. Used **exclusively** for residential purposes, with not more than 2 (two) dwelling units per property, and includes any adjoining property registered in the name of the same owner and used together with such residential property as if it were one property (any such grouping shall be regarded as one residential property for rate rebate or valuation reduction purposes); or

1.28.2. A unit registered in terms of the Sectional Titles Act, used **exclusively** for residential purposes, and includes any unit in the same sectional title scheme registered in the name of the same owner which is used together with the residential unit as if it were one property, for example a garage or domestic worker's quarters (any such grouping shall be regarded as one residential property for rate rebate or valuation reduction purposes and for clearance application purposes); or

1.28.3 Owned by a share-block company and used predominantly (60% or more) for residential purposes; or

1.28.4. A retirement scheme or life right scheme used predominantly (60% or more) for residential purposes; or

1.28.5. A residence used for residential purposes situated on property used for or related to educational purposes;

1.28.6. Vacant Residential Property;

However, excludes hostels, old age homes, guesthouses and any vacant land, not zoned as "residential", irrespective of its zoning or intended usage.

		"S"
1.30	**"school"**	Means a school as defined in terms of the South African Schools Act, Act 84 of 1996 as amended and includes both a public school or an independent school that enrols learners in one or more grades from grade R (Reception) to grade twelve and a public school.
1.31	**"Sectional Titles Act"**	Means the Sectional Titles Act, Act 95 of 1986 as amended.
1.32	**"Structures Act"**	Means the Local Government: Municipal Structures Act, Act 117 of 1998 as amended.
1.33	**"Systems Act"**	Means the Local Government: Municipal Systems Act, Act 32 of 2000 as amended.
		"T"
1.34	**"technical and other colleges"**	Means a public college and a private college as contemplated in the Further Education and Training Colleges Act, Act 16 of 2006.
1.35	**"the/this policy"**	Means the Municipal Property Rates Policy of the Municipality as adopted by the Municipality in terms of the provisions of section 3(1) of the MPRA.
1.36	**"threshold"**	Means the amount, determined from time to time by the Municipality during its annual budget process referred to in section 12(2) of the MPRA, to be deducted from the market value of residential properties, resulting in rates to be determined on the balance of the market value of such properties only.
		"V"
1.37	**"vacant land"**	Means a property without any improvements thereto excluding Agricultural land
1.38	**"valuation roll"**	Means a valuation roll prepared in terms of the provisions of section 30 of the MPRA or a supplementary valuation roll prepared in terms of the provisions of section 78 of the MPRA.

"Z"

1.39	**"zero rated"**	Means the Value Added Tax Rate at which property rates are levied
1.40	**"zoning"**	Means the purpose for which land may lawfully be used or on which buildings may be erected or used, or both, as contained in the applicable Land Use Management Scheme, or any revision or amendment thereof, and "zoned" has a corresponding meaning, provided that where a property carries multiple zoning rights, the categorisation of such property will be in accordance with the highest rating category.

2. AIM AND PURPOSE

2.1. This policy constitutes the policy as contemplated in terms of the provisions of section 3(1) of the MPRA and the aim and purpose of this policy is as set out in the provisions of section 3(3) of the MPRA.

2.2. The aim of this policy is to:

2.2.1. Ensure that all owners of rateable property are informed about their liability for rates;

2.2.2. Specify relief measures for ratepayers who may qualify for relief or partial relief in respect of the payment of rates through exemptions, reductions and rebates as contemplated in terms of the provisions of section 15 of the MPRA;

2.2.3. Empower the Municipality to specify a threshold at which rating in respect of residential properties may commence as provided for in terms of the provisions of section 15(1)(a) of the MPRA, which it is authorised to do;

2.2.4. Set out the criteria to be applied by the Municipality when it:

2.2.4.1. Increase or decreases rates

2.2.4.2. Levies differential rates on different categories of property;

2.2.5. Provide for categories of public benefit organisations, approved in terms of the provisions of section 30(1) of the Income Tax Act, Act 58 of 1962 (hereinafter referred to as "the Income Tax Act"), which are ratepayers, and who may apply to the Municipality for relief from rates;

2.2.6. Recognise the State, organs of state and the owners of public service infrastructure as property owners;

2.2.7. Encourage the development of property;

2.2.8. Ensure that all persons liable for rates are treated equitably as required by the MPRA; and

2.2.9. Provide that any rebate is to benefit the owner in occupation of the property.

3. TITLE AND APPLICATION

3.1. This policy is known as the Municipal Property Rates Policy of the City of Matlosana.

3.2. This policy revokes all previous policies, decisions and/or *ad hoc* clauses within any other policy, regarding the subject matter of this policy.

4. COMMENCEMENT AND VALIDITY

This policy shall come into force and effect on the first implementation of the general valuation roll to be prepared by the Municipality in terms of the provisions of section 30, read with section 31 of the MPRA. This policy shall form part of the Municipality's budget related policies when such budget is tabled in the Council of the Municipality in terms of the provisions of section 16(2) of the MFMA for approval, in order to allow for the Council of the Municipality to consider and approve this policy in terms of the provisions of section 24(1) of the MFMA. Once this policy is approved by the Council, the general valuation roll to be compiled by the Municipality will be compiled taking account of the principles and provisions of this policy in as far as *inter alia* the different categories of properties and special rating areas are concerned.

5. RESPONSIBLE AUTHORITY

The responsible authority for the adoption, publication and implementation of this policy is the Municipality, and where applicable the Council of the Municipality.

CHAPTER 2

RATING PRINCIPLES AND CATEGORIES OF PROPERTY

6. OPERATIONAL BACKGROUND AND PRINCIPLES

6.1. This policy has been prepared to ensure equitable treatment by the Municipality in the levying of rates on property owners, including owners under sectional title as contemplated in terms of the Sectional Titles Act, as well as any other person who may become liable for the payment of rates based on the guiding principles of equity, affordability, poverty alleviation, social and economic development, financial sustainability and cost efficiency.

6.2. This policy must be read in conjunction with the provisions of the Land Use Management Scheme and the Town Planning and Townships Ordinance 15 of 1986, and any other applicable legislation, including, but not limited to, the MFMA, the Systems Act, and any legislation that replaces any of the aforementioned acts or ordinance.

6.3. The Municipality is required by the terms of section 16(1) of the MFMA, read with section 24(1) of the MFMA, to approve an annual operating budget prior to the commencement of every financial year. The income from rates must be used to finance in full or in part, the annual operating expenditure of the Municipality as reflected in such budget.

6.4. As provided in the MPRA, the Municipality has elected to differentiate between various categories of property and property owners. Some categories of property and categories of owners are granted relief from rates. The Municipality does, however, not grant relief from rates in respect of payments for rates to any category of owners or properties on an individual basis, other than by way of an exemption, rebate or reduction provided for in this policy.

6.5. Rates are levied in accordance with the provisions of the MPRA as a cent-in-the-rand based on the property value determined for a property as contained in the valuation roll and supplementary valuation roll.

7. ANNUAL OPERATING BUDGET

7.1. Rates and rate ratios shall be levied and established as part of the approved annual budget of the Municipality and shall remain valid and in force and effect until amended, changed or varied by the Council.

7.2. In terms of the provisions of section 28(6) of the MFMA a municipal tax may not be increased during a financial year, except when required in terms of a financial recovery plan.

7.3. The Municipality must consider the levying of rates annually during the budget process as contemplated in section 12(2) of the MPRA.

7.4. Rate increases must be used to finance the increase in operating costs of the municipal services and facilities of the Municipality.

7.5. In determining the level of increases or decreases in rates, the criteria to be applied may include the following:

7.5.1. The inflation rate as indicated by the consumer price index, excluding mortgage bonds;

7.5.2. The financing of increased operating expenditure in the budget of the Municipality;

7.5.3. The financing of additional maintenance expenditure included in the operating budget of the Municipality;

7.5.4. The financing of additional depreciation charges included in the operating budget of the Municipality;

7.5.5. The additional cost of servicing debt included in the operating budget of the Municipality;

7.5.6. The augmentation of any revenue shortfall;

7.5.7. The financing from the annual operating budget of expenditure related to anything the Municipality is lawfully empowered to do for which provision has to be made in the budget;

7.5.8. The taking into consideration of the medium term budget growth factors as determined by National Treasury;

7.5.8.1. The valuation roll; and

7.5.8.2. Any other relevant factor.

7.6. Also in determining the level of increases or decreases in rates and in order to assist the Municipality in dealing with the criteria as set out above, the Municipality will refer to the following classifications:

7.6.1. Services:

7.6.1.1. Trading services (as referred to in the Tariff Policy);

7.6.1.2. Non-trading services (as referred to in the Tariff Policy).

7.6.2. Expenditure:

7.6.2.1. Salaries, wages and allowances;

7.6.2.2. Bulk purchases;

7.6.2.3. General expenditure;

7.6.2.4. Repairs and maintenance;

7.6.2.5. Capital charges;

7.6.2.6. Contribution to fixed assets;

7.6.2.7. Contribution to funds;

7.6.2.7.1. Impaired debts;

7.6.2.7.2. Working capital; and

7.6.2.7.3. Statutory funds;

7.6.2.8. Contribution to reserves;

7.6.2.9. Gross expenditure (7.6.2.1 to 7.6.2.8.);

7.6.2.10. Less charge-out (inter-departmental charge-outs);

7.6.2.11. Nett expenditure (7.6.2.1.) less (7.6.2.8.);

7.6.2.12. Income; and

7.6.2.13. Surplus/deficit [difference between (xi) and (xii)].

7.6.3. Cost centres (to which the costs associated with rendering the service can be allocated):

7.6.3.1. By department;

7.6.3.2. By section/service; and

7.6.3.3. By division/service.

7.7. Differential rates may be levied in terms of the provisions of section 8 of the MPRA according to the permitted use or, where applicable, the actual use of the property concerned.

7.8. In addition to the criteria specified above, the following criteria may be taken into account in determining whether a differential rate should be applied:

7.8.1. The need to promote economic development;

7.8.2. Any administrative advantages in applying a differential rate; and

7.8.3. The need to alleviate the rates burden on the owners of any particular category of property specified in this policy.

7.9. Rates are levied in accordance with the MPRA as an amount in the Rand based on the market value of all rateable property as reflected in the valuation roll and any supplementary valuation roll, as contemplated in terms of Chapters 6 and 8 of the MPRA, respectively.

7.10. The rate levied by the Municipality on a residential property with a market value below a prescribed valuation level may, instead of a rate determined as set out in the afore stated paragraph, be a uniform fixed amount per property.

8. CATEGORIES OF PROPERTY FOR LEVYING OF DIFFERENTIAL RATES

8.1. The Municipality may levy different rates for different categories of rateable property provided that, the maximum ratio to the rate on residential property which may be imposed on agricultural/farming property, public service infrastructure property and public benefit organisation property may not exceed the ratio as published in terms of the MPRA Rate Ratio Regulations.

8.2. All rateable property will be classified within a specific category and will be rated upon the said classification, which will be in accordance with the actual use thereof, unless otherwise stated in this policy.

8.3. For purposes of levying different rates based on the permitted use of properties in terms of the provisions of section 8(1) (b) of the MPRA, read with sections 3(3) (b) and 3(3) (c) of the MPRA, the following categories of property are determined, as well as the main criteria to be used in order to determine the category of the property:

8.3.1. Residential property:

Means property that is:

8.3.1.1 Used exclusively for residential purposes, with not more than 2 (two) dwelling units per property, and includes any adjoining property registered in the name of the same owner and used together with such residential property as if it were one property (any such grouping shall be regarded as one residential property for rate rebate or valuation reduction purposes); or

8.3.1.2. A unit registered in terms of the **Sectional Titles Act**, used exclusively for residential purposes, and includes any unit in the same sectional title scheme registered in the name of the same owner which is used together with the residential unit as if it were one property, for example a garage or domestic worker's quarters (any such grouping shall be regarded as one residential property for rate rebate or valuation reduction purposes and for clearance application purposes); or

8.3.1.3. Owned by a share-block company and used predominantly (60% or more) for residential purposes; or

8.3.1.4. A retirement scheme or life right scheme used predominantly (60% or more) for residential purposes; or

8.3.1.5. A residence used for residential purposes situated on property used for or related to educational purposes;

8.3.1.6. Vacant Residential Property;

However, excludes hostels, old age homes, guesthouses and any vacant land, not zoned as "residential", irrespective of its zoning or intended usage.

8.3.2. Business and commercial property:

Refers to property on which the activity of buying, selling or trading in goods and/or services occurs, but excludes a property that forms part of the multi-purpose category, as referred to in sub-paragraph (3)(k) below. It includes any office or other accommodation on the same property, the use of which is incidental to the business, but excludes the business of mining. It further includes (and may include such sub-categories for) hotels, early development centres, private schools, private clinics, hospitals, guesthouses, bed and breakfast establishments and any vacant land which is being used for storage or parking in line with the zoning of such property and may also include a sub-category for vacant land zoned for business or commercial purposes in terms of the Land Use Management Scheme.

8.3.3. Industrial property:

Refers to property on which a trade or manufacturing, production assembling or the processing of finished or partially finished products from raw materials or fabricated parts occurs on such a large scale which involves significant capital and labour resources and may also include a sub-category for vacant land zoned for industrial purposes in terms of the Land Use Management Scheme.

8.3.4. Mining property:

Refers to property used for mining purposes or purposes incidental to mining operations as defined in the Mineral &Petroleum Resources Development Act, Act 28 of 2002,and including any building, other immovable structures and infrastructure above the surface required for purposes of mining and may also include a sub-category for vacant land zoned for mining purposes or purposes incidental to mining operations in terms of the Land Use Management Scheme, but excludes mining rights or a mining permit as defined in the Mineral & Petroleum Resources Development Act, Act 28 of 2002.

8.3.5. Public service infrastructure property:

Refers to property utilised to accommodate public infrastructure of the following kinds (sub categories):

1. National, provincial or municipal public roads;
2. Water or sewer pipes, ducts or other conduits, dams, water supply reservoirs, water treatment plants or water or sewage pumps forming part of a water, waste water or sewer network serving the public;
3. Power stations, power sub-stations or power lines forming part of an electricity network;

8.3.5.4. Railway lines forming part of a national railway network;

8.3.5.5. Communication towers, masts, exchanges or lines forming part of a communication network;

8.3.5.6. Runways or aprons at the municipal airport of the Municipality;

8.3.5.7. Any other publicly controlled infrastructure as may be prescribed;

8.3.5.8. Rights of way, easements or servitudes in connection with infrastructure mentioned in sub-paragraphs (3) (e) (i) to (3) (e) (viii) above; or

8.3.5.9. Public open spaces;

but with the exemption that the public service infrastructure property referred to in paragraphs (a), (b), (e), (g) and (h) of the definition of "public service infrastructure", as contained in section 1 of the MPRA, may not be rated in terms of section 17(1) (a), to the extent set out in the sliding-scale contained in section 93(1) of the MPRA.

8.4. Municipal properties:

Refers to property owned by, vested in or under the control and management of the Municipality and will consist of the following 2 (two) sub-categories:

8.4.1. Municipal property: not rateable:

The following types of property owned by, vested in or under the control and management of the Municipality are not rateable:

8.4.1.1. Public service infrastructure owned by the Municipality, including those referred to in sub-paragraph (3) (e) above;

8.4.1.2. Waste-dump sites;

8.4.1.3. Municipal burial grounds and adjacent public open space within the burial ground precinct;

8.4.1.4. Property used for the provision of public parks and zoned as public open space and includes undeveloped municipal property that is for the purposes of this policy deemed to be public open space;

8.4.1.5. Property used for culture, sporting and recreational facilities other than property subject to a registered lease in terms of the Formalities in respect of Leases of Land Act, Act 18 of 1969, in which case the area subject to the lease shall be separately rated; and

8.4.1.6. Municipal housing schemes.

8.4.2. Municipal property: rateable:

The following types of property owned by, vested in or under the control and management of the Municipality are rateable:

8.4.2.1. Property leased to third parties in terms of a lease registered in terms of the Formalities In Respect of Leases of Land Act, Act 18 of 1969. Where property owned by the Municipality is leased to a third party, the rating thereof shall be the prevailing rating applied to the principle property; and

8.4.2.2. Municipal property used for purposes other than those specified in sub-paragraph (f) (i) above.

8.5. Agricultural/farming property:

Property in this category is limited to agricultural/farming property zoned as agricultural/farming and used exclusively for agricultural purposes with the property owner deriving his principal source of income from the produce of the land on such property, but excludes any portion thereof that is used commercially for the hospitality of guests and excludes the use of the property for the purpose of eco-tourism or for the trading in or hunting of game. Agricultural/farming property not used for bona fide agricultural/farming purposes shall be rated according to the actual use thereof.

8.6. State-owned or organ of state-owned property and used for public service purposes:

8.6.1. Property owned by the state or an organ of state is rateable and will be categorised according to the zoning or use of the property; and

8.6.2. If property owned by the state or an organ of state is zoned or used for residential purposes, the rates must, after presentation of a certificate of occupancy, be levied in terms of the residential tariff. The rebate afforded to state owned properties of organ of state owned properties does not apply to properties zoned or used for residential purposes as the rebate relating to residential properties already applies to such properties.

8.6.3 Public Service Purpose in relation to the use of a property, means property owned and used by an organ of state such as:

8.6.3.1 Hospitals or Clinics
8.6.3.2 Schools, Pre-schools, Early childhood development centres or further education and training colleges
8.6.3.3 National and Provincial Libraries and Archives
8.6.3.4 Police Stations
8.6.3.5 Correctional Facilities and
8.6.3.6 Courts of Law

8.6.4 Other categories: offices, roads, post office, vacant land, agricultural, church, cell towers which will be levied under the relevant other categories.

8.7. Smallholdings used for:

8.7.1. Exclusively used for agricultural/farming purposes:

Refers to a smallholding used predominantly (60% or more) for bona fide agricultural/farming purposes.

8.7.2. Residential purposes:

Refers to a smallholding used for residential purposes only.

8.7.3. Multiple Purposes use:

Refers to a smallholding used predominantly for residential purposes but has significant portions of the property devoted to purposes that fall within other categories of property, but excludes hostels, old age homes, guesthouses, bed and breakfast establishments, and any vacant land irrespective of its zoning or intended usage.

8.7.4. Industrial purposes:

Refers to a smallholding used for industrial purposes.

8.7.5. Business and commercial purposes:

Refers to a smallholding, which is used for business and or commercial purposes.

8.7.6. Any other purpose than those specified above:

Such smallholdings will be categorised in terms of any of the property categories referred to in this policy, which is in accordance with its predominant use.

8.8. Property used for Multiple Purposes:

8.8.1. Multi-purpose has two or more categories of property rates and will be levied in accordance the permitted use thereof.

8.8.2. Basic services will be levied on the highest tariff and the lowest tariff of basic services will be exempted.

8.8.3. Consumption services will be levied on the highest tariff and the lowest tariff of consumption services will be exempted

8.9. Educational:

Refers to property owned by educational institutions which are registered with the South African Revenue Services, in terms of the provisions of section 30 of the Income Tax Act and which provide education and development services as contemplated in terms of Part 1, section 4 of the Ninth Schedule to that Act and may include sub categories such as "private school", "crèche", "early development centres".

8.10. Public benefit organisation property and used for specified public benefit activities:

Refers to property owned by a public benefit organisation and hospitality industries used for specified public benefit activities as listed in Part 1 of the Ninth Schedule to the Income Tax Act.

8.11. Property used for religious purposes:

Refers to property registered in the name of and used solely as a place of public worship, as defined in section 1 of MPRA, by a religious community, including an official residence, as defined in section 1 of the MPRA, registered in the name of such community which is occupied by an office–bearer of such community who officiates at services at that place of public worship.

8.12. Vacant land

Refers to a property without any improvements thereto except agricultural properties.

8.13. Private open space

Refers to parks in private developed towns.

8.14. Private roads

Refers to roads in private developed towns.

8.15. Guesthouses

Refers to properties exclusively being utilized for bed and breakfast purposes.

9.1. In determining the category of a property referred to in sub-paragraph (8.4.1.) above, the Municipality will take into consideration the following criteria, or a combination thereof:

9.1.1. The actual dominant use of the property concerned;

9.1.2. Conditions for township establishment and land use rights pertaining to the property;

9.1.3. The geographical area in which the property is situated;

9.1.4. The nature and extent of the improvements on the property.

10. In order to ensure certainty and consistency in the application of the criteria mentioned in sub-paragraph (9) above, the Municipality will endeavour to apply the above criteria uniformly and in order of priority as follows:

10.1. Properties must firstly be categorised in accordance with its permitted land use in terms of the Land Use Management Scheme;

10.2. In addition to the land use of a property, the actual dominant use of a property may also be used to categorise, or to narrow or confirm the category of such property. An inspection of the property concerned may be undertaken in order to obtain such information;

10.3. Where the dominant and permitted use of a property differ, the actual dominant use will supersede the permitted use and will be valued and rated according to the current usage; and

10.4. The geographical area where a property is situated, as well as the nature and extent of any improvements made to such property, may also be considered to categorise the property.

11. Property that is used in conflict to its zoning will be rated at the tariff applicable to properties used for business and commercial purposes.

12. Any property not falling within the ambit of the categories referred to above, shall be deemed to be business and commercial for the purposes of levying a rate.

CHAPTER 3

DIFFERENTIAL RATING, EXEMPTIONS, REDUCTIONS AND REBATES

9. DIFFERENTIAL RATING

9.1. The Municipality will apply a differential rating system based on the different property categories set out in paragraph 8 above, by means of a set rate to be applied to each category of property, provided that the maximum ratio to the rate on residential property which may be imposed on agricultural/farming property, public service infrastructure property and public benefit organisation property may not exceed the ratio as published in terms of the MPRA Rate Ratio Regulations.

9.2. The criteria for the implementation of the differential rating system on different categories of properties will be according to:

9.2.1. The nature and use of the property;
9.2.2. The sensitivity to rating of the category of property;
9.2.3. The extent of municipal services and infrastructure available to the property;
9.2.4. The nature and extent of reductions and rebates applicable to the owners of the category of property;
9.2.5. The promotion of social and economic development; and
9.2.6. Whether the property is being used for the use permitted for the property by the provisions of the Land Use Management Scheme of the Municipality.

10. CATEGORIES OF PROPERTY OWNERS FOR PURPOSES OF EXEMPTIONS, REDUCTIONS AND REBATES AND THE CRITERIA FOR EXEMPTIONS, REDUCTIONS AND REBATES

For purposes of exemptions, reductions and rebates from the payment of a rate levied on the different categories of property as contemplated in terms of the provisions of section 15(1) of the MPRA, the following categories of property owners and the criteria to be applied for the granting of exemptions, reductions and rebates to these categories of property owners are determined:

10.1. Exemptions:

The following properties are either exempted from paying rates, or the owners thereof may apply to the Municipality to be exempted from the paying of rates as indicated below:

10.1.1. An owner of residential property:

10.1.1.1. Low cost residential properties used for residential purposes are only fully exempted if the owner of such a property is a registered Indigent in terms of the Municipality's Indigent Policy receiving indigent support. This is an important part of the Indigent Policy of the Municipality that is aimed primarily at alleviating poverty;

10.1.1.2. All residential properties with a market value of less than the amount annually determined by the Municipality in the Tariff Policy are exempted from paying rates. The impermissible rates contemplated in terms of section 17(1) (h) of the MPRA are included in the amount referred to above as annually determined by the Municipality;

10.1.1.3. Owners of residential properties earning an income below certain thresholds as determined and as set out in the Tariff Schedule as referred to in the Tariff Policy and By-Law of the Municipality.

10.1.2. Property owned by the Municipality:

The Municipality is exempted from paying rates in respect of the property referred to in sub-paragraph 8(3) (f) (i) above.

10.1.3. Property owned by Public Benefit Organisations:

The following Public Benefit Organisations must produce the relevant proof from paying rates on property, provided a true and certified copy of a tax exemption certificate which has been issued by the South African Revenue Services as contemplated in Part 1 of the Ninth Schedule of the Income Tax Act is submitted together with such application:

10.1.3.1. State or Organ of State owned Health Care Institutions:

State owned or Organ of State owned property used solely for health care institution purposes, provided that any and all profits from the use of such property are used entirely for the benefit of such health care institution.

10.1.3.2. Welfare Institutions:

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

10.1.3.3. Educational Institutions:

Property owned by a non-profit educational institution, registered as such in terms of the applicable legislation.

10.1.3.4. Charitable Institutions:

Property owned by a non-profit institution or organisation, which performs charitable work.

10.1.3.5. Sporting Bodies:

Property owned by an organisation which main purpose is to use such property for sporting purposes on a non-professional and non-profitable basis.

10.1.3.6. Cultural Institutions:

Property owned by an institution declared to be subject to the provisions of the Cultural Institutions Act, Act 119 of 1998.

10.1.3.7. Museums, Libraries, Art Galleries and Botanical Gardens:

Museums, Libraries, Art Galleries and/or Botanical Gardens, operated on a non-profit basis and open to the public.

10.1.3.8. Youth Development Organisations:

Property owned and used by an institution or organisation for the provision of youth leadership or a youth development programme on a non-profit basis.

10.1.3.9. Animal Welfare:

Property owned and used by an institution or organisation with the exclusive aim to protect birds, reptiles and/or animals on a non-profit basis.

10.1.3.10. Property used for Religious purposes:

A Property used for Religious purposes as referred to in sub-paragraph 8(3)(n) above, is exempted from the payment of rates as per the provisions of section 17(1)(i) of the MPRA.

10.1.3.1. Registered Indigents:

All Registered Indigents, registered in terms of the provisions of the Indigent Policy of the Municipality, shall be fully subsidised for the payment of property rates, as referred to in sub-paragraph (1)(a)(i) above as part of the indigent support such a person receives from the Municipality. The subsidy shall not be more than the applicable rate for that year, and will be applied for the duration of that particular financial year.

10.1.3.2. Properties to which the provisions of the National Heritage Resources Act, Act 25 of 1999,

Apply, or an institution that has been declared to be subject to the Cultural Institution Act, Act 119 of 1998.

10.2. An exemption from the payment of rates will only qualify to be considered for exemption by the Municipality subject to the following conditions:

10.2.1. On application, which application must be addressed in writing to the Municipality in the prescribed manner.

10.2.2. A true and certified copy of a tax exemption certificate issued by the South African Revenue Service must be submitted together with the application;

10.2.3. The Municipal Manager or the person to whom the authority to approve an application for an exemption has been delegated, must consider and approve or dismiss the application;

10.2.4. In considering the application for an exemption the Municipality may request any such further and/or additional information and/or documentation, as it deems necessary in order to consider such application;

10.2.5. The Municipality reserves the right to refuse any exemption if the details provided in the application are incomplete, incorrect or false.

10.3. Reductions:

10.3.1. The Municipality will consider reductions from rates payable by owners of property on an *ad hoc* basis, in any of the following circumstances:

10.3.1.1. Partial or total destruction of a property and/or improvements on such property; and

10.3.1.2. In the event of a disaster, as defined in terms of the provisions of the Disaster Management Act, Act 57 of 2002, directly or indirectly affects the property.

10.3.2. A reduction from rates payable by owners of property will only be granted by the Municipality subject to the following conditions:

10.3.2.1. The owner of a property in respect of which a reduction is applied for must apply in writing to the Municipality for such reduction, and the onus will rest on such applicant to prove to the satisfaction of the Municipality that such property has been totally or partially destroyed or affected by a disaster as contemplated in sub-paragraph (10.3.1.1. and 10.3.1.2.) above. Such owner will further have to indicate to which extent the property can still be used and the impact on the value of the property;

10.3.2.2. The percentage of the reduction granted and the period for which the reduction will be granted, if any, is solely within the discretion of the Municipality;

10.3.2.3. The Municipal Manager or the person to whom this authority to approve an application for a reduction has been delegated, must consider and approve or dismiss the application; and

10.3.2.4. In considering the application for a reduction the Municipality may request any such further and/or additional information and/or documentation as it deems necessary in order to consider such application

10.4. **Rebates**:

The Municipality will consider rebates from rates payable on certain categories of property and/or for certain categories owners of property, on the following basis:

10.4.1. Categories of property:

10.4.1.1. Agricultural/farming property:

10.4.1.1.1. The owners of agricultural/farming property may be granted a rebate subject to such owner providing the Municipality with the prescribed information as set out in **Schedule "B"** and in the format provided in **Schedule "B"**;

10.4.1.1.2. The prescribed information provided in the format of **Schedule "B"**, must be submitted to the Municipality before the 30 September of the current financial year

1. Rebates may be granted by utilizing the criteria as set out and referred to in paragraphs 3.1 to 3.2 of **Schedule "A".**

2. Rebates may be granted but the owner's account must be up to date.

10.4.2. Public Service Infrastructure Property:

Public Service Infrastructure Property as per definition, relates to essential services and shall therefore be exempted from property rates (Sec 93A of MPRA Amendments).

10.4.3. Categories of owners:

10.4.3.1. Retired and/or Disabled Persons Rate Rebate:

Retired and/or disabled persons qualify for special rebates according to their monthly household income as referred to and set out in paragraph 3.4 of **Schedule "A"**. To qualify for this rebate a property owner must comply with the following requirements:

10.4.3.1.1. Occupies the property as his/her normal and only residence;
10.4.3.1.2. Be at least 60 years of age or have been awarded a disability pension from the Department of Social Development or other approved pension **funds;**
10.4.3.1.3. Be in receipt of a total monthly household income from any **and** all sources (including income of spouses of owner) as set out in paragraph 3.2 of **Schedule "A";**
10.4.3.1.4. Not be the owner of more than one property;
10.4.3.1.5. Provided that where the owner is unable to occupy the property due to no fault of his/her own, the spouse or minor children may satisfy the occupancy requirement;
10.4.3.1.6. Property owners must apply to the Municipality for the rebate on the prescribed application form as set out in **Schedule "C"** and provide such documents as required therein;
10.4.3.1.7. This application must be submitted to the Municipality before the end of September of the current financial year
10.4.3.1.8. The Municipal Manager or the person to whom the authority to approve the application for a rebate has been delegated, must consider and approve or dismiss the application;
10.4.3.1.9. In considering the application for a rebate the Municipality may request any such further and/or additional information and/or documentation as it deems necessary in order to consider such application;
10.4.3.1.10. The Municipality reserves the right to refuse rebates if the details supplied in the application form are incomplete, incorrect or false; and
10.4.3.1.11. The extent of the rebate is set out in paragraph 3.2 of **Schedule "A"**.

11. COST TO THE MUNICIPALITY DUE TO EXEMPTIONS, REDUCTIONS, REBATES, EXCLUSIONS, PHASING-IN AND THE BENEFIT THEREOF TO THE LOCAL COMMUNITY

11.1. The Municipal Manager must ensure that all exemptions, reductions, rebates and the phasing-in of certain rates, as contemplated in terms of the provisions of sections 15 and 21 of the MPRA, are appropriately disclosed in the annual operating budget, annual financial statements and annual report of the Municipality and that such exemptions, reductions, rebates and phasing-in of certain rates are clearly indicated on the rate account which is submitted to every respective property owner liable to pay rates to the Municipality.

11.2. The Municipal Manager must also disclose all costs in respect of such exemptions, reductions, rebates and/or phasing-in of rates.

11.3. The benefit in respect of and the reasons and criteria for the granting of certain exemptions, reductions, rebates and/or phasing-in of certain rates to the various property owners includes, but is not limited to:

11.3.1. The promotion of local economic development, which includes the promotion of business investments within the municipal area of the Municipality;

11.3.2. Job creation for the local community;

11.3.3. The promotion of service delivery by *inter alia* farmers;

11.3.4. Poverty alleviation of indigent individuals;

11.3.5. Social and moral development, including assistance to religious institutions, sporting bodies, educational institutions and/or other non-governmental organisations which promote health and/or other benefits to the local community; and

11.3.6. Improved local economic growth.

11.4. IMPERMISSIBLE RATES

11.4.1. The Municipality **may not** levy **a** rate on:

11.4.1.1. National, Provincial or other public roads on which goods, services and/or labour move across a municipal boundary;

11.4.1.2. Water or sewer pipes, ducts or other conduits, damns, water supply reservoirs, water treatment plants or water pumps forming part of a water or sewer scheme serving the public;

11.4.1.3. Railway lines forming part of a National railway system;

11.4.1.4. Runways, aprons and the air traffic control unit at the municipal airport, including the vacant land, known as the obstacle free zone surrounding the airport, which must be vacant for air navigation purposes;

11.4.1.5. On those parts of a special nature reserve, national park or nature reserve within the meaning of the National Environmental Management: Protected Areas Act, Act 57 of 2003, or of a national botanical garden within the meaning of the National Environmental Management: Biodiversity Act, Act 10 of 2004, which are not developed or used for commercial, business, agricultural or residential purposes, provided that:

11.4.1.5.1. The exclusion from rates lapses if the declaration of that property as a special nature reserve, national park, nature reserve or national botanical garden, or as part of such a reserve, park or botanical garden, is withdrawn in terms of the applicable Act mentioned in that subsection;

11.4.1.5.2. If the property in respect of which the declaration is withdrawn is privately owned, the owner, upon withdrawal of the declaration, becomes liable to the municipality concerned for any rates that, had it not been for the exclusion set out in sub-paragraph (f), would have been payable on the property, notwithstanding section 78 of the MPRA, during the period commencing from the effective date of the current valuation roll of the municipality;

11.4.1.5.3. If the property was declared as a protected area after the effective date of the current valuation roll, rates are payable only from the date of declaration of the property;

11.4.1.5.4. The amount for which an owner becomes liable in terms of paragraph 11.4.1.5.2. and 11.4.1.5.3. must be regarded as rates in arrears, and the applicable interest on that amount is payable to the municipality;

11.4.1.5.5 Paragraphs 11.4.1.5.2 to 11.4.1.5.4. above apply only if the declaration of the property was withdrawn because of:

11.4.1.5.5.1. A decision by the private owner for any reason to withdraw from the agreement concluded between the private owner and the state in terms of the Protected Areas Act, and in terms of which the private owner initially consented to the property being declared as a protected area; or

11.4.1.5.5.2. A decision by the state to withdraw from such agreement because of a breach of the agreement by the private.

11.4.1.6. On mining rights or a mining permit within the meaning of the Mineral and Petroleum Resources Development Act, Act 28 of 2002, excluding any building, other immovable structures and infrastructure above the surface of the mining property required for purposes of mining;

11.4.1.7. On a property belonging to a land reform beneficiary or his or her heirs, dependants or spouse provided that this exclusion lapses:

11.4.1.7.1. Ten years from the date on which such beneficiary's title was registered in the office of the Registrar of Deeds; or

11.4.1.7.2. Upon alienation of the property by the land reform beneficiary or his or her heirs, dependants or spouse;

11.4.1.8 On the first **R50 000** of the market value of a property assigned in the valuation roll or supplementary valuation roll of a municipality to a category determined by the municipality:

11.4.1.8.1. For residential properties; or

11.4.1.8.2. For properties used for multiple purposes, provided one or more components of the property are used for residential purposes; or

1. On a property registered in the name of and used primarily as a place of public worship by a religious community, including the official residence registered in the name of that community which is occupied by the office bearer of that community who officiates at services at that place of worship.

CHAPTER 4

GENERAL PROVISIONS

12. SPECIAL RATING AREAS

12.1. The Municipality may, if and when it deems necessary, by means of a Council resolution determine special rating areas in consultation with the relevant communities as provided for in terms of the provisions of section 22 of the MPRA.

12.2. The following matters shall be attended to in consultation with the property owners within the area where the Municipality considers imposing such special rating area:

12.2.1. The proposed boundaries of the special rating area;

12.2.2. Statistical data in respect of the area concerned and any such further information as may be required by the property owners who owns property within the proposed special rating area;

12.2.3. Information in respect of the proposed improvements and/or upgrades, clearly indicating the estimated costs of each respective improvement and/or upgrade;

12.2.4. The proposed financing of the improvements and/or upgrades;

12.2.5. The priority of improvements and/or upgrades, if applicable;

12.2.6. The socio economic factors of the relevant property owners concerned;

12.2.7. The different categories of property;

12.2.8. The amount of the proposed special rating;

12.2.9. The details regarding the implementation of the special rating;

12.2.10. The additional income which will be generated by means of the special rating; and

12.2.11. The precise manner in terms of which the Municipality will utilize the additional income so generated.

12.3. A committee of property owners who own property within the proposed special rating area, consisting of 6 (six) **Property owners** must be established in order to advise and consult the Municipality with regard to such proposed special rating area. This committee will be elected by the inhabitants within the proposed special rating area concerned, who must be at least 18 (eighteen) years of age. The election of the committee will commence under the guidance of the Municipal Manager. The committee will serve in an advisory capacity only and will have no executive powers.

12.4. The consent required from the property owners who own property within the proposed special rating area, must be obtained in writing or by means of a formal voting process under the auspices of the Municipal Manager. The majority vote is regarded as 50% plus 1 (one), of the property owners concerned. Each property owner, being the receiver of the monthly account for the municipal rate, will have 1 (one) vote each.

12.5. In determining the special additional rates the Municipality shall differentiate between different categories as referred to in paragraph 8 above.

12.6. The additional rates levied must be utilized for the purpose of improving or upgrading the specific area only and not for any other purpose.

12.7. The Municipality shall establish separate accounting and other record-keeping systems, compliant with GAMAP/GRAP, for the identified area and the property owners concerned shall be kept informed of progress with projects and financial implications on an annual basis.

12.8. Council may approve a rebate, reduction or exception in a determined amount and for a determinable period to a specific property owner to set off or reduce any amounts payable by the Municipality to the property owner whether under a services agreement or otherwise.

13. RATE INCREASES

13.1. In terms of the provisions of section 17(3)(a)(ii) of the MFMA and section 24(2)(c) (I) of the MFMA, read with section 28(6) of the MFMA, the Municipality may only consider the increase of rates annually during the drafting and adoption of its annual budget.

13.2. Income derived from the increasing of rates must be used by the Municipality to finance any increase in operating costs of subsidized municipal services and/or any increase in the rendering of municipal services to the local community.

13.3. The following annual adjustments may be considered and/or made in respect of subsidized municipal services and/or the rendering of municipal services to the local community:

13.3.1. Salary and/or wage increases as agreed with the South African Local Government Bargaining Council;

13.3.2. Salary increases of managers directly accountable to the Municipal Managers in terms of the provisions of section 56 of the Systems Act;

13.3.3. Inflation adjustments in respect of general expenditure, repairs, maintenance and/or contributions to statutory funds, and

13.2.4. Additional depreciation costs, interest on and/or reduction of loans associated with the assets obtained by the Municipality during the previous financial year.

13.4. Extraordinary expenditure in respect of community municipal services which was not expected or budgeted for may be financed by an increase of property rates.

13.5. The Municipality must take into consideration the ability of ratepayers to afford any proposed increase of rates prior to implementing any increase of property rates.

13.6. Any and all increases of property rates must be communicated to the local community in terms of paragraph14 of this policy and the applicable provisions of the MFMA.

14. NOTIFICATION OF RATES

14.1. In terms of the provisions of section 16(2) of the MFMA, read with the provisions of section 22 of the MFMA, the public must be informed of the rates on property which the Municipality intends to levy in the next financial year as contained in the Municipality's annual budget. The public then may submit representations regarding the contents of the said annual budget in terms of the provisions of section 22(a)(ii) of the MFMA.

14.2. Once the Council has, considered, in terms of the provisions of section 24(1) of the MFMA, amongst others, the representations by the public, the Council may proceed to approve the annual budget, and once it has done so the Municipality shall have levied the rate as contained in the annual budget as contemplated in terms of the provisions of section 24(2) (c) (i) of the MFMA.

14.3. The Municipality must give notice to the local community of the rates levied on property in accordance with the provisions of section 14 of the MPRA, which in turn requires that the resolution levying the rates on property be promulgated by publishing the resolution levying the rates in the Provincial Gazette and within 60 (sixty) days after the passing of the resolution levying the rates:

14.3.1. in terms of the provisions of section 14(3)(a) and (b) of the MPRA, whenever a Municipality passes a resolution as referred to in sub-paragraph 14.3. above, the Municipal Manger must, within 60 (sixty) days after the passing of the resolution levying the rates:

14.3.1.1. Conspicuously display the resolution for a period of at least 30 (thirty) days:

14.3.1.1.1. at the Municipality's head and satellite offices and libraries; and

14.3.1.1.2. if the Municipality has an official website or a website available to it as envisaged in section 21B of the Systems Act, on that website; and

14.3.1.2. Advertise in the media a notice stating that:

14.3.1.2.1. a resolution levying a rate on property has been passed by the Council; and

14.3.1.2.2. the resolution is available at the Municipality's head and satellite offices and libraries for public inspection during office hours and, if the Municipality has an official website or a website available to it, that the resolution is also available on that website.

14.4. The resolution levying the rates must contain the date on which the resolution was passed, differentiate between different categories of properties and reflect the cent amount in the rand rate for each category of property.

15. PAYMENT OF RATES

15.1. A ratepayer has the option to pay the rates for which such ratepayer is liable to the Municipality in one annual instalment on or before the end of September of a given year, or to pay such rates on a monthly basis on or before the last day of the month.

15.2. If the owner of rateable property wishes to opt for the payment of rates annually in one instalment, such owner must notify the Municipal Manager in writing of such election and the owner will then become liable to the Municipality to pay the rates on an annual basis, and full payment of the rates to be received by no later than the last day of September.

15.3. Interest on arrear rates will be levied and payable as set out in terms of the provisions of section 75A(1)(b) of the Systems Act, read with section 97(1)(e) of the Systems Act and the applicable provisions of the Credit Control & Debt Collection Policy and by-laws of the Municipality.

15.4. If the owner of rateable property fails neglects or refuses to pay such rates, which owes and due to the Municipality, the Municipality must recover such rates in accordance with the provisions of its Customer Care, Debt Collection and Credit Control Policy of the Municipality, read with the provisions of Chapter 9 of the Systems Act.

15.5. Arrear rates may be recovered from any tenants or occupiers of a rateable property or their agent as set out in terms of the provisions of sections 28 and 29 of the MPRA. (Read together with the Customer Care, Debt Collection and Credit Control Policy).

16. PAYMENT OF RATES ON PROPERTY IN SECTIONAL TITLE SCHEMES

16.1. Rates on property in respect of a sectional title scheme, shall be levied on the individual sectional title units in the scheme and not on the property as a whole.

16.2. The rate levied on a sectional title unit is payable and must be recovered from the owner of such unit or the holder of a right contemplated in section 25 or 27 of the Sectional Titles Act, Act 95 of 1986, and no rates in respect of any such unit or right may be recovered from the established body corporate of the scheme.

16.3. The provisions of sub-paragraph (2) above do not exempt a body corporate of a sectional title scheme from the payment of rates on a sectional title unit in respect of which such body corporate is the owner.

16.4. A body corporate which controls a sectional title scheme may not apportion and collect rates contemplated in terms of the MPRA from the owners of the sectional title units in such scheme.

16.5. The common area of the property in sectional title schemes, shall be proportionally divided and included into each sectional title unit and these proportioned common area shall be payable by the owners of the specific sectional title units.

17. ACCOUNTS TO BE FURNISHED

17.1. The Municipality must furnish every owner of rateable property liable for the payment of such rates with a written account therefore, which account must provide:

17.1.1. The amount due for such rates;

17.1.2. The date upon or before which the rates are payable;

17.1.3. The manner in terms of which the rates was calculated;

17.1.4. The municipal value of the property for which the account was furnished

17.1.5. The percentage or amount of any applicable exemptions, reductions and/or rebates.

17.2. An owner of rateable property who/which is liable for the payment of such rates remains liable for the payment thereof, irrespective of whether or not such owner received an account furnished by the Municipality therefore.

17.3. An owner contemplated in sub-paragraph (2) above, must enquire and attempt to obtain such account from the Municipality for the payment thereof and is responsible for enquiring and ascertaining from the Municipality, monthly and timeously, the amount due to the Municipality should no account be received.

17.4. Where a rateable property is owned by 2 (two) or more owners, the Municipality may recover the applicable property rate therefore from anyone of the owners in order to reduce its administrative costs and in terms of the provisions of section 24(2) (a) of the MPRA.

17.5. The Municipality and the ratepayer have the rights in respect of accounts, as set out in terms of the provisions of section 102 of the Systems Act and the provisions of the Customer Care, Debt Collection and Credit Control Policy of the Municipality dealing with accounts.

18. FREQUENCY OF VALUATION

18.1. The Municipality must prepare a new valuation roll at least every 5 (five) financial years, and reserves the right to extend the validity of the valuation roll to 7 (seven) financial years in terms of the provisions of section 32(2) (b) of the MPRA No 6 of 2004.

18.2. Supplementary valuations will be done on a continuous basis to ensure that the valuation roll is properly updated, as provided for in terms of the provisions of section 78 of the MPRA.

19. COMMUNITY PARTICIPATION

This policy may only be adopted once the Municipality has followed a process of community participation, in accordance with the provisions set out in Chapter 4 of the Systems Act and section 4(2) of the MPRA, and the Municipality must further take all comments and representations received as a result of the community participation process into account when it considers the adoption of this policy.

20. REGISTER OF PROPERTY

The Municipality must compile, maintain and display a register of properties in accordance with the provisions of section 23 of the MPRA.

21. CERTIFICATE OF OCCUPANCY

21.1. Prior to a residential property being eligible for a rebate, a certificate of occupancy must have been issued in respect thereof, by the Municipality.

21.2. The onus of obtaining a certificate of occupancy rests with the owner of a property.

22. ILLEGAL USE OF PROPERTY

22.1. If a property is used for a use, other than that permitted for the property by the applicable provisions of the Land Use Management Scheme (also referred to as the "illegal use of the property"), the Municipality will be entitled to levy on the property concerned the highest tariff provided for in the differential rate categories of the Municipality.

22.2. The owner of property contemplated in sub-paragraph (22.1.) above then bears the onus of satisfying the Municipality that the illegal use of the property has ceased and may request in writing from the Municipality to proceed to reinstate the levying of rates against the property as per the valuation roll;

22.3. Such a request in writing by the owner of the property must be accompanied by an affidavit by the owner of the property, confirming that the illegal use of the property has been ceased and that the property is being used for the use allowed for the property in terms of the provisions of the Land Use Management Scheme;

22.4. The Municipality shall consider the request and if the cessation of illegal use of the property is verified and if the request is approved, the Municipality will reinstate the levying of rates against the property as per the valuation roll.

23. INSPECTION OF AND OBJECTIONS TO ENTRIES INTO THE VALUATION ROLL OF THE MUNICIPALITY

23.1. Once the Municipality has given notice in terms of the provisions of section 49 of the MPRA that the valuation roll is open for public inspection, any person may within such period stated in section 49(1)(a) of the MPRA, in terms of the provisions of section 50(1) of the MPRA:

23.1.1. Inspect the roll during office hours;

23.1.2. Upon payment of a fee as approved by Council, request the Municipality during office hours to provide an extract from the roll; and

23.1.3. May lodge an objection with the Municipal Manager against any matter reflected in, or omitted from the roll.

23.2. An objection as contemplated in sub-paragraph 23.1.3.above, must be in relation to a specific individual property and not against the valuation roll as a whole.

23.3. The lodging of an objection **does not defer liability for the payment of rates** beyond the date determined therefore.

23.4. All objections received shall be dealt with in the manner prescribed in terms of the provisions of section 51 to section 54 of the MPRA.

24. BY-LAWS TO GIVE EFFECT TO RATES POLICY

The Municipality must adopt by-laws to give effect to the implementation of this policy.

25. POLICY REVIEW

This policy must be reviewed annually by the Council of the Municipality as prescribed in terms of the provisions of section 5 of the MPRA.

proposed

SCHEDULE "A" – REBATE ON RATES

NO.	CATEGORY / DESCRIPTION	APPLICABLE REBATE
1.	**Exemptions:**	
1.1	**Residential**	
	A Municipality may not levy a rate on:	
	1. **The first R15 000.00 of the market value of a property assigned in the valuation roll or supplementary valuation roll is compulsory exempted from the levying of rates as per the provisions of section 17(1)(h) of the MPRA.**	R 50,000.00 Ratio 1:1 in terms of the provisions of section 19(1)(b) of the MPRA
	2. **An additional R35 000.00** rebate **be granted on the general rate subject thereto;**	
	3. **that the residential property has been developed by way of a habitable house.**	
	4. **that the property is used for only residential purposes.**	
2.	**Reductions:**	
	in the event of a disaster, as defined in terms of the provisions of the Disaster Management Act, Act 57 of 2002, directly or indirectly affects the property	
3.	**Rebates:**	
3.2	**Public Benefit Organizations**	Ratio 1:0.25 in terms of the provisions of section 19(1)(b) of the MPRA

3.3	**Agricultural/Farming Land**	Ratio 1:0.25 in terms of the provisions of section 19(1)(b) of the MPRA
3.3.1.	**Calculation of Rebate on Farming/Agricultural land**	
	The owner's account must be up to date in order to qualify for a rebate	
	No municipal roads next to property	7.5%
	No municipal sewerage to the property	7.5%
	No municipal electricity to the property	7.5%
	No water supply to the property by the Municipality	15%
	No refuse removal provided by the Municipality	7.5%
3.3.2.	**The contribution to job creation**	5%
	If the owner is providing permanent residential property to the farm workers and such property is registered in the name of such farm workers.	5%
	If such residential properties are provided with potable water.	5%
	If the owner has provided electricity to the residential properties of his farm workers.	5%
3.4.	**Retired and/or disabled persons on residential property only:**	
	~~Owner with a gross monthly income from (R 0.00 – R4 400.00)~~ Owner with a gross monthly income from **(R0.00 – R4 660.00)**	100%
	~~Owner with a gross monthly income from (R 4 401.00 – R9 700.00)~~ Owner with a gross monthly income from **(R4 661.00 – R9 960.00)**	40%
	~~Owner with a gross monthly income from (R9 501.00 – R12 700.00)~~ Owner with a gross monthly income from **(R9 961.00 – R12 960.00)**	30%
	~~Owner with a gross monthly income from (R12 501.00 – R14 700.00)~~ Owner with a gross monthly income from **(R12 961.00 – R 14 960.00)**	20%
	~~Owner with a gross monthly income from (R14 501.00 – R16 700.00)~~ Owner with a gross monthly income from **(R 14 961.00 – R16 960.00)**	10 %

PROPERTY RATES RATIOS

DESCRIPTION CATEGORIES	RATE RATIO	
	Current	Proposed
Normal Residential - Sectional Title Residential - Agriculture (Farm Number but residential)	~~1:1~~	1:1
Business: - Sectional Title Business - Bed & Breakfast / Guest House - Private Hospitals and Clinics - Early Development Centre's - Private Schools	~~1:2.385~~	1:2.39
Industrial	~~1:2.385~~	1:2.39
Mining	~~1:2.385~~	1:2.39
Public Service Infrastructure	~~1:0.00~~	1:0.00
Public Benefit Organizations	~~1:0.25~~	1:0.25
Agriculture (Bone Fide Farmer no services)	~~1:0.25~~	1:0.25
Public Service Purpose Properties	~~1:2.385~~	1:2.39
Private Vacant Land	~~1:2.385~~	1: 2.39
Public Open Spaces	~~1:2.385~~	1: 2.39
Private Road	~~1:2.385~~	1: 2.39
Public Worship	~~1:0.00~~	1:0.00

AGRICULTURAL PROPERTY REBATE APPLICATION

SCHEDULE "B"

NAME: _____ **CONTACT NR:** _____

POSTAL ADDRESS: _____ **NAME OF FARM:** _____

_____

ACCOUNT NR: _____ **PORTION NR:** _____

SARS/INCOME TAX NR: _____

SCHEDULE OF REBATES

CATEGORY/DESCRIPTION	PROPOSED REBATE	YES	NO
REBATES ON AGRICULTURAL LAND			
Municipal roads next to the property	7.5%		
Municipal sewerage to the property	7.5%		
Municipal electricity	7.5%		
Water supply to the property by the municipality	15%		
Refuse removal provided by the municipality	7.5%		
SUB TOTAL			
CONTRIBUTION TO SOCIAL AND ECONOMIC WELFARE OF FARM WORKERS			
Contribution to job creation	**5%**		
Permanent residential property provided to the farm workers	**5%**		
Residential property provided with portable water	**5%**		
Residential property provided with electricity	**5%**		
SUB TOTAL			
TOTAL			

SCHEDULE "C"

FOR OFFICE USE ONLY/ SLEGS VIR KANTOOR GEBRUIK

INCOME PER MONTH/ INKOMSTE PER MAAND

PENSION/ PENSIOEN : .....

OTHER/ ANDER : .....

TOTAL/ TOTAAL : .....

VALUATION/ WAARDASIE : .....

REBATE / KORTING : .....

ACC NO/ REK NO : .....

REGISTERED OWNER FROM/ GEREGISTREERDE EIENAAR VANAF : .....

PLEASE NOTE: Qualifying requirements are that the owner should provide proof that he/she is registered as a *bona Fide* farmer with SARS and that the owner's account is up to date.

If the application form is completed incorrectly, no rebate will be granted.

Declaration:

I, _____ (Full names and surname)

Declare under oath:

1. That the above answers and declarations are correct.
2. That should any of the above change, I will, without delay inform the Chief Financial Officer accordingly.

Signature: _____

Date: _____

I, _____ hereby certify (full names and surname)

That before I administer an affidavit the above questions were enquired of the applicant and the answers have been written in the applicant's presence.

Signature: _____ Date: _____

ACCORDING TO ARTICLE 15(2) PROPERTY RATES LAW NO 6 OF 2004 AS AMENDED/ INGEVOLGE ARTIKEL15(2) EIENDOMSBELASTINGWET NO 6 VAN 2004 SOOS GEWYSIG.

THE CITY OF MATLOSANA/ DIE STAD VAN MATLOSANA
APPLICATION FOR PARTIAL REBATE OF ASSESMENT RATES/ AANSOEK OM GEDEELTELIKE KWYTSKELDING VAN EIENDOMSBELASTING.

Surname/Van: .....

Full Names/Volle Name: .....

Identification Number/Identiteit Nommer: .....

Residential Address/Woon adres: .....

Married Status/Huwelikstatus: .....

Contact Numbers/Kontak Nommers: **Cell:** ..... **(h)**..... **(w)**.....

Sworn Affadavit/Beëdige Verklaring

Herby confirm under oath that:/Verklaar onder eed

1. I am the registered owner of Erf/Holding/ Ek is die geregistreerde eienaar van erf: .....
   Account Number/Rekening Nommer: .....
   Extention/Uitbreiding: .....

2. I am 60 years of age or older on 1 July of the particular Financial year/ Ek is 60 jaar oud of ouer op 1 Julie van die betrokke Belastig jaar — Y/J | N

3. If I am medically unfit and receive a disability grant I will provide the relevant documentation /Indien ek permanent medies ongeskik is om te werk sal ek die nodige bewyse aanheg. — Y/J | N

4. If married the Bruto income of both spouses must be brought into consideration, meaning the total household income/Sou u getroud wees moet die gesamentlike inkomste in berekening gebring word d.w.s totale Bruto inkomste van die huishouding.

PLEASE NOTE/LET WEL:

IF THE APPLICATION FORM IS INCOMPLETE AND THE REQUIRED DOCUMENTS ARE NOT SUPPLIED THE REBATE WILL BE DENIED/INDIEN DIE AANSOEK VORM ONVOLLEDIG IS EN DIE NODIG DOKUMENTASIE NIE AANGEHEG IS NIE, SAL GEEN AFSLAG TOEGESTAAN WORD NIE.

1. All proof of income must be provided, interest received on investments, pension or any monthly income, with the latest statement date. **NO BANK STATEMENTS WILL BE ACCEPTED/** Bewys van alle inkomste, rente ontvang op beleggings, pensioen, en bewys van enige ander maandelikse inkomste, moet aangeheg word .**GEEN BANK STATE SAL AANVAAR WORD NIE.**
2. If the applicants spouse is unemployed/and not receiving a monthly pension, a sworn affidavit should be handed in/ Indien die vrou werkloos of geen inkomste/pensioen ontvang nie, moet 'n beëdige verklaring ingehandig word.
3. Occupy the property as his/her normal residence/ Okkupeerder van die eiendom as hom/haar normale residensie.
4. The applicant must be the registered owner and the occupant of the appropriate property; which is exclusively used for residential purposes only/ Die aansoeker moet die geregistreerde eienaar en die bewoner wees van die betrokke eiendom, wat uitsluitlik gebruik word residensiële doeleindes.
5. Not own more than one property/ Nie meer as een eiendom besit nie.
6. Be at least 60 years of age or in receipt of a disability pension from the Department of Social Development/ Ten minste 60 jaar oud wees of in die ontvangs wees van dokumentasie 'n ongeskikheidspensioen van die Departement van Sosiale Ontwikkeling.

DECLARATION/VERKLARING:

I/EK.....
.....

(Full names and surname/Volle name and van)

Declare under oath/Verklaar onder eed/bevestig plegtig:

1. That the above answers and declarations are correct/Dat die voorafgaande antwoorde en verklarings na my beste wete en oortuiging korrek is,
2. That should any of the information change I will without delay inform the Financial Service Manager accordingly/.Dat, indien enige van die voorafgaande besonderhede verander, ek die Hoof Finansiele Beampte onverwyld daarvan in kennis sal stel.

.....
SIGNATURE/HANDTEKENING

I/EK .....CERTIFY/
SERTIFISEER

1. That before I administer an affidavit the following questions were asked of the applicant and the answers has been written down in the applicant's presence/ Dat voordat ek die voorgeskrewe eed/bevestiging afgeneem het, ek die volgende vra aan die verklaarder gestel het en sy/haar antwoord in sy/haar teenwoordigheid neergeskryf het:

1. Are you familiar with the content of the affidavit and do you understand the content? / Is u vertroud met die inhoud van bostaande verklaring en begryp u dit?
   Answer/ Antwoord: .....
2. Have you any objection to the prescribed oath? / Het u enige beswaar teen die afle van die voorgeskrewe eed?
   Answer/ Antwoord: .....
3. Do you consider the prescribed affidavit binding to your conscience? / Beskou u die voorgeskrewe eed as bindend vir u gewete?
   Answer/ Antwoord: .....

4. That the declarer admits that he/she is familiar with the contents of the declaration and understands. I hereby certify that the declarer signed the form in my presence/ Dat die verklaarder erken dat hy/sy vertroud is met die inhoud van die verklaring en begryp. Hierdie verklaring is beëdig/bevesting voor my en verklaarder se handtekening/duimafdruk/merk is in my teenwoordigheid daarop aangebring.

ADDRESS/ ADRES: .....

AREA:.....

POSITION/ AMP: .....

.....
COMMISSIONER OF OATHS/ **KOMMISSARIS VAN EDE**

CITY OF MATLOSANA



TARIFF POLICY

DRAFT
2025/2026

PROOF

City of Matlosana

TARIFF POLICY

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1. Definitions

In this policy, any word or expression to which a meaning has been assigned in the Act must bear the same meaning and, unless inconsistent with the context:

*"**Act**"* means the Local Government Municipal Systems Act 2003, (Act 32 of 2000) as amended by Act 44 of 2003 and any promulgated Regulations in line with the Act

*"**Municipal Finance Management Act**"* means the Local Government Municipal Finance Management Act, 2003 (Act 56 of 2003) as amended and promulgated Regulations in line with the Act;

*"**Municipal Property Rates Act**"* means the Local Government Property Rates Act, (Act 6 of 2006) and promulgated Regulations in line with the Act;

"Municipal service" means a municipal service defined in section 1 of the Municipal Systems Act;

"community services" means services that the Council has classified as such, and in respect of which the tariffs have been calculated with the intention that the costs of the services cannot be recovered from public service charges and are of a regulatory nature;

'MMC - Finance" means the member of the municipal council responsible for financial matters in the municipality;

*"**Council**"* means the Council of the City of Matlosana Municipality, established in terms of section 12 of the Local Government Municipal Structures Act, Act 117 of 1998;

"Municipality" means the City of Matlosana;

"Economic services" means services that the Council has classified as such, in respect of which the tariffs have been calculated with the intention that the total costs of the services are recovered from users;

*"**Domestic user**"* means a user of electricity, water or borehole water, sewerage or refuse removal for residential purposes only.

"Multiple Purposes" In relation to a property, means the use of property for more than one purpose, subject to section 9 of Municipal Property Rates Act.

*"**Poor household**"* means a domestic user who qualifies, together with his or her dependents, as an indigent person in terms of the Council's indigent relief policy.

*"**Stepped tariffs**"* means that a specific tariff is applicable for each step to all consumers.

*"**Tariff policy**"* means the tariff policy of the Council adopted in terms of Section 74(1) of the Municipal Systems Act.

"fixed costs" means costs, which do not vary with increased or decreased consumption or volume produced;

"flat rates" means the unit tariffs that do not relate to individual consumers, but are calculated by dividing the total costs by volume used by all the users together;

"total cost" means the sum-total of all fixed and variable costs related to a service;

"trading services" means services that the Council has classified as trading services, in respect of which the tariffs have been calculated with the intention that the Council makes a profit on the delivery of the services;

"two-part tariffs" means tariffs that are determined to cover the fixed and variable costs of a service separately, where the fixed costs are calculated by dividing the total amount of fixed costs of the service by the number of customers per category, and the variable costs are calculated by dividing the total amount of variable costs by the volume consumed;

*"**Energy charge (active)**"* means a charge for each unit of energy consumer charged at c/kWh;

"units consumed" means the number of units of a particular service consumed and are measured in terms of the units of measurement contemplated in section 8 of this policy;

"variable costs" means costs that vary with increased or decreased consumption or volume produced.

2. Introduction and Purpose of this policy

2.1 The City of Matlosana Municipality must in terms of section 74(1) of the Local Government Municipal Systems Act, Act 32 of 2000, as amended, adopt a tariff policy on the levying of fees for municipal services provided by the municipality.

2.2 The tariff policy may differentiate between different categories of users, debtors, service providers, service, service standards, geographical areas and other matters as long as the differentiation does not amount to unfair discrimination.

2.3 Tariffs are calculated in various different ways, dependent upon the nature of the service being provided.

2.4 The tariff policy applies to the multi-year annual budget of a related year during which the income is based on the principles contained in this policy.

2.5 The purpose of this policy is:

2.5.1 to ensure compliance with the applicable legislation (Section 75 of the Act

2.5.2 to prescribe procedures for calculating tariffs where the Municipality wishes to appoint service providers in terms of section 76(b) of the Act; and

2.5.3 to serve as guidance to the designated councilor regarding tariff proposals that must be submitted to Council annually during the budget process.

2.5.4 Ensure the tariffs of the municipality conform to acceptable policy principles.

3. Tariff principles

The following tariff principles based on the tariff policy set out in section 74(2) of the Systems Act, apply to the levying of fees for municipal services:

3.1. All users of municipal services must be treated equitably in the application of tariffs and the various categories of users must consequently pay the same charges based on the same cost structure;

3.2. The amount payable must be in proportion to usage and based on the tariff structure adopted for the approved category of users;

3.3. Indigent households must have access to basic services through lifeline tariffs or direct subsidization in accordance with the Council's indigent support policy as reflected as part of its Customer Care, Credit Control and Debt Collection Policy;

3.4. Tariffs must reflect the total cost of services;

3.5. Tariffs must be set at a level that facilitates the sustainability of services; and

3.6. Sustainability must be achieved by ensuring that:

3.6.1. cash inflows cover cash outflows, which means that sufficient provision for working capital or bad debts must be made; and

3.6.2. access to the capital market is maintained by providing for the repayment of capital, maintaining sufficient liquidity levels and making profits on trading services.

3.7. Provision must be made in appropriate circumstances for a surcharge on a tariff if and when necessary for major breakdowns in infrastructure and periods of droughts when a restriction of usage is required;

3.7.1. Efficient and effective use of resources must be encouraged by providing for penalties to prevent exorbitant use;

3.7.2. The extent of subsidization of tariffs must be disclosed by publishing the true costs of the service and the level of subsidy as well as the source of the subsidy.

4. Categories of users

The tariff structure of the City of Matlosana must make provision for the following categories of users:

4.1. agricultural;
4.2. business/commercial;
4.3. domestic indigent
4.4. domestic;
4.5. industrial;
4.6. institutional / government
4.7. rural;

5. Classification of services and cost elements

5.1. Classification of services

Provision for the following classification of services must be made:

5.1.1. Trading services

5.1.1.1. Electricity
5.1.1.2. Water

5.1.2. Economic services

5.1.2.1. Refuse removal
5.1.2.2. Sewerage Disposal
5.1.2.3. Recreation Resorts

5.1.3. Community services

5.1.3.1. Air pollution
5.1.3.2. Building control
5.1.3.3. Cemeteries

5.1.3.4. Child care facilities

5.1.3.5. Control of public nuisances

5.1.3.6. Control of undertakings that sell liquor to the public

5.1.3.7. Facilities for accommodation, care and burial of animals

5.1.3.8. Fencing and fences

5.1.3.9. Firefighting services

5.1.3.10. Fixed billboards and the display of advertisements in public places

5.1.3.11. Licensing and control of undertakings that sell food to the public

5.1.3.12. Licensing of dogs

5.1.3.13. Local amenities

5.1.3.14. Local sport facilities

5.1.3.15. Local tourism

5.1.3.16. Local Economic Development

5.1.3.17. Municipal parks and recreation

5.1.3.18. Municipal planning

5.1.3.19. Municipal public works, only in respect of the needs of the municipality in the discharge of its responsibilities and to administer functions specially assigned to it under the Constitution or any other law

5.1.3.20. Municipal roads

5.1.3.21. Noise pollution

5.1.3.22. Parking

5.1.3.23. Pest Control

5.1.3.24. Pounds

5.1.3.25. Public places

5.1.3.26. Storm-water management system in built-up areas

5.1.3.27. Street trading/street lighting

5.1.3.28. Trading regulations

5.1.3.29. Traffic

5.1.3.30. Tax Clearances Certificates / Valuation Certificates

5.1.3.31. Copy of Valuation Roll

5.1.3.32. Confirmation of Residential letters

5.1.3.33. Duplicate rates and services accounts

5.1.4. Subsidized services

5.1.4.1. Libraries

5.1.4.2. Museum

5.1.4.3. Proclaimed Roads

5.1.4.4. Primary Health Care

5.2. Cost elements

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

5.2.1. Fixed costs, which consist of the capital costs, interest on external loans as well as depreciation, whichever are applicable on the service and any other costs of a permanent nature as determined by the Chief Financial Officer from time to time.

5.2.2. Variable cost: This includes all other variable costs that have reference to the service.

5.2.3. Total cost is equal to the fixed cost plus variable cost.

6. Deposits

The raising of deposits is permissible where certain levies are made and payable with an application for relevant service:

6.1. Electricity and Water: Twice the average monthly consumption of the last 3 months with a minimum as determined annually according to the tariff schedule or as instructed by the Municipal Manager.

6.2. Deposits will be levied on all service accounts of properties.

6.3. Deposits will automatically be levied on accounts that have been transferred by means of change of ownership by the Deeds Office, the proof of registration documentation will a copy of the deeds search.

7. Tariff types

7.1. In setting service charges the Council must:

7.1.1. accurately reflect costs to achieve economic efficiency;

7.1.2. ensure equity and fairness between different types and categories of consumers

7.1.3. utilize appropriate metering and supporting technology; And

7.1.4. be transparent.

7.2. In determining the type of tariff applicable to the type of service the Council must make use of the following options or a combination thereof:

7.2.1. Single tariff: This tariff shall consist of a fixed cost per unit consumed. All costs will therefore be recovered through unit charges at the level of break-even consumption. Surpluses on trading services may be allowed subject to Council approval.

7.2.2. Cost related two-part tariff: This tariff shall consist of two parts. Management, capital, maintenance and operating costs will be recovered by grouping certain components together e.g. management, capital and maintenance costs may be grouped together and be recovered by a fixed charge, independent of consumption for all classes of consumers, while the variable costs may be recovered by a unit charge per unit consumed.

7.2.3. Inclining block tariff: This tariff is based on consumption levels being categorized into blocks, the tariff being determined and increased as consumption levels increase. This tariff will only be used to prohibit the exorbitant use of a commodity. The first step in the tariffs will be calculated at break-even point. Subsequent

steps will be calculated to yield profits and to discourage excessive use of the commodity.

7.2.4. Declining block tariff: This tariff is the opposite of the inclining block tariff and decreases as consumption levels increase. This tariff will only be implemented during the existence of special agreements.

7.2.5. Basic / Availability charges: Is a customer charge for customer applied to a domestic rate group or other, levied for each month for erf, stand, plot or other area, with or without improvements, which is or, in the opinion of the Council can be connected to the main supplier, whether for electricity, water and sewer. Basic charge is payable by the registered owner of the stand/erf, plot or other area: provided that the property enlisted in the Municipality valuation roll.

7.2.6. Outside Municipal Area: These tariffs shall apply to consumers who are not residing within the municipal boundaries but are making use, on application, of certain services.

7.2.7. Recoverable work: These tariffs shall apply to consumers who are making use, on application, of certain recoverable services. The tariff will be calculated at actual cost plus a surcharge as determined with the actual tariffs.

8. Rebates

Rebates are allowed in accordance with the tariff schedule as determined by the Council annually.

9. Unit of measurement

The following units of measurement must, where possible, be used to determine tariffs:

9.1. *Water*

9.1.1. Water will be measured with a water meter, which meters will be read and consumption and be levied on a monthly basis unless the service is rendered through a pre-payment device:

9.1.1.1. Cost per unit (kiloliters consumed).

9.1.1.2. Basic cost plus cost per unit charge (kilolitres consumed)

9.1.2. *Boreholes Usage*

9.1.2.1. Boreholes will only be recognized as a water supply with a written letter of recommendation from the Water Section.

9.1.2.2. In case where the consumer has been using a borehole and borehole installation has been inspected and verified by Water Section, the estimated consumption reversal adjustment will be effected for a period not exceeding twelve (12) months prior to the query been lodged.

9.1.2.3. The onus lies on the consumer to check his/her monthly statement to ensure that he/she is not being charged on metered consumption, if there was usage.

9.1.3 Water leakages subject to the rebate system

9.1.3.1. Rebates will be granted for repaired undetected water leakages for a period not exceeding three months.

9.1.3.2. That it be accepted as policy that in cases of undetected water leakages on private property, the consumer pay for the normal water consumption as calculated by using the average consumption for three months prior to the leak, at the applicable sliding scale and that the "over-consumption" or "leak" to be paid at a fixed charge, based on the first category of the sliding scale of the water tariffs for the months in question, or at the tariff as calculated by the Chief Financial Officer at the time, subject to the provision of proof by the resident regarding:

9.1.3.2.1. The date on which the leak was first detected.

9.1.3.2.1.1. Rebates may not exceed three times a year

9.1.3.2.1.2. Steps taken by the resident to stop the leak

9.1.3.2.1.3. That the leak has actually stopped – investigation and confirmation by the council's official.

9.1.3.3. Any damaged meters will be debited to the consumers account, should it be found that it was intentionally damaged by the owner or any other person

9.1.4 Multi-purpose use

9.1.4.1 Where water is supplied to a consumer where a combination of domestic and business categories is applicable, the tariff for business shall be applied

9.2 Electricity

9.2.1 Electricity will be measured with an electricity meter, which meters will be read and consumption will be levied on a monthly basis unless the service is rendered through a pre-payment device:

9.2.1. Maximum demand plus kWh consumed; or

9.2.2. Fixed (Basic) costs plus kWh consumed; or

9.2.3. Cost per unit KWH consumed; or

9.2.4. KVA

9.2.2 Where electricity is supplied to a consumer where a combination of domestic and business categories is applicable, the tariff for business shall be applied.

9.2.3. Solar Panel System

9.2.3.1 Solar Panel system will only be recognized as an electrical supply with a written letter of recommendation from electrical department.

9.2.3.2 In case where the consumer has been using a solar panel and Solar installation has been inspected and verified by the electrical department, the estimated consumption reversal adjustment will be affected for a period not exceeding 12 months prior to the query being lodged.

9.2.3.3 The onus lies on the consumer to check his/her monthly statements to ensure that he/she is not being charged on metered consumption, if there is any usage.

9.2 Refuse removal

9.3.1 The amount may be raised monthly. The levy is payable by the registered owner except for businesses with tenants and recoverable monthly:

9.3.1.1 Plastic bags per week/day (volume).

9.3.1.2 Containers per week (volume).

9.3.1.3. Truck load per volume or removal.

9.3.2 Where a refuse removal services is rendered to a consumer where a combination of domestic and business categories is applicable , the tariff for business shall be applied.

9.3 Sewerage

The amount may be raised monthly. The levy is calculated by one of the methods below and is payable by the registered owner and recoverable monthly:

9.4.1. Percentage of water consumption.

9.4.2. Percentage of water consumption plus costs for strength of disposal.

9.4.3. Basic charge: based on the number of properties within those categories of customers and fixed cost associated with the service.

9.4.4. Additional charge:

9.4.4.1. based on the area and variable costs of the services.

9.4.4.2. based on the number of properties within those categories of customers and variable costs of the service.

9.4.5. When the number of properties is not available, a flat rate, based on the average consumption per categories of consumers, will be applicable.

9.4 Property Rates

9.5.1. Property rates is calculated taking into account the total net expenditure from the other services less the revenue envisaged based on the total ratable valuations. The rates must be calculated in such a manner that the Council realizes a net surplus when adopting its tariffs.

9.5.2. Property rates are calculated according to valuation of a property. Council calculates the tariff on the market value as per Council valuation. On written request the amount may be raised monthly. The levy is payable by the registered owner and recoverable monthly.

9.5 Social benefits

9.6.1. The Council, in order to measure social benefits enjoyed by the community, has approved of the standards as set out in the tables below to achieve cost recovery and to measure service delivery, where possible.

9.6.2. Measures indicated should be calculated annually and used as a guideline to ensure meaningful reporting. Actual unit costs must be compared with budgeted costs.

10 FUNCTION / UNIT OR OUTPUT CLASSIFICATION BY COUNCIL

- Airfields - Number of landings Subsidized
- Art Gallery and Museum
- Number of attendance of community
- Engineering
- Administration
- Population
- Percentage of Municipal expenditure
- Community
- Building Section - Number of plans submitted
- Value of buildings
- Municipal value of buildings subsidized
- Caravan Park Number of bookings
- Number of sites subsidized
- Cemeteries Number of burials
- Number of graves subsidized
- Civic and other halls
- Number of bookings subsidized
- Cleansing, refuse removal and disposal
- Number of removals
- Population
- Number of properties
- Economic
- Corporate Services Population
- Percentage of total expenditure
- Community (Charged out)
- Council General Population
- Percentage of total expenditure

- Community (Charged out)
- Electricity Number of units purchased
- Number of units sold
- Number of connections
- Trading
- Estates Number of properties economic
- Financial Services Percentage of municipal expenditure
- Population
- Community (Charged out)
- Fire Number of call-outs
- Number of properties subsidized
- Grant-in-aid Percentage of rates income Community Health
  - Clinics
  - Other

- Number of attendance
- Population
- Subsidized housing
- Housing (Selling and letting schemes)
- Number of dwellings economic
- Libraries - Number of members
- Number of books in stock
- Population
- Community
- Licensing - Number of licenses subsidized
- Marketing - Number of industrial properties
- Number of industries
- Community
- Municipal Manager - Percentage of municipal expenditure
- Population
- Community (Charged out)

- Parking Number of bays Community Parks and Recreation Number of properties
- Population
- Community
- Administration
- Number of municipal staff
- Population
- Community (Charged out)
- Recreation resorts Number of users
- Population
- Economic
- Roads and Storm water (including sidewalks)
- Length of roads
- Population
- Community
- Security and Civil Defense
- Number of installations Community Sewerage reticulation (Disposal)
- Number of connections
- Sewerage purified
- Population
- Economic
- Street lighting - Number of street lighting community
- Swimming pools - Number of attendance
- Population
- Subsidized
- Stores Number of stock items held
- Value of stock
- Number of orders
- Economic (fully charged out)
- Town Planning - Number of properties
- Population
- Community

- Traffic - Number of registered vehicles
- Population
- Subsidized
- Valuations - Number of properties
- Value of municipal valuations
- Community
- Water - Number of units sold
- Cost per unit supplied
- Length of mains
- Kilolitres purified
- Cost per kilolitre purified
- Trading

11 Billing of estimated consumptions

11.2 The need to estimate consumption and the basis thereof

Notwithstanding all the City of Matlosana's attempts to take monthly meter readings of all water / electricity supplied, should it not be possible to take a reading on the appropriate date or if for some any other reason the reading could not be obtained, the City of Matlosana reserves the right to calculate an estimated consumption from the previous actual reading to the billing date. The estimates are normally based on the 2 to 6 months preceding the last date on which the meter was found to be registering correctly, or on the 2 to 6 months following the date from which the meter was again registering correctly. The seasonal historical average consumption at the property may also be used by the City of Matlosana to reflect its best estimate of what the consumption may have been.

11.3 Adjustment to estimated account

As soon as a new actual reading has been taken; the previously estimated consumption will be recalculated and an adjustment, either positive or negative, will reflect on the next account issued.

11.4 *Failure of meter*

During the period from identification of a meter having ceased reading, to when it is replaced and a reading can be taken, an estimated consumption will be applied.

Should a consumer have been billed a zero consumption for any period of time and it is subsequently found to have been due to a ceased water/electricity meter and the property was not vacant at the time or the usage pattern had not changed, the City shall bill retrospectively from the time that the meter had ceased until the time it has been replaced. Should the property have been vacant or where the usage pattern had changed, a signed and sworn affidavit needs to be provided for consideration.

11.5 No account received

In the event that an owner or occupier has consumed water or electricity but has never received an account, the onus will be on the owner to make representations to the City of Matlosana to request that an account be sent. Should the City of Matlosana not be able to verify that an account was indeed issued to either the owner or occupier, the City may bill for a period of not greater than three (3) years and the consumer may make arrangements with the City of Matlosana to pay off the amount.

Any person, who has stopped receiving an account that has previously been received, should immediately request the City of Matlosana in writing to remedy the omission.

11.5 No access to the meter

In the event of the municipality not being able to gain access to a meter for two (2) consecutive meter readings, the customer shall be issued with a notice to restore access. Failure to comply with the written request, the customers services will be discontinued in respect of the premises to which that meter relates.

12. VAT

12.1. VAT at a standard rate is charged as per the existing national legislation on all tariffs and all sundry tariffs as indicated in the approved resolution.

12.2. VAT on property rates is charged at a zero rate.

13. Determination, notice of tariffs, fees, levies, and objections

The Council may:

13.1. by resolution, supported by a majority of the members of the council, levy and recover levies, fees, taxes and tariffs, in respect of any function or service of the municipality;

13.2. Date, not earlier than 30 days from date of the resolution, on which such determination, amendment or withdrawal shall come into operation; and recover any charges so determined or amended, including interest on any outstanding amount;

13.3. In the event the City of Matlosana has identified that the basic fees or any service related charges were not charged where they should have been charged, the charges will be raised for the period not exceeding 24 months.

13.4. After a resolution as contemplated in subsection (2) has been passed, the municipal manager of the municipality shall forthwith cause to be conspicuously displayed, at a place installed for this purpose at the offices of the municipality, as well as at such other places within the area of jurisdiction of the municipality as may be determined by the municipal manager, a notice stating—

13.4.1. the general purpose of the resolution;

13.4.2. the date on which the determination or amendment shall come into operation;

13.4.3. the date on which the notice is first displayed; and

13.4.4. that any person who desires to object to such determination or amendment shall do so in writing within 14 days after the date on which the notice is first displayed.

13.5. Where—

13.5.1. no objection is lodged within the period referred to in subsection (4) (d) the determination or amendment shall come into operation as contemplated in subsection

13.5.2. an objection is lodged within the period referred to in subsection 13.4.4., the municipality shall consider every objection and may amend or withdraw the determination or amendment and may determine a date other than the date contemplated in subsection (2) on which the determination or amendment shall come into operation, where upon subsection 13.4.2. shall with the necessary changes apply.

14. *Phasing in of tariffs, fees and levies*

14.1. The council must annually consider the methods by which tariffs, fees and levies will be calculated and by resolution amend its tariff policy.

14.2. Where the newly calculated tariffs, fees and levies differ substantially from the current tariffs, council may resolve to phase in the differences over a period of time.

15. Conflict of law

15.1. When interpreting any provision of this policy, any interpretation that is reasonable and consistent with the objectives of the Local Government Municipal Systems Act as amended as set out in Chapter 8, Part 1, on service tariffs, must be preferred over any alternative interpretation, which is inconsistent with these objectives.

15.2. If there is any conflict between this policy and any other policy of the Council relating to tariffs, this policy shall prevail.

15. Short title and commencement

This policy is called the City of Matlosana Tariff Policy and shall come into operation on the date of adoption by Council with the approval of the annual budget for 2025/2026.

PROPOSED

CITY OF MATLOSANA



MUNICIPAL TRADING BUSINESS BY-LAWS FOR TUCKSHOPS

2025 2026

MUNICIPAL TRADING BUSINESS BY-LAWS FOR TUCKSHOPS

PREAMBLE

Whereas sections 152(1) and 153(a) of the Constitution of the Republic of South Africa, 1996 ("Constitution"), require municipalities to promote social and economic development within their jurisdictional areas;

And whereas the Spatial Planning and Land Use Management Act, 2013 (Act No. 16 of 2013), mandates municipal spatial development frameworks to identify current and future economic nodes where public and private investment will be prioritised and identify the designation of areas where incremental upgrading approaches to development and regulation will be applicable;

And whereas the Businesses Act, 1991 (Act No. 71 of 1991), provides for municipalities to declare and prohibit trading in zones within their jurisdictional areas;

And whereas the dense concentration of poverty, unemployment and related social ills make townships, rural areas and towns within City of Matlosana. a priority for inclusive growth and development;

And whereas Government acknowledges that townships, rural areas and towns within City of Matlosana. must be vibrant economic centres;

And whereas section 22 of the Constitution guarantees the right of every citizen to choose his or her trade, occupation or profession freely, and empowers the State to regulate the practice of a trade, occupation or profession by law;

And whereas Government recognises that participation and meaningful inclusion of businesses in townships, rural areas and towns within City of Matlosana. will transform the economy,

DEFINITIONS

Municipal council: means a municipal council referred to in section 157(1) of the Constitution;

Municipal manager: means a person appointed in terms of section 54A of the Municipal Systems Act, as the head of administration of the municipality;

Municipal Systems Act: means the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000);

Be it therefore enacted by the Municipal Council of City of Matlosana, as follows:

"authorised official" means an employee of City of Matlosana who is duly responsible for carrying out any duty or function or exercising any power in terms of this Standard Draft By-Law and includes—
(a) a law enforcement officer declared to be a peace officer in terms of section 334(1)(a) of the Criminal Procedure Act, 1977 (Act No. 51 of 1977); and
(b) any other employee delegated or person authorised to carry out or exercise the duty, function or power;

"'inspector": as defined under the *North West Business Licensing Act, 2019 Act 3 of 2019*

Business "an entrepreneurial undertaking, or a business concern, whether formal (registered) or informal (unregistered), which is engaged in the production of goods or provision of services or sale of goods, undertaken by an entrepreneur or an enterprise, an enterprise organisation or a co-operative as categorised in the National Small Business Act;

Businesses Act 1991 (Act No. 71 of 1991) "*The act requires that certain service-related businesses have a license from the local authority, council, or municipality where the business is located*"

Business activity selling of goods, or the supplying or offering to supply a service for remuneration;

Business licence: means a licence or permit issued by the Business license authority

in terms of the North west Business act 3 of 2019, that allows an individual or company to conduct business within the government's geographical jurisdiction;

Foreigner "an individual who is neither a South African citizen, nor a permanent resident, but is not an illegal foreigner in terms of the Immigration Act, 2002 (Act No. 13 of 2002). "*Immigration Act No 13 of 2002 a person who intends investing in the South African economy by establishing a business or by investing in an existing business in the country must apply for a business visa"*

Goods means a product marketed for human use or consumption;

Illegal goods:

(a) Goods, which may not have been lawfully acquired or disposed of,
(b) Goods that are prohibited from sale or distribution under any applicable national, provincial, or municipal law;
(c) Counterfeit goods as defined in the Counterfeit Goods Act, 1997 (Act No. 37 of 1997);
(d) Goods that are required to be, but have not been, imported or produced in terms of the provisions of the Customs and Excise Act, 1964 (Act No.91 of 1964);
(e) Stolen goods; or
(f) Goods that do not meet mandatory safety or quality standards as prescribed by relevant legislation;

Foodstuff means any article or substance, except a drug as defined in the Drugs and Drug Trafficking Act, 1992 [Act No. 140 of 1992], ordinarily eaten or drunk by persons or purporting to be suitable or manufactured or sold for human consumption, and includes any part or ingredient of any such article or substance or any substance used or intended or destined to be used as a part or ingredient of any such article or substance. as defined in section 1 of the Foodstuff Cosmetics and Disinfectants Act, 1972 (Act No. 54 of 1972**"Garden" or "Park"** means a garden or park to which the public has a right of access;

Spatial Planning and Land Use Management Act 2013 *(Act No. 16 of 2013);*

Periodic Markets means sale of legal goods and/or services by individuals

and or groups, in locations designated for Informal Trading for a specific season.

Informal Trader means a person who engages in Informal Trading;

Informal Trading means the selling of goods and/or services by an Informal Trader in the Designated Area, which includes, without any limitation, the forms of trading more fully set out in Section 3

Rental means an amount payable by the Informal Trader for the allocated trading Space in the Designated Area as agreed between the Council and an Informal Trader;

Impoundment Costs means all those costs incurred by the City in respect of impounding and storing of impounded Goods or Property and, where applicable, costs incurred in respect of disposal of impounded Goods;

Traffic officer appointed in terms of Section 3A of the National Road Traffic Act, 1996 [Act No. 93 of 1996];

National Road Traffic Act 1996 (Act No. 93 of 1996);
The National Road Traffic Act, there are also local by-laws that regulate street trading. For example, in Klerksdorp, the Street Trading By-law prohibits street traders from:

- Placing property on a verge or public except when starting to trade
- Covering an area that exceeds the demarcated stand for hawking
- Conducting business within two meters of a building entrance or corner
- Conducting business within 20 meters of a financial institution
- Conducting business within 20 meters of a shop selling the same goods

PAIA means the Promotion of Access to Information Act, 2000 (Act No. 2 of 2000) is a South African law that gives effect to the right of access to information;

Roadway means, as defined in Section 1 of the Traffic Act that portion of a road, street or thoroughfare improved, constructed or intended for vehicular traffic, which is between the edges of the roadway;

Public Building means a building belonging to or occupied solely by any sphere of the government, including the Council;

Public Monument means any one of the **"public monuments and memorials"** as defined in terms of Section 2 of the National Heritage Resources Act, 1999 [Act No. 25 of 1999];

Public Place means any square, park, recreation ground or open space which is vested in the Council or to which the public has the right to use or is shown on a general plan of a township filed in the deeds registry or a Surveyor-General's office and has been provided for the use of the public or the owners of erven in such township;

Public Road means, as more fully defined in Section 1 of the Traffic Act, any road, street or through fare or any other place commonly used by the public or any section thereof or to which the public or any section thereof has a right of access;

Operating permit means an approval granted by the municipality following an application process permitting the applicant to conduct business under the conditions provided.

Sidewalk means, as defined in Section 1 of the Traffic Act, that portion of a Verge intended for the exclusive use of pedestrians;

Sell includes -

(a) barter, exchange or hire out;
(b) display, expose, offer or prepare for sale;
(c) store on a Public Road or Public Place with a view to sell; or
(d) provide a service for reward and **Sale** or **Selling** has a corresponding meaning;

'Spaza shop/ Tuck shop" means

- a small shop often run from a private home within a residential area with specifications as prescribed.
- Micro convenient shops that sell basic goods to local residents, they are typically located in outbuildings or temporary structures, and are often separated from the main house.

Litter includes a receptacle, container, or other matter, which has been abandoned or left behind by a street trader, or by his or her customers and "services" means activities or value created, generated or performed for human consumption;

Township economies means business activities (formal or informal) undertaken in townships, rural areas within City of Matlosana.

Purpose of By-Laws:

Purpose of this By-Law is to control the operations of Spaza/Tuck shops within the area of jurisdiction of the Municipality in particular, to ensure compliance with safety and health requirements and to provide the proper establishment of Spaza/Tuck shops and the application process thereof in all townships, rural areas and towns within City of Matlosana.

OBJECTIVES

The objective of these by-laws is:

a. Facilitate inclusive spatial and economic development in townships, rural areas and towns within City of Matlosana.
b. Harmonise the township ecosystem and provide norms and standards for the establishment and management of township-based enterprises both formal and informal;
c. Harmonise the ecosystem within towns and provide norms and standards for the establishment and management of both formal and informal enterprises in town.
d. Harmonise the township and rural ecosystem and provide norms and standards for the establishment and management of township-based enterprises both formal and informal;
e. Raise awareness of applicable laws and regulations affecting township businesses; and
f. Support small businesses to grow and participate in mainstream economic activities.

Application of By-Laws

The By-law applies to all Spaza/Tuck shops within the jurisdiction of the City of Matlosana municipality.

Freedom to engage in business activities

1. Subject to subsection (3) (*The North West Business Licensing Act, 2019 states that a person who has a business license is not exempt from complying with any other*

relevant laws or legal requirements. This means that even if a person complies with the provisions of the Act, they must still comply with any other applicable laws)any person that has a business licence, may engage
in business activities within the area of jurisdiction of a municipality.

2. City of Matlosana based on its developmental objectives, determine quotas on the proportion of businesses within specific categories of businesses, to be owned and operated by foreigners in line with all the relevant legislation.
3. A business activity referred to in subsections (1) and (2), is subject to the provisions of:
   (a) Legislation in the Republic of South Africa;
   (b) Applicable permits or licencing requirements;
   (c) Other applicable municipal by-laws and policies; and
   (d) This standard draft by-law.

4. A person may not carry on a business activity within the area of jurisdiction of a municipality unless that person is a holder of a business permit issued or transferred to him or her by the municipality.
5. A holder of a business permit must be the one who zoned the land to trade as a tuckshop
6. The person who acquired the building certificate must be the same who applies for business/ trading permit
7. The person who acquired the health certificate must be the same who applies for business/ trading permit
8. The person who acquired the compliance certificates and the trading/ business permit must be the same who runs the day to day business of the tuckshop at all times during the operating hours
9. Only 1 tuckshop will be allowed for one person.
10. The operating hours for the tuckshop is permissible from 5 am to 8pm Monday to Sunday

DESIGNATED BUSINESS AREAS AND SITES

1) City of Matlosana is subject to the provisions of the Spatial Planning and Land Use Management Act 2013 (Act No. 16 of 2013) and any other applicable legislation, policy or by-laws:
   (a) Promote commercial, retail and industrial activities in townships, rural areas and towns within City of Matlosana. ; and

(b) Demarcate business areas and sites to promote inclusive economic development or recognise a township as a mixed-use business area.

2) City of Matlosana municipality may, by resolution—

(a) Extend, reduce, or disestablish a business area or site subject to compliance with the requirements of the Spatial Planning and Land Use Management Act and after public consultation and reasonable notice;

(b) Lease land or a portion of a property from the owner or occupier on condition that the owner or occupier allows a specified number of businesses to trade on such property on terms and conditions determined by the municipality over an agreed period; or

(c) Where possible, provide infrastructure for businesses that are leasing from the municipality.

3) No tuckshops will be allowed to run within the Central Business Districts

ISSUING OF PERMITS

1) A municipality must issue a permit if it is properly applied for, unless—

(a) The permit holder does not comply with the relevant provisions of this standard draft by-law;

(b) The goods or services provided by the business are illegal or

(c) The business premises do not comply with the requirement relating to town planning or the safety or health of the public, or any law, which applies to those premises.

(d) The zoning, health, trading certificates are not in the shop attendants' name

(e) sleeping in the shop and no proper ambulation facilities

2) The municipality must be satisfied that the applicant will be in actual and effective control of the business.

3) City of Matlosana municipal may grant the permit on condition that:

(a) The goods and services sold are legal; and

(b) The business premises comply with the requirement relating to town planning or the safety or health of the public, or any law, which applies to those premises.

4) City of Matlosana municipality may, on application by a permit holder:

(a) Amend a condition;

(b) Extend the period of the permit;

(c) REVOKE a condition; or

(d) Indicate that the condition specified in the permit is complied with.

APPROVAL OF APPLICATION

1. Once the relevant Head of Department or his designee has approved the application, an applicant will be notified of the approval within the period of thirty (30) working days.
2. The applicant will be required to pay the prescribed operating fee and he/she will then be issued with the operating permit.
3. Spaza/Tuck shop operator is not permitted to trade until he/she receives his identity-operating permit. iv. Approval conditions, if any, will be attached to the operating permit.

PROACTIVE STEPS TO BE UNDERTAKEN BY MUNICIPALITY

1) City of Matlosana municipality must perform its functions and exercise its powers to:
   (a) Build the operational and management capacity of entrepreneurs and small businesses in townships, rural areas and towns within City of Matlosana. through workshops, training or mentoring;
   (b) Conduct business compliance and awareness workshops;
   (c) Facilitate skills development and business development support services for township businesses;
   (d) Facilitate access to infrastructure for township businesses; and
   (e) Facilitate access to markets for township businesses.

REGISTRATION AND PERMITTING OF BUSINESS ACTIVITIES

1) Relevant official of city of Matlosana deal with the registration, permitting and enforcing of the by-law for township economies
2) The delegated official is responsible for—
   (a) Creating awareness about the application process and applicable policies and by-laws;
   (b) Assisting and supporting applicants in the application process;
   (c) Administering the processing of applications and the timely processing of applications within a set period;
   (d) Reviewing and approving applications for registration or permitting including
      (i)Receiving, reviewing and approving applications for registration or permitting within a set period;
      (ii) Investigating the feasibility of the application and the compilation of

a report thereon;

(iii) Submitting the application and the feasibility report to the delegated authority; and

(iv) Issuing of registration cards or permits;

(e) Resolving complaints and disputes occurring between the municipality and a business; and

(f) Facilitating efficiency and municipal responsiveness in registering and permitting businesses, as well as enforcing by-laws.

3) Application forms for registration or permitting can be accessed physically at the municipal offices.

4) A delegated official is responsible to establish and maintain a database of registered businesses, which may contain the following information and must be managed in accordance with PAIA guidelines:

(a) The full name, surname, gender and disability status of the business owner;

(b) The identity number of the business owner concerned;

(c) The physical and postal address of the business concerned;

(d) The location where the business concerned is authorised by such registration to carry on business, and if such registration applies to a trading plan area, the trading bay alternatively, market allocated to such a business in accordance with the applicable trading plan;

(e) A description of the goods or services that the business concerned is authorised by such registration to sell or provide;

(f) A distinguishing registration number;

(g) Citizenship status, passport number, section 22 asylum seeker permit, section 24 refugee permit, valid visa allowing foreign national to be in the Republic to work or conduct business; and

(h) Any other information that may be required by this by-law or any other law.

5) The applicant must provide a sworn affidavit stating that he or she is not engaged in the trade of illegal goods as defined in this by-law and that his or her business operations are within applicable norms and standards.

6) The municipality reserves the right to conduct background checks on applicants, including liaising with law enforcement agencies, to verify the legality of their business activity.

7) A registered business must be issued with a registration card or permit that must be displayed and be available for inspection at all times.

8) The responsible official must put in place a complaints system that can be used

by residents and community members to report and receive feedback regarding their complaints or concerns and an appeal process.

OPERATING PERMIT

i. City of Matlosana municipality shall issue the operating permit, and it is renewable after every 1 year at a tariff as approved by council and reviewed annually during the preparation of the municipal budget.

ii. The following terms and conditions shall apply to the operating permits:

- Operating permit can only be issued by the municipality upon the payment of the prescribed fee determined by Council tariffs.
- Operating permit is not transferrable without the permission of the municipality (the permit cannot be transferred from one owner to the other);
- A Spaza/Tuck shop operator must at all times be in a position to produce the operating permit on demand by the authorized officer whenever so required;
- If the operating permit gets lost or accidentally or unwillingly damaged or destroyed the owner must immediately report the loss, damage or destruction thereof to the Municipality.

TRANSFERABILITY OF PERMIT

(1) In the event of the death of a permit-holder and the loss of income generated by the informal trading which results in the dependents of the deceased permit-holder being placed under undue or severe economic hardship, a permit may be transferred, by the municipality, to a dependant, according to the will of the deceased, who may continue trading until the permit is no longer valid.

(a) If the municipality transfers a permit and the new holder does not resume trading within a period stipulated in the transfer notice, the municipality may revoke the permit and in such a case, the permit must immediately be returned to the municipality.

(b) Details of revoked permits must be placed on a database to be shared with relevant departments.

(2) A permit-holder may not transfer a permit to any other person in any manner.

(3) If a permit holder no longer wishes to trade, the municipality may revoke the permit and in such a case the permit must immediately be returned to the municipality.

(4) A permit transferred may not be used for the purpose of a business other than the business to which the permit relates.

PROHIBITIONS AND RESTRICTIONS

(1) Except in cases where prior approval has been granted by the municipality, a person may not carry out a business activity:

(a) In a garden or park to which the public has a right of access;
(b) On a verge adjacent to:
    (i) A building belonging to, or occupied by an organ of state;
    (ii) A church, mosque, synagogue or other formal registered place of worship; or
    (iii) A building belonging to, or occupied by the municipality;
(c) At a building declared to be a public monument;
(d) Next to an auto teller bank machine;
(e) At a place where:
    (i) It causes an obstruction in front of a fire hydrant or an entrance to or exit from a building;
    (ii) It causes an obstruction to vehicular traffic; or
    (iii) It substantially obstructs pedestrians in their use of a sidewalk;
(f) On a verge adjacent to a building in which business is conducted by a person who sells goods of the same nature as or of a similar nature to goods being sold by the seller concerned; and
(g) On half of a public road adjacent to a building used for residential purposes, if the owner or person in control or an occupier of the building objects thereto.
(h) On a land that is not zoned according to the business being carried out

(2) A person carrying on a business:
(a) May not sleep overnight at the place of such business, except in a case where prior approval has been granted by the municipality or where the business is operating from residential units or structures;
(b) May not place his or her property on a public road, except in cases where prior approval has been granted by the municipality;
(c) May not construct a permanent structure on a public road or public place other than a shed, shack or poles implanted into the ground and other infrastructural arrangements common in the street trading environment

(d) May not buy goods from an establishment that does not comply with relevant regulatory prescripts

(e) May not sell expired items and goods outside their best before date;

(f) Must ensure that his or her property or area of activity:

(i) does not cover an area of a public road, or a public place which is greater than six square metres (with a maximum length of three metres) in extent, unless otherwise approved by the municipality; and

(ii) in respect of a sidewalk, leaves an unobstructed space for pedestrian traffic, being not less than one and a half metres wide when measured from any contiguous building to the property or area of activity, and not less than one half metre wide when measured from the kerb line to the property or area of activity;

(g) May not conduct business on a sidewalk where the width of such sidewalk is less than one metre;

(h) May not place or stack his or her goods in such a manner that such goods are likely to injure a person or cause damage to property;

(i) May not sell, distribute or store illegal goods or goods that do not comply with acceptable standards;

(j) May not carry on business in such a manner as to:

(i) Create a nuisance;

(ii) Create a traffic, health hazard, or health risk;

(iii) Obstruct access to, or the use of, street furniture or any other facility designed for use by the general public;

(vi) Trade food products which are not suitable for human consumption

(k) Must maintain records of the identification of his or her suppliers and be able to provide proof of the legitimate sourcing of the goods upon request by an authorised official; and

(l) May not knowingly purchase goods from suppliers engaged in the trade of illegal goods.

HYGIENE AND WASTE REMOVAL

(1) A person operating a registered business must:

(a) Ensure that the business complies with health and safety requirements and has the applicable health and safety certificates;

(b) Ensure that the food sold in the business is not contaminated be insecticides, pesticides, or any poisonous substance;

(c) Keep the business area or site occupied by him or her for the purposes of such business activity, in a clean and sanitary condition;

(d) Keep his or her property in a clean, sanitary and well-maintained condition;

(e)Dispose of litter generated by his or her business in whatever refuse receptacle provided by the municipality for the public, or at a dumping site of the municipality;

(f) Ensure that no excessive smoke, fumes or other substance, odours, or noise, emanating from his or her business activities, causes pollution of any kind;

(g)Ensure that the necessary recycling methods are utilised; and

(h)Dispose of hazardous and e-waste in the correct manner.

(2) The owner of the property where business activities, including selling prepared meals or beverages, take place must ensure that there is appropriate infrastructure, including ablution facilities.

GENERAL TERMS AND CONDITIONS

a. Any approved Spaza/Tuck shop business must abide by the following terms and conditions, to the extent that they are applicable:
    1. Spaza/Tuck shop structure must comply with the Act and Regulations, and the Building Regulations By-laws of the Municipality with regard to human occupancy.
    2. A tuck shop business shall only be operated with an operating permit issued by the Municipality and the operating permit is not transferable.
    3. The sale of liquor or alcoholic beverages and hazardous substances is prohibited.
    4. However, flammable substances such as paraffin may only be sold in small containers and be subject to the Firefighting By-laws of the Municipality.
    5. A tuck shop should have a fire extinguisher (size 4.5kg it might differ on the household) at all times and renewed every year.
    6. A tuck-shop should not cause or be a cause of any kind of disturbance or public nuisance, which will disturb people within the neighbourhood.
    7. The operating hours for all Spaza/Tuck shops are allowed between 05h00, in the morning, and 20h00, in the night.
    8. The storage of goods and equipment shall be within the area designated for that purpose on the plan, which is to accompany the application detailing that

area to be used for the business as well as any portion of that area in which goods or equipment will be stored.

9. If the Spaza/Tuck shop is closed for the period longer than 90 days, it will be presumed that the business is no longer operating and the operator thereof or the owner of the site should inform the Municipality in writing. The Municipality will proceed to cancel the operating permit concerning that Spaza/Tuck shop.
10. Where an operator has more than one Tuck shop business in separate sites, a separate permit is required for each tuck shop operating.
11. No person is allowed to sleep and/or wash himself/herself in the Spaza/Tuckshop
12. No person is allowed to operate a Spaza/Tuck shop business if he/she has been declared by a court of law to be of unsound mind.
13. No person is permitted to force donations from the tuckshop owners
14. The business should have a clear trading sign outside which is visible for promotion purposes.
15. The operator must not commit any criminal activity in the shop in question or he/she must not have criminal record that led to his/her business being closed.
16. No pets or birds should be kept in the tuck shop.
17. Sign advertising of the business must comply with the Outdoor Advertising Bylaw of City of Matlosana municipality.
18. Such sign should indicate the name of the owner, the name of the business the nature of the trade and operating hours.
19. Any other sign must be applied for and approved by the Municipality before it can be erected.
20. Advertising signs must comply with the Outdoor Advertising By-law of the Municipality.
21. The owner must ensure that a tuck shop is clean all the times and does not have:
    (a) Waste kept in a manner that attracts rodents or other pests to the tuck shop;
    (b) Flies, cockroaches or mice attracted to, or breeding, in significant numbers in the tuck shop.

- If food is to be sold or prepared from the premises, a Certificate of Acceptability be obtained as required by regulations R962 of November 2012 promulgated under the Foodstuffs, Cosmetics and Disinfectants Act, 1972 (Act 54 of 1972) from the district Dr K.K Department of Health.
- Tuck shop building plan must show the layout, extent, position and elevations of buildings on the proposed plan.

RESTRICTED AND PROHIBITED AREAS

(1) City of Matlosana municipality may in terms of section 6A(2) of the Businesses Act, after consulting the public and by resolution, declare any place in its area of jurisdiction to be an area in which street trading is restricted or prohibited, and must, to enable compliance therewith, prescribe or make signs, markings or other devices indicating:

(a) Specified hours during which business activity in respect of particular goods or services is restricted or prohibited;

(b) The boundaries of the restricted or prohibited areas; and

(c) Any other restriction or prohibition against business activity regarding the area in question.

(2) City of Matlosana municipality should display any such sign, marking or device in such a position and manner as will indicate the restriction or prohibition and the location or boundaries of the area concerned.

(3) A sign erected in terms of this by-law or the Business Act serves as sufficient notice of the prohibition or restriction in respect of the area concerned.

(4) A sign contemplated in subsection (1) may be amended from time to time and displayed by the municipality for the purpose of this by-law and has the same effect as a road sign in terms of the National Road Traffic Act, 1996.

OFFENCES AND PENALTIES

(1) A person who:

(a) Contravenes, or fails to comply with, a provision of this by-law;

(b) Fails to comply with a notice issued in terms of this by-law;

(c) Fails to comply with a lawful instruction given in terms of this by-law; or

(d) Who obstructs or hinders an authorised official in the execution of his or her duties under this by-law, is guilty of an offence and must be served with a written warning advising of the offence, the remedial action and applicable times, consequences for failure to redress, and the appeal process.

(2) Despite the provisions of subsection (1), a person found to be transgressing any provision of this by-law must:

(a) On a first transgression, be served with a written warning notice informing that person of the transgression and that his or her business licence may be cancelled

immediately if he or she does not remedy the transgression within a reasonable time based on industry or sector trends; and

(b) On a subsequent transgression, be served with a written notice informing that person of the transgression and that, subject to an appeal process, his or her business licence is immediately cancelled and that he or she will be barred from reapplying for a licence in any municipality for a period of five years after the subsequent transgression.

(3) Different penalties may be effected in respect of different businesses based on industry trends.

APPEALS

(1) A person who feels aggrieved by the decision of the municipality may lodge an appeal within a period of 21 days after receipt of the application outcome or within such extended period as may be agreed upon between the municipality and the applicant concerned.

(2) During the appeal process, it is presumed that the application was unsuccessful.

ENFORCEMENT OF BY-LAW

(1) An authorised official appointed by the municipality is responsible for monitoring and enforcement of this by-law and must regularly liaise and co-operate with officials of the Department of Home Affairs, the Department of Health and the South African Revenue Service to ensure compliance with relevant and applicable legislation.

(2) A municipality may:

(a) Apply its discretion to impound business equipment where continuous transgression without remedy is observed; or

(b) Release the business equipment at a fee in line with municipal tariffs.

(3) (a) City of Matlosana municipality may impound goods on reasonable suspicion that such goods are expired or illegal.

(b) Goods that are confirmed to be expired or illegal must be handed over to the relevant government body for destruction.

(4) City of Matlosana municipality must establish a task team dedicated to combating the trade of illegal goods and services, which must:

(a) Conduct regular inspections of businesses to verify that they are registered and that the products being sold are legal and comply with applicable regulatory requirements or norms and standards;

(b)Collaborate with national and provincial law enforcement agencies to share information and conduct joint operations against illicit trade networks;

(c) Implement a confidential reporting system for the public and other traders to report suspected illicit trade activities;

(d) Implement information programmes to educate businesses on what constitutes an illegal product; and

(e) Subject to the Protection of Personal Information Act, (Act No. 4 of 2013), implement a central repository of individuals whose licences have been cancelled due to non-compliance with the by-law and share details on an annual basis with other municipalities.

Stakeholder performance areas

Local Economic Development of both the District and the Local municipalities

1. Prepare a database of all registered tuckshops and hawkers and vendors.
2. Train all registered tuckshop owners on business acumen to support them to grow and participate in mainstream economic activities.
3. Raise awareness of applicable laws and regulations affecting township businesses
4. Harmonise the township ecosystem and provide norms and standards for the establishment and management of township-based enterprise both formal and informal.
5. Facilitate access to infrastructure and markets for the township economy

District Municipal environmental Health and Safety Department

1. Train tuckshop staff on safety and hygiene and how to implement cleaning timetables regularly.
2. Follow water standards, microbiological standards, and technical standards.

3. Ensure product labelling, management of allergens, and proper storage according to the food requirements.
4. Ensure that all only sell SABS approved products within the best before date
5. Ensure that all do not sell products which are tempered with or are outside the best before date.
6. All are urged to familiarise themselves with the regulation R638 and R149 to ensure that compliance is adhered tox.
7. For any assistance with regards to compliance environmental head practitioner can be visited at Dr Kennethe Kaunda District Municipality

Town Planning of City of Matlosana

1. Inspect the business premisses and issue building certificates.
2. All building requirements will be monitored that they are adhered to at all time
3. All should conduct business where they are permitted to according to the approved zoning of the site

Department of Economic Development and Environment Conservation and Tourism

1. That the department will issue act notes for municipalities which will guide the implementation of the by-laws

AMENDMENT OF BY-LAWS AND TRANSITIONAL MEASURES

Once approved, the municipality must consider the impact of this by-law on all other by-laws and must amend sections that conflict with the provisions of this by-law or amend the applicable by-laws to be in line with the provisions of this by-law.

CITY OF MATLOSANA



NATIONAL FRESH PRODUCE MARKET POLICY

2025/2026

DRAFT

PREAMBLE

(1) In terms of the provision of Section 156(1)(a) of the Constitution of the Republic of South Africa, 1996 (hereinafter referred to as "the Constitution"), a municipality has executive authority and the right to administer those local government matters listed in Part B of Schedule 4 and Part B of Schedule 5 to the Constitution. In terms of Part B of Schedule 5 of the Constitution "**Markets**" is a local government competence over which a municipality has such executive authority and the right to administer as contemplated in Section 156(1)(a).

(2) The statutory obligations of local government is framed by the Local Government: Municipal Systems Act, Act 32 of 2000 (hereinafter referred to as "the Systems Act"), and specifically Chapter 3 thereof which provides for powers which include the implementation of policies to regulate certain matters within the municipal area of a municipality.

(3) The Municipal Finance Management Act provides the municipality with the responsibility to secure sound and sustainable management of the fiscal and financial affairs of the municipal entities. Therein Section 62 stipulates the General Financial Management functions that regulates the finances thereof, and other applicable provision of the MFMA.

(4) The City of Matlosana (hereinafter referred to as "the CoM") therefore, and in terms of the above, adopted this policy in order to regulate, implement and enforce its policy in respect of the National |Fresh Produce Market of the CoM.

THE CITY OF MATLOSANA:

NATIONAL FRESH PRODUCE MARKET POLICY

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PROPOSED

CHAPTER 1: INTRODUCTORY PROVISION

1. DEFINITIONS

In this policy, except where the context otherwise indicates or it is expressly stipulated otherwise, the following words and expressions shall have the respective meanings assigned to them hereunder and words or expressions to which a meaning has been assigned in terms of the provisions of section 1 of the APAA will have such meaning assigned thereto.

NO.	WORD/EXPRESSION	DEFINITION
	"A"	
1.1.	**"Act" or "APAA"**	Means the Agricultural Produce Agents Act, Act 12 of 1992.
1.2.	**"agricultural product"**	Means an article specified in Part A or B of Schedule 1 of the APAA, as amended from time to time.
1.3.	**"appeal"**	Means an appeal in terms of the provisions of section 70 of this policy.
1.4.	**"approved"**	Means approved in writing by the responsible delegate of the CoM depending on the context.
1.5.	**"article"**	Means any kind of fruit, vegetable, food, lucerne, lucerne meal, forage, bran, plant, trees, shrub, flower, decorative plant, fern, artificial flower or any other product, animal, bird, item or thing which is approved by the CoM to be offered for sale within the market premises, and "produce" or "goods" shall have a similar meaning.
	"B"	
1.6.	**"bank"**	Means a public company registered as a bank in terms of the Banks Act, Act 94 of 1990.

"C"		
1.7.	**"carrier"**	Means a person within the market premises for hire to assist with conveying market products.
1.8.	**"carrier's permit"**	Means a permit which authorises a person to operate as a carrier within the market premises and which is issued in terms of section 13 of this policy.
1.9.	**"City of Matlosana" or "CoM"**	Means the CITY OF MATLOSANA a local government and legal entity with full legal capacity as contemplated in terms of the provisions of section 2 of the Systems Act, read with the provisions of Chapter 7 of the Constitution of the Republic of South Africa and the provisions of sections 12 and 14 of the Local Government: Municipal Structures Act, Act 117 of 1998, with its main place of business and the offices of the Municipal Manager, as envisaged in terms of the provisions of section 115(3) of the Systems Act, Bram Fisher Street, KLERKSDORP, NORTH WEST PROVINCE.
1.10.	**"close corporation"**	Means a close corporation registered in terms of the provisions of the Close Corporations Act, Act 69 of 1984.
1.11.	**"consignor"**	Means a transporter of market products or his/her/its representative and for the purpose of this policy the driver of any vehicle which delivers market products to the market on behalf of a vendor is deemed to be a representative of a consignor.
1.12.	**"consignment"**	Means any quantity of any market product/s consigned to the CoM or a market agent for sale on behalf of a vendor within the market premises.
1.13.	**"consumer"**	Means the end-user of a market product.
1.14.	**"container"**	Means any box, carton, pallet, tray, pocket, package or other receptacle utilized for the package/storage of market products and of a shape and size which must be approved

		by the Market Management and the Department of Agriculture.
1.15.	**"council"**	Means the municipal council of the CoM in which the executive and legislative authority of the CoM is vested and which is the decision making body of the CoM, its legal successors and its delegates.
1.16.	**"councillor"**	Means a councillor of the municipal council of the CoM who has been elected or appointed to an office of the CoM on a full-time basis in terms of the provisions of section 18(4) of the Local Government: Municipal Structures Act, Act 117 of 1998.
1.17.	**"credit facility"**	Means a pre-approved account enabling the holder of such account to purchase market product/s on credit within the market premises.
	"D"	
1.18.	**"department"**	Means the Department of Agriculture within the national sphere of government.
1.19.	**"direct sale"**	Means a sale of market product/s concluded on behalf of a vendor between a market agent and a purchaser subject to the provisions therefore contained in this policy. The delivery of market product/s is made directly between the vendor and the purchaser and such sale is only recorded in the official trading system of the CoM if the market product/s concerned enters the market premises.
1.20.	**"direct purchase"**	Means the sale of market products produce concluded between a vendor and a purchaser subject to the provisions therefore contained in this policy. The sale is concluded within the market premises with the involvement of a market agent and is recorded in the official trading system of the CoM.

1.21.	**"director"**	Means the respective Directors appointed by the CoM to head, administer and be responsible for his or her respective Directorate.
1.22.	**"directorate"**	Means the respective Directorates of the CoM established in terms of council resolution CC 96/2011 and dated 3 November 2011.
	"F"	
1.23.	**"fee"**	Means a fee, charge or tariff levied by and payable to the CoM in terms of the provisions of this policy.
1.24.	**"fidelity fund certificate"**	Means a fidelity fund certificate issued in terms of the provisions of section 16(3) of the APAA.
1.25.	**"floor sale"**	Means a sale of market product/s approved by the CoM for such sale, which is concluded upon the market floor.
	"L"	
1.26.	**"loading bay"**	Means any area within the market premises demarcated by the CoM as a "loading bay" and indicated as such with signs and markings.
	"M"	
1.27.	**"market"**	Means the National Fresh Produce Market of the CoM.
1.28.	**"market administration"**	Means the duly appointed officials of the CoM responsible for the management of the market premises on behalf of the CoM.
1.29.	**"market agent"**	Means a fresh produce agent as defined in terms of the provisions of section 1 of the APAA, and issued with a market agent's license by the CoM in terms of this policy.
1.30.	**"market agent's license"**	Means the license issued by the Market Management in terms of section 15.1. of this policy, which authorises a market agent to operate as a market agent within the market premises.

1.31.	**"market agent rules"**	Means the Rules In Respect Of Fresh Produce Agents Act, published under BN 80 in GG 27892 of 19 August 2005, by the Agricultural Produce Agents Council in terms of the provisions of section 22 of the APAA.
1.32.	**"Market Fee Schedule"**	Means the document which the Assistant Market Management: Finance and Administration must established and keep up to date, which contains a schedule of all the fees payable to the market administration in terms of this policy.
1.33.	**"market floor"**	Means the floor area within the market hall which is situated within the market premises and where the sale and purchase of market product/s take place.
1.34.	**"market hall"**	Means the enclosed area within the market premises allocated for the purpose of offering market products for sale.
1.35.	**"Market Management"**	Means the person appointed and delegated by the CoM to be in charge of the market administration, or his/her duly authorised delegate.
1.36.	**"market note"**	Means any document officially issued by the Market Management and displayed on or affixed to the official notice board of the market by the Market Management with the purpose of conveying information/notifications to any and all persons within the market premises.
1.37.	**"market premises"**	Means the premises established on Erf 57, Uraniaville, Registration Division IP, North West Province, including all land, buildings, plat-forms and other property within such premises, utilized either wholly or in part, directly or indirectly for the purpose of conducting the market operations, and/or any other fresh produce market established by the council within the municipal area of the CoM.

1.38.	**"market product"**	Means any article, object, item, product, agricultural product, produce, wood or other which has been approved by the CoM to be offered for sale within the market premises.
1.39.	**"market sale"**	Means a sale of market products concluded within the market premises or otherwise authorised by this policy.
1.40.	**"medical officer for health"**	Means the medical practitioner who holds office as the medical officer of health of the CoM, and includes any medical practitioner or inspector who lawfully acts in such capacity or who is duly authorised to do so.
1.41.	**"Municipal Finance Management Act" or "MFMA"**	Means the Local Government: Municipal Finance Management Act, Act 56 of 2003.
1.42.	**"municipal manager"**	Means the Municipal Manager of the CoM, appointed in terms of the provisions of section 54A of the Systems Act, and refers to the definition of "accounting officer" as defined in terms of the provisions of section 1 of MFMA, and also referred to in section 60 of the MFMA, and includes a person acting as an accounting officer, or the person to whom the accounting officer has delegated his/her authority to act.
"N"		
1.43.	**"nuisance"**	Means any act, omission or conduct which any reasonable person would find offensive or which materially interferes with the orderly conduct of the market.
"O"		
1.44.	**"offered for sale"**	Means the display, stacking, packing of market products or in any other manner bring to the attention of any purchaser within the market premises with the intention to offer such

		market products for sale to such purchasers in order to sell the market products.
1.45.	**"official notice boards"**	Means the notice boards situated in a prominent and noticeable position within the market premises with the specific purpose of conveying information.
1.46.	**"operational unit"**	Means any mechanical unit powered by electricity, gas or fuel, and includes a forklift, a cleaning and washer unit, a maintenance unit and any other unit in use for operational purposes at the market, but excludes a motor vehicle or motor-cycle of any kind.
"P"		
1.47.	**"person"**	Means a natural or juristic/legal person and/or entity.
1.48.	**"premises"**	Means any office, area, stand, stall or other place within the market premises, in, on or from which any business directly related to the market is conducted, together with any roadways, gangways or passages adjoining such office, area, stand, stall or other place with the other parts of the market premises.
1.49.	**"product entry document"**	Means the document issued by the CoM to a vendor or consignor prior to the consignor entering the market premises, which document must contain all information required by this policy.
1.50.	**"purchaser"**	Means any person who enters the market premises for the purpose of purchasing any market product/s or any person who has concluded a direct sale or a direct purchase as provided for in this policy, and who is the holder of a purchaser's card issued by the Market Management.
1.51.	**"purchaser's card"**	Means the card issued to a purchaser in terms of section 48.1. of this policy which enables the purchaser to purchase market products within the market premises. The purchaser's card is 'swiped' through an electronic device

		designed for such purpose, which results in the deduction of the monetary value equal to the transaction value of a purchase. The monetary value allocated to a purchaser's card must be previously allocated after a deposit is paid to the market administration by the purchaser. The amount paid to the market administration must be the same amount which is allocated to the purchaser's card.
"S"		
1.52.	**"sales-docket"**	Means a docket issued by the CoM in terms of this policy.
1.53.	**"sales-person"**	Means a duly authorised person employed by a market agent and who acts on behalf of such market agent with regard to any sale concluded on the market floor on behalf of the market agent, and who has been issued with a valid sales-person's permit by the Market Management.
1.54.	**"sales-person's permit"**	Means the permit issued by the Market Management in terms of section 22 of this policy and which authorises a sales-person to operate on behalf of a specific market agent within the market premises.
1.55.	**"Structures Act"**	Means the Local Government: Municipal Structures Act, Act 117 of 1998.
1.56.	**"Systems Act"**	Means the Local Government: Municipal Systems Act, Act 32 of 2000.
"U"		
1.57.	**"unit"**	Means the quantity of any market product upon which the selling price thereof is calculated, provided where market products are packed in a container, such container will constitute the unit.
"V"		

1.58.	**"vehicle"**	Means any operable object developed for the transportation of people, market products and includes a bicycle.
1.59.	**"vendor"**	Means the owner of market products which are consigned to and brought into the market premises for sale.

2. AIM AND PURPOSE

The aim and purpose of this policy are to regulate, implement and enforce the administration of the market of the CoM and matters connected therewith.

3. OBJECTIVE OF POLICY

The objective of this policy is to align the *status quo* of the practice conducted within the market premises with the policy document itself and to pave the way for enforcement thereof by way of a By-Law.

4. TITLE AND APPLICATION

(1) This policy is known as the National Fresh Produce Market Policy of the City of Matlosana applies to the municipal area of the CoM as determined by the Municipal Demarcation Board.

(2) All councilors and employees of the CoM must take cognizance and adhere to the provisions of this policy, where applicable.

(3) This policy revokes all previous policies, decisions and *ad hoc* clauses within any other policy, regarding the subject matter of this policy.

(4) All business activities conducted within the market premises must adhere to the provisions and requirements set out in this policy.

5. COMMENCEMENT AND VALIDITY

This policy shall come into full force and effect upon the acceptance hereof by the full council of the CoM by resolution. Attached hereto as and when such resolution from time to time has been adopted.

6. RESPONSIBLE AUTHORITY

(1) The CoM is the authority responsible for enforcing and carrying into effect the provisions of this policy.

(2) The council of the CoM hereby delegates its authority and responsibility for the proper implementation and enforcement of the provisions of this policy to the municipal manager and the market administration of the CoM. as stipulated in the Municipal Finance Management act Section 79 and section 59 of MSA.

(3) Market Agents only have a supporting role, they can make recommendations to the COM to streamline any process that affects obligations they have towards the COM.

CHAPTER 2: REGULATORY PROVISION

7. CONTROL AND SUPERVISION

(1) The control of and conduct within the market will be regulated and enforced by the market management in accordance with this policy and/or any other applicable legislation, policies, by-laws and/or resolutions of the CoM.

(2) All persons within the market premises must obey the lawful instructions of the market management and all applicable legislation, policies, by-laws and/or resolutions of the CoM, specifically the provisions of this policy.

8. ENTRY INTO THE MARKET

(1) The Market Management may, where reasonable circumstances exist in his/her opinion which justify such action, may-

(a) refuse entry to the market premises to any person;

(b) refuse any such person to bring any article or other thing of whatsoever nature into the market premises;

(c) instruct any person to leave or cause such person to be removed from the market premises; and

(d) instruct any person who brought any article or other thing of whatsoever nature into the market premises to remove such article.

(2) No person other than persons employed by the CoM, market agents and the employees of such market agents are allowed within the market hall without the permission of the Market Management.

(3) Every person ordered to do so by the Market Management must vacate the market hall without delay.

9. VEHICLES AND SECURITY

(1) The Market Management must control and regulate all vehicles which enter, are operated within and/or exit the market premises, or cause such vehicles to be regulated, and may-

(a) do so by way of verbal or written instruction;

(b) forbid any vehicle from entering or being operated within the market premises;

(c) without warrant, search any vehicle or receptacle of whatever nature and seize any article in respect of which any offence has been, or on reasonable grounds are suspected to have been, committed; and/or

(d) impose any limitation or condition upon any vehicle.

(2) The Market Management must allocate parking spaces within the market premises, and ensure that the use of such parking spaces is properly regulated.

(3) The Market Management must allocate loading-bays for the purpose of on- and/or off-loading of market products within the market premises;

(a) parking spaces next to loading-bay platforms may, upon application to the Market Management and payment of the prescribed fee, be allocated to and reserved for a particular person;

(b) no vehicle utilized for the delivery or removal from the market premises of any market products may remain stationary in a loading-bay or other area for a period which exceeds the period authorised therefore by the Market Management; and

(c) the Market Management must publish the applicable time period referred to in this paragraph (b) on the official notice boards within the market premises.

(4) No person may operate any vehicle on the market floor without the prior written consent of the Market Management and the Market Management may impose any condition he/she deems fit on the written consent for the purposes of maintaining control and order within the market premises.

(5) The Market Management may at any time, withdraw any consent granted to a person where such person does not comply with the verbal or written instructions of the Market Management or any conditions imposed on such consent.

(6) No vehicle may be parked or operated in any space or area which is not specifically provided for such purpose by the Market Management.

(a) Any vehicle parked or operated contrary to the provision of this sub-section may be removed or caused to be removed by the Market Management and any costs incurred in respect of such removal will be for the account of the owner/driver thereof.

(7) No person may operate and/or handle any vehicle and/or animal in such a manner which endangers another person or property.

(8) In the case of an emergency the Market Management may prohibit any person from parking or operating any vehicle within the market premises.

10. LEASING OF IMMOVABLE ASSETS

(1) Fresh Produce Market under COM owns various immovable assets, which includes land and Office spaces. The said properties are managed in line COM approved Land Management & Disposal Policy and Administration of immovable property policy together with relevant legislation applicable to it.

(2) The Market Management may lease the vacant asset to any person whom may wish to occupy and or trade from any premises if the lease is in accordance with Clause 10.1. A leave agreement will be entered into between the parties in accordance with a council resolution permitting the lessee to occupy.

10.2. The lessee will at all times adhere to the terms of the lease. The COM will honor its obligations in line with the provisions of the lease.

10.3. The Market Management will ensure compliance , any breach by the lessee will be remedied in writing, if such breach ensues the COM Legal Department, must resolve the breach.

10. MARKET DAYS AND HOURS

(1) The market must be open on such days and during such hours as determined by the Market Management, as set out in Annexure "A" to this policy.

(2) Subject to subsection (3), trading on the market floor may only be conducted on such days and during such hours provided in Annexure "A", unless the Market Management issues a notice authorising such sales on a particular date.

(3) Sales on the market floor will only be conducted during such time as provided by the Market Management by way of notice on the official notice boards.

11. CLEANLINESS OF PREMISES

(1) Any person to whom/which a premises has been allocated within the market premises must keep such premises, neat, tidy and clean at all times, and must immediately remove any clutter, obstruction or other undesired object upon instruction from the Market Management to do so.

(2) The Market Management may inspect any premises at any reasonable time, as well as any vehicle thereon or container therein.

(3) Each and every person to whom/which a premises has been allocated within the market premises, must provide an adequate number of dust- or rubbish receptacles of a type and size approved by the Market Management for use on such premises. No person shall place or cause to be placed any offensive matter in any such receptacles, and it shall be the responsibility of every person hiring such premises to ensure that the contents of such receptacles are regularly removed and dumped in a place determined by the Market Management.

12. GENERAL CONDUCT OF PERSONS ON AND RULES OF THE MARKET PREMISES

(1) The Market Management must take all reasonable steps necessary in order to ensure the health and safety of all persons within the market and must establish an appropriate environment for the conducting of business on the market.

(2) The Market Management must, when implementing sub-section (1), control and regulate the conduct of persons entering the market premises by written or verbal instructions, directives or policies, as may be amended from time to time.

(3) No person may enter any part of the market without the permission of the Market Management and subject to any conditions imposed by the Market Management with regard to such permission, and no child under the age of 16 (sixteen) years may, at any time, be admitted to any part of the market premises without direct supervision of an adult who is responsible for the conduct of the child.

(4) No person may occupy or trade from any premises unless that person has-

(a) obtained the prior written consent of the Market Management to do so; and

(b) paid the applicable fee due to the CoM in respect of such premises in advance.

(5) No person may-

(a) ignite any fire within the market premises without the written consent of the Market Management;

(b) purchase or sell any market product in any manner contrary to the provisions of this policy;

(c) stand, sit, lie or lean upon any market product or container within the market premises;

(d) touch, taste, handle, smell or move any produce upon the market floor, or any other part of the market premises, in such a manner which could lead to the contamination of such produce;

(e) throw any object within the market premises;

(f) tamper with any market product or container;

(g) without lawful reason tamper with and/or remove, or cause to be removed, any market product and/or container, or any label affixed to a market product and/or container;

(h) cause or allow any matter which could block or damage the sewerage or storm-water drainage system of the market premises to enter any drain or gully or cause or allow any sewerage, oil, waste water or other objectionable substance to flow into any storm-water drain;

(i) wash, peel, pack, sort, grade or clean any produce in any area of the market premises other than the area specifically designated for such purposes without the prior written consent of the Market Management;

(j) interfere with or disturb any other person in any way whatsoever within the market premises;

(k) interfere with any legal business activities of any other person in any way whatsoever or force any market product on any other person within the market premises;

(l) enter or remain within the market premises, without the written consent of the Market Management, after the normal business hours of the market as provided in Annexure "A" to this policy and the Market Management may cause such person to be forthwith removed from the market premises;

(m) fail or refuse to comply with any written or verbal instruction of the Market Management;

(n) use any threatening, obscene, abusive, violent, offensive or disgusting conduct or language, or cause any other disturbance within the market premises;

(o) consume, be under the influence of or take into the market premises any alcohol or illegal substance;

(p) wilfully damage and/or deface any property or building within the market premises;

(q) dispose of or deposit any fruit peels, vegetable leaves, garbage or other refuse of any kind in any manner other than in the receptacles provided for such purposes within the market premises;

(r) interfere with and/or obstruct any employee of the CoM from executing any of his/her duties;

(s) hawk, peddle or beg within the market premises;

(t) remove any refuse, waste or condemned produce from the market premises without the prior written consent of the Market Management;

(u) prepare any food and/or beverage in any area of the market premises other than the area specifically designated for such purposes;

(v) enter with any animal or cause any animal or other thing to enter the market premises without the prior written consent of the Market Management;

(w) loiter or spit in any area of the market premises or make any loud or disturbing noise;

(x) smoke in any area of the market premises; and

(y) organise or conduct a public meeting without the prior written consent of the Market Management.

(6) No person may erect any fence and/or building within the market premises or any premises leased from the CoM, convert an existing building or erect partitions, install or extend existing water or electricity mains or fittings, or make any other changes to any such premises, without the written consent of the Market Management and the required approval from the CoM in terms of the applicable legislation.

(7) Every employee of any person conducting any business within the market premises must be in possession of a valid permit issued by the Market Management authorizing such employees to enter upon the market premises and perform their duties.

(8) A permit issued in terms of sub-section (7) by the Market Management will only be done upon a written application form being submitted to the Market Management together with payment of the applicable tariff.

13. PORTERS AND CARRIERS

(1) No person may ply for hire as a porter or carrier within the market premises without a permit issued by the Market Management authorizing such person to ply for hire as a porter or carrier.

(2) A permit may only be issued in terms of sub-section (1) to a person upon submission of proof of identification and payment to the Market Management of

a refundable deposit provided in the Market Fees Schedule, which permit will be valid for a period of 3 (three) weeks from the date of issue.

(3) Every person plying for hire as a porter or carrier on the market premises must have the permit contemplated in sub-section (1) on his/her person when entering the market premises.

(4) No porter or carrier on the market may ply or canvass for hire by shouting or by persistently following a purchaser, prospective purchaser or any other person within the market premises.

(5) Every porter and carrier will, at all times, his/her person and clothing in a clean and tidy condition to the satisfaction of the Market Management and must adhere to any written or verbal instructions given by the Market Management in this regard.

(6) Every porter and carrier who is not engaged or plying for hire within the market premises must retreat to the area set aside by the Market Management for porters and carriers.

(7) Porters and carriers must, at all times, wear the proper identification provided by the Market Management upon registration of the porter or carrier.

(8) Any porter or carrier who contravenes sub-sections (1) to (6) will be ordered off the market by the Market Management and will forfeit his/her permit without being refunded for any deposit paid by such porter or carrier.

(9) The permit issued to a porter or carrier is neither negotiable nor transferable.

(10) The Market Management may withdraw the permit of a porter or carrier if such porter or carrier-

(a) fails to comply with any provision in this policy applicable to such porter of carrier;

(b) fails to pay the deposit contemplated in sub-section (2); or

(c) conducts himself/herself in such a manner that may cause injury to any other person or damage to property.

(11) The Market Management must notify a porter or carrier of his/her decision to withdraw the permit of such porter or carrier he must notify the carrier in writing of his decision, which withdrawal will be effective from the date and time of such notification.

(12) Where the permit of a porter or carrier is withdrawn due to the breach by such porter or carrier of any provision of this policy, any deposit paid by the porter or carrier will be forfeited and must immediately cease to ply for hire as a porter or carrier.

14. BARROWS AND TROLLEYS

(1) The CoM may only issue a barrow to a porter or carrier if such porter or carrier–

(a) wears the identification contemplated in terms of section 13(7);

(b) is in possession of a valid permit issued by the Market Management; and

(c) has paid the refundable deposit of which a usage-fee will be deducted by the market administration, which fee must be determined by the CoM from time to time.

(2) The usage-fee contemplated in sub-section 1(c) is set out in the Market Fees Schedule.

(3) Every porter and/or carrier must be in possession of his/her receipt for the deposit referred to in sub-section (1)(c) at all times and must be able to produce the receipt upon a request to do so by the Market Management.

(4) No porter or carrier may utilize more than 2 (two) barrows or trolleys at any given time.

(5) Porters and carriers may only utilize such barrows and trolleys provided by the CoM and under no circumstances may private barrows, trolleys or other device of such nature be utilized by a porter or carrier within the market premises.

(6) Every porter and carrier to whom a barrow or trolley has been issued must utilize such barrow or trolley in safe and responsible manner and will be liable for any damage caused in the operation of a barrow or trolley.

(7) A barrow or trolley may not sub-let to any third party.

(8) The CoM must ensure that all barrows and trolleys are maintained by the CoM in a good condition and working order.

15. MARKET AGENTS

(1) The CoM must keep a register of all market agents who/which conducts the business of a market agent within the market premises and with whom/which the CoM has concluded a written agreement authorizing such market agent to conduct the business of a market agent within the market premises, in which register must be recorded all information regarding the directors and ownership of every market agent and its employees.

(2) No person may conduct the business of a market agent within the market premises unless such person is the holder of–

(a) a fidelity fund certificate; and

(b) a market agent's licence.

15.1 Market Agent's Licence:

(1) An application for a market agent's licence must be made on the prescribed application form provided by the market administration, which application from must be completed in full and submitted to the Market Management together with the applicable application fee determined by the CoM from time to time and provided in the Market Fees Schedule, together with all other information and/or documentation required in terms of the application form or by the Market Management.

(2) An applicant may only be issued with a market agent's licence if–

(a) the Market Management finds that there is a need for and sufficient capacity available on the market floor to accommodate the applicant's market agent business;

(b) the Market Management must consult the market administration prior to reaching his/her finding in terms of sub-paragraph (a);

(c) the applicant has furnished to the satisfaction of the Market Management sufficient information and documentation to ensure that–

(i) the applicant is a fit, proper and competent person in order to conduct the business of a market agent and that the provisions of the APAA in as far as it relates to a market agent has been complied with together with any other applicable legislation;

(ii) neither the applicant nor any of its directors, members or partners, as the case may be, has any direct or indirect interest in any other legal entity to which a market agent's licence has been issued by the CoM; and

(iii) the applicant is legally qualified to conduct the business of a market agent.

(d) the applicant has furnished to the CoM within 30 (thirty) days from the submission of the application, security in the form of a cash or bank guarantee, or a combination of a cash and a bank guarantee, to the satisfaction of the Market Management and in the amount specified by the Market Management for the provision of payment by or on behalf of the applicant of any fee in terms of this policy or other which is payable to the CoM, provided that–

(i) the CoM may, from time to time, determine that the amount for which an applicant provided security should be increased, in which case the Market Management must notify the market agent in writing of the amount so increased; and

(ii) such market agent must furnish any additional security to the Market Management within 30 (thirty) days from the date of the notice referred to in sub-paragraph (i), which additional security must be for the difference between the increased amount and the amount of security previously furnished, which must be in the form of a cash or bank guarantee or a combination of a cash and a bank guarantee.

(3) If the Market Management finds that an applicant did not comply with any one or more of the provisions of sub-section (2), he/she must reject the application of the applicant concerned and notify the applicant in writing of his/her finding.

(4) The Market Management must provide written reasons for any finding contemplated in sub-section (3) upon the submission of a written request to do so by the unsuccessful applicant, which request must be submitted within 14 (fourteen) days from the receipt of the notice contemplated in sub-section (3).

(5) The Market Management may refuse to issue or renew a license if the market agent concerned-

(a) has an interest, either directly or indirectly, or is involved in any other business established for the production, sale, purchase or dealing in market product/s usually sold upon the market floor or within the market premises;

(b) has been found guilty of a contravention of any law, policy or regulation regarding the market;

(c) is not a fit or proper person to be trading within or employed at the market premises;

(d) has acted in any way prejudicial to the interest of the market.

(6) The Market Management may immediately withdraw the license of a market agent if–

(a) the fidelity fund certificate of a market agent has lapsed or has been suspended in terms of the provisions of section 16(10) of the APAA;

(b) in the case of the market agent being a legal entity, any change in the shareholding of the company or the membership of the close corporation or the partners of the partnership has occurred without the market agent in question having informed the Market Management prior to such change;

(c) any one or more of the provisions of sub-sections (1) or (2) have not been complied with;

(d) the conduct of the market agent either directly or indirectly harms, prejudices or impairs the interest of the market premises; or

(e) the market agent contravenes any provision or neglects any duty or obligation provided in this policy.

(7) If the Market Management decides to withdraw the license of a market agent, he/she must notify such market agent in writing of such intention and market agent whose/which market agent's licence has been withdrawn by the Market Management must, subject to any appeal provided for in terms of section 70 of this policy, immediately cease to conduct any market agent business within the market premises.

(8) A market agent's licence is neither negotiable nor transferable and lapses automatically if–

(a) the market agent is a natural person who has died or whose estate has been sequestrated;

(b) the market agent commits an act of insolvency as contemplated in terms of the provisions of the Insolvency Act, Act 24 of 1936;

(c) the market agent is a partnership that is dissolved for any reason whatsoever;

(d) the market agent is a company which has been placed under provisional liquidation or judicial management; or

(e) the market agent is a close corporation which has been placed under provisional liquidation.

(9) A market agent's license which has automatically lapsed in terms of sub-section (8) is no longer valid and a new market agents' license must be applied for by the market agent concerned in terms of this policy.

(10) Any decision by the Market Management not to issue or renew a market agent's license does not disqualify an applicant from again applying for a market agent's license within a reasonable time from the decision of the Market Management.

(11) A market agent's license will be valid from its date of issue until it has been cancelled, withdrawn or lapses in terms of this policy.

(12) A market agent's license lapses after the expiry of 12 (twelve) months from its date of issue.

(13) A market agent whose/which license has lapsed in terms of sub-section (11) or (12) may apply for the renewal of such license in terms of this policy at any time after the lapse thereof.

(14) The Market Management has the discretion to withdraw or refuse to renew a market agent's license, provided there are reasonable grounds for such withdrawal or refusal.

(15) In addition to the license issued by the CoM to a market agent, every market agent must take out any and all other licenses and furnish any and all required forms of security in terms of any law and must submit proof of compliance with this sub-section to the Market Management, before such market agent will be allowed to commence with trade within the market premises.

(16) The Market Management must immediately suspend the license of any market agent who/which fails to comply with sub-section (15) until such time as it has been complied with and sufficient proof thereof is submitted by the market agent concerned to the Market Management.

(17) The issue of a market agent's license will be at the sole discretion of the CoM notwithstanding the fact that applicants may comply with all the requirements and conditions for such license.

15.2 Market Agent's Employees:

(1) Every market agent must register its employees with the Market Management and the Market Management must record all relevant information regarding such employees in the register which the Market Management must keep for such purpose, and any changes in respect of a market agent's employees must be communicated to the Market Management in writing within 3 (three) days of such change.

(2) Every market agent must ensure that none of his employees which suffer from any kind of disease that might in any manner be contagious are present within the market premises, until such time as that employee has been restored to his/her full health.

(3) Every market agent will be held responsible for the conduct of any person in its employ and will be held personally liable for any damage caused by such market agent or any person in its employ to the property of the CoM or other.

(4) Any person in the employ of a market agent who/which contravenes any provision of this policy must be subjected to disciplinary procedures which comply with any and all relevant labour legislation.

(5) Every market agent must-

(a) terminate the services of any person in its employ who is convicted of a criminal offence or contravenes any law, policy or regulation relating to the market; or

(b) ensure that the services of a person referred to in sub-paragraph (a) are never re-instated.

(6) Any person employed by a market agent and who conducts any activity on behalf of such market agent within the market premises, must be in possession of a permit issued by the Market Management to such person upon application to the Market Management by the responsible market agent.

(7) Any person employed by a market agent and who/which do not comply with sub-section (6) may ordered to vacate the market premises and may be removed or caused to be removed from the market premises by the Market Management.

(8) The Market Management may not issue a permit to any person who/which is not a fit and proper person, who/which has contravened any law, policy or regulation in respect of the market or any instructions by the Market Management, and the Market Management must cancel a permit previously issued to any person if such person is in breach of this sub-section.

(9) A permit issued by the Market Management to any person employed by any market agent must at all times be in the possession of such person whilst such person is within the market premises and must produce the permit upon demand by the Market Management or a duly authorised official of the CoM to do so.

(10) A permit issued by the Market Management in terms of this section is non-transferrable.

15.3 Market Agent's Obligations:

(1) Every market agent must, prior to any change in its directorship, ownership or personnel, inform the municipal manager and the Market Management in writing of any such change at least 30 (thirty) days prior to such change.

(2) No market agent may trade in any other entity or have an interest in such other entity which is registered with the CoM as service provider or trade in or be involved in any sub-agencies.

(3) A market agent may only offer for sale such market products which have been approved for such purpose by the municipal manager.

(4) A market agent may not allow any purchaser to remove any purchased market product/s from the market floor unless such purchaser is in possession of a sales docket issued in respect of such market product/s.

(5) A market agent may not sell any market product/s in a container which does not comply with the specifications for such container provided by the Market Management.

(6) Each market agent must ensure that the market product/s provided to a purchaser is consistent with the market product/s purchased by such purchaser in respect of the quantity, quality, weight, grade, variety and/or container thereof.

(7) A market agent may be held liable by a purchaser if–

(a) the market product provided to the purchaser by the market agent differs from that purchased by the purchaser as provided in sub-section (6);

(b) any market product/s provided by the market agent materially differs from the sample provided therefore.

(8) Neither a market agent nor any of its employees may purchase any market product/s upon the market floor with the intention of reselling such market product/s to authorised or unauthorised buyers.

(9) No market agent or any of its employees are allowed to purchase any market product/s upon the market floor for personal use or consumption at a price lower than that for which such market product/s are offered for sale to any other person on the market floor and on the same day.

(10) Every market agent must ensure that its salespersons comply with the provisions of this policy.

(11) Every market agent must sign an acknowledgement of receipt for every market product or consignment delivered to such market agent and at the time of delivery.

(12) Every market agent will be responsible to the vendor for the quantity indicated on a delivery note and must account to the vendor in respect of such quantity in the manner determined by the Market Management.

(13) Every market agent must at its own expense-

(a) ensure that a sign is attached or affixed to the door of any offices occupied by such market agent, which sign must be approved by the Market Management and must display the name of the business of the market agent;

(b) maintain the sign in a state of good repair; and

(c) display the name of its business within the market hall in a manner to ensure prominent visibility thereof to the satisfaction of the Market Management.

(14) Every market agent must ensure that its market agent business is conducted in accordance with the provisions of the APAA, the market agent rules as well as the provisions of this policy.

15.4 General:

(1) No market agent may receive any payment in any form from a purchaser for any market product/s.

(2) The Market Management must allocate a stand to every market agent upon the market floor to conduct its business as a market agent.

(3) A market agent may not sub-let any stand allocated to it in terms of sub-section (2) without the prior written consent of the Market Management.

(4) No market agent may place any market product/s or items of any kind upon or within such floor space which has been allocated to another market agent in terms of sub-section (2) without the prior consent of the Market Management and such other Market Management.

(5) Any allocation made by the Market Management in terms of sub-section (2) may be withdrawn at any time where good cause can be shown therefore.

(6) No market agent may show any preference to any person in any way whatsoever when conducting business within the market premises.

(7) A market agent may only conduct its business on the market floor.

(8) Only salespersons may conclude any sale/s on behalf of a market agent upon the market floor.

16. PROTECTIVE CLOTHING

(1) Every market agent must provide its employees with the required protective clothing and must ensure that such clothing is distinctly marked with the code, mark or the name of the market agent. The Market Management must ensure compliance hereof by every market agent.

(2) Protective clothing must be numbered as directed by the Market Management and must be kept clean and in a state of good repair at all times.

(3) No market agent may allow any of its employees to conduct any work within the market premises unless he/she is wearing the proper protective clothing

(4) Every instruction of the Market Management issued in respect of this section must be complied with and any person who fails to comply with such instruction may be removed or caused to be removed from the market premises by the Market Management.

17. PREFERENCE

No person involved in or with any aspect of the market premises whatsoever may, in performing any function whatsoever, in any way give preference to any other person or receive or accept any award, gift or inducement in return of preference shown or to be shown.

18. INFORMATION

(1) The Market Management may demand any information and/or documentation from any person and in respect of any aspect of the market premises, for statistical or any other lawful purpose.

(2) The Market Management may post any internal administrative directives for the market premises upon the official notice board of the market and any such posting will be regarded as sufficient notice of any matter to any and all persons concerned.

(3) The Market Management may directly furnish any vendor with a copy of any information relating to the sale of any market product which was sold on behalf of that vendor by any market agent, or any other information as may be required.

(4) Every market agent must, upon a request from the Market Management to do so, furnish the Market Management with the name and address of any vendor on whose/which behalf such market agent has sold any market product, as well as any other information as the Market Management may require.

(5) Every market agent must, upon a request from the Market Management to do so, furnish the Market Management with any information and/or documentation in respect of the delivery, sale and/or payments made for all the market products consigned to such market agent.

(6) Every vendor must furnish the Market Management with full and correct information in respect of transaction relating to the market premises, upon a request from the Market Management to do so.

19. MARKET ADMINISTRATION

(1) The CoM has established and appointed the market administration to administer the market of the CoM and to implement and enforce the provisions of this policy.

(2) The market administration has an advisory function and must assist the Market Management and/or municipal manager to resolve any market-related disputes and must submit written proposals to the CoM regarding internal managerial, financial and operational matters upon request by the municipal manager.

20. DELIVERY NOTES AND WAYBILLS

(1) Every person who/which brings or causes to be brought into the market premises any market product must, immediately on its entry into the market premises, register such product with the market administration and the relevant person to whom/which such product is consigned.

(2) The market administration may obtain a copy of every delivery note or waybill issued by a transport organization together with any other information, documentation or particulars required by the market administration in respect of every product delivered to the market by such transport organization.

(3) The market administration must keep record of and issue a note for every market product received at the market premises, which note must be based on the delivery note or waybill presented by a consignor or transport organization upon delivery of such market product to the market premises.

(4) Every note issued by the market administration in terms of sub-section (3) must contain-

(a) the time and date of delivery/arrival of market products;

(b) the full name and address of the vendor and the consignor;

(c) a description of the product;

(d) a description of the container;

(e) the weight or quantity;

(f) the variety or quality;

(g) the name or code of the market agent or person to whom/which the market product is allocated;

(h) the registration number of the delivery vehicle; and

(i) any other particulars which may be required by the Market Management.

(5) No person other than the Market Management may issue, or cause to be issued, any delivery notes or waybills or any other documents relating to the collection, sale or delivery of market products.

(6) The cost or portion of the cost in respect of any and all documents issued in terms of this section may be recovered from the relevant market agent.

CASHIERS

1) Cashiers are expected to perform their duties diligently and with honesty;
2) Cashiers are not allowed to have more than two (2) cash shortages in one month
3) Cashiers are not allowed to have more than two (2) cash surpluses in one month
4) In case of shortages or surpluses exceed the pre-set number, a verbal warning will be issued to the cashier in front of a witness. The warning will be effective for 3 (three) months
5) If there is a shortage by the same cashier within the three (3) months of a verbal, a written warning will be issued in front of a witness. This warning will be effective for 6 (six) months
6) If there is a shortage by the same cashier within the six (6) months of written warning, this cashier will face a disciplinary hearing
7) The above measures will not apply to a new cashier within the first three months of their appointment, but measures must be taken to ensure that such occurrences should not occur and in the case of shortages the matter must be resolved on the same day

8) Cashiers must explain all cash surpluses and shortages as and when required
9) All newly appointed cashiers are expected and will undergo the necessary training during their probation in the first three (3) months
10) All cashiers are expected to sign a declaration that will safeguard council's income by ensuring that they work in a safe environment as provided by council and any deficiencies in their working environment must be reported immediately
11) Each cash shortage must be receipted and paid in by the cashier on the same day or before 05h00 the next day
12) Each cash surplus belongs to the municipality, as it might be claimed at a later date and the cash surplus must be receipted and banked by the cashier
13) All cash shortages and surpluses are to be recorded and reported to the Manager Revenue or a Senior Official in the Revenue Division on a weekly basis
14) Original receipts that are cancelled must be retained and filed.
15) Bank notes must be checked for counterfeit notes and reported immediately and training shall be supplied by Councils banking institution.
16) All cashier cash shortages must be paid according to point 11 or not later than the last day of the same month by salary deduction, but only with the approval of the Chief Financial Officer
17) Cashiers must ensure that post-dated cheques are not accepted and receipted
18) No landline telephones or cell phones will be allowed in the cashier cubicles;
19) No cash may leave their cubicle to answer a phone or cell phone whilst account customers are waiting to pay
20) Cashiers are expected to work at different offices within the municipalities jurisdiction

21) Cashiers may not cash-up one another, unless an arrangement has been made with a senior official or supervisor who will take the responsibility of their actions
22) Cashiers are not allowed to use Cashiers passwords for the selling of pre-paid electricity, processing payments on accounts or cancelling receipts;
23) Cashiers must not take more than 45 (forty-five) minutes lunch, unless a prearrangement is made with their supervisor;
24) A cashier may not leave their working area to attend to personal matters unless a prearrangement is made with their supervisor;
25) Cashiers must never leave their cubicles unlocked during working hours;
26) Only cashiers, supervisors and authorised senior persons may enter the cubicles of other cashiers and only when that cashier is present
27) Any work by private companies must not be undertaken in the cubicles
28) If a cashier has to leave the cubicle, no one may remain in the cubicle
29) Cashiers may not have visitors in their cubicles at any given time of the time;
30) Only cashiers, supervisors or authorised senior officials may take cash from cashier cubicles to the safe room in the strong room;
31) No eating is allowed in the cubicles

Failure to implement these conditions will result in disciplinary actions

SUPERVISORS TO CASHIERS

1) Supervisors must ensure that Cashiers cash for the day balances with the machines (cash drawer) total;
2) Supervisors must ensure that cashiers cheques for the day balances with the machines (cash drawer) total;
3) Supervisors must ensure that post-dated cheques are not receipted and banked

4) Supervisors must ensure that cashiers credit cards for the day balances with the machines (cash drawer) total
5) Supervisors must ensure that cash is accounted for and given to the security company for banking each day
6) Supervisors will be held liable for bank charges for incorrect deposit totals
7) Supervisors must ensure that only bank guaranteed cheques are receipted, unless arranged otherwise by the section head
8) Supervisors must assist in finding the cash shortages and surpluses of cashiers
9) Supervisors must ensure that cash is transported to the bank within 24 hours (with an exception for weekends and holidays, money will be banked on the next working day)
10) Supervisors must do daily reconciliations of receipts and daily summaries of cashiers;
11) Supervisors must report any misconduct by cashiers as well as suspected criminal activities to the Revenue Manager or Senior Officials
12) Supervisors must assist cashiers in resolving any disputes with account payers
13) Supervisors are to be in contact with the cash collecting company for any new persons employed, to avoid robberies;
14) Supervisors must check the authenticity of identity cards of officials from the cash collecting company;
15) Supervisors are to report any suspicious activities by the cash collecting company to the Revenue Manager or Senior Official or Head of Security: City of Matlosana Local Municipality;
16) Supervisors must always be present each time cash is handed over to the cash collecting company
17) Supervisors must ensure that there are security officers present when cashiers balance cash for the day;
18) Supervisors are the only ones permitted to process the cancellation of receipts

19) Supervisors must report all cancellations, cash shortages, surpluses and any pending transactions on the prepaid system to the Revenue Manager Office, or to a senior official on and as when occurred on a regular basis, at least twice a week. Supporting documentation must always be kept safe;

In case of a dispute with the bank about cash shortages and surpluses, an investigation will be undertaken and depending on the outcome of the investigation, a decision will be taken by the senior supervisor of Payment Collections to resolve the dispute.

Failure to implement these conditions will result in disciplinary actions

1. DIRECT DEPOSITS

1) Supervisor and Cashiers must request and receive bank statements daily for reconciliation;
2) Correct allocate unallocated receipts;
3) Draw up a spreadsheet of all unknown direct deposits for verification with the bank
4) Check all the RD (Refer to the Drawn Cheques) payments for the following with the debt collection section;
5) Issue receipts for all grants received;
6) Ensure that payment from Easy-Pay, Pay @ and Conlog are updated
7) Ensure safekeeping of all receipts and reports in a designated place of safe keeping;
8) Ensure all payments from all Councils bank accounts are updated

21. CONTAINERS

(1) Each and every container must display the name and address of the vendor, consignor and responsible market agent.

(2) The name and address contemplated in sub-section (1) must be brought onto a container by the making of a mark in clear and legible capital letters, by securely affixing a label to it or by pasting a label thereon.

(3) All other names, addresses or marks which are not required by law will be removed.

(4) No market product may be displayed and/or offered for sale unless its container is marked in accordance with the requirements of this policy.

22. SALESPERSONS

(1) No salesperson may be employed as such until a valid salesperson's permit has been issued by the Market Management upon application to the Market Management and upon payment of the prescribed fee.

(2) Every market agent applying for a salesperson's permit must satisfy the Market Management that:

(a) he/she is a fit and proper person to function within the market premises as a salesperson;

(b) he/she is qualified to and not legally prohibited in any way from functioning as a salesperson within the market; and

(c) he/she is employed by a registered market agent.

(3) The application form for a salesperson's permit, provided by the market administration, must–

(a) be accompanied by the applicable fee provided in the Market Fees Schedule and any other information and/or documentation required; and

(b) be sent by pre-paid registered post or be hand-delivered to the Market Management's office at the market.

(4) The Market Management may refuse to issue or renew a salespersons permit if the salesperson concerned-

(a) has an interest, either directly or indirectly, or is involved in any other business established for the production, sale, purchase or dealing in market product/s usually sold upon the market floor or within the market premises;

(b) has been found guilty of a contravention of any law, policy or regulation regarding the market;

(c) is not a fit or proper person to be trading within or employed at the market premises;

(d) has acted in any way prejudicial to the interest of the market.

(5) A salesperson's permit will be valid from its date of issue until it has been cancelled, withdrawn or lapses in terms of this policy.

(6) If the Market Management is of the opinion that an applicant does not comply with any one or more of the provisions of sub-sections (2) and (3), the Market Management must refuse to issue a permit to such applicant and must notify the applicant in writing of the refusal.

(7) Any decision by the Market Management not to issue or renew a salesperson's permit does not disqualify an applicant from again applying for such permit within a reasonable time from the decision of the Market Management.

23. VENDORS

(1) Any vendor who/which is desirous to remove any market product of such vendor which entered the market premises, must obtain the prior written consent of the Market Management before doing so.

(2) A vendor who/which does not comply with sub-section (1) or any other provision contained in this policy regarding a vendor, may be suspended by the Market Management from operating within the market premises.

24. COLD STORAGE AND RIPENING

(1) The CoM may provide facilities for the cold storage and/or ripening of market products and levy a fee for the use of such facilities by any person at a prescribed rate, which may be amended from time to time.

(2) The fee payable to the CoM is payable by any person who/which wishes to utilize the cold storage and/or ripening facility of the CoM and payments must be made monthly in advance, on or before the 3rd (third) day of each month and in the amount provided in terms of the Market Fees Schedule.

(3) The Market Management may confiscate any market product/s stored inside the cold storage and/or ripening facilities of the CoM, until any and all fees due to the CoM in respect of such storage or any other outstanding fees owing to the CoM have been paid in full.

(4) Any and all risk in respect of any market product/s stored inside the cold storage and/or ripening facilities of the CoM, remains entirely that of the person who/which utilizes such facilities and no liability for loss, variation, theft or of whatsoever other nature devolves on the CoM whether direct or indirect.

(5) A disclaimer will be signed giving effect to the above-mentioned clause.

(6) Any loss by a person who uses ripening rooms/ cold rooms due to mechanical breakdowns/ power cut/ loadshedding, such loss will not be borne by the COM, no claim will be honoured by the COM where there is no negligence on the part of COM

(7) Market products will only be released from the cold storage or ripening facilities by the CoM upon the presentation to the Market Management of a written order from the store, or its duly authorised agent, and provided that a signed receipt for the market products to be released is given to the Market Management.

(8) The Market Management may at any time refuse to accept any market product/s for cold storage and/or ripening upon reasonable grounds or circumstances which justify such refusal and may order the immediate removal from the cold storage and/or ripening facilities of any market product/s deemed to be hazardous, dangerous, contagious or unsound.

(9) If the person responsible for the market product/s, or the duly authorised agent of such person, fails to comply with an order from the Market Management to remove the market product/s contemplated in sub-section (6), the Market Management may cause such market product/s to be removed.

(10) Any and all costs incurred by the CoM for the removal of any market product/s in terms of sub-section (7) will be for the expense of the person responsible for such market product/s, or such person's duly authorised agent, and the Market Management may suspend such person or the duly authorised agent of such person from conducting any business within the market premises until all costs incurred by the CoM have been refunded in full.

(11) No liability of any nature resulting from any damage or inconvenience will devolve upon the Market Management or the CoM in terms of sub-sections (6) to (8).

(12) No person may store or leave any market product/s or other thing of whatsoever nature within the market premises without the prior written consent of the Market Management.

(13) No person may store any market product/s or other thing of whatsoever nature in the storage facilities provided by the CoM within the market premises without the prior written consent of the Market Management.

(14) Any person who/which fails to comply with the provisions of sub-sections (12) or (13) will be liable for payment of storage fees.

25. POWERS OF THE MARKET MANAGEMENT

(1) The Market Management may–

(a) inspect any market product/s, property, item, object or thing of whatsoever nature within the market premises;

(b) prohibit any market product/s from leaving the market premises if the Market Management reasonably suspects that any person has failed to

comply with a provision of this policy in respect of the sale or purchase of such market product/s;

(c) prohibit the sale of any market product/s where there is a reasonable suspicion that such market product/s may be stolen, such product/s may be confiscated until such time as ownership thereof have been established;

(d) request any information or documentation from any person connected with the market and in respect of any aspect regarding the market of whatsoever nature, and any person to whom/which such request was made by the Market Management must immediately furnish the requested information and/or documentation;

(e) instruct any person who/which has caused an obstruction within the market premises of whatsoever nature to immediately remove and/or clear such obstruction;

(f) prohibit any act by any person which is not in accordance with this policy or which act interferes with any function of the market; and

(g) for the purpose of ensuring the effective, efficient and proper functioning of the market as well as the safety and well-being of any and all persons within the market premises, issue any instructions deemed necessary which instruction may be conveyed verbally, in writing or by way of a market note.

(2) Every person within the market premises must obey and comply with any instruction/s of the Market Management.

26. UNCLAIMED AND REJECTED ARTICLES

(1) A storage fee may be levied on any market product stored by the market administration due to the market product/s being left abandoned within the market premises and not claimed and removed within 48 (fourty-eight) hours by the person responsible for such market product/s.

(2) Any market product/s which is stored by the market administration in terms of sub-section (1) and the storage fee is not paid upon notice by the Market Management to the person responsible for the market product/s, must be sold by the Market Management.

(3) The proceeds of a sale in terms of sub-section (2) must be held on behalf of the person entitled thereto provided all fees, monies due to the market for any reason whatsoever, including any costs for the sale thereof, has been paid or deducted therefrom.

(4) Where the person entitled to the proceeds of a sale cannot be located within 21 (twenty one) days, the Market Management must pay such monies into the primary bank account of the CoM.

(5) The Market Management may reject any market product which is unfit for the purpose that it has been brought to the market or which poses a danger in any way.

(6) The Market Management may immediately confiscate and cause any market product/s referred to in sub-section (5) to be destroyed.

(7) Any disputes which may arise in terms of sub-section (6) will be settled by the medical officer for health of the CoM whose finding will be final and binding on all parties ad who must issue a certificate authorising the destruction of the market product/s in question.

(8) The medical officer for health and/or the person from the department responsible therefore may inspect, reject and dispose of any market product/s brought to the market for sale, and no compensation will be made by the CoM in respect thereof.

27. REMOVAL OF OBSTRUCTIONS

(1) Any person who/which places, or causes to be placed, any market product, article or other object upon any part of the market premises which creates an inconvenience or obstruction to any other person who/which performs any

function within the market premises, must immediately remove such market product, article or object upon the instruction of the Market Management.

(2) Any person refusing or failing to comply with an instruction from the Market Management in terms of sub-section (1) will be liable to a fine in terms of this policy.

(3) The Market Management may, where any person refuses or fails to comply with an instruction to remove any obstruction in terms of this section, remove or cause any obstruction to be removed within the market premises and any costs in respect of such removal may be recovered from the defaulting person.

CHAPTER 3: MARKET PRODUCTS

28. CONTROL AND RISK OF MARKET PRODUCTS

(1) No market product or other may be brought within the market premises if such product is not marked for the attention of a specific person authorized by the Market Management to operate within the market premises and proper record is not kept of all products so entering the market.

(2) Before any market product/s is brought within the market premises, such market product/s must be registered with-

(a) the market administration as provided in this policy; and

(b) the market agent to which such market product/s is consigned.

(3) Market product/s brought within the market premises which is not for sale must be declared as such and also registered in accordance with subsection (1), failing which the Market Management may refuse such market product/s to enter the market premises.

(4) Any further particulars required in respect of such market product/s must be provided at the request of the Market Management.

(5) When a market product/s is consigned to a market agent, such market agent must-

(a) upon delivery of the market product/s, acknowledge receipt thereof and indicate the time and date of such delivery;

(b) allocate a consignment number to the market product/s, and hand proof of such a receipt to the market administration;

(c) immediately make any and all necessary arrangements for the offloading and storage thereof; and

(d) be able to account to the vendor in respect of the quantity of the market product/s indicated in the documentation.

(6) Any person who/which fails and/or refuses to comply with the provisions of this section may be refused entry into the market premises together with all market products of such person.

29. PACKING, STACKING AND DISPLAY OF MARKET PRODUCTS

(1) Every market agent must-

(a) pack, place, stack and display all market product/s received by such market agent in a neat and orderly manner to the satisfaction of the Market Management; and

(b) after the daily closing of sales, display and restack all unsold produce in the manner referred to in paragraph (a).

(2) Every market agent must make every possible arrangement and comply with every instruction of the Market Management with regard to the packing, placing, stacking, arranging and the display of all market products received by such market agent at such time determined by the Market Management and in such manner as to create an orderly appearance, be conspicuous to prospective

purchasers and adequately separated from other market products, whether or not the market products are of the same commodity or from the same vendor.

(3) The Market Management may at any time direct any vendor or market agent to move or remove some or all market products from an area or to another area, or to re-stack, re-arrange or re-display such market products.

30 ABANDONED MARKET PRODUCTS

(1) If the Market Management on reasonable grounds suspects that any market product/s left behind by any person within the market premises for a period which exceeds 24 (twenty four) hours, he/she may direct that such market product/s be-

(a) sold, provided it is sound and fit for human consumption or use; or

(b) removed and/or disposed of if it is unsound and unfit for human consumption or use.

(2) If abandoned market product/s–

(a) is sold, the CoM must pay the proceeds of the sale, less the applicable fee of the CoM, to the person who is entitled to such proceeds and where such identity does not become known within 21 (twenty one) days, the monies must be paid into the primary bank account of the CoM, if his identity becomes known; or

(b) is removed and/or disposed of, the CoM must attempt to recover the costs thereof from the person who abandoned the produce, if his/her identity becomes known.

(3) Notwithstanding the above any abandoned market product will become the property of the CoM if the identity of the owner thereof is not known within a period of 48 (fourty eight) hours.

31. PRODUCTS UNFIT FOR HUMAN CONSUMPTION

(1) If the Market Management on reasonable grounds believes that–

(a) any market product/s offered for sale within the market premises carries a disease or unsound or unfit for human consumption, he must immediately-

(i) withdraw the market product/s from the market floor;

(ii) take possession of the market product/s;

(iii) block the entire consignment thereof; and

(iv) immediately order all such market products to the discard room within the market premises;

(b) a container is likely to contaminate the market product/s contained therein, if any, or other surrounding market product/s, he must immediately–

(i) withdraw such market product/s, if any, and the container from the market floor;

(ii) take possession thereof;

(iii) block the entire consignment thereof; and

(iv) immediately order all such market products to the discard room within the market premises;

(2) If the owner of market product/s or any container contemplated in sub-section (1), or in his absence the market agent to whom such market product/s has been consigned agrees with the Market Management regarding the unfit/unsound nature thereof the market product/s concerned together with its container, if applicable, must be disposed of immediately.

(3) If a dispute in respect of the condition of market product/s or a container contemplated in sub-section (1) arises between the Market Management and the owner or market agent referred to in subsection (2)-

(a) the market product/s or the container, if applicable, may not be disposed of until the dispute has been resolved; and

(b) the dispute must be dealt with in accordance with the provisions of section 71 of this policy.

32. COLLECTION AND REMOVAL

(1) Subject to the provisions of sub-section (2), a purchaser must, within a period of 4 (four) hours from the time of the conclusion of the sale of market product/s, collect and/or remove or cause to be collected and/or removed all the market product/s purchased by such purchaser, provided that the Market Management may in his/her sole discretion grant a purchaser an extension of time for the collection and/or removal of the market product/s.

(2) No purchaser or his/her representative may remove any market product/s from the market floor unless–

(a) he/she is in possession of a valid sales docket for such market product/s; or

(b) permission has been granted by the Market Management for the removal of the market product/s.

33. OFF-LOADING OF PRODUCTS

(1) Every market product delivered to the market premises must, on arrival, immediately be offloaded and placed in the area provided therefore.

(2) Every market agent must, as soon as reasonably possible, load or off-load or cause any barrow, trolley or other vehicle to be loaded or off-loaded upon request by the Market Management.

(3) The CoM is not responsible for any loss, damage or delay in the delivery or off-loading of any market product of any market agent or purchaser.

34. SEPARATION OF MARKET PRODUCTS

Every market agent must effectively separate or remove all market product/s received by such market agent which is, or shows signs of being, deteriorated or damaged.

35. VARIATION IN QUALITY

No person may bring or offer any market product/s within the market premises which is so packed that the market product/s at the top or sides of its container is of a better quality or larger size than the market product/s in the centre or other parts of the container.

36. SELLING BY SAMPLE

(1) Market product/s which is sold by sample must correspond with and be of a similar quality as the sample thereof, the market agent concerned is responsible for the same.

(2) No market agent may offer any market product for sale on sample unless at least 60 % of the entire consignment of such sample is present on the market floor or stored within the designated cold storage area of the market when the sampling takes place.

(3) No market agent may display any sample of any market product for sale or sell any article from such sample, unless the sample is a true representation of the entire consignment.

(4) The Market Management may satisfy him-/herself in any manner which may be necessary that a consignment is truly represented by the sample displayed therefore.

37. VARIATION BETWEEN SAMPLE AND PRODUCT

(1) Every market agent is responsible for damage, inconvenience or loss suffered by any person who purchases any market product from sample which differs substantially from the sample displayed or offered for sale by such market agent.

(2) A decision by the Market Management whether a sample of a market product is truly representative of its consignment, will be final and binding.

(3) No purchaser is obliged to accept any market product/s which is inferior to, or does not conform to the sample provided therefore, or which does not conform to the declaration made at the time of sale by the Market Management or market agent concerned.

(4) A purchaser who/which does not wish to accept a market product in terms of sub-section (3) must notify the Market Management immediately after delivery of such market product has been made to him/her, provided that the market product has not be fiddled or tampered with, unpacked, re-sorted or removed from the market premises.

(5) Any market product which has left the market premises may not be returned and will not be exchanged.

38. UNSOLD PRODUCTS

Every market agent must at the conclusion of sales each day, re-stack all unsold market products in accordance with section 29 and must take every reasonable precaution in order to prevent the deterioration of or damage to any unsold market product/s.

39. GRADING

(1) No market products which must be graded in terms of any law, may be offered for sale or sold within the market premises unless it has been so graded and the grade assigned to the market products concerned has been clearly allocated thereto.

(2) No market products which are required by law to be offered for sale or sold unless it complies with every such requirement.

40. WEIGHT

(1) The Market Management may direct that the weight of a market product be measured in the presence of a purchaser or prospective purchaser at such place and on such scale as the Market Management determines if requested o do so by the purchaser/prospective purchaser concerned.

(2) The net weight of a market product will be utilized and it is the responsibility of the market agent concerned to ensure that the correct net weight is displayed.

41. COLLECTION AND DELIVERY

(1) Every purchaser must collect his/her purchases at the market agent concerned or the applicable market agent must deliver the same to the purchaser as soon as the purchase price has been paid, or as otherwise directed by the Market Management.

(2) A market agent must deliver the exact quantity, weight, quality, grade, variety and container purchased by a purchaser.

(3) No purchaser will be entitled to claim from and be compensated by the CoM for any loss or inconvenience suffered as a result of non-compliance by a market agent in terms of this section.

42. DUMPING AND RE-SELLING

No person may, without the written consent of the Market Management, dump or re-sell any market product within the market premises.

43. TRANSFER OF PRODUCTS

The Market Management may, upon a request to do so by any vendor, transfer market products belonging to such vendor from a market agent to whom/which such market products were originally consigned to any other market agent identified by the vendor.

CHAPTER 4: MARKET SALES

44. MARKET SALES

(1) The CoM must take all reasonable steps required to ensure that-

(a) the business conducted on the market floor is in accordance with this policy and all other laws relating to fresh produce markets; and

(b) all disputes relating to the market premises are resolved as expeditiously as possible.

(2) The CoM may-

(a) satisfy itself, in any reasonable manner required, that a consignment is truly represented by a sample thereof displayed or offered for sale on the market;

(b) inspect any goods brought within the market premises;

(c) inspect any goods purchased on the market whilst such goods are still within the market premises; and

(d) confiscate any market product/s which is the subject of a dispute until such time as the dispute is resolved.

(3) The CoM may, by way of notice on the official notice board of the market, forbid the sale of any market product/s within the market premises and/or the use of certain containers.

(4) The CoM must, where there is a reasonable suspicion that any market product/s brought and/or offered for sale within the market premises are stolen property, refuse to allow such product/s to be offered for sale or sold;

(a) where such suspicion arises subsequent to the conclusion of the sale concerned, the market administration must confiscate the proceeds of such sale and the product/s itself, until the origin and/or ownership thereof has been verified to the satisfaction of the Market Management.

(5) The Market Management may refuse to release any market product/s if he/she has reason to believe that the person responsible for such market product/s has in any way failed to comply with the provisions of this policy.

(6) The CoM may issue such internal directives regarding sales and/or purchases as it may deem necessary.

45. COMMENCMENT AND CLOSING OF SALES

Market sales shall commence and close on the time and dates indicated by the Market Management on the official notice board of the market.

46. PROCEDURE BEFORE SALE

(1) No market product may be offered for sale or sold unless the provisions of this policy has been adhered to in respect of such market product and the consignor of the market product concerned as well as the person to whom/which such market product/s has been consigned, have in their possession either the original or a true copy of the documents referred to in such sections.

(2) Any copy of the original shall be deemed to be a true copy if certified as such by the Market Management.

47. FLOOR SALES

(1) The CoM may never be a party to a floor sale.

(2) The CoM will not in any manner be held liable for the due fulfilment of the terms and/or conditions of any floor sale.

(3) The Market Management is entitled to take such measures as he/she may deem necessary to ensure that the provisions of this chapter are complied with and to prohibit any market product from being offered for sale if any such provisions have not been complied with.

(4) Market product/s on the market floor may only be sold to a purchaser who is in possession of a valid purchaser's card issued by the market administration.

(5) When concluding a floor sale, the purchaser concerned must immediately present his purchaser's card to the applicable market agent who/which must record the details of the sale in the manner prescribed in this policy.

48. PAYMENT

(1) The CoM only allows for payment of market products purchased within the market premises in the following 2 (two) manners:

48.1. Purchaser's Card:

(1) All purchasers must, on application and payment of the prescribed application fee, obtain a purchaser's card from the market administration.

(2) Every purchaser must, immediately upon the conclusion of any sale, present his/her purchaser's card to the market agent concerned who/which must record the details of such sale in the prescribed manner.

(3) No market agent or an employee of such market agent shall receive or handle cash in respect of any purchase on the market floor.

(4) No purchaser may remove any market product/s from the market premises unless he/she is in possession of a valid sales docket.

(5) Before any purchaser will be able to make any purchase with his/her purchaser's card, such purchaser must first deposit a sufficient amount for such purchases with the market administration, which deposit will be directly allocated to his/her purchaser's card.

(6) The purchaser may proceed to make purchases within the market premises of any market product/s until the amount of the deposit in (5) above have been depleted.

(a) Market agents, where any purchaser proceeds to purchase market products, will swipe the purchaser's card through the applicable electronic device for each sale to a purchase, which will result in the deduction of an amount equal to such purchase from the account of the purchaser concerned.

(7) A purchaser who has depleted the deposit in respect of his/her purchaser's card, will not be able to concluded any further purchases without making a further deposit as provided in (5) above.

(8) All holders of a purchaser's card must exercise the necessary care in respect of the safekeeping of such card, and the CoM will not be held liable for any unauthorised utilization by another and/or deductions from the purchaser's card, unless it can be proven to be due to an error of the CoM.

(9) The CoM must, where there is a reasonable suspicion that any purchaser s card is misused or loaded money incorrectly,

(a) where such suspicion arises subsequent to the conclusion of the card concerned, the market administration must deactivate such purchaser s card, until the purchaser s card has been verified to the satisfaction of the Market Management.

49. COMMISSION ON SALES

(1) The vendor/consignor is responsible to pay to the CoM the commission-fee as set out in the Market Fees Schedule for every floor sale concluded by such vendor/consignor.

(2) The CoM will deduct the fee referred to in subsection (1) from the purchase price in respect of every floor sale and must pay the balance of such purchase price to the market agent concerned.

50. RETAILERS AND WHOLESALERS

(1) The CoM is entitled to reserve any part of the market premises for the purpose of any retail and/or wholesale business dealing in market products and when doing so must enter into written agreements with such retailer and/or wholesaler for such purpose.

(2) A written agreement between the CoM and a retailer and/or wholesaler must provide that a retailer or a wholesaler–

(a) only conducts its business in such part of the market premises allocated to the retailer and/or wholesaler;

(b) only trade in the market products specified in the agreement; and

(c) is not entitled to trade upon the market floor without the specific written approval of the Market Management.

(3) No wholesaler or the personnel of such wholesaler may trade on the market floor or any other area other than the area designated to such wholesaler by the Market Management.

(4) No wholesaler or the personnel of such wholesaler may be involved in retail trading unless the prior written consent of the CoM has been obtained.

(5) No wholesaler or the personnel of such wholesaler may introduce business practices which will result in such wholesaler or his personnel competing with the trade on the market floor.

52. SALES PRACTICES

52.1. General:

(1) Subject to section 52.2. and 52.3. below, no person may conduct any practice whatsoever with the aim at concluding a direct sale or direct purchase.

(2) No market product/s may be sold in any manner other than by quality, weight, number, as prescribed by law or as otherwise determined by the CoM.

52.2. Direct Sales:

(1) No person may conclude a direct sale unless-

(a) such person has obtained the prior written consent of the Market Management; and

(b) the full details of the sale, other relevant information and/or documents required for consignment auditing purposes in respect thereof has been furnished to the Market Management.

(2) Council may from time to time publish commodity lists of products which it deems fit to prohibit for direct sales.

52.3. Direct Purchases:

(1) No person may enter into any direct purchase arrangements with a vendor unless-

(a) such person has obtained the prior written consent of the Market Management;

(b) the full details of the purchase is disclosed at the entrance to the market premises and the original copy of the waybill is provided to the market administration at such entrance; and

(c) all relevant information and/or documentation required for consignment auditing purposes in respect thereof has been furnished to the Market Management.

(2) Only market product/s which enters the market premises which are subject to a direct purchase will be recorded by the CoM.

(3) No market product/s received for purpose of a direct purchase may be stored in the cold-storage facilities of the CoM or market agent unless the specific prior written consent of the Market Management has been obtained.

(4) The CoM may from time to time post any commodity lists of market products which are prohibited from being directly purchased.

(5) In the event of a direct purchase, the market agent or vendor shall for the purpose of obtaining the consent of the CoM, provide the CoM with the purchase price of such a sale, a sales docket and a delivery note showing-

(a) the date;

(b) the name, code and address of the vendor;

(c) the name and address of the purchaser;

(d) the commodity;

(e) the quantity and quality of the market product/s sold; and

(f) any other information that the CoM shall reasonably require in respect of such sale.

53. MARKET AGENTS

(1) It is the responsibility of the market agent concerned to ensure that articles which are required to be sold by weight are arranged in units, the weight of which shall comply with any legal requirements, before such articles are displayed for sale, offered for sale or sold and such weight shall be clearly and legibly marked on such articles and their containers.

(2) No articles shall be displayed for sale, offered for sale or sold unless the container is marked in the manner prescribed in this policy.

(3) No market product required by law to be graded, shall be offered for sale or sold on the market unless it has been submitted by the market agent concerned for inspection and has been inspected as prescribed by law and the grade assigned to it as a result of such inspection has been clearly marked on it by such market agent.

(4) No article required by law to be offered for sale or sold by weight, or to be packed, marked or graded in a prescribed manner shall be offered for sale or sold or removed from the market agent unless it complies in every respect with the requirements of such law, provided that the CoM may, in its discretion, direct that any article be sold if it deems it expedient to do so.

(5) No market agent shall conclude a direct sale between a vendor and a buyer and fail to obtain prior authority from the Market Management, omit or neglect to advise the Market Management in advance of the details of such direct sale.

54. ACCOUNTING

(1) The CoM must keep and maintain a correct account of all transactions, market product/s sold and monies received within the market premises.

(2) All books and accounts of the CoM together with all records, information and/or documentation relating thereto, must at all times be open for inspection by any person from the offices of the Auditor-General for purpose of such inspection.

(3) The CoM must pay the sales-proceeds of market product/s consigned to a market agent which has been sold on the market floor or by means of a direct sale to such market agent's trust account after deduction of any and all fees payable to the CoM in respect of such sale, provided that in the case of a direct sale the CoM may withhold any proceeds pending written certification by the market agent concerned that the sale has been concluded and the market product/s delivered to the satisfaction of both the vendor and the purchaser.

(4) The CoM must pay the sales-proceeds of market product/s consigned to a market agent, that has been sold on the market floor after deduction of market due's and all other fees payable to the CoM in respect of such sale within 72 hours of sale.

55. HOW ARTICLES ARE TO BE RE-SOLD

Market products may only be sold by quality, weight, number, quantity or as otherwise prescribed by a law and determined by the Market Management.

56. CONTAINERS ARE INCLUDED

(1) Unless otherwise directed by the Market Management or unless declared to be a condition of sale by a market agent, the purchase price of a market product which is sold in a container shall include the price of such container.

(2) The Market Management may direct that containers may not be removed from the market or that a container must be returned to the market premises by a purchaser and a deposit determined by the Market Management must be paid by the purchaser for such container, which deposit will be forfeited if the container concerned is not returned within the period determined by the Market Management.

57. VENDORS AT SALES

(1) No vendor may assist or attempt to assist the Market Management or market agent with the display or sale of his/her market product/s or interfere with or obstruct them in any way without the prior written consent of the Market Management.

(2) Any instructions from a vendor contemplated in sub-section (1) may be given verbally, but must be followed-up in writing before the commencement of the sale.

59. SALES DOCKETS

(1) Every sales docket must be clearly and legibly issued and must contain the following information:

(a) the date of sale;

(b) the market agent's reference;

(c) the full name of the vendor;

(d) the full name or client number of the purchaser;

(e) the variety and quantity where applicable;

(f) the type of container and/or weight where applicable

(g) the quality, quantity and weight of the market product/s sold, where applicable;

(h) the price per unit;

(i) the number of units sold;

(j) the gross value of the sale; and

(k) such other information as may be required by the Market Management.

CHAPTER 5: MISCELLANEOUS PROVISIONS

60. MONIES AND DUES

(1) The CoM may demand, sue for and recover any amount due to it by any person to whom/which any market product/s has been sold.

(2) The CoM may set off any amount owed to it against any monies in its possession or under its control which belongs to any person who fails to comply with a demand from the CoM in terms of sub-section (1).

(3) The CoM may withhold any monies in its possession if the CoM has any reason to believe that if such monies are paid out by the CoM it will not reach the person rightfully entitled to thereto. The CoM must contact the person rightfully entitled to the monies contemplated in this sub-section and effect payment to such person directly.

(4) No liability shall devolve on the CoM for any *bona fide* action taken in terms of this section.

(5) Any person operating or trading within the market premises must pay to the CoM the applicable market fees set out in the Market Fees Schedule.

61. RIGHT TO OCCUPY OR TRADE

(1) No person shall occupy or trade from any office, area, stand, stall or other place, unless he has obtained the prior written consent of the CoM and has paid, in advance, any applicable fees or rental in respect thereof.

(2) No tenant may sub-let any office, area, stand, stall or other place without the prior written consent of the CoM, or its assignee, and provided appropriate agreements are entered into, where applicable.

62. LIABILITY OF PORTERS AND CARRIERS

(1) Every porters and carrier renders the service of a porter or carrier at his/her own risk and the CoM will not be held liable to such porter or carrier in respect of any loss or damage to person or property resulting from such porter or carrier service.

(2) The CoM is not liable to any person in respect of any loss or damage to person or property which is caused by a porter or carrier in the execution of such porter or carrier services.

63. LIABILITY OF THE COM

(1) Every person who enters the market premises must do so at his/her own risk, and neither the CoM nor any of its employees will be liable for any loss or damage to person or property suffered by such person arising from any act or omission by an employee of the CoM in the execution of his/her duties in good faith.

(2) The CoM will not be liable for any error of description, shortage or excess in quantity or lack of quality in respect of any article sold within the market premises.

(3) No liability shall devolve on the CoM in respect of loss of or damage to any market product or other item, injury or death from any cause whatsoever within the market premises.

64. RISK OF PROFIT AND LOSS

(1) The risk of profit and loss of any market product brought onto the market premises must at all times be the sole risk of the person to whom it has been consigned or the market agent concerned, until such market product has been sold whereafter the risk shall pass to the purchaser.

(2) Any person who brings any article, vehicle, animal or other thing whatsoever upon the market premises, shall be responsible therefore and liable for any damage, injury, danger, obstruction or inconvenience that it may cause.

65. PURCHASER'S DEFAULT

(1) If a purchaser fails to present his/her purchaser's card or to effect payment of the purchase price for the market product/s purchased, the Market Management may direct that the produce be re-sold in such manner as he/she may deem fit and expedient.

(2) A purchaser contemplated in subsection (1) is liable to the CoM for payment for any loss in respect of fees suffered by the CoM as a result of the re-sale of the

market product, and the Market Management will be entitled to suspend the purchaser's card of the purchaser until payment has been recovered from the purchaser.

66. DEMAND FOR PAYMENT BY MARKET MANAGEMENT

(1) The Market Management may demand and recover any monies due by any person on behalf of or to whom any market product has been sold, and if such person fails to make payment to the CoM, the Market Management may set-off such monies against any monies in the possession of the market which belong to such person.

(2) The CoM may take any steps required in terms of its Customer Care and Management, Credit Control and Debt Collection Policy of the CoM.

67. MISCONDUCT OF MARKET AGENTS and farmers

If any market agent commits a breach of or fails to comply with, the provisions of any law in respect of the market, or any instruction of the Market Management, the CoM may serve a notice on such market agent calling for the forthwith remedy of the breach or failure, failing which the CoM may cancel and/or refuse to renew the market agent's license of the market agent, as well as the right of occupation of any office or other accommodation, without prejudice to any other rights of the CoM.

68. DAMAGE TO PROPERTY OF THE COM

Any and all person/s occupying a premises, office, store table space, or stall, shall be responsible for all damage caused thereto during the use of tables, blocks, counters, equipment or other property of the CoM, excluding normal wear and tear.

69. UNAUTHORISED ACTIVITY

(1) Any person who/which uses, keeps or occupies any space within the market premises in any manner contrary to this policy, shall be guilty of an offence and liable for the payment of a fine in terms of section 72 of this policy.

(2) No person may sell, or offer, introduce, hawk with or carry about for sale, any item within the market premises without the prior written consent of the Market Management. Every item in terms of this sub-section may be seized and taken or caused to be seized and taken by the Market Management into custody until the close of business of the market on the day concerned.

(3) No person may bring any dog within or upon any part of the market premises during market hours and any person found doing so must remove such dog immediately. The Market Management shall have the right to impound any dog found within the market premises.

(4) Any person who hinders an official of the CoM from executing his/her duties, or any person using offensive language, acting in a threatening manner or refusing to obey any lawful order of the market administration, will be guilty of an offence, removed from the market premises and liable to a fine in terms of this policy.

70. APPEALS

(1) Any person who/which submits an application to the CoM in terms of this policy or in any other manner transacts with the CoM in terms of this policy and, who/which is of the opinion that his/her/its rights have been detrimentally affected by a decision of the CoM regarding any matter in terms of this policy, has the right to appeal against such a decision of the CoM to the municipal manager, by giving written notice of the intention to do so within 21 (twenty one) days of receipt of the decision.

(2) A written notice as contemplated above must be accompanied by the grounds on which such appeal is based, as well as the reasons for the appeal.

(3) The written notice must be addressed to the municipal manager who will forward the appeal to the appropriate appeal authority for a decision thereon.

(4) A decision on appeal by the appeal authority will be final and binding.

71. RESOLUTION OF MARKET DISPUTES

(1) In the event of any dispute arising on the market premises relating to the sale of any article on the market and not involving the CoM as a party, or any direct sale, or any matter incidental thereto, the Market Management may decide the issue subject to section 70 of this policy.

(2) The CoM may impound and hold as sequester any property on the market belonging to any party to a dispute, of a value it considers to be sufficient to satisfy the claim of any other party, and may hold such property until such time as the disputes has been determined by the CoM or a court of law.

(3) Any dispute which does not involve the Market Management may be referred to the Market Management and such referral must be in writing and accompanied by the written submission of all persons involved in the dispute.

(4) The Market Management must arrange a meeting for the resolution of the dispute between the parties concerned and an opportunity will be provided to all parties involved in order to make representations in respect thereof.

(5) The Market Management must provide his/her ruling on the representations to the parties concerned as soon as reasonably possible and such ruling will be binding on the parties concerned subject to section __ of this policy.

(6) Where a dispute involves the Market Management or any other employee of the CoM, the dispute must be referred to the municipal manager.

72. OFFENCES AND PENALTIES

(1) Any person who-

(a) contravenes any provisions of this policy;

(b) contravenes any condition imposed upon the granting of any application, consent, approval, concession, relaxation, permit, authority or any other other in terms of this policy;

(c) fails to comply with the terms of any notice served on him in terms of this policy; or

(d) fails to comply with any lawful instruction of the CoM;

shall be guilty of an offence and liable to a fine as set out in the Fine Schedule provided in Annexure "B" to this policy.

(2) Any expense incurred by the CoM as a result of a contravention of this policy or a failure to comply with any lawful instruction by any person in terms of this policy, may be recovered by the CoM from the person who contravenes this policy or so failed to comply.

(3) Any and all monies due to the CoM by a person in respect of this section may be deducted from any monies held on behalf of such person.

73. FARM GATE EXCHANGE TRADING PLATFORM TRADING SYSTEM

The Farm Gate Exchange Trading Platform: Trading System is not supported by the CoM and no market agent may take part or operate such system. The CoM has the right to withdraw the market agent's permit of any market agent who takes part or operates the aforementioned trading system and will not renew any such permit.

74. GENERAL

(1) Every person shall be presumed to know the provisions of this policy and of every instruction issued by the CoM on the official notice board on the market premises.

(2) A certificate issued by a duly authorised official of the CoM indicating the amount which any person owes to CoM shall constitute prima facie proof of such person's indebtedness to the CoM as at the date of such certificate.

75. BY-LAW TO GIVE EFFECT TO POLICY

The CoM must adopt a by-law to give effect to the implementation of this policy.

PROPOSED

ANNEXURE "A"

MARKET DAYS AND HOURS

- MONDAY TO FRIDAY FROM 05H00 TO 10H30; AND
- SATURDAY FROM 05H00 TO 09H30.

PROPOSED

ANNEXURE "B"

FINE SCHEDULE

ANY PERSON GUILTY OF AN OFFENCE IN TERM SOF THIS POLICY WILL BE LIABLE TO THE FOLLOWING FINES:	
1ST TIME OFFENDER	R500
2ND TIME OFFENDER	R1000
3RD TIME OFFENDER	R1500
4TH TIME OFFENDER	R2000
5TH TIME OFFENDER AND MORE	R2500

PROPOSED

CITY OF MATLOSANA



VIREMENT POLICY

2025/2026

DRAFT

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PROPOSED

1. INTRODUCTION

The compilation of a virement policy is based on the guidelines issued in Budget Circular No 51 published by National Treasury. The MFMA as amended and the Municipal Budget and Reporting Regulations seek to move municipalities away from the traditional approach of

appropriating/approving budgets by line item. The aim is to give the heads of municipal departments and programmes greater flexibility in managing their budgets. To further facilitate this, each municipality must put in place a council approved virements policy, which should provide clear guidance to managers of when they may shift funds between items, projects, programmes and votes.

1.1 *Webster's New Millennium™ Dictionary of English defines "Virement" as "a regulated transfer or re-allocation of money from one account to another, especially public funds."*

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

1.3 Changing circumstances and priorities during a financial period may give rise to a need to virement (transfer) funds within or between approved Votes, as defined in the Municipal Finance Management Act 56 of 2003 (MFMA) as amended. The treatment of such instances may, however, be dependent on whether an adjustment budget is required or not.

PROPOSED

2. PURPOSE

2.1 The Chief Financial Officer has a statutory duty to ensure that adequate policies and procedures are in place to ensure an effective system of financial control. A municipality's virement policy and its underlying administrative process within the system of delegations is one of these controls.

2.2 Section 81(1)(d) of the MFMA states inter alia that "The Chief Financial Officer of a municipality- ...must advise senior managers and other senior officials in the exercise of powers and duties assigned to them in terms of section 78 or delegated to them in terms of section 79."

PROPOSED

2.3 It is the responsibility of each senior manager of each Directorate to which funds are allocated, to plan and conduct assigned operations so as not to expend more funds than budgeted and to ensure that funds are utilised effectively and efficiently.

2.4 Section 78(1)(b) of the MFMA states inter alia that "Each senior manager of a municipality and each official of a municipality exercising financial management responsibilities must take all reasonable steps within their respective areas of responsibility to ensure-...(b) that the financial and other resources of the municipality are utilised effectively, efficiently, economically and transparently;"

2.5 This policy aims to provide guidelines to senior management in the use of virements as a mechanism in their day-to-day management of their budgets. In addition, it specifically aims to empower senior managers with an efficient financial – and budgetary system to ensure optimum service delivery within the current legislative framework of the MFMA and the municipality's system of delegations.

3 DEFINITIONS

3.1 Accounting Officer (MFMA)

"- (a) in relation to a municipality, means the municipal official referred to in section 60;"
3.2 Chief Financial Officer (MFMA)

"a person designated in terms of section 80(2)(a)"
3.3 Senior Manager

Section 56 of the Systems Act states inter alia that: "Appointment of managers directly accountable to municipal managers - (a) a municipal council, after consultation with the municipal manager, appoints a manager directly accountable to the municipal manager...
3.4 ***Municipal Council"*** or "council" means the council of a municipality referred to in section 18 of the Municipal Structures Act;

3.5 Approved Budget (MFMA)

"- means an annual budget-
(a) approved by a municipal council; or
(b) approved by a provincial or the national executive following an intervention in terms of section 139 of the Constitution, and includes such an annual budget as revised by an adjustments budget in terms of section 28;"
3.6 ***Budget transfer"*** means transfer of funding within a vote subject to limitations.

3.7 ***Capital budget"*** means a financial plan catering for large and long-term sums for

investment in property, plant and machinery, over a period greater than the period considered under an operating budget.

3.8 ***Operating budget"*** An operating budget is the annual budget of an activity stated in terms of Budget Classification Code, functional/sub-functional categories and cost accounts. It contains estimates of the total value of resources required for the performance of the operations in terms of revenue and expenditure including reimbursable work or services for others;

3.9 Cost Centre
Cost centre is a cost collector which represents a logical point at which cost (expenditure) is collected and managed by a responsible cost centre owner.

3.10 Financial year
The 12-month period between 1 July and 30 June.

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

3.12 "Overspending"-
a) means 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;

3.13 Virement
The process of transferring an approved budgetary provision from one operating cost element or capital project to another within a vote during a municipal financial year and which results from changed circumstances from that which prevailed at the time of the previous budget adoption.

4 LEGISLATION REQUIREMENTS

Chapter 4 of the Municipal Finance Management Act, No. 56 of 2003, states that the approval of the budget/appropriation is the responsibility of Council. This does not mean the approval of every line item but rather the approval of the budget which will give effect to the planned strategic priorities of the municipality's (IDP & SDBIP). There is no legislation that prevents Council from delegating authority to other levels as far as line items are concerned.
The process, format and other compliance requirements are regulated by the Municipal Finance Managements Act, No. 56 of 2003, the Municipal Budget and Reporting Regulations and National Treasury MFMA Circular No.51.

5 OBJECTIVES OF POLICY

This policy shall give effect to the requirements and stipulations of the Municipal Finance Management Act, Municipal Budget and Reporting Framework in terms of the Approved budget.
The policy sets out the virement principles and processes which City of Matlosana will follow during a financial year.
These virements will represent a flexible mechanism to effect budgetary amendments within a municipal financial year.

6. VIREMENT RESTRICTIONS

In terms of Circular 51 issued by National Treasury, the following principles must be incorporated into municipal virements policies:

- Virements should not be permitted in relation to the revenue side of the budget;
- Virements between votes should be permitted where the proposed shifts in funding

facilitate sound risk and financial management (e.g. the management of central insurance funds and insurance claims from separate votes);

- Virements from the capital budget to the operating budget should not be permitted;
- Virements towards personnel expenditure should not be permitted;
- Virements to or from the following items should not be permitted: bulk purchases; debt

impairment, interest charges; depreciation, grants to individuals, revenue foregone, insurance and VAT;

- Virements should not result in adding 'new' projects to the Capital Budget;
- Virements of conditional grant funds to purposes outside of that specified in the relevant conditional grant framework must not be permitted; and
- There should be prudent limits on the amount of funds that may be moved to and from

votes and sub-votes (e.g. not more than 5 per cent of the budget may be moved to or from a vote, programme, project etc.).

An approved virement does not give expenditure authority outside of what is allowed by Council's Supply Chain Management Policy.

Virements will only be approved if they facilitate and promote sound risk and financial management.

7. BUDGET TRANSFERS

The amount of a saving under a main expenditure category of a vote that may be transferred to another main expenditure category may not exceed ten per cent (10%) of the amount appropriated under that main expenditure category. Savings in an amount appropriated for capital expenditure may not defray operational expenditure.

7.1 TRANSFERS FROM REPAIR AND MAINTENANCE

As per directive from National Treasury only transfers to Repair and Maintenance votes will be allowed. No transfers from Repair and Maintenance to any other cost functions like Salaries; General Expenditure will be allowed.

7.2 YEAR-END TRANSFERS

This policy make provision for the transfer of funds at any financial year end to avoid any unauthorised expenditure. Such transfers must be approved within the framework set out in the delegations below.

7.3 CAPITAL BUDGET TRANSFERS

a) Only virements which relate to projects approved as part of annual or adjustments budgets, will be permitted.
b) No virements that will result in the adding of "new" projects onto the Capital Budget, will be allowed.
c) Virements must be between projects of similar funding sources (e.g. grant funded ↔ grant funded).
d) Implementation of the project from which funds are viremented may not be prejudiced (i.e. must not hinder completion of the project).
e) Motivations for virements should clearly state the reason for the saving within the "giving" project, as well as the reason for the additional amount required.

8. DELEGATIONS ON CAPITAL BUDGETS

A Capital Budget is approved per line items or per project. This in effect means that Council does not allow any discretion to an official other than delivering on the decision. Any saving or shortfall must be reported to Council for Council to decide on the future utilisation of the savings as well as to seek additional funds for the execution of a project in the case of a shortfall in the budgeted amount to complete the project. Because of the fact that Council in fact decide on the individual projects or purchases this cannot be delegated and any discussion around such an item and changes must be approved by the Council.

9. DELEGATION ON VIREMENTS TRANSFERS ON IN - OPERATING BUDGETS

9.1 VIREMENTS TRANSFERS BETWEEN VOTES (FUNCTIONS)

A "Vote" in terms of the MFMA National guidelines is defined determined as one of the main segments into which a budget of a municipality is divided for the appropriation of funds money for different departments or functional areas. This specifies the total amount that is appropriate for the purpose of the department or functional area.
Council therefore decide on the total amount that is allocated to that specific function and classifies it as a vote, because council approves the "vote" only the shifting of funds within the "vote" can be delegated to Executive Mayor in consultation with the Accounting Officer and the Chief Financial Officer. As far as the reallocation of funds between "Votes" is concerned, it cannot be delegated and Council has to decide on each of them.

9.2 VIREMENTS BETWEEN COST CENTRES

Transfer of line item budgets between cost centres within a specific "Vote" is delegated to the Executive Mayor. The Executive Mayor is a chairperson of the Budget Steering committee where he/she will play their political oversight and where he/she can be informed by the Accounting Officer, the Chief Financial Officer and other senior functional managers. Any transfer of funds between cost centres by the Executive Mayor must be informed in writing by comments from the Accounting Officer and the Chief Financial Officer. The amount of transfer by the Executive Mayor is limited to R 1 000 000 per line item and any amount larger that this must be approved by Council. It is also a requirement that any transfer approved by the Executive Mayor be reported to full Council on a monthly basis.

9.3 VIREMENTS BETWEEN DIFFERENT CATEGORIES WITHIN COST/FUNCTIONAL CATEGORIES

The transfer of budgets between different categories within a functional or cost centre can be delegated. The approval will then be signed by the Municipal Manger on condition that a report for information must be submitted to Council every quarter. Any transfer application must be accompanied by comments from the Chief Financial Officer. Transfers in terms of this delegation is limited to R 500 000 per line item. In cases where this amount is exceeded, it will have to be submitted to the Executive Mayor for approval under his/her limitation of R1 000 000 or Council for approval for any case above R1 000 000.

9.4 VIREMENTS WITHIN CATEGORIES

The transfer of budgeted amount within categories is delegated to the Senior Manager and can only be considered on advice in writing by the Chief Financial Officer who will report to the Budget Steering Committee on a monthly basis on all transfers that were approved. The Accounting Officer can delegate his authority to the Chief Financial Officer. The maximum amount that can be transferred in terms of this delegation is R 250 000 per case. Anything above that amount must be referred to the Accounting Officer for approval under his/her limitation of R 500 000 per case. Anything above R 500 000 must be referred to the Executive Mayor under his/her limitation of R1 000 000 or Council for approval for any case above R1 000 000.

9.5 YEAR-END TRANSFERS

Year-end transfers will be allowed within the parameters set in section 9 above to avoid unnecessary unauthorized expenditure.

10. GENERAL

The purpose of this delegation is to improve the pace at which service delivery is done and to make functionaries more accountable for their actions. The delegation can be withdrawn at any stage for whatever reason.
Virements between existing line items or from existing line items to new line items as prescribed in the Municipal Standard Chart of Accounts (MSCOA) be allowed to eventually comply fully with the line items as per MSCOA within the parameters of the above delegations.

11. DEVIATION FROM THE PROVISIONS OF THIS POLICY

The Accounting Officer or his/her delegated official(s), may, deviate from the provisions(s) of this policy, where there is an existence of bona fide organizational or operational requirements.

12. IMPLEMENTATION OF THIS POLICY

This policy shall be implemented after adoption by Council and it will be applicable to City of Matlosana as from1 July 2025 and shall be reviewed on an annual basis to ensure that it is in line with the municipality's strategic objectives and with legislation.

13. SUBMISSION OF VIREMENT INFORMATION

As per MFMA Circular No. 130 dated 19 March 2025. From the 2025/26 MTREF budget, municipalities will be required to report on virements through the submission of separate data string, as well as a report on virements done by the municipality. This submission must be done monthly to the GoMuni Upload Portal and should be generated from the core financial system. The validation rules applicable to the monthly IYM submission will also be applied to the virement data string.

CITY OF MATLOSANA

SUPPLY CHAIN MANAGEMENT AND THE INFRASTRUCTURE PROCUREMENT AND DELIVERY MANAGEMENT POLICY

DRAFT

2025/2026 FINANCIAL YEAR

PREAMBLE

The Municipal Manager of the City of Matlosana, being responsible for managing the financial administration of the City of Matlosana (hereinafter referred to as "the CoM"), hereby, in terms of the provisions of Section 62(1)(f)(iv), read with section 111 of the Local Government: Municipal Finance Management Act, Act 53 of 2003 (hereinafter referred to as the "MFMA"), and in order to give effect to Section 217(1) of the Constitution of the Republic of South Africa, 1996 (hereinafter referred to as "the Constitution"), establishes the Supply Chain Management Policy of the CoM, as approved by its Municipal Council and which came into operation on and is to be implemented as such from the date of acceptance by the Council.

PROPOSED

THE CITY OF MATLOSANA:

SUPPLY CHAIN MANAGEMENT POLICY

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CHAPTER 1: ESTABLISHMENT AND IMPLEMENTATION OF SCM POLICY

1. DEFINITIONS

In this policy, except where the context otherwise indicates or it is expressly stipulated otherwise, the following words, expressions and/or abbreviations shall have the respective meanings assigned to them hereunder and words or expressions to which a meaning has been assigned in terms of the provisions of section 1 of the MFMA will have the corresponding meaning assigned thereto in terms of such section. Some of these words, expressions and/or abbreviations may not occur in the Policy, but are included for the sake of completeness.

NO.	WORD/EXPRESSION	DEFINITION
		"A"
1.1.	**"abuse of the supply chain management system"**	Means acts and/or omissions, or the underlying acts and/or omissions from an affected person which forms the basis of the intended steps to be taken by the municipal manager in terms of this policy, and includes: **"fronting"** i.e., where HDI's are signed up as fictitious shareholders or members in essentially juristic entities where some or none of the shareholding or membership, as the case may be, is held by persons other than HDI's, and which juristic entities bid for contracts in terms of which substantial financial benefits and proceeds generated by virtue of such contracts are channelled to shareholders or members of such juristic entities, as the case may be, or to an alternative juristic entity or entities where some or none of the shareholding or membership,

		as the case may be, is held by persons other than HDI's who otherwise would not have obtained any financial benefits or proceeds but for such fictitious shareholders or members of the entity to whom the contract was awarded; **"collusive bids"** i.e., where bidders conclude an arrangement between themselves to obtain the highest possible points in the evaluation and/or the award of a bid whereby competitive bids are eliminated; and **"influencing the bid process"** i.e., directly, indirectly or tacitly influencing or interfering with the work of relevant officials of the CoM involved in the bid process in order to influence the process so as to inter alia: (a) influence the process and/or outcome of a bid, (b) incite breach of confidentiality and/or the offering of bribes, (c) cause over and under invoicing, (d) influence the choice of procurement method or technical standards, and (e) influence any officials of the CoM in any way which may secure an unfair advantage during or at any stage of the procurement process.
1.2.	**"accountability"**	Means an account-giving relationship between individuals including the personal responsibility of a person to a senior or a higher authority in terms of that person's acts or omissions in the execution of his/her assigned duties.
1.3.	**"accounting officer"**	Means the municipal manager of the CoM and refers to the definition of "accounting officer" as defined in terms of the provisions of section 1 of the MFMA and referred to in section 60 of the MFMA, and includes a person acting as an accounting officer or the person to whom the accounting officer has delegated his/her authority to act.
1.4.	**"A-class accountable item"**	Means those items that are not consumable or expendable.

1.5.	**"Acquisition management"**	Means the process of the procurement of goods, works and/or services and includes, but is not limited to, the identification of preferential policy objectives, determination of market strategies, application of depreciation rates, application of total costs of ownership principle, compilation of bid documentation including bid conditions, determination of evaluation criteria, evaluation of bids and tabling of recommendations, compilation and signing of contracts and contract administration.
1.6.	**"adjudication points"**	Means the points referred to in the Preferential Procurement Policy Framework Act, Act 5 of 2000: Preferential Procurement Regulations, 2011, and the preferential procurement section of this policy, also referred to as "evaluation points" or "preference points".
1.7.	**"affected person"**	Means a natural person or entity whose/which rights may be materially and/or adversely affected when the municipal manager takes any of the steps contemplated in this policy in order to combat abuse of the supply chain management process.
1.8.	**"all applicable taxes"**	Includes value added tax, pay as you earn, income tax, unemployment insurance fund contributions and skills development levies.
1.9.	**"asset"**	Means a tangible or intangible resource capable of ownership.
1.10.	**"Auditor-General"**	Means the person appointed as Auditor-General in terms of section 193 of the Constitution, and includes a person acting as Auditor-General, acting in terms of a delegation by the Auditor-General or designated by the Auditor-General to exercise a power or perform a duty of the Auditor-General.
1.11.	**"authority"**	Means a right or power attached to a rank or position permitting the holder thereof to make decisions, to

		execute such decisions or to have such decisions executed, take command or to demand action by others.
	"B"	
1.12.	**"B-BBEE"**	Means broad based black economic empowerment as defined in terms of the provisions of section 1 of the Broad-Based Black Economic Empowerment Act, Act 53 of 2003.
1.13.	**"B-BBEE status level of contributor"**	Means the B-BBEE status received by a measured entity based on its overall performance using the relevant scorecard contained in the Codes of Good Practice on Black Economic Empowerment, issued in terms of the provisions of section 9(1) of the Broad-Based Black Economic Empowerment Act, Act 53 of 2003.
1.14.	**"bid"**	Also means tender i.e. quote, expression of interest, proposal, or any other proposition for business with the CoM, whether solicited or not or a written offer in a prescribed or stipulated form in response to an invitation by the CoM for the provisions of goods and services.
1.15.	**"bidder"**	Means any person or entity submitting a bid or a written or verbal quotation pursuant to an invitation from the CoM to submit such a bid.
	"C"	
1.16.	**"capital asset"**	Means any immovable asset such as land, property or buildings or any movable asset that can be used continuously or repeatedly for more than one year in the production or supply of goods or services, for rental to others or for administrative purposes, and from which future economic or social benefit can be derived, such as plant, machinery and equipment.
1.17.	**"chief financial officer"**	Means the person appointed by the municipal council and designated by the municipal manager of the CoM to

		manage the financial administration of the CoM and remains directly accountable to the municipal manager as contemplated in terms of the provisions of section 80(2)(a) read with sections 1 and 81 of the MFMA.
1.18.	**"City of Matlosana" or "CoM"**	Means the CITY OF MATLOSANA a local government and legal entity with full legal capacity as contemplated in section 2 of the MSA, read with the provisions of Chapter 7 of the Constitution of the Republic of South Africa and sections 12 and 14 of the Local Government: Municipal Structures Act, Act 117 of 1998, with its main place of business and the offices of the municipal manager, as envisaged in terms of the provisions of section 115(3) of the MSA, Bram Fisher Street, KLERKSDORP, NORTH WEST PROVINCE, and includes its successor in title; or structural person exercising a delegated power or carrying out an instruction, in the event of any power being delegated as contemplated in terms of the provisions of section 59 of the Systems Act.
1.19.	**"CoM's Register of Tender and Contract Defaulters"**	Means the list compiled by the CoM for purposes of the combating of abuse of the supply chain management system in terms of which the persons reflected on the list are prohibited from being awarded any contract by the CoM for the specified period reflected on the list.
1.20.	**"close family member"**	Means includes a spouse, child or parent of a person.
1.21.	**"closing time"**	Means the time and date specified in bid documentation as that time and date upon which the final acceptance of bids will expire, and after expiry of which no more bids may be submitted and will not be accepted by the CoM.
1.22.	**"community based vendor"**	Means a supplier of goods and/or services who resides in a target area or community, who/which meets the criteria for community based vendors as determined by the municipal manager from time to time, and who/which

		is registered on the list of the CoM as an accredited prospective provider of goods and/or services.
1.23.	**"comparative price"**	Means the price after the factors of a non-firm price and all unconditional discounts that can be utilized have been taken into consideration. A "non-firm price" means all prices other than a "firm price" and a "firm price" means the price that is only subject to adjustments in accordance with the actual increase or decrease resulting from the change, imposition, or abolition of customs or excise duty and any other duty, levy, or tax, which, in terms of the law or regulation, is binding on the contractor and demonstrably has an influence on the price of any supplies, or the rendering costs of any service, for the execution of the contract.
1.24.	**"competitive bid"**	Means a bid in terms of a competitive bidding process.
1.25.	**"competitive bidding process"**	Means a competitive bidding process contained in section 12G of this policy, and referred to in regulation 12(1) (d) of the SCMR.
1.26.	**"consortium or joint venture"**	Means an association of persons for the purpose of combining their expertise, property, capital, efforts, skill and knowledge in an activity for the execution of a contract.
1.27.	**"construction industry development board" or "CIDB"**	Means the Construction Industry Development Board established by section 2 of the Construction Industry Development Board Act, Act 38 of 2000.
1.28.	**"Construction Industry Development Board Act"**	Means the Construction Industry Development Board Act, Act 38 of 2000.
1.29.	**"construction works"**	Means the provision of a combination of goods and services arranged for the development, extension, installation, repair, maintenance, renewal, removal, renovation, alteration, dismantling or demolition of a

		fixed asset including building and engineering infrastructure.
1.30.	**"consultant"**	Means a person or entity providing labour and knowledge based expertise which is applied with reasonable skill, care and diligence.
1.31.	**"contract"**	Means a written agreement resulting from the acceptance of a bid or quotation from a bidder by the CoM and contemplated in the provisions of section 116 of the MFMA.
1.32.	**"contractor"**	Means a person or entity whose/which bid or quotation has been accepted by the CoM.
1.33.	**"contract participation goal"**	Means the amount equal to the sum of the value of work for which the prime contractor contracts to engage specific target groups in the performance of the contract, expressed as a percentage of the bid sum less provisional sums, contingencies and VAT.
1.34.	**"corrected bid sum"**	Means the bid sum, corrected in terms of the bid documentation, where applicable.
1.35.	**"council"**	Means the municipal council of the City of Matlosana in which the executive and legislative authority of the CoM is vested and which is the decision making body of the CoM, its legal successors and its delegates.
1.36.	**"current asset"**	Means an asset on the balance sheet which can either be converted to cash or used to pay current liabilities within 12 (twelve) months from the beginning of the current financial year.
1.37.	**"customer service"**	Means the process of serving customers in accordance with acceptable, predetermined standards in such a manner that it increases customer satisfaction and minimises time and costs.

"D"		
1.38.	**"days"**	Means calendar days, unless the context indicates otherwise.
1.39.	**"delegated body"**	Means in relation to the delegation of a power or duty a person to whom such power or duty has been delegated in writing by the delegating authority.
1.40.	**"delegating authority"**	Means in relation to a delegation of a power or duty by a municipal council, the municipal council, in relation to a sub-delegation of a power or duty by another political structure, or by a political office bearer, councillor or staff member of the CoM, means that political structure, political office bearer, councillor or staff member.
1.41.	**"delegation"**	Means the issuing of a written authorisation by a delegating authority to a delegated body to act in his stead, and in relation to a duty, includes an instruction or request to perform or to assist in performing the duty, and "delegate" and "sub-delegate" has a corresponding meaning.
1.42.	**"demand management"**	Means system which insures that the resources required to support the strategic and operational commitments of the CoM are delivered at the correct time, at the right price, and at the right location, and that the quantity and quality satisfy the needs of the CoM.
1.43.	**"depreciation"**	Means the decrease in the value of assets from general wear and tear and allocation of the cost of assets to periods in which the assets are used.
1.44.	**"designated sector"**	Means a sector, sub-sector or industry that has been designated by the Department of Trade and Industry in line with national development and industrial policies for local production, where only locally produced goods and/or services or locally manufactured goods meet the

		stipulated minimum threshold for local production and content.
1.45.	**"disability"**	Means in respect of a person a permanent impairment of a physical, intellectual or sensory function, which results in restricted, or lack of, ability to perform an activity in the manner or in the range considered normal for a human being.
1.46.	**"disposal"**	Means process of preparing, negotiating and concluding a written contract which involves the alienation of a capital asset including a capital asset no longer needed by the CoM or rights in respect thereof, by means of a sale or a donation, and "dispose" has a similar meaning.
1.47.	**"disposal management"**	Means the system of the CoM for the disposal or letting of assets, including unserviceable, redundant or obsolete assets in a cost-effective, but transparent and responsible manner, and also entails the maintenance of records and documents.
"E"		
1.48.	**"empowerment indicator"**	Means measure of an enterprise's or businesses' contribution towards achieving the goals of the governments reconstruction and development program, this indicator will relate only to certain specific goals for the purposes of this policy.
1.49.	**"engineering and construction works"**	Means the provision of a combination of goods and services, arranged for the development and provision of an asset including construction works and engineering infrastructure or for the refurbishment of an existing asset.
1.50.	**"entity"**	Means juristic person.
1.51.	**"equipment"**	Means-class accountable stores/stock that are issued and accounted for on an inventory.

1.52.	**"equity ownership"**	Means the percentage of an enterprise or business owned by individuals or, in respect of a private company, the percentage of a company's shares that are owned by individuals, who are actively involved in the management of the enterprise or business and exercise control over the enterprise or business, commensurate with the degree of ownership at the closing date of the bid.
1.53.	**"evaluation points"**	Means "adjudication points" and/or "preference points".
1.54.	**"exempted capital asset"**	Means municipal capital asset which is exempted by section 14(6) of the MFMA from the other provisions of that section.
	"F"	
1.55.	**"final award"**	Means in relation to bids or quotations submitted for a contract, the final decision on which bid or quote to accept.
1.56.	**"firm price"**	Means the price that is only subject to adjustments in accordance with the actual increase or decrease resulting from the change in position, or abolition of customs or excise duty and any other duty, levy, or tax, which, in terms of a law or regulation, is binding on the contractor and demonstrably has an influence on the price of any supplies, or the rendering costs of any service, for the execution of a contract.
1.57.	**"formal written price quotation"**	Means quotations referred to in section 12F of this policy and regulation 12(1)(c) of SCMR and includes an electronic offer to the CoM in response to an invitation to submit such a quotation.
1.58.	**"functionality"**	Means the measurement according to predetermined norms and/or criteria, as set out in the bid documents, of a service or commodity that is designed to be practical and useful, working or operating, taking into account, among other factors, the quality, reliability, viability and

		durability of a service and the technical capacity and ability of a bidder.
	"G"	
1.59.	**"general conditions of contract"**	Means the general conditions of contract as set out in the bid documentation applicable to the said bid and not limited to the General Conditions of Contract for Construction Contracts, 2010 of the South African Institute of Civil Engineers.
1.60.	**"goods"**	Means those raw materials or commodities which are available for general sale.
1.61.	**"goods and/or services"**	Includes works, construction and consultant works
1.62.	**"granting of rights"**	Means the granting by the CoM of the right to utilize, control or manage capital assets in circumstances where section 14 of the MFMA and chapters 2 and 3 of the MATR do not apply.
1.63.	**"green procurement"**	Means the taking into account environmental criteria for goods and services to be purchased in order to ensure that the related environmental impact is minimized.
	"H"	
1.64.	**"historically disadvantaged individual" or "HDI"**	Means South African citizen who, due to the apartheid policy that had been in place, had no franchise in national elections prior to the introduction of the Constitution of the Republic of South Africa, 1983 (Act No 110 of 1983) or the Constitution of the Republic of South Africa, 1993 (Act No 200 of 1993) ("the Interim Constitution"); and/or who is a female; and/or who has a disability, provided that a person who obtained South

		African citizenship on or after the coming to effect of the Interim Constitution, is deemed not to be an HDI.
	"I"	
1.65.	**"implementing agent"**	Means decision maker/manager mandated by the CoM to implement projects and invite bids/quotations of any nature.
1.66.	**"improper conduct"**	Means conduct which is tantamount to fraud, corruption, favouritism, unfair, irregular and unlawful practices, misrepresentation on information submitted in bid documents for the purposes of procuring a contract with the CoM, misrepresentation regarding the contractor's expertise and capacity to perform in terms of a contract procured via the supply chain management system, breach of a contract procured via the supply chain management system and failure to comply with the supply chain management system.
1.67.	**"in the service of the state"**	Refers to the definition of "in the service of the state" as defined in terms of the provisions of regulation 1 of the SCMR.
1.68.	**"information technology" or "IT"**	Means the acquisition, processing, storage and dissemination of vocal, pictorial, textual and numerical information by a microelectronics-based combination of computing and telecommunications.
1.69.	**"integrated development plan" or "IDP"**	Means the plan envisaged in terms of the provisions of section 25 of the MSA.
1.70.	**"item"**	Means an individual article or unit.

	"J"	
1.71.	**"joint venture"**	Means an association of persons or entities formed for the purpose of combining the expertise, property, capital, efforts, skill and knowledge in an activity for the execution of a contract or contracts. The joint venture or consortium must be formalised by agreement between the parties thereto.
	"L"	
1.72.	**"list of accredited prospective providers"**	Means the list of accredited prospective providers that a municipality must keep in terms of regulation 14 of the SCMR.
1.73.	**"local business"**	Means service providers with active offices within the municipal area of the CoM, which shall be interpreted on the basis of whether the offices are utilised for the goods and/or services to be procured, and whether the majority are local or North-West people.
1.74.	**"local content"**	Means that portion of the bid price which is not included in the imported content, provided that local manufacture does take place. "imported content" means that portion of the bid price presented by the cost of components, parts or materials which have been or are still to be imported (whether by the supplier or its sub-contractors) and which costs are inclusive of the costs abroad, plus freight and other direct importation costs, such as landing costs, dock dues, import duty, sales duty or other similar tax or duty at the South African port of entry.
1.75.	**"Local Government: Municipal Finance Management Act" or "MFMA"**	Means the Local Government: Municipal Finance Management Act, Act 56 of 2003.

1.76.	**"Local Government: Municipal Systems Act" or "MSA"**	Means the Local Government: Municipal Systems Act, Act 32 of 2000.
1.77.	**"long term contract"**	Means contract with a duration period exceeding 1 (one) year.
	"M"	
1.78.	**"municipal asset transfer regulations" or "MATR"**	Means the regulations published in terms of the provisions of section 168 of the MFMA, specifically the Asset Transfer Regulations, 2008, published under GN R878 in GG 31346 of 22 August 2008 (with effect from 1 September 2008).
1.79.	**"municipal entity"**	Refers to the definition of "municipal entity" as defined in terms of the provisions of section 1 of the MSA.
1.80.	**"municipal manager"**	Means the municipal manager of the CoM, refer to the definition of "accounting officer".
1.81.	**"municipality"**	Means the City of Matlosana.
	"N"	
1.82.	**"non-exempted capital asset"**	Means municipal capital asset which is not exempted in terms of the provisions of section 14(6) of the MFMA from the other provisions of that section.
	"O"	
1.83.	**"obsolete"**	Means no longer in use or out of date, to become obsolete by replacing it with something new.
1.84.	**"official"**	Refers to the definition of "official" as defined in terms of the provisions of section 1 of the MFMA.

1.85.	**"one-off contract"**	Means discreet contract where specified goods, services or construction works are supplied for an approved contract sum.
1.86.	**"organ of state"**	Means an organ of state as defined in terms of the provisions of section 239 of the Constitution.
1.87.	**"other applicable legislation"**	Means any other legislation applicable to the supply chain management of the CoM, including the Preferential Procurement Policy framework Act, Act 5 of 2000, the Broad-Based Black Economic Empowerment Act, Act 53 of 2003 (BBBEEA), the Construction Industry Development Board Act, Act 38 of 2000, and the Consumer Protection Measures Act, Act 68 of 2008.
	"P"	
1.88.	**"person"**	Means natural person.
1.89.	**"planned project work"**	Means a specific project identified by a need of the CoM therefore, and as opposed to the supply of goods and/or services that is of an ad-hoc or repetitive nature for a predetermined period of time.
1.90.	**"policy"**	Means this Supply Chain Management Policy of the CoM.
1.91.	**"practitioner"**	Means person who practices a profession or art.
1.92.	**"preference points"**	Refer to "adjudication points" and/or "evaluation points".
1.93.	**"Preferential Procurement Policy Framework Act" or "PPPFA"**	Means the Preferential Procurement Policy Framework Act, Act 5 of 2000.
1.94.	**"Preferential Procurement Regulations" or "PPR"**	Means the regulations published in terms of the provisions of section 5 of the PPPFA, specifically the Preferential Procurement Regulations, 2011 published under Government Gazette No. 34350 of 8 June 2011.

1.95.	**"Prevention and Combating of Corrupt Activities Act" or "PCCAA"**	Means the Prevention and Combating of Corrupt Activities Act, Act 12 of 2004.
1.96.	**"prime contractor"**	Means the person or entity with whom/which the CoM will contract, as opposed to sub-contractors, suppliers, manufacturers or service providers who/which contract with the prime contractor.
1.97.	**"procedures"**	Means sequence of actions or operations which have to be executed in the same manner in order to always obtain the same result under the same circumstances, and "process" will have a corresponding meaning.
1.98.	**"procurement"**	Means process of preparing, negotiating and concluding a contract, whether in writing or verbally, which involves the acquiring of goods and/or services, and engineering and construction works, or any combination thereof, or the acquiring of capital assets or any rights in respect of the above, by means of a purchase, lease or donation and "procuring" has a similar meaning.
1.99.	**"project management"**	Means the planning, directing and controlling of an organisations resources over a short term to ensure that specific objectives are successfully met.
1.100.	**"Promotion of Access to Information Act" or "PAIA"**	Means the Promotion of Access to Information Act, Act 2 of 2000.
1.101.	**"provider"**	Means the person or entity who/which provides, supplies services, goods or works to the CoM.
1.102.	**"Public-Private Partnership" or "PPP"**	Refers to the definition of "public-private partnership"" as defined in terms of the provisions of Regulation 1 of the Municipal Public-Private Partnership Regulations, published under GN R309 in GG 27431 of 1 April 2005 in terms of the provisions of Section 168 of the MFMA..

"Q"		
1.103.	**"quality"**	Means the measure according to predetermined criteria, of the suitability of a proposal, design or product for the use for which it is intended, and may also include the measure of the competency of a supplier.
"R"		
1.104.	**"rand value"**	Means the total estimated value of a contract in South African currency, calculated at the time of quotation and bid invitations and includes all applicable taxes and excise duties.
1.105.	**"redundant"**	Means no longer needed or useful, superfluous, unnecessary.
1.106.	**"renewal"**	Means replace or restore something that is broken or worn-out.
1.107.	**"Republic"**	Means the Republic of South Africa.
1.108.	**"representative"**	Means any representative of an affected person in relation to the relevant bid, whether authorized or not, including but not limited to directors, members, employees and agents and include legal representatives.
1.109.	**"responsibility"**	Means the obligation imposed on an individual to properly exercise the authority vested in him/her, and involves the power to command and to demand action in the proper execution of the relevant duties.
1.110.	**"responsible agent"**	Means internal project managers being officials of the CoM or external consultants appointed by the CoM pertaining to a project or contract.
1.111.	**"Risk management"**	Means the identification, measurement and economic control of risks that threaten the assets and earnings of a business or other enterprise.

1.112.	**"rules"**	Means statements that a specific action must or must not be taken in a given situation.
	"S"	
1.113.	**"service provider"**	Means "service provider "as defined in terms of the provisions of Section 1 of the MSA.
1.114.	**"services"**	Means the provision of labour and work carried out by hand, or with the assistance of plant and equipment, including the input, as necessary, of knowledge based expertise and/or consultants.
1.115.	**"small, medium and micro enterprises" or "SMME"**	Refers to "small enterprise" as defined in terms of the provisions of Section 1 of the National Small Enterprise Act, Act 102 of 1996.
1.116.	**"sourcing"**	Means where an item to procure is obtainable.
1.117.	**"specification"**	Means the terminology generally used to describe the requirement/s for goods.
1.118.	**"stipulated minimum threshold"**	Means that portion of local production and content as determined by the Department Trade and Industry.
1.119.	**"stores" or "stock"**	Means all movable state property/assets that are kept in stock for issue purposes.
1.120.	**"strategic goals"**	Means areas of the organisational performance that are critical to the achievement of the mission and are statements that describe the strategic direction of the organisation.
1.121.	**"strategic objectives"**	Means objectives which are more concrete and specific than strategic goals and it must give a clear indication of what the CoM intends on doing or producing in order to achieve the strategic goals it has set for itself.

1.122.	**"sub-contract"**	Means the primary contractor's assigning, leasing, making out work to, or employing, another person to support such primary contractor in the execution of part of a project in terms of the contract.
1.123.	**"sub-contractor"**	Means any person or entity that is employed, assigned, leased or contracted by the prime contractor to carry out work in support of the prime contractor in the execution of a contract.
1.124.	**"supplier/vendor"**	Means generic term which may include suppliers of goods and/or services, contractors and/or consultants.
1.125.	**"supply chain management" or "SCM"**	Means as contemplated in terms of the provisions of Section 217 of the Constitution, Part 1 of Chapter 11 of the MFMA read together with the SCMR.
1.126.	**"supply chain management policy"**	Means this supply chain management Policy of the CoM.
1.127.	**"supply chain management regulations" or "SCMR"**	Means the regulations published in terms of the provisions of section 168 of the MFMA, specifically the Municipal Supply Chain Management Regulations, published under Gen N 868 in GG 27636 of 30 May 2005.
1.128.	**"supply chain management unit" or "SCMU"**	Means the supply chain management unit which functions under the management and control of the municipal manager of the CoM, which unit is responsible for the implementation and management of this policy.
	"T"	
1.129.	**"tender"**	Means bid in the context of procurement.
1.130.	**"term bid"**	Means rate-based bid for the ad hoc or repetitive supply of goods, services or construction works, where the individual rates are approved for use over a specified period.

1.131.	**"terms of reference" or "TOR"**	Means the term used to describe the requirement for professional services.
1.132.	**"total cost of ownership" or "TCO"**	Means the sum of direct spend, related spend, process spend and opportunity cost associated within a specific commodity and service to the owner.
1.133.	**"treasury guidelines"**	Means any guidelines on supply chain management issued by the Minister in terms of the provisions of Section 168 of the MFMA.
1.134.	**"trust"**	Means the arrangement through which the property of one person is made over of bequeathed to a trustee to administer such property for the benefit of another person.
	"U"	
1.135.	**"unserviceable"**	Means the condition of an item that is no longer suitable for use and cannot be economically repaired.
1.136.	**"unsolicited bid"**	Means an offer submitted by any person or entity at its own initiative, without having been invited by the CoM to do so and specifically refers to the provisions of Section 113 of the MFMA read together with Regulation 37 of the SCMR
	"V"	
1.137.	**"value for money"**	Means the best available outcome when all relevant costs and benefits over the procurement cycle are considered.
1.138.	**"verbal quotation"**	Refers to "written or verbal quotations" as defined in terms of the provisions of Regulation 1 of the SCMR.

GLOSSARY TERMS

CFO	Chief Financial Officer
CIDB	Construction Industry Development Board Act, Act 38 of 2000.
CoM	City of Matlosana local municipality
CSD	Central Supplier Database
Council	Municipal Council of the CoM
IDP	Integrated development plan
MBRR	Local Government: Municipal Finance Management Act Municipal Budget and Reporting Regulations
MFMA	Local Government: Municipal Finance Management Act, 2003
MSCMR	Local Government: MFMA, 2003 Municipal Supply Chain Management Regulations
NT	National Treasury
MSA	Local Government: Municipal Systems Act, Act 32 of 2000, as amended
PT	Provincial Treasury
PPPFA	Preferential Procurement Policy Framework Act, Act 5 of 2000.
PPR	Preferential Procurement Regulations, Government Gazette No. 34350 of 8 June 2011
PPP	Public-Private Partnership Regulations, GN R309 in GG 27431 of 1 April 2005
SCMP	CoM Supply Chain Management Policy
SARS	South African Revenue Services
TCC	Tax Clearance Certificates
TCS	Tax Compliant Status / system

2. INTRODUCTION

(1) Section 111 of the MFMA requires each municipality to adopt and implement a supply chain management policy which gives effect to the requirements of the MFMA, and section 217(1) of the Constitution, in addition, the PPPFA requires an Organ of State to determine its preferential procurement policy and to implement it within the framework prescribed. These requirements are given effect to herein.

(2) The supply chain management system of the CoM, contained in this policy, provides a mechanism to ensure sound, sustainable and accountable supply chain management within the CoM whilst promoting black economic empowerment, which includes general principles for achieving the following socio-economic objectives:

(a) To stimulate and promote local economic development in a targeted and focused manner;

(b) To promote resource efficiency and greening;

(c) To facilitate creation of employment and business opportunities for the people of Matlosana with particular reference to HDI's;

(d) To promote the competitiveness of local businesses;

(e) To increase the small business sector access, in general, to procurement business opportunities created by Council;

(f) To increase participation by small, medium and micro enterprises; and

(g) To promote joint venture partnerships.

3. TITLE AND APPLICATION OF THE POLICY

(1) This policy shall be known as the CoM's Supply Chain Management Policy, and is applicable to the municipal area of the CoM as determined by the Municipal Demarcation Board.

(2) This policy applies to-

(a) The procuring of goods and/or services;

(b) The disposal by council of goods no longer needed;

(c) The selection of contractors to provide assistance in the provision of municipal services otherwise than in circumstances where Chapter 8 of the MSA applies; and

(d) The selection of external mechanisms referred to in section 80(1)(b) of the MSA for the provisions of municipal services in circumstances contemplated in section 83 of that act.

(3) Unless specifically stated otherwise, this policy does not apply where the CoM contracts with another organ of state for-

(a) The provision of goods and/or services to the CoM; or

(b) The provision of a municipal service; or

(c) The procurement of goods and services under a contract secured by that organ of state, provided that the relevant supplier has agreed to such procurement and the process is compliant to the provisions of section 12.18 of this policy

(d) The Policy must be read and applied with the Supply Chain Management Procedure Manual and the SCM Model Policy for infrastructure procurement and delivery management, where the SCM Policy including the SCM Manual and the Model Policy on infrastructure procurement are in conflict when procuring an infrastructure project, only the SCM Model Policy on Infrastructure procurement shall take precedence

(e) A report must nevertheless be submitted to the bid **Evaluation and Adjudication committee** seeking authority to contract with another organ of state; Including, water from the Department of Water Affairs or a public entity, another municipality or municipal entity and electricity from Eskom or another public entity, another municipality or municipal entity.

(4) The CoM and any private person/s and/or entities must adhere to the principles, provisions, rules and requirements contained in this policy when dealing with any matter connected with and/or contained herein.

PROPOSED

4. AIM AND PURPOSE OF THE SUPPLY CHAIN MANAGEMENT SYSTEM

(1) The aim and the purpose of the supply chain management system is to have and maintain an efficient, fair, equitable, transparent, competitive and cost-effective supply chain system when sourcing and procuring goods and/or services, as well as the sale and letting of assets, which conform to constitutional and legislative principles and maximizes the benefits from its consolidated buying power in the market place.

(2) The CoM must manage its financial and administrative resources in such a manner to meet and sustain its supply chain purpose.

PROPOSED

5. OBJECTIVES OF THE POLICY

(1) The objectives of this policy is to implement the legislative provisions relating to the supply chain management of the CoM, that-

(a) Gives effect to-

(i) The provisions of section 217 of the Constitution; and

(ii) Part 1 of Chapter 11 and other applicable provisions of the MFMA;

(b) is fair, equitable, transparent, competitive and cost effective;

(c) Complies with-

(i) The regulatory framework prescribed in Chapter 2 of the SCMR; and

(ii) Any minimum norms and standards that may be prescribed in terms of the provisions of section 168 of the MFMA;

(d) is consistent with other applicable legislation;

(e) Does not undermine the objective for uniformity in supply chain management systems between organs of state in all spheres; and

(f) is consistent with national economic policy concerning the promotion of investments and doing business with the public sector.

(2) The CoM may not act otherwise than in accordance with this supply chain management policy when-

(a) Procuring goods and/or services;

(b) Disposing of goods no longer needed;

(c) Selecting contractors to provide assistance in the provision of municipal services otherwise than in circumstances where Chapter 8 of the MSA applies; or

(d) In the case of the CoM selecting external mechanisms referred to in section 80(1) (b) of the MSA for the provision of municipal services in circumstances contemplated in section 83 of that Act.

(3) To assure the creation of an environment where business can be conducted with integrity and in a fair, reasonable and accountable manner, this policy will ensure that the municipal manager and all representatives of the CoM involved in supply chain management activities must act with integrity, accountability, transparency and with the highest ethical standards.

(a) All supply chain management representatives must adhere to the code of ethical standards contained in section 20 of this policy together with the code of conduct for municipal staff contained in schedule 2 of the MSA.

PROPOSED

6. DELEGATED AUTHORITY OF SUPPLY CHAIN MANAGEMENT POWERS AND DUTIES

(1) The council of the CoM has, in terms of its delegation of powers and functions in terms of the provisions of section 59 of the MSA, delegated such additional powers and duties to the municipal manager so as to enable the municipal manager –

(a) To discharge the supply chain management responsibilities conferred on accounting officers in terms of-

(i) Chapter 8 of the MFMA; and

(ii) This policy;

(b) To maximise administrative and operational efficiency in the implementation of the supply chain management system;

(c) To enforce reasonable cost-effective measures for the prevention of fraud, corruption, favouritism and unfair and irregular practices in the implementation of the supply chain management system; and

(d) To comply with his or her responsibilities in terms of the provisions of section 115 and other applicable provisions of the MFMA.

(2) Section 79 of the MFMA applies to the sub-delegation of powers and duties delegated to the municipal manager in terms of sub-section (1).

(3) Neither the council nor the municipal manager of the CoM may delegate or sub-delegate any supply chain management powers or duties-

(a) To a person who is not an official of the CoM; or

(b) To a committee which is not exclusively composed of officials of the CoM.

(4) This section may not be read as permitting an official to whom the power to make final awards has been delegated, to make a final award in a competitive

bidding process otherwise than through the committee system provided for in section 12.8.

(5) No decision-making in terms of any supply chain management powers and duties may be delegated or sub-delegated to an advisor or consultant.

(6) Delegations and/or sub-delegations of authority-

(a) Must be in accordance with pre-established levels of authority to ensure control and division of responsibility;

(b) Must be in writing;

(c) Must be made to a specific position and not to a named individual;

(d) may be confirmed, varied or revoked by the person who made such delegation or sub-delegation, but no such variation or revocation may detract from any right which may have accrued as a result of the delegation or sub-delegation; and

(e) Does not divest the municipal manager of the responsibility and/or accountability concerning the exercise of the delegated power or the performance of the delegated duty.

(7) The municipal manager may confirm, vary or revoke any decision taken in terms of a delegation or sub-delegation, provided that no such variation or revocation may detract from any right which may have accrued as a result of such decision.

(8) The municipal manager of the CoM must develop a practical and efficient system of delegation and sub-delegation that will both maximize administrative and operational efficiency and provide adequate checks and balances in the financial administration of the CoM.

6.1 Sub-Delegations

(1) The municipal manager may, in terms of the provisions of section 79 of the MFMA sub-delegate any supply chain management powers and duties, including those delegated to the municipal manager in terms of section 6 (1), but any such sub-delegation must be consistent with section 6 and sub-section (2).

(2) The power to make a final award-

(a) Above R10 million (including VAT) may not be sub-delegated by the municipal manager;

(b) Above R2 million (including VAT), but not exceeding R10 million (including VAT), may be sub-delegated but only to-

(i) The chief financial officer;

(ii) director/senior manager; or

(iii) The bid adjudication committee of which the chief financial officer or a director / senior manager is a member; or

(c) Not exceeding R2 million (including VAT) may be sub-delegated but only to-

(i) The chief financial officer;

(ii) director/senior manager;

(iii) A manager directly accountable to the chief financial officer or a director/senior manager; or

(iv) The bid adjudication committee.

(3) An official or bid adjudication committee to which the power to make final awards has been sub-delegated in accordance with sub-section (2) must within 5 (five) days of the end of each month submit to the official referred to

in sub-section (4) a written report containing particulars of each final award made by such official or committee during that month, including-

(a) The amount of the award;

(b) The name of the person to whom the award was made; and

(c) The reason why the award was made to that person.

(4) A written report referred to in sub-section (3) must be submitted-

(a) To the municipal manager, in the case of an award by-

(i) The chief financial officer;

(ii) A director/senior manager; or

(iii) The bid adjudication committee of which the chief financial officer or a director/senior manager is a member; or

(b) To the chief financial officer or the director/senior manager responsible for the relevant bid, in the case of an award by-

(i) A director/manager referred to in sub-section (2) (c) (iii); or

(ii) The bid adjudication committee of which the chief financial officer or a director/senior manager is not a member.

(5) Sub-sections (3) and (4) do not apply to procurements out of petty cash.

(6) This section may not be interpreted as permitting an official to whom the power to make final awards has been sub-delegated, to make a final award in a competitive bidding process otherwise than through the committee system provided for in section12.8.

6.2 Oversight role of the CoM

(1) The council of the CoM must maintain oversight over the implementation of this policy by the municipal manager.

(2) For the purposes of such oversight the municipal manager must-

(a) (i) within 30 (thirty) days of the end of each financial year, submit a report on the implementation of this policy of the CoM to the council;

(ii) Whenever there are serious and material problems in the implementation of this policy, immediately submit a report to the council of the CoM.

(3) The municipal manager must, within 10 (ten) days of the end of each quarter, submit a report on the implementation of this policy to the Executive Mayor of the CoM.

(4) The reports of the CoM must be made public in accordance with the provisions of section 21A of the MSA.

(5) The Executive Mayor of the CoM must provide general political guidance over the fiscal and financial affairs of the CoM and may monitor and oversee the exercise of responsibilities assigned to the municipal manager and chief financial officer in terms of the MFMA. This role of the Executive Mayor is an oversight role only, and specifically excludes any interference or influence in or over a decision to award procurement contracts.

6.3 Supply Chain Management Units

(1) The CoM must establish a supply chain management unit to implement this policy.

(2) The supply chain management unit must, where possible, operate under the direct supervision of the chief financial officer or an official to whom this duty has been delegated in terms of this section.

7. COMPETENCY AND TRAINING OF SUPPLY CHAIN MANAGEMENT OFFICIALS

(1) The municipal manager must ensure that all persons involved in the implementation of this policy meet the prescribed competency levels, and where necessary, shall provide relevant training.

(2) The training of officials involved in implementing this policy must be in accordance with any Treasury guidelines on supply chain management training.

8. DUTIES AND RESPONSIBILITIES

8.1 General Responsibilities of the Officials of the CoM

(1) Each official must carry out its activities within his/her area of responsibility.

(2) Each official must take appropriate steps to prevent any unauthorized, irregular, fruitless and wasteful expenditure in his/her area of responsibility.

(3) Each official responsible for a task must carry it out in accordance with the various supply chain requirements contained in this policy.

(4) Any matter not specifically delegated or sub-delegated to an official, must be referred to the municipal manager for proper allocation thereof.

(5) Each official is responsible for all assets of the CoM within his/her area of responsibility.

8.2 Responsibilities of the Municipal Manager

(1) The municipal manager must-

(a) Ensure strict adherence and compliance with the provisions of this policy and all relevant legislation;

(b) Implement this policy;

(c) Review the targets and this policy annually or cause the targets and policy to be so reviewed;

(d) Appoint the members of the Bid committees after personally ensuring the competency of such members for the position;

(e) To ensure that the most favourable service providers are appointed and that any deviations from a proposal by the bid adjudication committee are, at the next available council meeting, reported to the council;

(f) Establish a supply chain management unit within the financial directorate in order to assist the municipal manager to implement this policy; and

(g) Comply with the provisions of section 19 of this policy.

(h) To make sure that the procurement planning of the 2024/2025 financial year start simultaneously with the budget process and is approved with the budget before the 30 June 2024

8.3 Responsibilities of the Directors

Each director of the CoM is responsible and accountable for-

(a) Exercising the powers, performing the functions and discharging the duties conferred or assigned to him in terms of this policy or any delegation from the municipal manager;

(b) Implementing this policy and any procedural and/or other prescripts issued in terms of this policy and within his/her area of responsibility;

(c) Ensure compliance with this policy and any procedural and/or other prescripts issued in terms of this policy and within his/her area of responsibility;

(d) developing draft specifications, or causing draft specifications to be developed, for the procurements by his/her directorate which procurements exceed an amount of R30.000 (including VAT);

(e) The management of asset utilization in his/her area of responsibility;

(f) Compile the procurement plan and, in as far as is possible, accurately estimating the costs for the provision of services, works or goods for which offers are to be solicited and ensures that the plan is submitted to the SCM Unit

(1) To make sure that the procurement planning of the 2024/2025 financial year start simultaneously with the budget process and is approved with the budget before the 30 June 2024

(g) Selecting the appropriate preference point system to be utilized in the evaluation of offers;

(g) Assuring that objectives and targets are achieved with regard to procurements and/or disposals by the CoM; and

(h) Proper contract and project management over every contract and/or project undertaken by his/her directorate.

(I) Ensures that the objective of the provincial VTSD are met on any project advertised by council and compile progress report for council

8.4 Responsibilities of the Chief Financial Officer

(1) The Chief Financial Officer is the custodian of this policy responsible for-

(a) Reporting on the progress regarding the implementation of this policy;

(b) Recommending improvements on the practical implementation of this policy and possible amendments;

(c) the conducting of procurement audits of the entire supply chain management system to identify successes and/or failures and/or unauthorized, irregular, fruitless and wasteful expenditure and to report on any findings which are not in accordance with the provisions of this policy to the municipal manager;

(d) Management of the quotation and competitive bidding process from the solicitation thereof to processing invoice payment;

(e) Promoting a corporate approach by encouraging standardization of items purchased within the CoM to realize economies of scale;

(f) Providing supplier interface on supplier performance issues;

(g) Ensuring that all procurements and/or disposals are effected by complying with all relevant legislation;

(h) Managing procurements and/or disposals in order to ensure that the supply chain management system and this policy are complied with;

(i) Ensuring that the procurement and/or disposal process followed by the CoM adheres to the preference targets without compromising price, quality, service and developmental objectives;

(j) ensuring that the employees of the CoM who are involved in the supply chain management process receive the necessary training and are properly qualified to support the implementation of this policy;

(k) Specifying the amount to be paid by prospective service providers as a non-refundable deposit for enquiry documents issued by the CoM;

(l) The verification of applications from prospective service providers for possible inclusion in the Register; and

(m) Submitting regular reports to the municipal manager and the finance portfolio committee regarding progress and any matters of importance relating to this policy. developing draft specifications, or causing draft specifications to be developed, for the procurements by his/her directorate which procurements exceed an amount of R30.000 (including VAT);

(n) The management of asset utilization in his/her area of responsibility;

(o) compile the procurement plan for and, in as far as is possible, accurately estimating the costs for the provision of services, works or goods for which offers are to be solicited and ensures that the plan is submitted to the SCM Unit

(p) Ensures that directors are informed in the beginning of the budgeting process to compile their proposed needs on the plan and consider the changes made during the process and update the plan accordingly until the final budget and the procurement plan are finalised

8.5 Responsibilities of the Supply Chain Management Unit

(1) The SCMU shall be subject to the management and control of and accountable to the chief financial officer.

(2) The SCMU must consist of at least the following sections-

(a) A demand management section;

(b) A procurement section / acquisition management section;

(c) A logistics section;

(d) A performance and contract management section;

(e) A disposal and asset management section; and

(f) A risk management section.

(3) The manager of the SCMU will be responsible and accountable for the day-to-day management of the SCMU.

(4) The personnel of the SCMU are appointed by the municipal manager in consultation with the chief financial officer.

(5) The SCMU must issue, receive and finalize all documents for the procurement of goods and/or services by means of verbal, written or formal price quotations of a transaction value of over R 2 000 (including VAT), up to R 300 000 (including VAT), as well as all documents for procurement by means of a competitive bidding process of a transaction value of over R300 000 (including VAT).

(6) All documents for the disposal of movable and / or immovable capital assets must be issued, received and finalized by the SCMU.

(7) The SCMU must endeavour to, in as far as is reasonably possible, to inform all unsuccessful bidders that the bid submitted to the CoM has not been accepted and the details of the bid which has been accepted by the CoM.

9. GENERAL

9.1 Amendment and review of this policy.

(1) The municipal manager of the CoM must-

(a) At least annually review the implementation of the policy; and

(b) When the municipal manager deems it necessary, submit proposals for the amendment of the policy to the council.

(2) When amending this policy, the CoM must take account of the need for uniformity in supply chain practices, procedures and forms between organs of state in all spheres, particularly to promote accessibility of supply chain management systems for small businesses.

9.2 Availability of Supply Chain Management Policy

A copy of this policy and other relevant documentations are available on the website of the CoM.

9.3 Communications

Any and all correspondence with regard to this policy must be addressed to the manager of the SCMU, and copied to the municipal manager.

CHAPTER 2: FRAMEWORK OF SCM POLICY

10 ESTABLISHMENT AND IMPLEMENTATION OF SUPPLY CHAIN MANAGEMENT SYSTEM

(1) The supply chain management system of the CoM is an integrated system for the acquiring of goods, works and services on a competitive basis consists of the following systems-

(a) Demand management system;

(b) Acquisition management system;

(c) Logistics management system;

(d) Disposal management system;

(e) Risk management system; and

(f) Performance management system.

11 DEMAND MANAGEMENT

(1) Demand management provides for an effective system to ensure that the resources required to support the strategic and operational commitments of the CoM are delivered at the correct time, at the right price and at the right location, and that the quantity and quality satisfy the needs of the CoM.

(2) The CoM's Integrated Development Plan (IDP) is a comprehensive strategy document setting out how the CoM intends to execute its development challenges in a financial year. It is on the basis of the IDP that the resources of the CoM will be allocated and on which the budget is based.

(3) In order to achieve effective demand management, the manager of the SCMU must continuously ensure:

(a) That efficient and effective provisioning and procurement systems and practices are implemented to enable the CoM to deliver the required quantity and quality of services to the communities;

(b) The establishment of uniformity in policies, procedures, documents and contract options and the implementation of sound systems of control and accountability;

(c) the development of a world-class professional supply chain management system which results in continuing improvement in affordability and value for money, based on total cost of ownership and quality of procurement as competition amongst suppliers is enhanced; and

(d) In dealing with suppliers and potential suppliers that the CoM shall respond promptly, courteously and efficiently to enquiries, suggestions and complaints.

(4) Demand management lies at the beginning of the supply chain and the major activities associated with identifying demand are:

(a) Establishing requirements;

(b) Determining needs; and

(c) Deciding on appropriate procurement strategies.

(5) Demand management accordingly involves the following activities:

(a) Understanding the future needs;

(b) Identifying critical delivery dates;

(c) Identifying the frequency of the need;

(d) Linking the requirement to the budget;

(e) Conducting expenditure analyses based on past expenditure;

(f) Determining requirements,

(g) Conducting commodity analysis in order to check for alternatives; and

(h) Conducting industry analysis.

(6) Each director of the CoM must, during the preparation of his/her directorate's estimates for the budget year-

(a) Determine which functions it must perform;

(b) Determine the products and services it must provide in the performance of those functions;

(c) Conduct a condition assessment of the assets managed by his directorate;

(d) On the basis of its analysis in terms of the above, determine its financial needs during the budget year for:

(i) Maintaining existing assets at an acceptable level calculated to ensure the continued productivity of the asset in question and minor repairs;

(ii) Repairing existing assets;

(iii) Refurbishing or renovating existing assets;

(iv) Extensive repairing of existing assets;

(v) Replacing existing assets; and

(vi) Acquiring new assets.

(7) The SCMU must, after consultation with each director, compile a schedule of procurements for capital projects in respect of each financial year, which schedule must be attached to the CoM's budget implementation plan.

(8) During the consultations between the SCMU and the directors of the CoM, all reasonable steps must be taken in order to determine:

(a) The desired date and time at which a specific contract must be awarded;

(b) The desired date and time when specific goods must be delivered, services rendered or work executed;

(c) The place where any goods to be supplied shall be delivered;

(d) The quantity of any goods to be supplied;

(e) ensure that the procurement plan of the municipality is consolidated and approved

(e) And any other relevant matter.

Based on the schedule of procurement submitted by the HOD's, Supply Chain Management Unit shall perform the following :

a) Need analysis
b) Market analysis
c) Commodity analysis
d) Price analysis
e) Industrial analysis
f) Past expenditure trend and procurement method.
g) Determine optimum method to satisfy the need.

(11.1) Infrastructure Procurement and Delivery Management
(New infrastructure, rehabilitation, refurbishment and alteration of the existing infrastructure)

Municipality adopted National Treasury Standard for Infrastructure Procurement and Delivery Management which will assist the Municipality with better planning and to obtain necessary value for money when undertaking infrastructure projects.

The following shall be steps to the followed by the departments or delegated officials when planning for infrastructure procurement and delivery management.

0. Project Initiation

An initiation report which outlines the high – level business case together with the estimated projects cost and proposed schedule for a single project or a group of projects have high level scope.

1. Infrastructure Planning

An infrastructure plan which identifies and prioritizes projects and packages against forecasted budget over a period of at least five years.

2. Strategic Sourcing

A delivery and /or procurement strategy which, for a portfolio of projects, identifies the delivery strategy in respect of each project or package and where needs are met through own procurement system, a procurement strategy.

3. Prefeasibility

A prefeasibility report which determines whether or not it is worthwhile to proceed to the feasibility stage.

4. Preparation and briefing

A strategic brief which defines project objectives, needs, acceptance criteria and clients priorities and aspirations, and which set out the basis for the development of the concept report for one or more packages.

5. Feasibility

A feasibility report which presents sufficient information to determine whether or not the project should be implemented.

6. Concept and Viability

A concept report which establishes the detailed brief, scope, scale form and control budget and sets out the integrated concept for one or more packages.

7. Design Development

A design development report which develops in details the approved concept to finalize the design and definition criteria, sets out the integrated developed design, contains the cost plan and schedule for one or more packages.

8. Design Development

Production information which provides the detailing, performance definition, specification, sizing and positioning of all systems and components enabling either construction (where contractor is able to build directly from the information prepared) or the production of manufacturing and installation information for construction.

Manufacture, fabrication and construction information produced by or on behalf of the contactor, based on the production information provided for a package which enables manufacture, fabrication or construction to take place.

A concept report which establishes the detailed brief, scope, scale form and control budget and sets out the integrated concept for one or more packages.

9. Works

Completed works which are capable of being occupied or used.

10. Handover

Works which have been taken over by the user or owner complete with record information.

11. Package completion

Works with notified defects corrected, final account settled and the close out report issued.

Gateway reviews for major capital projects above threshold

The gateway review team shall be appointed comprise with not less than three persons who are not involved in the project associated with the works covered by the end of the stage 4 deliverables. The following shall apply:

I. such team must be lead by a person who has at least six years post graduate experience in planning of infrastructure projects.

II. such team must be registered either as a professional engineering terms of the engineering profession Act, a professional Quantity surveyor in terms of the Quantity surveying profession Act or a professional architect in terms in terms of Architectural profession Act.

III. such team must have expertise in the key technical area, cost estimates, scheduling and implementation of similar projects.

IV. the relevant treasury shall be notified of a proposed gateway review for a major capital projects, three weeks prior to the conducting of such review.

V. relevant treasury may at any time institute a gateway review of any of the stage deliverables associated with the control framework, irrespective of the estimated cost of a project.

VI. the relevant treasury may nominate additional persons to serve on the review team.

10.5 Gateway reviews team mandate

I. deliverability – the extent to which a project is deemed likely to deliver the expected benefits within the declared costs, time and performance envelop.

II. affordability - the extent to which the level of expenditure and financial risk involved in a project can be taken up on, given the organization's overall financial position, both singly and in light of its other current and projected commitments.

III. value for money.

10.6 Thresholds for gateway reviews of major capital

ORGAN OF STATE	ESTIMATED COST INCLUSIVE OF VAT
National Department	R 100 Million
Provincial Departments and metropolitan municipalities	R 100 Million
Municipalities other than a metropolitan Municipality	R 50 million
Major Public entity	R 500 Million
National government business enterprise	R 250 Million
Provincial government business enterprise	
Other	R 100 Million

PROPOSED

12 ACQUISITION MANAGEMENT

(1) The acquisition management system provides the general conditions and procedures which are applicable, as amended from time to time, to all procurements, contracts and orders of the CoM.

(2) The acquisition management system of the CoM must ensure that-

(a) Goods and/or services are procured by the CoM in accordance with authorised processes incorporated herein;

(b) Expenditure on goods and/or services is incurred in terms of an approved budget;

(c) The threshold values for the different procurement procedures are complied with;

(d) bid documentation, evaluation and adjudication criteria, and general conditions of a contract, are in accordance with the requirements of relevant legislation including the PPPFA and any conditions of the CIDBA; and

(e) Procurement guidelines issued by the National Treasury are properly taken into account.

(3) The CoM must make public the details of the nature of goods and/or services together with the name/s of the provider/s where the CoM procures such goods and/or services from another organ of state or a public entity.

(4) The CoM must make public the fact that it procures goods and/or services otherwise than through its supply chain management system, including-

(a) The kind/type of goods and/or services; and

(b) The name of the supplier.

(5) Where appropriate the municipal manager may appoint a neutral and/or independent observer in order to ensure fairness and transparency in the

application of the acquisition management system, or to assist and advise the SCMU in the execution of their functions and duties.

(6) The CoM may not enter into any contract which will impose financial obligations beyond the 3(three) years covered in the annual budget for that financial year unless the requirements of section 33 of the MFMA have been fully complied with or proper provision have been made in such contract to so comply.

(7) The following applies where the CoM procures public-private partnership agreements-

(a) Part 2 of chapter 11 of the MFMA; and

(b) Section 33 of the same act where such agreement will have multi-year budgetary implications for the CoM within the meaning of that section.

(8) In respect of any contract relating to the publication of official and/or legal notices and/or advertisements in the press by or on behalf of the CoM, a competitive bidding process need not be followed.

(9) The manager of the SCMU may request quotations directly from community based vendors in a specific area or from a specific community for the procurement of goods and services for transaction amounts of a value less than R30 000 (including VAT).

12.1 Range of Procurement Processes

(1) The procurement of goods and services must be done through the range of procurement processes set out in this section, which are-

(a) petty cash purchases up to, and including a transaction value of R 2 000 (including VAT);

(b) Written price quotations for procurements of a transaction value exceeding R 2 000, up to and including a transaction value of R300 000 (including VAT);

(c) A competitive bidding process for-

(i) Procurements above a transaction value of R 300 000 (including VAT); and

(ii) The procurement of a long terms contract (exceeding one year in duration).

(2) The municipal manager of the CoM may-

(a) Lower, but not increase, the different threshold values specified in this acquisition management system; or

(b) Direct that-

(i) Formal written price quotations be obtained for any specific procurement of a transaction value lower than R30 000; or

(iii) A competitive bidding process be followed for any specific procurement of a transaction value lower than R 300 000.

(3) Goods and/or services may not be deliberately divided into parts or items of a lesser value merely to avoid complying with the requirements of this policy and when transaction values are determined for procurements consisting of different parts or items it must, in as far as possible, be treated, dealt with and be calculated as a single transaction.

(3.1) Purchases below R 30 000 must be done once per financial year and per good or service

(3.2) any good or service with a consumption of six (6) per annum or financial year and above the R30 000 but equals to R 300 000 (vat inclusive) threshold shall be procured through a closed quotation advertised for seven days or if the good or service exceed R 300 000 (vat inclusive) it shall be procured through the bidding process as indicated in this policy

(3.3) notwithstanding the above mentioned provisions, the department shall submit a written request for a grace period of not less than three months to

continue with the normal quotation process while preparing the bidding process or seven (7) days close quotation.

12.2 General Preconditions for Consideration of Written Quotations or Bids

(1) The CoM may not consider a written quotation or bid unless the provider who submitted the quotation or bid-

(a) Has furnished the CoM with that provider's-

(i) Complete form of the MBD (municipal bid document) -4

(b) Has submitted an original and valid tax clearance certificate certifying that the provider's tax matters is in order; or tax pin number

(c) has authorised the CoM to obtain a tax clearance from the South African Revenue Services (SARS) that the provider's tax matters are in order, if deemed necessary; and

(d) Has indicated-

(i) Whether he/she or it is in the service of the state, or has been in the service of the state in the previous 12 (twelve) months;

(ii) if the provider is not a natural person, whether any of its directors, managers, principal shareholders or stakeholder is in the service of the state, or has been in the service of the state in the previous 12 (twelve) months; or

(iii) whether a spouse, child or parent of the provider or of a director, manager, shareholder or stakeholder referred to in sub-paragraph (ii) is in the service of the state, or has been in the service of the state in the previous 12 (twelve) months.

12.3 List of Accredited Prospective Providers or central supplier database

(1) The municipal manager must –

(a) keep a list of accredited prospective providers of goods and services that must be used for the procurement requirements of the municipality through formal written price quotations;

(b) make sure that all service providers and suppliers doing business with the municipality are registered on the central supplier database and municipal supplier database and are in good standing with all the requirement of the CSD and the municipal supplier database.

(c) At least once a year through newspapers commonly circulating locally, the website of the CoM and any other appropriate ways, to invite and encourage prospective providers of goods and/or services to be registered on the central supplier database and the municipal supplier database.

(d) Refuse to do business with supplier who did not register on the CSD and the municipal supplier database

(2) The prospective suppliers and service providers must also be made aware to updated their information as and when the need arises

(3) the municipality reserve the right to request any further information for verification purpose and failure by the service provider or supplier to comply will render the tender or quotation invalid/or non-responsive

(4) All parties to a Joint Venture must comply with the requirements for registration on the CSD and the municipal supplier database as indicated above.

12.4 Petty Cash Purchases

(1) Petty cash purchases may be made where goods and/or services which does not exceed a transaction value of R2000 (including VAT) are required and only one (1) written or verbal quotation is required for the transaction in which an

amount less than R2000.00 is used without following the petty cash process petty cash, provided that the CoM's procedures and guidelines for petty cash purchases, which are provided in Schedule "A" to this policy, must be strictly adhered to.

(2) The municipal manager may delegate the petty cash procurement responsibilities to an official reporting to the municipal manager on such terms and conditions as the municipal manager deems fit.

(3) Each director of the CoM must compile and submit a monthly reconciliation report to the chief financial officer, which report must include the total amount of petty cash purchases for that months accompanied by the receipts and appropriate documents for each purchase.

(4) Dividing required purchases into lesser transaction values in order to circumvent the written price quotation and/or formal written price quotation processes is not permissible.

(5) The following types of expenditure from petty cash purchases are prohibited:

- Petty cash advances must not be used to provide change, to give salary advances to employees or to cash cheques.
- No personal use or check cashing from these funds is allowed. It shall be deemed an offense to use Petty Cash for private matters even if the intention is to repay.
- Petty cash shall not pay for instalment invoices such as rental or equipment or open orders even if the amount falls within the limit specified.
- Each Directorate is not allowed to have more than 10 petty cash purchases per month.

12.5 THIS SECTION IS REMOVED

12.6 Formal Written Price Quotations

(1) When the CoM intends to enter into any contract for the procurement of goods and/or services of a transaction value of over R 30 000 (including VAT), a

minimum of 3 (three) formal written price quotations must be obtained from providers who are suitably qualified, who/which consists over the necessary resources and who/which are registered and verified on the central supplier database.

(2) The CoM must attempt to promote ongoing competition amongst providers of goods and services by inviting such providers to submit formal written price quotations on a rotational basis.

(3) Requests to submit formal written price quotations which are likely to be in excess of R 30 000 (including VAT), must be advertised for at least 7 (seven) days on the official website of the CoM as well as the official notice board of the CoM.

(4) If it is not possible to obtain at least 3 (three) formal written price quotations, the reasons must be recorded and approved by the chief financial officer who must, within 3 (three) days before the end of each month, report to the municipal manager on any approvals given in this regard.

(5) Where the chief financial officer does not approve of the reasons for not complying with this section, no purchases may be made and quotations must be obtained *de novo*.

(6) The municipal manager must record the names of the potential providers requested to provide formal written price quotations, together with their quoted prices.

(7) Notwithstanding the provisions of this section, if formal written price quotations have been invited on the official website of the CoM, no additional quotes need be obtained where the number of responses thereto are less than 3 (three).

(8) The municipal manager must take all reasonable steps to ensure that the procurement of goods and services through formal written price quotations are not abused.

(9) The municipal manager and the chief financial officer must, on a monthly basis, be notified in writing of all formal written price quotations accepted by an official acting in terms of a sub-delegation.

12.7 Exemption from obtaining three (3) Quotations.

12.7.1 When procuring works, goods and services, supply chain management unit shall be exempted from obtaining three (3) quotations and such shall be limited to R 300 000.00 (vat inclusive).

12.7.2 Preferably, the preferred service provider must be on the supply chain management accredited list of service providers or meet the listing criteria. Where is impractical to obtain service provider from the accredited list or meeting minimum listing criteria, such Procurement will be approved by the Assistant Director responsible for supply chain management / Chief Financial Officer.

12.7.3 For all this exemption the accounting officer authorizes the Chief Financial Officer / Head of Supply Chain Management to sourcing at least one quotation for the following items:

1. Newspaper Advertisements.
2. Stamp and postage.
3. Courier services.
4. Annual subscriptions and membership.
5. Annual registrations.
6. Registration and licensing.
7. General repairs and maintenance of agent products.
8. Venues and accommodation bookings.
9. Medical products and services.
10. Repairs for certificate of roadworthy.
11. Emergency repairs.
12. Strip and quote.
13. Legislative books / documents.
14. Traffic books / documents.
15. Medical examinations.
16. Plants and flowers.
17. Burial services.
18. Firearm training
19. Professional Bodies Subscription
20. Flight Travels

12.8 Competitive Bids above R 300 000 (Vat Inclusive)

(1) Competitive bids must be called for any procurement of goods and/or services above a transaction value of R 300 000 (including VAT), and/or for any long term contracts.

(2) Goods and/or services above an estimated transaction value of R 300 000 (VAT included), may not be deliberately divided into parts or items of lesser value merely for the sake of circumventing the competitive bidding process and procuring such goods and/or services otherwise than through a competitive bidding process.

(3) Goods and/or services to be procured which consist of different parts or items must, in as far as possible, be treated, dealt with and be calculated as a single transaction.

12.8.1 Bid documentation for competitive bids

(1) In addition to section 12.2 of this policy, the compilation of bid documentation by the CoM must-

(a) Take into account and contain, where applicable-

(i) The general conditions of contract of National Treasury (July 2010, or as amended from time to time);

(ii) Any Treasury guidelines on bid documentation;

(iii) the requirements, including the General Conditions of Contract, of the Construction Industry Development Board, in the case of a bid relating to construction works, upgrading or refurbishment of buildings or infrastructure as contemplated in the CIDBA; and

(iv) Supply chain management guidelines of the National treasury in respect of goods and/or services;

(v) The General Conditions & Procedures of the State Tender Board;

(vi) The General Conditions of Contract for Construction Contracts, 2010 of the South African Institute of Civil Engineers;

in as far as the contents of the above referred to documents are in accordance and amplification of this policy, but in the event of any conflict between the contents of these documents and this policy, the provisions of this policy will prevail.

(b) Include evaluation and adjudication criteria, including any criteria required by other applicable legislation;

(c) Compel bidders to declare any conflict of interest they may have in the transaction for which the bid is submitted;

(d) If the value of the transaction is expected to exceed R10 million (including VAT), require bidders to furnish-

(i) Their audited annual financial statements, if the bidder is required by law to prepare annual financial statements for auditing--

(aa) for the past 3 (three) years; or

(bb) since their establishment if established during the past 3 (three) years;

(ii) a certificate signed by the bidder certifying that the bidder has no undisputed commitments for municipal services towards a municipality or other service provider in respect of which payment is overdue for more than 30 (thirty) days;

(iii) Particulars of any contracts awarded to the bidder by an organ of state during the past 5 (five) years, including particulars of

any material non-compliance or dispute concerning the execution of such contract; and

(iv) a statement indicating whether any portion of the goods and/or services are expected to be sourced from outside the Republic, and, if so, what portion and whether any portion of payment from the CoM is expected to be transferred out of the Republic;

(e) Stipulate that disputes must be settled by means of mutual consultation, mediation (with or without legal representation), or, when unsuccessful, in a South African court of law.

(f) a clear indication of the terms and conditions of contract, specifications, criteria for evaluation and adjudication procedures to be followed where applicable, and include where, in exceptional circumstances, site inspections are compulsory;

(g) An appropriate contract and/or delivery period specification for all contracts;

(h) The requirements of the preferential procurement section of this policy (Chapter 5) and be clearly set out in the bid documentation.

(2) Bid documentation and evaluation criteria may not be aimed at hampering competition, but rather to ensure fair, equitable, transparent, competitive and cost effective bidding, as well as the protection or advancement of persons, or categories of persons, as embodied in the preferential procurement section of this policy.

(3) Bid documentation must compel a bidder to furnish the following:

(a) Full name/s;

(b) Identification number, company or other registration number;

(c) Tax reference number;

(d) VAT registration number, if any; and

(e) An original tax clearance certificate from SARS stating that the bidder's tax matters are in order or valid tax pin code

(4) Bid documentation must stipulate that disputes must be settled by means of mutual consultation, mediation (with or without legal representation) or, where unsuccessful, in a South African court of law.

(5) A provision for the termination/cancellation of the contract in the case of no or under-performance must be included in the bid documentation.

(6) Unless otherwise indicated in the bid documents, the CoM will not be liable for any expenses incurred in the preparation and/or submission of a bid.

(7) Bid documentation must state that the CoM is not be obliged to accept the lowest bid, any alternative bid or any bid.

(8) Bid documentation must compel bidders to declare any conflict/s of interest they may have in the transaction for which the bid is submitted.

(9) The bid documentation must require bidders to disclose:

(a) Whether such bidder is in the service of the state, or has been in the service of the state within the previous 12 (twelve) months;

(b) if the bidder is not a natural person, whether any of its directors, managers, principal shareholders or stakeholder is in the service of the state, or has been in the service of the state in the previous 12 (twelve) months; or

(c) Whether a spouse, child or parent of the bidder or of a director, manager, shareholder or stakeholder referred to in (b) above is or has been in the service of the state within the previous 12 (twelve) months.

(10) Bid documentation for consultant services must require bidders to furnish to the CoM particulars of all consultancy services, and any similar services (to

the services being bid for) provided to an organ of state in the last 5 (five) years.

(11) Bid documentation for consultant services must ensure that copyright in any document produced, and the patent rights or ownership in any plant, machinery, item, system or process designed or devised by a consultant in terms of an appointment by the CoM, shall vest in the CoM.

(12) Bid documentation may state that alternative bids can be submitted provided that a bid free of qualifications and strictly in accordance with the bid documents is also submitted.

(13) An alternative bid must be submitted on a separate complete set of bid documents and must clearly be marked "Alternative Bid", in order to distinguish it from the unqualified bid.

(14) Bid documentation must state that the CoM will not be bound to consider alternative bids.

(15) Bid documentation must provide the validity period of the bid.

(16) Unless the municipal manager directs otherwise, bids are invited within the Republic only.

(17) The laws of the Republic will apply and govern contracts of the CoM arising from the acceptance of bids.

12.8.2 Public invitation for competitive bids

(1) A notice of invitation to prospective providers to submit bids must be by means of a public advertisement in newspapers commonly circulating within the municipal area of the CoM in English, the website of the CoM, the official notice board of the CoM ,the E-tender on the central supplier database or any other appropriate ways (which may include an advertisement in the Government Tender Bulletin).when advertising a tender, the date must be the same on all medium of communication except if placed on the national

newspaper which will be issued on the weekend after the bid advertised on the local newspaper.

(2) The notice of invitation contemplated in sub-section (1) must contain the following advertisement information-

(a) subject to section 12.16(3), the closure date and time for the submission of bids, which may not be less than 30 (thirty) days in the case of transactions over R10 million (including VAT), or which are of a long term nature, 21 (twenty-one) days for construction works or 14 (fourteen) days in any other case, from the date on which the advertisement is placed in a newspaper, subject to sub-section (3);

(b) A statement that bids may only be submitted on the bid documentation provided by the CoM;

(c) The title of the proposed contract and the bid or contract reference number;

(d) Such particulars of the proposed contract as the CoM deems fit;

(e) The date, time and location of any site inspection, if applicable;

(f) The place where the bid documentation is available for collection and the times between which bid documentation may be collected;

(g) The place where bids must be submitted;

(h) The required CIDB contractor grading for construction works, if applicable; and

(i) The validity period of the bid.

(3) The municipal manager may determine a closure date for the submission of bids which is less than the 30 (thirty) or 14 (fourteen) days requirement provided in sub-section (2), but only if such shorter period can be justified on the grounds of an emergency as contemplated in section 12.22(1)(a)(i) read

with section 12.22(3), (4), (5) and (6), urgency or any exceptional case where it is impractical or impossible to follow the official procurement process.

(4) The bid notice may require payment of a non-refundable tender fee by bidders wanting to collect bid documents, which tender fee will be determined by the chief financial officer in terms of section 8 of this policy.

(5) Bid documentation will be available for collection on the same day the tender is advertised and until the closing date and time of bids.

(6) Bids submitted to the CoM must be sealed.

(7) Where bids are requested in electronic format, such bids must be supplemented by sealed hard copies.

12.8.3 Issuing of Bid Documents

(1) Bid documents and any subsequent notices may only be issued by officials designated by the Assistant director: supply chain management, from time to time.

(2) Details of all prospective bidders who have been issued with bid documents must be recorded by the issuing office but shall remain **confidential** for the duration of the bid period.

(3) Details of prospective bidders must, wherever possible, include the full name of the person drawing documents, a contact person, a contact telephone and fax number and a postal and email address.

12.8.4 Site Inspections

(1) In general and where applicable, site inspections will not be compulsory.

(2) A site inspection may be made compulsory, manager of the SCMU, provided that the minimum bid periods referred to in this policy are extended by at least 7 (seven) days.

(3) If site inspections are to be held, full details must be included in the bid notice, including whether or not the site inspection is compulsory.

(4) Where site inspections are made compulsory, the date for the site inspection must be at least 14 (fourteen) days after the bid has been advertised, and a certificate of attendance signed by the responsible agent must be submitted with the bid.

(5) If at a site meeting, any additional information is provided or clarification of vague points is given, such additional information or clarification must be conveyed to all bidders in accordance with section 12.7.12 of this policy.

12.8.5 two-stage (Prequalification) Bidding Process

(1) In a two-stage (prequalification) bidding process, bidders are, in the first-stage, invited to prequalify in terms of predetermined criteria, without being required to submit detailed technical proposals (where applicable) or a financial offer.

(2) In the second stage, all bidders that qualify in terms of the predetermined criteria will be shortlisted and invited to submit final technical proposals (where applicable) and/or a financial offer.

(3) This process may be applied to bids for large complex projects of a specialist or long term nature or where there are legislative, design, technological and/or safety reasons to restrict bidding to firms who have proven their capability and qualification to meet the specific requirements of the bid, including projects where it may be undesirable to prepare complete detailed technical specifications or long term projects with a duration exceeding 3 (three) years.

(4) The notice inviting bidders to pre-qualify must comply with the provisions of public invitation for competitive bids provided in section 12.7.2.

(5) Once bidders have pre-qualified for a particular project, they must be given no less than 7 (seven) days to submit a final technical proposal (where applicable) and/or a financial offer.

(6) Procurement of strip and quote services must be obtained by utilising the two-stage bidding process provided in this section.

12.8.6 Two Envelope System

(1) A two envelope system differs from a two-stage (prequalification) bidding process in that a technical proposal and the financial offer are submitted in separate envelopes at the same place and time.

(2) The financial offers will only be opened once the technical proposals have been evaluated.

12.8.7 Validity Periods

(1) The period for which bids are to remain valid and binding must be indicated in the bid documents. If no bidder has been appointed during the validity period, or the extended validity period as referred to below, the bid will lapse.

(2) The validity period is calculated from the bid closure date and bids shall remain in force and binding until the end of the final day of that period.

(3) This period of validity may be extended by the chairperson of the bid evaluation committee, provided that:

(a) the original validity period of the bid has not expired;

(b) all the bidders who have submitted bids have been requested to consent to the extension of the validity period; council shall reserve the right to continue with the normal process

(c) if one or more bidders who have submitted bids have agreed in writing to the extension of the validity period of the bid; the municipality continue with the normal bidding process

(d) if no bidder responded in writing, the bid shall be cancelled and be re-advertised unless depending on compelling reasons and the approval of the Municipal Manager, the bid may be taken through the normal bid committee processes and

(e) The validity period of a bid may only be extended once.

(4) Bidders who fail to respond to the request referred to in sub-section 3(b) above, or who decline such a request, shall be considered further in the bid evaluation process of the tender they submitted.

(5) If bidders are requested to extend the validity period of their bids as referred to in sub-section 3 as a result of an objection or complaint being lodged:

(a) it must be made clear to bidders that this is the reason for the request for the extension of the validity period; and

(b) The responsible official must ensure that all bidders are requested to extend the validity period of their bids where necessary in order to ensure that the bids remain valid throughout the objection or complaint period or until the objection or complaint is finalised.

12.8.8 Contract Price Adjustment

(1) For all contract periods equal to or exceeding 1 (one) year, an appropriate contract price adjustment formula must be specified in the bid documents.

(2) In general, if contract periods do not exceed 1 (one) year, the bid shall be a fixed price bid and not subject to contract price adjustment.

(3) If, however, as a result of any extension of time granted, the duration of a fixed price contract exceeds 1 (one) year, the contract will automatically be subject to contract price adjustment for that period by which the extended contract period exceeds such 1 (one) year.

(4) An appropriate contract price adjustment formula must be specified in the bid documents.

(5) Notwithstanding sub-section (2), if the bid validity period is extended, then contract price adjustment may be applied.

(6) No contract must be extended by a period exceeding three months, if the need arises for such an extension, the request must be submitted two months

before the contract expires shall go through the process in terms of para.12.11,12.12 and 12.13 of this policy

12.8.9 Provisional Sums and Prime Cost Items

(1) If monetary allowances in excess of R300 000 for provisional sums or prime cost items have been included in the bid documents, and where the work or items to which the sums relate are to be executed/supplied by subcontractors/suppliers, then a competitive bidding process, as determined by the manager of the SCMU from time to time, shall be followed in respect of these sums/items.

(2) When monetary allowances of less than R 300 000 have been included in the bid documents, and where the work or items to which the sums relate are to be executed/supplied by sub-contractors/suppliers, the contractor must be required to obtain a minimum of 3 (three) written quotations for approval by the responsible agent.

PROPOSED

12.8.10 Samples

(1) Where samples are called for in the bid documents, samples (marked with the bid and item number as well as the bidder's name and address) must be delivered separate from the bid to the addressee mentioned in the bid documents.

(2) Bids may not be included in parcels containing samples.

(3) If samples are not submitted as required in the bid documents or within any further time stipulated by the chairperson of the bid evaluation committee in writing, then the bid concerned may be declared non-responsive.

(4) Samples must be supplied by a bidder at his/her own expense and risk.

(5) The CoM will not be obliged to pay for such samples or compensate for the loss thereof, unless otherwise specified in the bid documents, and reserves the right not to return such samples and to dispose of them at its own discretion.

(6) If a bid is accepted for the supply of goods according to a sample submitted by the bidder, that sample will become the contract sample.

(7) All goods/materials supplied shall comply in all respects to that contract sample.

12.8.11 Closing of Bids

(1) Bids shall close on the date and at the time stipulated in the bid notice.

(2) The bid closing date of bids for goods and services must be at least 14 (fourteen) days after publication of the notice.

(3) For construction works the bid closing date must be at least 21 (twenty one) days after publication of the notice.

(4) Notwithstanding the above, if the estimated contract value exceeds R 10 million (VAT included), or if the contract is of a long term nature

with adjudication period exceeding one year, then the bid closing date must be at least 30 (thirty) days after publication of the notice.

(5) For banking services, the bid closing date must be at least 60 (sixty) days after publication of the notice.

(6) For proposal calls using a two envelope system, the bid closing date must be at least 30 (thirty) days after publication of the notice.

(7) The bid closing date may be extended prior to the original bid closing date by the manager of the SCMU, if circumstances justify such an extension, provided that the closing date may not be extended unless a notice is published in the press where the bid was originally advertised, which notice must also be posted on the official notice boards designated by the municipal manager.

(8) The municipal manager may determine a closing date for the submission of bids which is less than any of the periods specified in this section, but only if such shorter period can be justified on the grounds of an emergency, urgency or any exceptional case where it is impractical or impossible to follow the official procurement process.

12.8.12 Communication with bidders before bid closing

(1) The chairperson of the bid specification committee may, if necessary, communicate with prospective bidders and/or bidders who have already submitted bids, or indicated the intention to do so, prior to bids closing.

(2) Such communication shall be in the form of a notice issued to all prospective bidders and/or bidders who have already submitted bids, or indicated the intention to do so by the manager of the SCMU by either e-mail, facsimile, or registered post, as may be appropriate.

(3) A copy of the notice together with a transmission verification report/proof of posting shall be kept for record purposes.

(4) Notices should be issued at least 1 (one) week prior to the bid closing date, where possible.

(5) Notwithstanding a request for acknowledgement of receipt of any notice issued, the prospective bidders and/or bidders who have already submitted bids, or indicated the intention to do so will be deemed to have received such notice if the procedures in sub-sections (2), (3) and (4) have been complied with.

12.8.13 Submission of Bids

(1) Bids must be submitted before the closing date and time, at the address and in accordance with the directives in the bid documents.

(2) Each bid must be in writing using non-erasable ink and must be submitted on the official form of bid/offer issued with the bid documents.

(3) The bid must be submitted in a separate sealed envelope with the name and address of the bidder, the bid number and title, the bid box number (where applicable), and the closing date indicated on the envelope.

(4) The envelope may not contain documents relating to any bid other than that shown on the envelope.

(5) Only sealed bids will be accepted.

(6) The onus shall be on the bidder to place the sealed envelope in the official, marked and locked bid box provided for this purpose, at the designated venue, not later than the closing date and time specified in the bid notice.

(7) Postal bids will not be accepted for consideration.

(8) No bids forwarded by telegram, facsimile or similar apparatus may be considered.

(9) Photostat copies of bids or facsimiles which are submitted in the prescribed manner will, however, be considered, provided the original

forms of bid/offer can be shown to have been posted or couriered prior tothe close of bids.

(10) Electronic bids will not be accepted.

(11) The bidder shall choose a *domicilium citandi et executandi* within the Republic and unless notice of the change thereof has duly been given in writing, it shall be the address stated in the bid.

(12) No person may amend or tamper with any bids or quotations after their submission.

12.8.14 Late Bids

(1) A bid is late if it is not placed in the relevant bid box by the closing time for such bid.

(2) A late bid will not be admitted for consideration and where feasible, but without any obligation to do so whatsoever, will be returned unopened to the bidder with the reason for the return thereof endorsed on the envelope.

12.8.15 Opening of Bids

(1) At the specified closing time on the closing date, the applicable bid box must be closed in public.

(2) The bid box must be opened in public as soon as practical after the closing time.

(3) Immediately after the opening of the bid box, all bids must be opened in public and at the same time and checked for compliance.

(4) The official opening the bids must in all cases read out the name of the bidder and, where practical, the amount of the bid.

(5) As soon as a bid or technical proposal has been opened the municipal manager must ensure that:

(a) All bids received in time must be recorded in the bid opening record;

(b) The bid/proposal must be stamped with the official stamps, and endorsed with the opening official's signature;

(c) The name of the bidder, and where possible, the bid sum must be recorded in the bid opening record kept for that purpose;

(d) The responsible official who opened the bid shall forthwith place his/her signature on the bid opening record;

(e) The bid opening record must be made public for inspection; and

(f) The entries in the bid opening record and the bid results must be published on the website of the CoM.

(6) Bids found to be inadvertently placed in the incorrect bid box will be redirected provided that the applicable bids either closed on the same day at the same time, or are still open, in which case the CoM disclaims any responsibility for seeing that the bids are in fact lodged in the correct bid box.

(7) A record of all bids placed in an incorrect box must be kept.

(8) Bids received in sealed envelopes in the bid box without a bid number or title on the envelope will be opened at the bid opening and the bid number and title ascertained.

(a) A bid which was in the correct bid box it will be read out;

(b) A bid which is found to be in the incorrect bid box, it will be redirected provided that the applicable bids either closed on the same day at the same time, or are still open; and

(c) Where the bid closes at a later date, the bid will be placed in a sealed envelope with the bid number and title endorsed on the outside, prior to being lodged in the applicable box.

(9) The CoM, however, disclaims any responsibility for seeing that the bid is in fact lodged in the correct box.

12.8.16 Opening of Bids where a Two-Envelope System (consisting of a technical proposal and a financial proposal) is followed

(1) Where a two-envelope system is followed, only the technical proposal will be opened at the bid opening.

(2) The unopened envelope containing the financial proposal shall be stamped and endorsed with the opening official's signature, and be retained by him/her for safekeeping.

(3) When required the financial offers/bids corresponding to responsive technical proposals, must be opened by the opening official in accordance with section 12.7.15 (4) and (5).

(4) All bidders who submitted responsive technical proposals must be invited to attend the opening of the financial offers/bids.

(5) Envelopes containing financial offers/bids corresponding to non-responsive technical proposals shall be returned unopened along with the notification of the decision of the bid adjudication committee in this regard.

(6) After being recorded in the bid opening record, the bids/technical proposals must be handed over to the official responsible for the supervision of the processing thereof and that official must acknowledge receipt thereof by signing the bid opening record.

12.8.17 Invalid Bids

(1) Bids will be invalid and be endorsed and recorded as such in the bid opening record by the responsible official appointed by the manager of the SCMU to open the bid, in the following instances:

(a) Where the bid is not sealed;

(b) Where the bid, including the bid price/tendered amount, where applicable is not submitted on the official form of bid/offer;

(c) Where the bid is not completed in non-erasable ink;

(d) Where the form of bid/offer has not been signed;

(e) Where the form of bid/offer is signed, but the name of the bidder is not stated, or is indecipherable; or

(f) Where in a two-envelope system, the bidder fails to submit both a technical proposal and a separate sealed financial offer/bid.

(2) When bids are declared invalid at the bid opening, the bid sum of such bids may not be read aloud, however, the name of the bidder and the reason for the bid having been declared invalid must be announced.

12.8.18 Bid Sum

(1) A bid will not necessarily be invalidated if the amount in words and the amount in figures do not correspond, in which case the amount in words must be read aloud at the bid opening and this will be the price upon which bid is evaluated.

(2) All rates, with the exception of rates only bids, and proprietary information are confidential and may not be disclosed.

12.9 Committee System for Competitive Bids

(1) The committee system of the CoM for competitive bids provides for-

(a) A bid specification committee;

(b) A bid evaluation committee; and

(c) A bid adjudication committee.

(2) The municipal manager of the CoM-

(a) Must appoint the members of each committee and, in doing so, must take into account the provisions of section 117 of the MFMA;

(b) May, when appropriate, appoint a neutral or independent observer in order to ensure fairness and transparency in the application of this acquisition management system; and

(c) May apply the committee system to formal written price quotations.

12.10 Bid Specification

(1) The bid specification committee or delegated official must compile the specifications for all procurements of goods and/or services by CoM.

(2) The specifications-

(a) Must be drafted in an unbiased manner to allow all potential suppliers to offer their goods and/or services;

(b) must take account of any accepted standards such as those issued by Standards South Africa, the International Standards Organisation, or an authority accredited or recognised by the South African National Accreditation System with which the equipment or material or workmanship should comply;

(c) Where possible, be described in terms of performance required rather than in terms of descriptive characteristics for design;

(d) may not create trade barriers in contract requirements in the forms of specifications, plans, drawings, designs, testing and test methods, packaging, marking or labelling of conformity certification;

(e) may not make reference to any particular trade mark, name, patent, design, type, specific origin or producer unless there is no

other sufficiently precise or intelligible way of describing the characteristics of the work, in which case such reference must be accompanied by the words 'equivalent';

(f) Must indicate each specific goal for which points may be awarded;

(g) the committee must make sure that the provincial VTSD plan is incorporated in the tender and that relevant goals give content to the plan –i.e. either as a tender requirement of points for functionality

(h) Make sure that invited bidders from other province and municipalities including other countries offer not less than 30 percent of joint venture or sub-construction

(3) **Tenders to be evaluated on functionality**

(a) Must be approved by the municipal manager or delegated official prior to publication of the invitation for bids in terms of section 11.8.2.

(b) The municipality must state in the tender documents if the tender will be evaluated on functionality.

(c) The evaluation criteria for measuring functionality must be objective.

(d) The tender documents must specify-

I. the evaluation criteria for measuring functionality;
II. the points for each criteria and, if any, each sub-criterion; and
III. the minimum qualifying score for functionality.

(e) The minimum qualifying score for functionality for a tender to be considered further-

I. must be determined separately for each tender; and

II. may not be so low that it may jeopardise the quality of the required goods or services; or
III. may not be so high that it is unreasonably restrictive

(f) Points scored for functionality must be rounded off to the nearest two decimal places.

(g) A tender that fails to obtain the minimum qualifying score for functionality as indicated in the tender documents is not an acceptable tender.

(h) Each tender that obtained the minimum qualifying score for functionality must be evaluated further in terms of price and the preference point system and

(i) any objective criteria envisaged in the preferential procurement regulation

(4) Where specifications are based on standard documents available to bidders, a reference to those documents is sufficient.

(6) The specification must be approved by municipal manager or the delegated official prior to advertisement of the quotations or bid.

12.11 Bid Specification Committee

(1) All bid specifications and bid documentation must be compiled by an ad-hoc bid specification committee constituted for each project or procurement activity.

(2) The bid specification committee shall be comprised of at least 3 (three) officials of the CoM, an appointed chairperson, a responsible official and at least 1 (one) supply chain management practitioner of the CoM.

(3) Where appropriate a representative of Internal Audit and/or Legal Services and/or an external specialist advisor may form part of this committee.

(4) Green procurement must be incorporated as far as reasonable possible, for all specifications of goods and services.

(5) In the development of bid specifications, innovative mechanisms should be explored to render the service or product more resource and energy efficient.

(6) The municipal manager, or his delegated authority, must, taking into account the provisions of section 117 of the MFMA, appoint the members of the bid specification committees.

(7) No person, advisor or corporate entity involved with the bid specification committee, or director of such corporate entity, may bid for any resulting contracts.

(8) Determine if the project must be done by a single service provider or supplier or multiple service provider and based on the circumstances and the interest of the community, size of the project also determine the number of the suppliers or service provider who may be recommended for the implementation of the service or project

(9) Bid specification committee meetings must be conducted in accordance with the applicable Rules of Order regulating the conduct of meetings.

12.12 Bid evaluation

(1) The CoM shall not be obliged to accept any bid.

(2) The CoM shall have the right to accept the whole or part of a bid or any item or part of an item of a bid or to accept more than one bid for goods and services.

(3) The bid evaluation committee must-

(a) Evaluate bids in accordance with-

(i) The specifications for a specific procurement; and

(ii) The points system as prescribed by the PPPFA, and pertaining to functionality (if applicable) in accordance with the PPR and National Treasury Circular 53;

(b) Evaluate each bidder's ability to execute the contract;

(c) Check in respect of the recommended bidder whether municipal rates and taxes and municipal service charges are not in arrears; and

(d) Submit to the adjudication committee a report and recommendations regarding the award of the bid or any other related matter.

(4) The bid evaluation committee must as far as possible be composed of-

(a) Officials from departments requiring the goods and/or services; and

(b) At least one supply chain management practitioner of the CoM.

(5) The responsible agent and the SCM compliance officer or delegated official (who is not a members of the Evaluation or Adjudication Committee) must carry out a preliminary evaluation of all valid bids received and submit a draft bid evaluation report to the bid evaluation committee for consideration.

(6) Any evaluation of a bid must consider the bids received and note for inclusion in the evaluation report, a bidder:

(a) whose/which bid was endorsed as being invalid by the responsible official at the bid opening;

(b) whose/which bid do not comply with the provisions for combating abuse of this policy;

(c) whose/which bid do not comply with the general conditions applicable to bids and quotations of this policy;

(d) whose/which bid do not comply with specifications;

(e) whose/which bid does not meet the minimum points for functionality, if applicable;

(f) whose/which bid is not in compliance with the terms and conditions of the bid documentation;

(g) whose/which bid does not comply with any minimum points and goals stipulated in terms of the preferential procurement section of this policy and the PPPFA;

(h) who/which is not registered and/or listed on the list of accredited providers of the CoM;

(i) who/which, in the case of construction works acquisition, do not comply with the requirements of the CIDBA regarding registration of contractors;

(j) No contract may be awarded to a service provider who has failed to submit a proof of tax compliance status" i.e. CSD number or Tax compliance pin or Tax Clearance Certificate.

(k) The CSD and tax compliance status PIN are the approved methods to be used to prove tax compliance,

(l) who/which fails to comply with any applicable Bargaining Council agreements; and

(m) Who/ Which or its directors are in arrears for more than 90 days with its municipality or to any other municipality or entity's rates and taxes or municipal service.

(7) Bids shall be evaluated according to the following as applicable:

(a) Bid price and specific goals as per the applicable provisions of the PPPFA (corrected, if applicable and brought to a comparative level where necessary);

(b) The unit rates and prices;

(c) The bidder's ability to execute the contract;

(d) Any qualifications to the bid;

(e) The bid ranking obtained in respect of preferential procurement as required by this policy;

(f) The financial standing of the bidder, including its ability to furnish the required institutional guarantee, where applicable; and

(g) Any other criteria specified in the bid documents.

(8) No bidder may be recommended for an award unless the bidder has demonstrated that it has the resources and skills required to fulfil its obligations in terms of the bid document.

(9) The bid evaluation committee must check in respect of the recommended bidder whether municipal rates and taxes and municipal service charges are not in arrears.

(10) No contract may be awarded to a service provider / bidder, or any of its directors who failed to submit a proof that municipal rates and taxes or municipal service from applicable municipality or to any other municipality or municipal entity are not in arrears for more than 90 days".

(11) Additional information or clarification of bids may be called for if required but only in writing.

(12) Alternative bids may be considered, provided that a bid free of qualifications and strictly in accordance with the bid documents is also submitted.

(13) Where a bidder requests in writing, after the closing of bids, that his/her bid be withdrawn, then such a request may be considered and reported in the bid evaluation report for decision by the bid adjudication committee.

(14) The bidder obtaining the highest number of points should be recommended for acceptance unless there are objective criteria in addition to the criteria mentioned in section 2(1)(d) and section 2(1)(e) of the PPPFA justifying the award of the bid to another bidder.

(15) Where, after bids have been brought to a comparative level, 2 (two) or more score equal total adjudication points, the recommended bidder shall be the one scoring the highest preference points.

(16) Where 2 (two) or more bids are equal in all respects, the bid evaluation committee will draw lots to decide on the recommendation for award, or may, in the case of goods and services, recommend splitting the award proportionately, where applicable.

(17) All disclosures of a conflict of interest must be considered by the bid evaluation committee and shall be reported to the bid adjudication committee.

(18) The bid evaluation committee must, having considered the responsible agent's draft report, submit a report, including recommendations regarding the award of the bid or any other related matter, to the bid adjudication committee for award.

12.13 Bid Evaluation Committee

(1) An ad-hoc bid evaluation committee must be constituted for each project or procurement activity to evaluate bids received.

(2) The bid evaluation committee shall be comprised of at least 3 (three) officials of the CoM, an appointed chairperson, who may be the same person as the chairperson of the bid specification committee, a responsible official and atleast one supply chain management practitioner of the CoM.

(3) Where appropriate, a representative of Internal Audit and/or Legal Services may form part of this committee, which may also include other internal specialists/experts as necessary.

(4) External specialists/experts may advise the bid evaluation committee, as required.

(5) The municipal manager, or his delegated authority, must, taking into account the provisions of section 117 of the MFMA, appoint the members of the bid evaluation committees.

(6) Bid evaluation committee meetings must be conducted in accordance with the applicable Rules of Order regulating the conduct of meetings.

12.14 Bid adjudication

(1) The bid adjudication committee must-

(a) Consider the report and recommendations of the bid evaluation committee; and

(b) Either-

(i) Depending on its delegations, make a final award or a recommendation to the municipal manager to make the final award; or

(ii) Make another recommendation to the municipal manager on how to proceed with the relevant procurement.

(2) The bid adjudication committee may make an award to a preferred bidder, subject to the municipal manager negotiating with the preferred bidder.

(3) The municipal manager may negotiate the final terms of a contract with bidders identified through a competitive bidding process as preferred bidders, provided that such negotiation-

(a) Does not allow any preferred bidder a second or unfair opportunity;

(b) is not to the detriment of any other bidder;

(c) Does not lead to a higher price than the bid as submitted;

(d) Minutes of such negotiations must be kept for record purposes; and overall;

(e) Does not materially affect the bid in a manner which compromises the integrity of the bidding process.

(4) If a bid other than the one recommended in the normal course of implementing this policy is approved, then the municipal manager must, within 10 (ten) working days and in writing, notify the Auditor-General, the Provincial Treasury and the National Treasury of the reasons for deviating from such recommendation.

(5) The municipal manager may, at any stage of a bidding process, refer any recommendation made by the bid evaluation committee or bid adjudication committee back to that committee for reconsideration of the recommendation

(6) A person aggrieved by a decision or action taken in the execution of this policy may lodge within 14 (fourteen) days of such a decision or action a written objection or compliant to the CoM against the decision or action as set out in section 20.3 of this policy.

(7) Bid documents must state that any objection or complaint in terms of sub-section (6) above must be submitted to the municipal manager at the address stated, and must contain the following:

(a) Reasons and/or grounds for the objection or complaint;

(b) The way in which the objector or complainant's rights have been affected; and

(c) The remedy sought by the objector or complainant.

(8) No bid may be formally accepted until either the expiry of the 14 (fourteen) day objection or complaint period, confirmation in writing before the expiry of the 14 (fourteen)day objection or complaint period

that none of the affected parties intend to object or complain or confirmation of the satisfactory resolution of any objection or complaint.

(9) If the bid adjudication committee or other delegated official has resolved that bid be accepted, the successful and unsuccessful bidders must be notified in writing of this decision.

(10) The successful bidder must, in addition, be advised of the 14 (fourteen) day objection or complaint period, and be notified that no rights accrue to him/her until the bid is formally accepted in writing.

(11) Every notification of decision must be faxed or sent via electronic mail to the address chosen by the bidder, with a copy of proof of transmission kept for record purposes, or shall be delivered by hand, in which case acknowledgement of receipt must be signed and dated on a copy of such notification which must be kept for record purposes.

(12) Where it becomes necessary to cancel or re-advertise formal bids, a report to this effect must be submitted to the bid adjudication committee for decision.

(13) Where bids have been cancelled, all bidders must be notified of such cancellation in writing.

(14) It is not necessary to notify original bidders when new bids are invited advertised.

(15) No bid may be re-advertised before the expiry of the validity period of the original bid or any extended validity period.

(16) Notwithstanding sub-section (14) and where no valid bids are received or all bidders have indicated in writing that they have no objection to the re-advertisement of the bid, then the bid may forthwith be re-advertised.

(17) In the case of bids for construction works, and where the bid adjudication committee resolved that there were no responsive bids received, then the bid may forthwith be re-advertised.

(18) Any increase in the contract period, in respect of term bids, or contract sum, in respect of one-off contracts, that may become necessary as a result of exceptional circumstances or increase in the scope of work, or which are considered to be in the public's interest, may be effected subject to the provisions of section 116 of the MFMA. Such amendments must be effected prior to the contract period expiring or contract sum being exceeded.

(19) Where community participation has been a part of the contract, the community must be advised of the proposed increase and be invited to provide written comment thereon.

(20) Any unapproved increases in the contract sum or scope of work or contract period which have become necessary as a result of exceptional circumstances, or which have been considered to be in the public's interest, must be explained in a report to the bid adjudication committee requesting condonation and approval for such unapproved increase.

(21) Any adjustment as indicated on paragraph 18 and 20 of 12.13 above shall be submitted for approval 60 days before the order is printed or in case of projects before any payment certificate is compile and shall go through the Bid Evaluation and the Adjudication process.it is the responsibility of the department to make sure that the adjustments or increase as indicated on paragraph 18 and 19 of 12,13

(22) the decrease or the increase project funds or adjustment of project name must be approved by council and such changes must be effected on the Budget, the SDBIP, IDP of the municipality

(a) The department must write an item to council to request the approval to effect the change

(b) if approval has been obtained, the department shall write a report to all bid committee of the municipality to consider and minute the changes.

(c) the committee shall recommend the changes to the municipal manager or delegated official.

12.15 Bid Adjudication Committee

(1) The bid adjudication committee must consist of at least four senior managers of the CoM which must include-

(a) The chief financial officer or, if the chief financial officer is not available, another manager in the budget and treasury office reporting directly to the chief financial officer and designated by the chief financial officer;

(b) At least one senior supply chain management practitioner who is an official of the CoM; and

(c) a technical expert in the relevant field who is an official of the CoM, if the CoM has such an expert.

(2) The municipal manager must appoint the chairperson of the committee. When the chairperson is absent from a meeting, the members of the committee who are present must elect one of them to preside at the meeting.

(3) Neither a member of a bid evaluation committee, nor an advisor or person assisting the evaluation committee, may be a member of a bid adjudication committee.

(4) Where the bid adjudication committee decides to award a bid other than the one recommended by the bid evaluation committee, the bid adjudication committee must prior to awarding the bid-

(a) Check in respect of the preferred bidder whether that bidder's municipal rates and taxes and municipal service charges are not in arrears;

(b) Notify the municipal manager, who may-

(i) After due consideration of the reasons for the deviation, ratify or reject the decision of the bid adjudication committee; and

(ii) If the decision of the bid adjudication committee is rejected, refer the decision of the adjudication committee back to that committee for re-consideration.

(5) The municipal manager may at any stage of a bidding process, refer any recommendation made by the evaluation committee or the adjudication committee back to that committee for re-consideration of the recommendation.

(6) The municipal manager must comply with the procedure set out in terms of the provisions of section 114 of the MFMA and within 10 (ten) working days.

12.16 Term Bids

(1) Term bids are for the supply of goods and/or services that is of an ad-hoc or repetitive nature for a predetermined period of time.

(2) The CoM may invite term bids.

(3) The general acquisition procedure for term bids must comply with procedures contained in the acquisition management system for competitive bids.

(4) Where applicable bid documentation must state that the acceptance of term bids based on a schedule of rates will not necessarily guarantee the bidder any business with the CoM.

(5) The practice of using term bids to circumvent the bid process in respect of what should be planned project work is not permissible.

(6) Material for repairs and maintenance can be purchased on a term bid where circumstances warrant it.

(7) Additional items included in a term bid by any bidder which are clearly not an alternative to any of the items specified will not be considered.

(8) The process for considering term bids must be in terms of the evaluation and adjudication procedures for conventional competitive bids.

(9) Subsequent to an award where different selections of items are required in terms of the same term bid, and where it is not possible or practical to separate orders for different items from different suppliers, service providers or contractors, then and in that instance, a selection process must be carried out in respect of each application by the responsible agent. Individual orders must be placed on the basis of the highest total evaluation points received, per application.

(10) Where the selected supplier, contractor or service provider, in terms of the selection process specified in the term bid documentation, is unable to provide the required goods, services or construction works at the required time and confirms as such in writing, the bidder with the next highest valuation points must be selected.

(11) Where, after a contract has been awarded, or an order is placed in terms of a term bid, the supplier, contractor or service provider fails to supply the goods or service required, then the remedies in terms of the contract will apply.

12.17 Procurement of banking services

(1) A contract for the provision of banking services to the CoM-

(a) Must be procured through competitive bids;

(b) Must be consistent with the provisions of section 7 of the MFMA; and

(c) May not be for a period of more than 3 (three) years at a time.

(2) The process for procuring a contract for banking services must commence at least 9(nine) months before the end of an existing contract.

(3) The closure date for the submission of bids may not be less than 60 (sixty) days from the date on which the advertisement is advertised.

(4) Bids must be restricted to banks registered in terms of the Banks Act, Act 94 of 1990.

12.18 Procurement of IT related goods and/or services

(1) The municipal manager may request the State Information Technology Agency (SITA) to assist the CoM with the acquisition of IT related goods and/or services through a competitive bidding process.

(2) The parties must enter into a written agreement to regulate the services rendered by, and the payments to be made to SITA.

(3) The municipal manager must notify SITA together with a motivation of the IT needs of the CoM where-

(a) The transaction value of IT related goods and/or services required by the CoM in any financial year will exceed R50 million (including VAT); or

(b) The transaction value of a contract to be procured by the CoM whether for one or more years exceeds R50 million (including VAT).

(4) If SITA comments on the submission and the CoM disagrees with such comments, the comments and the reasons for rejecting or not following such comments of SITA must be submitted to the council, the Provincial and National Treasury and the Auditor General prior to awarding the bid.

12.19 Procurement of Goods and Services under Contracts Secured by Other Organs of State

(1) The municipal manager may procure goods and/or services for the CoM under a contract secured by another organ of state, but only if-

(a) The contract has been secured by that other organ of state by means of a competitive bidding process applicable to that organ of state;

(b) The CoM has no reason to believe that such contract was not validly procured;

(c) There are demonstrable discounts or benefits for the CoM to do so; and

(d) That other organ of state and the relevant provider have consented to such procurement in writing.

(e) The need for procuring goods or service through a contract secured by other state shall be recorded on the demand management plan and on the minutes of the specification

(f) When considering any contract secured by other organ of state, reports and supporting documents shall go through the committee system of the municipality

(g) Such service shall be sourced from an existing contract, with the same specification, terms and condition, in case of a long term or short term contract, the contract shall lapse the same period as indicated on the contract of the principal organ of state or the organ of state which appointed the service provider or supplier.

12.20 Procurement of Goods Necessitating Special Safety Arrangements

(1) Goods, other than water, petrol and/or chlorine, which necessitate special safety arrangements, may not be acquired or stored in bulk and in excess of immediate requirement, including gasses, unless sound justification therefore exists.

(2) Where the storage of goods in bulk is justified, such justification must be based on sound reasons, including the total cost of ownership and cost

advantages for the CoM and the municipal manager may then authorize the same.

12.21 Proudly SA Campaign

The CoM supports the Proudly SA Campaign and may identify, as a specific goal the promotion of South African owned enterprises in its procurement processes.

12.22 Appointment of consultants

(1) The accounting officer may procure consulting services provided that any Treasury guidelines in respect of consulting services are taken into account when such procurements are made.

(2) A contract for the provision of consultancy services to the CoM must be procured through competitive bids where-

(a) The value of the contract exceeds R 300 000 (including VAT); or

(b) The duration period of the contract exceeds 1 (one) year.

(3) In addition to the requirements prescribed for competitive bids in this policy, bidders must furnish the CoM with particulars of-

(a) All consultancy services provided to an organ of state in the last 5 (five) years; and

(b) Any similar consultancy services provided to an organ of state in the last 5 (five) years.

(4) Dividing the transaction values of required consultant appointments into lesser transaction values in order to circumvent the competitive bidding process is not permitted.

(5) Where the estimated value of consultant fees is less than or equal to R 300 000 (including VAT) and the duration of the appointment is less than 1 (one) year, the selection of a consultant to provide the required

service must follow a written price quotation or a formal written price quotation procedure as provided for in this policy.

(6) Responsible agents must endeavour to ensure that there is rotation in respect of inviting suitably qualified consultants to submit quotes.

(7) A price/preference points system, contained in the preferential procurement section of this policy, must be applied to such quotations.

(8) Where it is in the interests of the CoM to follow an advertised process, a formal competitive bidding process in accordance with the requirements of this policy may be followed.

(9) The CoM must ensure that copyright in any document produced, and the patent rights or ownership in any plant, machinery, thing, system or process designed or devised, by a consultant in the course of the consultancy service is vested in the CoM.

(10) The CoM may only consider single-source selection where it is in line with the exceptional cases provided in National Treasury guidelines the justification for single-source selections examined in the context of the overall interests of the CoM and the project.

(11) Single-source selection may be appropriate only if it presents a clear advantage over competition:

(a) For services that represent a natural continuation of previous work carried out by the consultant, and continuity of downstream work is considered essential;

(b) Where rapid selection is essential;

(c) For very small appointments;

(d) When only one consultant is qualified, or has experience of exceptional worth for the project.

(12) The reasons for single-source selection must be fully motivated in a report and approved by the bid adjudication committee prior to conclusion of a contract, provided that if the award is for an amount of R 300 000 (including VAT) or less, such award must be approved by the manager of the SCMU.

12.23 Deviation from, and Ratification of Minor Breaches of Procurement Processes

(1) The municipal manager may-

(a) Dispense with the official procurement processes established by this policy and to procure any required goods and/or services through any convenient process, which may include direct negotiations, but only-

(i) For contracts relating to an emergency where it would not be in the interests of the CoM;

(ii) If such goods and/or services are produced or available from a single provider only;

(iii) Acquisition of animals for zoos and nature reserves;

(iv) The acquisition of special works of art or historical objects where specifications are difficult to compile; and

(v) In any other exceptional case where it is impractical or impossible to follow the official procurement processes, including, but not limited to-

(aa) any purchase on behalf of the CoM at a public auction sale;

(bb) any contract in respect of which compliance therewith would not be in the public interest; and

(cc) ad-hoc repairs to plant and equipment where it is not possible to ascertain the nature or extent of the work required in order to call for bids;

(b) Ratify any minor breaches of the procurement processes by an official or committee acting in terms of delegated powers or duties which are purely of a technical nature.

(2) The municipal manager must record the reasons for any deviations in terms of sub-section (1) (a) and (b) and report them to the next meeting of the council and must be included as a note to the annual financial statements. This sub-section does not apply to the procurement of goods and services contemplated in section 3(3) of this policy.

(3) The conditions relating to the procurement of contracts relating to an emergency, as referred to in sub-section (1) (a) (i) above should include the existence of one or more of the following:

(a) The possibility of human injury or death;

(b) The prevalence of human suffering or deprivation of rights;

(c) The possibility of damage to property, or suffering and death of livestock and animals;

(d) The interruption of essential services, including transportation and communication facilities or support services critical to the effective functioning of the CoM as a whole;

(e) The possibility of serious damage occurring to the natural environment;

(f) The possibility that failure to take necessary action may result in the CoM not being able to render an essential community service; and

(g) The possibility that the security of the state could be compromised.

(4) The prevailing situation, or imminent danger, should be of such a scale and nature that it could not readily be alleviated by interim measures, in order to allow time for the formal procurement process and may never be for an emergency which has been created by and due to the negligence of any official or employee of the CoM.

(5) Emergency dispensation will not be granted in respect of circumstances other than those contemplated in sub-section (3) above.

(6) Where possible, in an emergency situation, 3 (three) quotes in accordance with general acquisition management principles should be obtained and a report submitted to the municipal manager for approval. Where, however, time is of the essence, the emergency must be immediately addressed, and the process formalised in a report to the municipal manager as soon as possible thereafter.

(7) The municipal manager may, upon recommendation of the bid adjudication committee, and only if good cause exists condone any expenditure incurred in contravention of, or that is not in accordance with, a requirement of this policy, provided that-.

(a) This power may not be sub-delegated by the municipal manager;

(b) Such condonation will not preclude the taking of disciplinary steps against the responsible official; and

(c) The municipal manager records the reasons for the condonation in writing, and reports them to the next meeting of the council and must be included as a note to the annual financial statements.

(8) In the event where the municipal manager refuses to condone any expenditure referred to in sub-section (11), such expenditure will be deemed to be irregular expenditure as defined in terms of the provisions of section 1 of the MFMA, and must be treated as such by the municipal manager according to the relevant provisions provided therefore in the MFMA.

(9) All deviations shall be processed through the delegations of power, the department and Supply Chain shall ensure that the deviation comply with the regulation and that valid reasons are indicated on the item before being submitted to the Municipal Manager or his/her delegate.

12.24 Unsolicited bids

(1) The CoM is not obliged to consider any unsolicited bids received outside a normal bidding process.

(2) The CoM may only consider an unsolicited bid if-

(a) The product or service offered in terms of the bid is a demonstrably or proven unique innovative concept;

(b) The product or service will be exceptionally beneficial to, or have exceptional cost advantages for the CoM;

(c) The person or entity who made the bid is the sole provider of the product or service; and

(d) The reasons for not going through the normal bidding processes are found to be sound by the municipal manager;

(3) Where the municipal manager decides to consider an unsolicited bid that complies with sub-section (2), the CoM must make its decision public in accordance with the provisions of section 21A of the MSA, together with-

(a) Its reasons as to why the bid should not be open to other competitors;

(b) An explanation of the potential benefits for the CoM were it to accept the unsolicited bid; and

(c) An invitation to the public or other potential suppliers to submit their written comments within 30 (thirty) days of the notice.

(4) Once the CoM has received written comments pursuant to sub-section 3, it must submit such comments, including any responses from the

unsolicited bidder, to the National Treasury and the relevant provincial treasury for comment.

(5) The CoM's adjudication committee must consider the unsolicited bid and may award the bid or make a recommendation to the municipal manager, depending on its delegations.

(6) A meeting of the adjudication committee to consider an unsolicited bid must be open to the public and notice of such meetings must be made public in terms of the provisions of section 21 of the MSA.

(7) When considering the matter, the adjudication committee must take into account-

(a) Any comments submitted by the public; and

(b) Any written comments and recommendations of the National Treasury or the relevant provincial treasury.

(8) Where any recommendations of the National Treasury or provincial treasury are rejected or not followed, the municipal manager must submit to the Auditor General, the relevant provincial treasury and the National Treasury the reasons for rejecting or not following those recommendations.

(9) Such submission must be made within 7 (seven) days after the decision on the award of the unsolicited bid is taken, but no contract committing the CoM to the bid may be entered into or signed within 30 (thirty) days of the submission.

(10) An unsolicited bid shall go through the committee system of council.

13 LOGISTICS MANAGEMENT

Logistics management provides an effective logistic management system for the setting of inventory levels, placing of orders, receiving and distribution of goods, stores and warehouse management, expediting orders, transport management, vendor performance, maintenance and contract administration, as set out below:

13.1 Setting of Inventory Levels

(1) Stock items must be systematically replenished using the re-order point planning strategy in conjunction with minimum and maximum levels.

(2) Open reservations must be taken into account during the replenishment run.

13.2 Placing of Orders

(1) Purchase orders must be created with reference to requisitions where the supply source is by means of contract or verbal, written or formal quotations.

(2) All purchase orders which are for imported goods and which are subject to rate and exchange adjustments must specify that the vendor must take out forward exchange contract in order to fix the Rand based price in the purchase order.

(3) A proper record of all purchase orders must be kept by the manager of the SCMU and a copy thereof must be submitted to the chief financial officer on a monthly basis.

(4) Standing orders will be utilized in cases where a longer term arrangement, such as after hour services and copier contracts, are required.

(5) Purchase order approvals must be system based and will involve the procurement department only.

(6) The assets section (for asset creation) and the insurance section (for claims) must be informed after approval of any purchase orders.

13.3 Receiving and Distribution of Goods

(1) Goods will be received on the applicable computerized system utilised by the CoM with reference to purchase orders.

(2) No over-receipt of stock may be allowed. The purchase order must be kept open founder-receipts for the outstanding delivery quantity.

(3) Goods must be issued from stock with reference to reservations.

(4) Goods may be issued for consumption against internal orders, cost centres, projects and assets under construction.

13.4 Stores and Warehouse Management

(1) The stores and warehousing function must be decentralised in different areas and will operate under the jurisdiction of the SCMU.

(2) The SCMU must ensure proper financial and budgetary control, uphold the principle of effective administration, proper stock holding and control, product standardisation, quality of products and a high standard of service levels.

13.5 Expediting Orders

(1) The purchasing expeditor is required to monitor and expedite outstanding purchase orders.

(2) Reminder letters must be faxed automatically to vendors based on the reminder levels prior to the delivery due date which is set in the purchase order.

13.6 Transport Management

The CoM's Fleet Management Policy must be adhered to at all times.

13.7 Vendor Performance

(1) The applicable computerized system of the CoM must enable system-based evaluation based on the vendors 'performance with regard to certain pre-determined criteria.

(2) The information will be available for contract negotiations and regular feedback to the vendors.

13.8 Contract Management

(1) The municipal manager must take all reasonable steps to ensure that contract management procured through this policy is properly implemented and enforced.

(2) The contract management provisions in this policy are applicable to contracts for the provision of goods and/or services.

(3) All contracts must be administered by an official(s) having the necessary competency in order to ensure effective management of the contract concerned. The responsibility of managing a contract falls on the specific directorate to which such a contract relates together with and in co-operation with the SCMU.

13.9 Maintenance and Contract Administration

(1) Contracts relating to the procurement of goods and services will be captured on the CoM's computerized system in the form of a price schedule.

(2) Value (where the maximum value of the contract is restricted) and volume (where the maximum units procured are restricted) based contracts must be utilized.

(3) The use of fixed price and fixed term contracts must be promoted and expenditure will be driven towards such contracts as opposed to once-off purchases.

(4) Consolidated procurement volumes must be utilized to drive down negotiated contract prices.

(5) Contract price adjustments may only be processed in accordance with contract terms and conditions.

(6) Price adjustments must be made on the procurement contract and any current purchase orders must be changed to reflect the new price.

13.10 Contract Administration

(1) Contract administration is the last stage of the tendering and contract cycle, and includes all administrative duties associated with a contract after it is executed, including contract review.

(2) The effectiveness of contract administration depend on how thoroughly the earlier steps were completed as changes can be made far more readily early in the tendering cycle than after contract management has commenced.

(3) Some of the key early stages, which influence the effectiveness of contract administration and which the CoM must properly implement, include:

(a) Defining the outputs by writing specifications which identify what the aims and outputs of a contract will be;

(b) Assessing risk;

(c) researching the market place, including conducting pre-tender briefings;

(d) Formulating appropriate terms and conditions of contract;

(e) Identifying appropriate performance measures and benchmarks so that all parties know in advance what is expected, and how it will be tested;

(f) Actively creating competition, so the best possible suppliers bid for contracts; and

(g) Evaluating bids competently, to select the best contractor, with a strong customer focus and good prospects of building a sound relationship.

13.11 Levels of Contract Administration

(1) There are three levels of contract administration, being:

(a) The first operational level is for standard contracts for goods and services. Day to day contract administration should become no more than a monitoring, record keeping and price adjustment authorisation role.

(b) The second or intermediate level is for more complex contracts for services. This type of contract requires a more active role for the contract manager in developing the relationship between the CoM and the contractors.

(c) The third level is for strategic contracts involving complex partnerships and outsourcing arrangements. These contracts require more active management of the business relationships between the supplier and the users, for example to manage outputs and not the process.

13.12 Appointing a Contract Manager

(1) A contract manager must be appointed by the municipal manager together with the director in charge of the project prior to the execution of the contract.

(2) Where it is practical to do so, the contract manager must be involved at the earliest stage of the acquisition, which is the time of writing the specifications for the contract.

(3) Contract administration arrangements must be identified and planned including, delegations, reporting requirements and relationships and specific task responsibilities.

(4) Departments are responsible for ensuring that contract managers:

(a) Prepare the contract administration plan;

(b) Monitor the performance of the contract;

(c) Are appointed with appropriate responsibility and accountability;

(d) Are adequately trained so that they can perform and exercise the responsibility; and

(e) Act with due care and diligence and observe all accounting and legal requirements.

13.13 Duties and Powers of Contract Manager

(1) The contract manager's duties and powers are governed by the conditions of contract and the law.

(2) The contract manager must monitor the performance of the contract on a monthly basis and must report to the municipal manager on the performance of the contractor and the progress of the contract on a monthly basis.

(3) The contract manager is also required to form opinions and make decisions, and in doing so is expected to be even-handed, prudent and to protect the interests of the CoM.

(4) The SCMU is responsible for notifying the contract manager 60 (sixty) days prior to the expiry of each contract in order to allow the contract manager sufficient time in order to decide whether to renew a contract or efficiently conclude a contract.

(5) The contract manager must ensure that the contractor duly performs according to the specifications of the contract in delivering goods and/or

services on time, in the correct manner and/or quantity and to the required standard.

(6) Regular meetings and site inspections must be held by the contract and the contractor to inspect the progress, deliverables, foreseeable problems and/or possible amendments during the contract period.

13.14 Contract Guidelines

(1) A guideline, which provides a description of the roles and responsibilities of a contract manager during the contract administration stage, must be documented.

(2) The provisions of this section is not an exhaustive description of contract administrative activities, and some tasks may not be carried out in the sequence presented, may be done concurrently with other tasks or may not be necessary in some circumstances.

13.15 Delegating to Contract Administrator

(1) Where appropriate, a contract manager may delegate some contract administration duties to a contract administrator.

(2) The contract administrator will be required to perform duties related to processes for record keeping, authorising payment and collecting data on contractor performance.

(3) The contract manager will however remain ultimately responsible and accountable for the performance of the contract.

13.16 Contract Management Process

(1) The contract manager must ensure the contractor fulfils its obligations and accepts its liabilities under the contract and must also ensure the contractors are treated fairly and honestly.

(2) Both parties adhering to the agreed terms will result in:

(a) Value for money;

(b) Timeliness;

(c) Cost effectiveness; and

(d) Proper contract performance.

13.17 Document Retention

(1) The need exists to retain documents on a contract file for information and audit purposes, and in order to comply with the requirements of the records office.

(2) Proper records regarding all aspects of the contract must accordingly be maintained.

13.18 Guidelines on Contract Administration

(1) The responsibilities of a contract manager may include the following:

(a) Establishing a contract management plan for the project;

(b) Reviewing the contract management process (including the plan) on regular basis;

(c) Providing liaison between internal managers and users, and suppliers to identify and resolve issues as they arise;

(d) Monitoring the contractor's continuing performance against contract obligations;

(e) Providing the contractor with advice and information regarding developments within the department, where such developments are likely to affect the products provided;

(f) Determining if staged products should continue, and providing procurement process for additional stages which meet the principle of obtaining value for money;

(g) Providing accurate and timely reporting to the senior management in charge of the project, highlighting significant performance issues or problems;

(h) Ensuring that insurance policy terms and conditions provide adequate protection for the CoM and are maintained throughout the contract period;

(i) Ensuring all products provided are certified as meeting the specifications before the supplier is paid;

(j) Maintaining adequate records (paper and/or electronic) in sufficient detail on an appropriate contract file to provide an audit trail;

(k) Managing contract change procedures;

(l) Resolving disputes as they arise;

(m) Conducting post contract reviews; and

(n) Pursuing remedies in the event of contract breach.

13.18.1. Cession Agreement for SMME's

(1) A cession is a contract in terms of which one party, cedent agrees to transfer his / her rights and obligation.

(2) At any given time the contractor or the service provider may enter into the agreement with the third party and cede his / her payments right to the third party.

(3) Such agreement shall only be considered, if there is a valid cession agreement entered into between the cedent, cessionary and the Municipality.

(4) The Chief Financial Officer shall only be the authorized representatives of the Municipality.

(5) The municipality shall not take any responsibility for any cession agreement signed by any unauthorized official(s)

(6) A cession shall be offered twice to a SMME supplier or service provider per financial year

(7) The contractor / service provider appointed by the municipality shall remain responsible to deliver goods, works or services as per the contract without compromising quality or quantities.

(8) The cession shall not exceed 15 percent of the original contract and it shall be subject to the availability of funds

(9) Cession agreement must be signed per SMME and per individual owner of the company and shall be subjected to residential verification before can be signed

PROPOSED

14 DISPOSAL MANAGEMENT

(1) The disposal management system of the CoM provides an effective system for the transfer of ownership, disposal or letting of assets, including unserviceable, redundant or obsolete assets, subject to the provisions of section 14 of the MFMA and the MATR in as far as capital assets are concerned.

(2) The disposal management system of the CoM is subject to and must comply with the relevant and applicable provisions of the MFMA and MATR in as far as capital assets are concerned.

(3) The manners in which assets may be disposed of by the CoM include, but is not limited to, the following-

(a) Transferring an asset to another organ of state in terms of a provision of the MFMA enabling the transfer of assets;

(b) Transferring the asset to another organ of state at market related value or, when appropriate, free of charge;

(c) Selling the asset; or

(d) Destroying the asset.

(4) Immovable property may be sold only at market related prices except when the public interest or the plight of the poor demands otherwise.

(5) Movable assets may be sold either by way of written price quotations, a competitive bidding process, and auction or at market related prices, whichever is the most advantageous to the CoM.

(6) In the case of the free disposal of computer equipment, the provincial department of education must first be approached to indicate within 30 (thirty) days whether any of the local schools are interested in the equipment.

(7) In the case of the disposal of firearms, the National Conventional Arms Control Committee must approve any sale or donation of firearms to any person or institution within or outside the Republic.

(8) Immovable property must be let at market related rates except when the public interest or the plight of the poor demands otherwise.

(9) All fees, charges, rates, tariffs, scales of fees or other charges relating to the letting of immovable property must be annually reviewed.

(10) Where assets are traded in for other assets, the highest possible trade-in price must be negotiated.

(11) As far as possible, assets to be disposed of must be subjected to recycling. Disposal to landfill is not allowed unless there are no available recycling options.

(12) Non-exempted capital assets must be transferred or permanently disposed of strictly in accordance with the provisions of section 14 of the MFMA read with Chapter 2 of the MATR.

(13) Exempted capital assets must be transferred strictly in accordance with Chapter 3 of the MATR.

(14) The granting of rights by the CoM to use, control or manage municipal capital assets, where section 14 of the MFMA do not apply, must be executed strictly in accordance with Chapter 4 of the MATR.

15 RISK MANAGEMENT

(1) The risk management system of the CoM provides for an effective system to identify, consider and avoid potential risks in the supply chain management system.

(2) The risks pertaining to supply chain management must at all times comply with the criteria laid down in the risk management policy of the CoM.

(3) Managing risk must be part of the philosophy, practices and business plans of the CoM and should not be viewed or practiced as a separate activity in isolation from line managers.

(4) Risk management includes, but is not limited to-

(a) Early and systematically identification of risks on a case-by-case basis, analysis and assessment of risk, including conflicts of interest and the development of plans for handling the same;

(b) The allocation and acceptance of the responsibility of risk to the party best suited and placed to manage such risk;

(c) Acceptance of the cost of the risk where the cost of transferring the risk is greater than that of retaining it;

(d) The management of risk in a pro-active manner and the provision of adequate cover for residual risk;

(e) The assignment of relative risk to the contracting parties through clear and unambiguous contract documentation; and

(f) Ensuring that the costs incurred in managing risk are commensurate with the importance of the purchase and the risk to the operations of the CoM.

(5) The risk management process must be applied to all stages of supply chain management, be it the conceptual stage, project definition, specification preparation, acquisition approval or implementation to completion.

(6) Risk management is an integral part of good management of acquisition activities and cannot be effectively performed in isolation from other aspects of acquisition management.

(7) Appropriate risk management conditions must therefore be incorporated in contracts.

(8) Internal Audit may be called during the opening and closing of the bids and can also conduct pre and post audit subject to internal audit submitting a request to the municipal manager to conduct the pre and post audit.

PROPOSED

16 PERFORMANCE MANAGEMENT

(1) The performance management system of the CoM provides for an effective internal monitoring system in order to determine, on the basis of a retrospective analysis, whether the authorised supply chain management processes are being, or were followed, and whether the desired objectives of this policy are being, or were achieved.

(2) The municipal manager must establish and implement the system contemplated in sub-section (1) above.

(3) Performance management must contain a monitoring process together with retrospective analysis to determine whether-

(a) Value for money has been attained;

(b) Proper processes have been followed;

(c) Desired objectives have been achieved;

(d) There is an opportunity to improve the process;

(e) Suppliers have been assessed and the results of the assessment; and

(f) There has been deviated from procedures and, if so, what the reasons for such deviation are.

(4) The performance management system must accordingly focus on, amongst others, the-

(a) Achievement of goals;

(b) Compliance to norms and standards;

(c) Savings generated;

(d) Cost variances per item;

(e) Non-compliance with contractual conditions and requirements; and

(f) Cost efficiency of the procurement process itself.

CHAPTER 3: OTHER MATTERS

17 PROHIBITION ON AWARDS TO PERSONS WHOSE/WHICH TAX MATTERS ARE NOT IN ORDER

(1) The CoM may not under any circumstances, irrespective of the procurement process followed, make an award to any person or entity whose/which tax matters have not been declared to be in order by SARS.

(2) Before making an award to a person or entity, the CoM must first check with SARS whether that person's or entities' tax matters are in order.

(3) If SARS does not respond within 7 (seven) days such person's or entities' tax matters may for purposes of sub-section (1) be presumed to be in order.

PROPOSAL

18 PROHIBITION ON AWARDS TO PERSONS IN THE SERVICE OF THE STATE

The CoM may not under any circumstances, irrespective of the procurement process followed, make an award to a person or entity-

(a) Who is in the service of the state;

(b) If that person is not a natural person, of which any director, manager, principal shareholder or stakeholder is a person in the service of the state; or

(c) Who is an advisor or consultant contracted with CoM.

PROPOSED

19 AWARDS TO CLOSE FAMILY MEMBERS OF PERSONS IN THE SERVICE OF THE STATE

The municipal manager must ensure that the notes to the annual financial statements of the CoM disclose the particulars of any award of more than R2 000 to a person who is a spouse, child or parent of a person in the service of the state, or who has been in the service of the state in the previous 12 (twelve) months, including-

(a) The name of that person;

(b) The capacity in which that person is or was in the service of the state; and

(c) The amount of the award.

PROPOSED

20 CODE OF ETHICAL STANDARDS

(1) In addition to this code of ethical standards, the codes of conduct for municipal councillors and staff members as set out in Schedule 1 and Schedule 2of the MSA shall apply in the implementation of this policy.

(2) The code of ethical standards for officials and all other role-players in the supply chain management system which is established hereby seeks to promote –

(a) Mutual trust and respect; and

(b) An environment where business can be conducted with integrity and in a fair and reasonable manner.

(3) An official and/or other role-player involved in the implementation of this policy-

(a) Must treat all providers and potential providers equitably;

(b) May not use his or her position for private gain or to improperly benefit another person;

(c) may not accept any reward, gift, favour, hospitality or other benefit directly or indirectly, including to any close family member, partner or associate of that person;

(d) notwithstanding sub-paragraph(c) above, must declare to the municipal manager details of any reward, gift, favour, hospitality or other benefit promised, offered or granted to that person or to any close family member, partner or associate of that person;

(e) must declare to the municipal manager details of any private or business interest which that person, or any close family member, partner or associate, may have in any proposed procurement or disposal process of, or in any award of a contract by the CoM;

(f) Must immediately withdraw from participating in any manner whatsoever in a procurement or disposal process or in the award

of a contract in which that person, or any close family member, partner or associate, has any private or business interest;

(g) Must be scrupulous in his or her use of property belonging to the CoM;

(h) Must assist the municipal manager in combating fraud, corruption, favouritism, unfair and irregular practices in the supply chain management system; and

(i) Must report to the municipal manager any alleged irregular conduct in the supply chain management system which that person may become aware of, including-

(i) Any alleged fraud, corruption, favouritism or unfair conduct;

(ii) Any alleged contravention of section 20.1; or

(iii) Any alleged breach of the code of ethical standards.

(4) All declarations in terms of sub-section (3) (d) and (e) must be recorded by the municipal manager in a register which the municipal manager must keep for this purpose.

(5) All declarations by the municipal manager must be made to the executive mayor of the CoM, who must ensure that such declarations are recorded in the register.

(6) The municipal manager is responsible to ensure that appropriate steps are taken against any official or other role-player who commits a breach of any provision of this code of ethical standards, and council must ensure that the same measures are enforced where a breach has been committed by the municipal manager.

(a) A breach of the code of ethical standards and any adopted code/s of conduct must be dealt with in accordance with Schedule 1 or Schedule 2 of the MSA, depending upon the circumstances.

(7) The municipal manager must, in his/her implementation of this policy, take into account the National Treasury's code of conduct for supply chain management practitioners and other role-players involved in supply chain management.

(8) The CoM has adopted the National Treasury's code of conduct for supply chain management practitioners and other role-players involved in supply chain management.

(a) This code of conduct is binding on all officials and other role-players involved in the implementation of this policy; and

(b) A copy of the National Treasury's code of conduct is available on the website www.treasury.gov.za/mfma located under "legislation".

(9) Sub-section (3) (c) does not apply to gifts less than R350 in value.

20.1 Inducements, Rewards, Gifts and Favours to the CoM, its Officials and/or Other Role-players

(1) No person who is a provider or prospective provider of goods and/or services to the CoM, or a recipient or prospective recipient of goods disposed or to be disposed of by the CoM, may either directly or through a representative or intermediary promise, offer or grant-

(a) Any inducement or reward to the CoM for or in connection with the award of a contract; or

(b) Any reward, gift, favour or hospitality to any official of the CoM or any other role-player involved in the implementation of this policy of the CoM.

(2) The municipal manager of the CoM must promptly report any alleged contravention of sub-section (1) to the National Treasury for considering whether the offending person, and any representative or intermediary through which such person is alleged to have acted, should be listed in

the National Treasury's database of persons prohibited from doing business with the public sector.

(3) Sub-section (1) does not apply to gifts less than R350 in value.

20.2 Sponsorships

The municipal manager of the CoM must promptly disclose to the National Treasury and the relevant provincial treasury any sponsorship promised, offered or granted to the CoM or any of its officials, whether directly or through a representative or intermediary, by any person who is-

(a) A provider or prospective provider of goods and/or services to the CoM; or

(b) A recipient or prospective recipient of goods disposed or to be disposed of by the CoM.

20.3 Objections and complaints

Persons aggrieved by decisions or actions taken by the CoM in the implementation of this policy, may lodge within 14 (fourteen) days of the decision or action, a written objection or complaint against the decision or action.

20.4 Resolution of Disputes, Objections, Complaints and Queries

(1) The municipal manager must appoint an independent and impartial person not directly involved in the supply chain management processes of the CoM-

(a) To assist in the resolution of disputes between the CoM and other persons regarding-

(i) Any decisions or actions taken by the CoM in the implementation of its supply chain management system; or

(ii) Any matter arising from a contract awarded in the course of its supply chain management system; or

(b) To deal with objections, complaints or queries regarding any such decisions or actions or any matters arising from such contract.

(2) The municipal manager, or another official designated by the municipal manager, is responsible for assisting the appointed person to perform his or her functions effectively.

(3) The person appointed by the municipal manager in terms of sub-section (1) must-

(a) Strive to resolve promptly all disputes, objections, complaints or queries received; and

(b) Submit monthly reports to the municipal manager on all disputes, objections, complaints or queries received, attended to or resolved.

(4) A dispute, objection, complaint or query may be referred to the relevant provincial treasury if-

(a) The dispute, objection, complaint or query is not resolved within 60 (sixty) days; or

(b) No response is received from the CoM within 60 (sixty) days.

(5) If the provincial treasury does not or cannot resolve the matter, the dispute, objection, complaint or query may be referred to the National Treasury for resolution.

(6) This section must not be read as affecting a person's rights to approach a court at any time.

20.5 Contracts Providing for Compensation Based on Turnover

Where a service provider acts on behalf of the CoM to provide any service or act as a collector of fees, service charges or taxes, and the compensation payable to the service provider is fixed as an agreed percentage of turnover for the service or the amount collected, the contract between the service provider and the CoM must stipulate-

(a) A cap on the compensation payable to the service provider; and

(b) That such compensation must be performance based.

PROPOSED

CHAPTER 4: COMBATING ABUSE OF THE SUPPLY CHAIN MANAGEMENT SYSTEM

21 COMBATING OF ABUSE OF THE SUPPLY CHAIN MANAGEMENT SYSTEM

(1) The terms of reference of this section of this policy ensure compliance with Regulation 38 of the SCMR.

(2) The municipal manager shall take all reasonable steps to prevent abuse of the supply chain management system and to investigate any allegations of improper conduct against the concerned official, councillor, or other role player and when justified may:-

(a) Take, or ensure that appropriate steps are taken, against such official, councillor or other role player; and/or

(b) Inform the Speaker of any allegations against any councillor involved in contraventions of the supply chain management system; and/or

(c) Report any alleged criminal conduct to the South African Police Service and/or other recognised authority.

(3) The steps referred to in sub-section (2) which the municipal manager may take include registering the affected person in the CoM's Register of Tender and Contract Defaulters as well as:

(a) Rejection or withdrawal of recommendations, or invalidation of decisions that were unlawfully or improperly made or influenced, including recommendations or decisions that were made or in any way influenced by:

(i) Councillors in contravention of item 5, 6 or 9 of the Code of Conduct for Councillors set out in Schedule 1 of the MSA; or

(ii) Municipal staff members in contravention of item 4, 5 or 8 of the Code of Conduct for Municipal Staff Members set out in Schedule 2 of the MSA;

(iii) The unlawful or improper conduct of a bidder or its representatives in competing for the particular contract;

(b) Rejection of the bid of an affected person if that person or any of its representatives:

(i) Has failed to pay municipal rates and taxes or municipal service charges and such rates, taxes and charges are in arrears for a period longer than 3 (three) months, as at the date of the submission of the bid;

(ii) Has abused the supply chain management system or has committed any improper conduct in relation to the supply chain management system;

(iii) Has been convicted of fraud or corruption during the 5 (five) year period immediately preceding the invitation of bid in question;

(iv) Is listed:

(aa) in the Register for Tender and or Contract Defaulters in terms of the provisions of section 29 of the Prevention and Combating of Corrupt Activities Act, Act 12 of 2004;

(bb) on the National Treasury's database as a person prohibited from doing business with the public sector or;

(cc) on the CoM's Register of Tender and or Contract Defaulters.

(v) who/which, during the last 5 (five) year period immediately preceding the invitation of the bid in question, failed to perform satisfactorily on previous or current contract with the CoM or other organ of state after written notice was given to the affected person that such person's performance was unsatisfactory; and/or

(vi) Wilfully neglected and/or breached any government, municipal or other public sector contract during the 5 (five) year period immediately preceding the invitation of the bid in question.

(c) Cancellation of a contract awarded to a person if that person:-

(i) committed a fraudulent act during the procurement process or the execution of the contract;

(ii) Incite any corrupt or fraudulent act, by an official, councillor or other role-player during the procurement process or in the execution of that contract and the person who committed the corrupt or fraudulent act benefited there from.

21.1 CoM's Register of Tender and Contract Defaulters

(1) The municipal manager shall, subject to the procedures prescribed in this policy, be entitled to list a person or any of its representatives, where applicable, on the CoM's Register of Tender and Contract Defaulters for a period not exceeding 5 (five) years in any of the circumstances listed in terms of this policy.

(2) In the circumstances referred to in section 21(3) (c) (i) and (ii) above, the person convicted of the relevant offence shall automatically be listed on the CoM's Register of Tender Contract Defaulters.

(3) In circumstances where a preference in terms of the PPPFA has been obtained on a fraudulent basis or any specific goals are not attained in

the performance of the contract, the affected person may be listed on the CoM's Register of Tender and Contract Defaulters for a period not exceeding 10 (ten)years.

(4) Any listing in terms of section 21(3) shall, at the discretion of the municipal manager, also be applicable to any other enterprise or any partner, manager, director or other person who wholly or partly exercises or exercised or may exercise control over the enterprise of the first mentioned person, and with which enterprise or person the first-mentioned person, is, or was, in the opinion of the municipal manager, actively associated.

(5) A person who has been listed on the CoM's Register of Tender and Contract Defaulters shall not be entitled to be awarded any contract by the CoM for the duration of the period reflected on such register.

(6) The municipal manager may, on good cause shown, remove a person from the CoM's Register of Tender Contract Defaulters or reduce the period for which a person is prohibited from being awarded any contract by the CoM.

21.2 Automatic Rejection of Bid

The municipal manager may, after written verification with a person, automatically reject the bid of such a person if the person:

(a) Has been convicted of fraud or corruption during the past 5 (five) year period immediately preceding the invitation of the bid in question; and/or

(b) Is listed on the:

(i) Register for Tender Defaulters in terms of the provisions of section 29 of the Prevention and Combating of Corrupt Activities Act, Act 12 of 2004;

(ii) National Treasury's database as a person prohibited from doing business with the public sector; and/or

(iii) CoM's Register of Tender and Contract Defaulters.

21.3 Adequate Notice of Manner of Abuse of Supply Chain Management System

(1) Once the CoM has obtained *prima facie* evidence which it deems to be sufficient to initiate proceedings to take steps against the affected person as contemplated in section 21(2) and (3) of this policy, the CoM must give the affected person adequate written notice of the manner in which it is alleged that the affected person abused the supply chain management system

(2) In order to constitute adequate notice of the manner in which it is alleged that the affected person abused the supply chain management system the notice must:-

(a) Outline the grounds on which it is alleged that the affected person abused the supply chain management system, with sufficient particulars to enable the affected person to respond to the allegations stipulated in the notice;

(b) Refer to the applicable provisions of this policy in terms of which steps may be taken in the event where it is proved that the affected person abused the supply chain management system;

(c) Stipulate that the affected person must make written representations in response to such allegations of abuse of the supply chain management system within 14(fourteen) calendar days of the date when the notice was served by a duly authorized person, acting on behalf of the CoM, on the affected person;

(d) state that written submissions received after the due date for such submissions shall be disregarded, unless good cause is shown by way of a request for condonation for the late lodgement of the

submissions and only when the condonation would not lead to unnecessary delays or otherwise prejudice the public interest;

(e) State the name, official title, postal address, street address, telephone number and fax number of the official of the CoM to whom written submissions or any correspondence in terms of this policy must be sent.

21.4 Right of Access to Information

(1) When furnishing the affected person with the notice referred to in section 21.3 above, the CoM shall furnish the affected person with access to all documents upon which theCoM relies in respect of the allegations against the affected person.

(2) The affected person shall be furnished by the CoM with any such additional information as the affected person is entitled to in terms of PAIA.

(3) Where further information is requested, the CoM may, in its sole discretion and up on a written request to do so, appropriately extend the time period contemplated in section 21.3(2)(c) so that the affected person is granted adequate time to consider any information provided pursuant to such request prior to the due date for such submissions.

21.5 Administration of Hearings

(1) The municipal manager shall appoint an independent and impartial person, who may be an official of the CoM, to preside and adjudicate on allegations of abuse of the supply chain management system against an affected person.

(2) The Presiding Officer will adjudicate on the matter based on the written notice and written response and will inform all relevant parties accordingly should the matter, or part thereof be referred for an oral hearing.

21.6 Right to be heard

(1) An affected person shall, in accordance with and subject to, the procedures in terms of this policy, be granted the right to be heard upon receiving notice as contemplated in terms of section 21.3 and prior to the municipal manager taking any of the steps listed in section 21(2) and (3) of this policy.

21.7 Oral Hearings

(1) An affected person does not have an automatic right to an oral hearing but may submit an application to the presiding officer to have the matter set down for an oral hearing in instances where the presiding officer decided to entertain the matter without oral evidence being heard, or not to refer the matter for an oral hearing.

(2) The presiding officer may grant such an opportunity in its discretion where the affected person has provided sufficient grounds to the presiding officer to refer the matter for an oral hearing

(3) The presiding officer shall take any relevant factor into account when deciding whether or not to grant an application referred to in sub-section (2) by an affected person.

(4) The presiding officer must ensure that notice of an oral hearing shall be served by a duly authorised person on all relevant parties within 7 (seven) days of receipt of their presentations referred to in section 21.3(2)(c), and must-

(a) set the date of the oral hearing;

(b) Inform the affected person of their right to legal representation; and

(c) Include any other information which the presiding officer may deem relevant or necessary to be included in the notice.

(5) The CoM must be appropriately represented at these hearings by a natural person to lead the evidence against the affected person.

21.8 Procedure at Oral Hearing

(1) The procedure to be followed at an oral hearing shall be determined by the presiding officer.

(2) Witnesses must testify under oath.

(3) Affected person(s) or their representatives shall have the right to present their case and to cross-examine any witnesses who testify at the hearing.

(4) Witnesses called by the affected person(s) shall be subjected to cross examination by any party who may have an interest at the hearing.

21.9 Onus of Proof

The onus is on the CoM to prove any allegations of abuse of the supply chain management system which proof shall be on a balance of probabilities.

21.10 Right to Legal Representation

An affected person shall have a right to legal representation.

21.11 Right to Request Reasons

An affected person shall be informed of the right to request written reasons in terms of the provisions of section 5of PAIA in respect of any decision taken by the CoM in terms of this policy.

21.12 Criminal Proceedings

(1) The municipal manager may institute criminal proceedings where there is *prima facie* proof of abuse of the supply chain management system that constitute a criminal offence of corruption or fraud.

21.13 Informing Provincial and National Treasury

The municipal manager must inform the Provincial and National Treasury of any actions taken in terms of this section.

PROPOSED

CHAPTER 5: PREFERENTIAL PROCUREMENT

22 PLANNING AND STIPULATION OF PREFERENCE POINT SYSTEM TO BE UTILIZED

(1) The CoM must, prior to making an invitation for bidders-

(a) Properly plan for, and, as far as possible, accurately estimate the costs of the provision of goods and/or services for which an invitation for bids is to be made;

(b) Determine and stipulate the appropriate preference point system to be utilized in the evaluation and adjudication of the bids; and

(c) Determine whether the goods and/or services for which an invitation for bids is to be made has been designated for local production and content in terms of section 28.

PROPOSED

23 EVALUATION OF BIDDERS ON FUNCTIONALITY

(1) The CoM must indicate in the invitation to submit a bid if such a bid will be evaluated on functionality.

(2) The evaluation criteria for measuring functionality must be objective.

(3) When evaluating bids on functionality, the-

(a) Evaluation criteria for measuring functionality;

(b) Weight of each criterion;

(c) Applicable values; and

(d) Minimum qualifying score for functionality,

Must be clearly specified in the invitation to submit a bid.

(4) No bid must be regarded as an acceptable bid if such bid fails to achieve the minimum qualifying score for functionality as indicated in the bid invitation.

(5) Bids which have achieved the minimum qualification score for functionality must be evaluated further in terms of the preference point system prescribed in sections below.

(6) Within the ambit of the Preferential Procurement Regulations, 2001, bids/ proposals which may be evaluated on the basis of functionality and price as well as the achievement of specified pre-qualification criteria. The evaluation should be carried out in two phases – first the functionality and then the price.

(7) The ratio or the evaluation criteria as well as the specification or the term of reference for the goods or service should be determined and approved by the accounting officer and should be made known up-front in the bid documents.

(8) Score sheets should be prepared and provided to panel members to evaluate the bids on functionality, the experienced panel members with relevant knowledge to the goods or service must be appointed by the municipal manager or delegated official in writing

(9) In view of impartiality, members of bid committees should not also act as panel members.

(10) The score sheet should contain all the criteria and the weight for each criterion as indicated in the TOR or specification or tender as well as the values to be applied for evaluation.

(11) Each panel member should after thorough evaluation award his/her own value to every criterion without discussing any aspect of any bid with any of the other members.

(12) Under no circumstances may additional evaluation criteria be added to those originally indicated in the bid documentation nor may the evaluation criteria be amended or omitted after closing of the bid. Score sheets should be signed by panel members and if required, written motivation could be requested from panel members in the event of vast discrepancies in the values awarded for each criterion.

(13) The evaluation of bids for functionality must be done by a panel on the same day and time and no panel member shall be allowed to change the score unless with the recommendation of the bid committees of the municipality

23.1 Calculation of Percentage for Functionality

The percentage scored for functionality should be calculated as follows:

1. Each panel member should award values for each individual criterion on a score sheet.

2. The value scored for each criterion should be multiplied with the specified weighting for the relevant criterion to obtain the marks scored for the various criteria.

3. These marks should be added to obtain the total score.

4. The following formula should then be used to convert the total score to a percentage for functionality:

$$Ps = \frac{So}{Ms} \times Ap$$

where
Ps = percentage scored for functionality by bid/proposal under consideration
So = total score of bid/proposal under consideration
Ms = maximum possible score
Ap = percentage allocated for functionality

(1) The percentages of each panel member should be added together and divided by the number of panel members to establish. The average percentage obtained by each individual bidder for functionality. After calculation of the percentage for functionality, the prices of all bids that obtained the minimum score for functionality should be taken into consideration. Bids/proposals that do not score a certain specified minimum percentage for functionality should be disqualified and not be considered further

PROPOSED

24 80/20 PREFERENCE POINT SYSTEM FOR THE ACQUISITION OF GOODS OR SERVICES WITH RAND VALUE EQUAL TO OR BELOW R 50 MILLION

(1) (a) The following formula must be used to calculate the points out of 80 for price in respect of an invitation for a tender with a Rand value equal to or below R50 million, inclusive of all applicable taxes:

$$Ps = 80\left(1 - \frac{Pt - Pmin}{Pmin}\right)$$

Where:

Ps = Points scored for price of tender under consideration;

Pt = Price of tender under consideration; and

Pmin = Price of lowest acceptable tender.

(b) A maximum of 20 points may be awarded to a tenderer for the specific goal specified for the tender.

(c) The points scored for the specific goal must be added to the points scored for price and the total must be rounded off to the nearest two decimal places.

(d) Subject to section 2(1)(f) of the Act, the contract must be awarded to the tenderer scoring the highest points.

(e) A bidder (supplier) may claim a maximum of 20 points for specific goals, if such bidder (supplier) is:

Persons historically disadvantaged on the basis of race with at least 51% ownership	5 Points
Persons historically disadvantaged on the basis of gender with at least 51% ownership by women	5 Points
Persons with at least 51% ownership who are youth	5 Points
Persons historically disadvantaged by unfair discrimination on the basis of disability with at least 51% ownership	5 Points

25 90/10 PREFERENCE POINT SYSTEM FOR ACQUISITION OF GOODS OR SERVICES WITH RAND VALUE ABOVE R 50 MILLION

(1) (a) The following formula must be used to calculate the points out 90 for price in respect of an invitation for tender with a Rand value above R50 million, inclusive of all applicable taxes:

$$Ps = 90\left(1 - \frac{Pt - Pmin}{Pmin}\right)$$

Where:

Ps = Points scored for price of tender under consideration;

Pt = Price of tender under consideration; and

Pmin = Price of lowest acceptable tender.

(b) A maximum of 10 points may be awarded to a tenderer for the specific goal specified for the tender.

(c) The points scored for the specific goal must be added to the points scored for price and the total must be rounded off to the nearest two decimal places.

(d) Subject to section 2(1)(f) of the Act, the contract must be awarded to the tenderer scoring the highest points.

(e) A bidder (supplier) may claim a maximum of 10 points for specific goals, if such bidder (supplier) is:

Persons historically disadvantaged on the basis of race with at least 51% ownership	3 Points
Persons historically disadvantaged on the basis of gender with at least 51% ownership by women	3 Points
Persons with at least 51% ownership who are youth	2 Points
Persons historically disadvantaged by unfair discrimination on the basis of disability with at least 51% ownership	2 Points

26 80/20 PREFERENCE POINTS SYSTEM FOR TENDERS FOR INCOME GENERATING CONTRACTS WITH RAND VALUE EQUAL TO OR BELOW R50 MILLION

(1) (a) The following formula must be used to calculate the points for price in respect of an invitation for tender for income-generating contracts, with a Rand value equal to or below R50 million, inclusive of all applicable taxes:

$$Ps = 80\left(1 + \frac{Pt - Pmax}{Pmax}\right)$$

Where:

Ps = Points scored for price of tender under consideration;

Pt = Price of tender under consideration; and

Pmax = Price of highest acceptable tender.

(b) A maximum of 20 points may be awarded to a tenderer for the specific goal specified for the tender.

(c) The points scored for the specific goal must be added to the points scored for price and the total must be rounded off to the nearest two decimal places.

(d) Subject to section 2(1)(f) of the Act, the contract must be awarded to the tenderer scoring the highest points.

(e) A bidder (supplier) may claim a maximum of 20 points for specific goals, if such bidder (supplier) is:

Persons historically disadvantaged on the basis of race with at least 51% ownership	5 Points
Persons historically disadvantaged on the basis of gender with at least 51% ownership by women	5 Points
Persons with at least 51% ownership who are youth	5 Points
Persons historically disadvantaged by unfair discrimination on the basis of disability with at least 51% ownership	5 Points

27 90/10 PREFERENCE POINTS SYSTEM FOR TENDERS FOR INCOME GENERATING CONTRACTS WITH RAND VALUE ABOVE R50 MILLION

(1) (a) The following formula must be used to calculate the points for price in respect of a tender for income-generating contracts, with a Rand value above R50 million, inclusive of all applicable taxes:

$$Ps = 90\left(1 + \frac{Pt - P\,max}{P\,max}\right)$$

Where:

Ps = Points scored for price of tender under consideration;

Pt = Price of tender under consideration; and

Pmax = Price of highest acceptable tender.

(b) A maximum of 10 points may be awarded to a tenderer for the specific goal specified for the tender.

(c) The points scored for the specific goal must be added to the points scored for price and the total must be rounded off to the nearest two decimal places.

(d) Subject to section 2(1)(f) of the Act, the contract must be awarded to the tenderer scoring the highest points.

(e) A bidder (supplier) may claim a maximum of 10 points for specific goals, if such bidder (supplier) is:

Persons historically disadvantaged on the basis of race with at least 51% ownership	3 Points
Persons historically disadvantaged on the basis of gender with at least 51% ownership by women	3 Points
Persons with at least 51% ownership who are youth	2 Points
Persons historically disadvantaged by unfair discrimination on the basis of disability with at least 51% ownership	2 Points

28 AWARD OF CONTRACTS TO BIDDERS NOT SCORING THE HIGHEST NUMBER OF POINTS

A contract may be awarded to a bidder who/which did not score the highest total number of points, but only in accordance with the provisions of section 2(1)(f) of the PPPFA.

29 CANCELLATION AND RE-INVITATION OF BIDS

(1) (a) When, in the application of the 80/20 preference point system as stipulated in the bid documents, all bids received exceed the estimated rand value of R1 million, the bid invitation must be cancelled.

(b) Where 1 (one) or more of the acceptable bids received are within the prescribed threshold of R1 million, all bids received must be evaluated on the 80/20 preference point system.

(2) (a) When, in the application of the 90/10 preference point system as stipulated in the bid documents, all bids received are equal to, or below R1 million, the bid must be cancelled.

(b) Where 1 (one) or more of the acceptable bids received are above the prescribed threshold of R1 million, all bids received must be evaluated on the 90/10 preference point system.

(3) Where the CoM cancels a bid invitation as contemplated in sub-sections (1) and (2), the CoM must re-invite bidders and must stipulate in the bid documents the correct preference point system to be applied.

(4) The CoM may, prior to the award of a bid, cancel such a bid when-

(a) Due to changed circumstances, there is no longer a need for the requested goods and/or services;

(b) Funds are no longer available to cover the total envisaged expenditure of the bid; or

(c) No acceptable bids are received.

(5) The decision to cancel a bid in terms of sub-section (4) must be published in the Government Tender Bulletin or the media in which the original bid invitation was advertised.

30 LOCAL PRODUCTION AND CONTENT

(1) The CoM must, in the case of designated sectors, where local production and content is of critical importance in the award of bids, advertise such bids with a specific bid condition that only locally produced goods and/or services or locally manufactured goods, with a stipulated minimum threshold for local production and content will be considered.

(2) The instructions, circulars and guidelines issued by the National Treasury with specific reporting mechanisms to ensure compliance with sub-section (1), must be taken into account by the CoM when applying this section.

(3) Where there is no designated sector, the CoM may include, as a specific bid condition, that only locally produced goods and/or services or locally manufactured goods with a stipulated minimum threshold for local production and content will be considered, provided that such prescript and threshold(s) are in accordance with the specific directives issued for this purpose by the National Treasury in consultation with the Department Trade and Industry.

(4) Every bid issued in terms of this section must be measurable and audited.

(5) Where necessary, for bids referred to in sub-sections (1) and (3), a two-stage bidding process may be followed, where the first stage involves functionality and minimum threshold for local production and content and the second stage price and B-BBEE with the possibility of price negotiations only with the short-listed bidder(s).

31 B-BBEE STATUS LEVEL CERTIFICATE

(1) Bidders with an annual total revenue of R5 million or less qualifies as exempted micro enterprises in terms of the Broad-Based Black Economic Empowerment Act, Act 53 of 2003, and must submit a certificate issued by a registered auditor, accounting officer (as contemplated in section 60(4) of the Close Corporation Act, Act 69 of 1984) or an accredited verification agency.

(2) Bidders other than exempted micro enterprises must submit their original and valid B-BBEE status level verification certificate or a certified copy thereof, substantiating their B-BBEE rating.

(3) The submission of such certificates must comply with the requirements of instructions and guidelines issued by the National Treasury and be in accordance with notices published by the Department of Trade and Industry in the Government Gazette.

(4) The B-BBEE status level attained by the bidder must be utilized to determine the number of points allocated in terms of sections 24(2) and 25(2).

PROPOSED

32 CONDITIONS

(1) Only bidders who/which have completed and signed the declaration part of the bid documentation may be considered for such bid.

(2) The CoM must, when calculating comparative prices, take into account any discounts which have been offered unconditionally.

(3) A discount which has been offered conditionally must, despite not being taken into account for evaluation purposes, be implemented when payment is affected.

(4) Points scored must be rounded off to the nearest 2 (two) decimal places.

(5) In the event that 2 (two) or more bids have scored equal total points, the successful bid must be the one scoring the highest number of preference points for B-BBEE.

(a) When, however, functionality is part of the evaluation process and 2 (two) or more bids have scored equal points including equal preference points for B-BBEE, the successful bidder must be the one scoring the highest score for functionality.

(b) Where 2 (two) or more bids are equal in all respects, the award will be decided by the drawing of lots.

(6) A trust, consortium or joint venture will qualify for points for its B-BBEE status level as a legal entity, provided that such entity submits its B-BBEE status level certificate.

(7) A trust, consortium or joint venture will qualify for points for its B-BBEE status level as an unincorporated entity, provided such entity submit its consolidated B-BBEE scorecard as if the entity is a group structure and that such a consolidated B-BBEE scorecard is prepared for every separate bid.

(8) A person may not be awarded any points for B-BBEE status level where the bid documents indicate that such a bidder who/which intends to sub-contract more than 25% of the value of the contract to any other enterprise

that does not qualify for at least the same amount of points of the bidder, unless the intended sub-contractor is an exempted micro enterprise which has the capacity and ability to execute the sub-contract.

(9) A person to whom/which a contract has been awarded may not sub-contract more than 25% of the value of the contract to any other enterprise which does not have an equal to or higher B-BBEE status level than the person concerned, unless the contract is sub-contracted to an exempted micro enterprise which has the capacity and ability to execute the sub-contract.

(10) A person to whom/which a contract has been awarded in relation to a designated sector, may not sub-contract in such a manner that the local production and content of the overall value of the contract is reduced below the stipulated minimum threshold.

(11) When the CoM is in need of services which is provided by tertiary institutions only, such services must be procured through a bidding process from the tertiary institutions identified.

(12) The tertiary institutions referred to in sub-section (11) must be required to submit its B-BBEE status in terms of the specialized scorecard contained in the B-BBEE codes of good practice.

(13) Where the CoM require services which can only be provided by 1 (one) or more tertiary institutions or public entities and enterprises from the private sector, the appointment of a contractor must be done by means of a bidding process.

(14) Public entities must be required to submit its B-BBEE status in terms of the specialized scorecard contained in the B-BBEE codes of good practice.

(15) A tenderer may not be awarded points for B-BBEE status level of contributor if the tender documents indicate that the tenderer intends subcontracting more than 30% of the value of the contract to any other person not qualifying for at least the points that the tenderer qualifies for, unless the

intended subcontractor is an EME that has the capability to execute the subcontract.

I. The points scored by a tenderer for B-BBEE contribution in terms of subparagraph (29 and 30) must be added to the points scored for price under sub paragraph 24 above.

II. The points scored must be rounded off to the nearest two decimal places.

III. Subject to sub regulation (9) and regulation 11 of the Supply chain management Regulation, the contract must be awarded to the tenderer scoring the highest points.

(16) If the price offered by a tenderer scoring the highest points is not market related, the organ of state may not award the contract to that tenderer but the municipality may

i. negotiate a market-related price with the tenderer scoring the highest points or cancel the tender;
ii. if the tenderer does not agree to a market-related price, negotiate a market-related price with the tenderer scoring the second highest points or cancel the tender;
iii. If the tenderer scoring the second highest points does not agree to a market-related price, negotiate a market-related price with the tenderer scoring the third highest points or cancel the tender.
iv. If a market-related price is not agreed the organ of state must cancel the tender.

(17) Criteria for breaking deadlock in scoring

i. If two or more tenderers score an equal total number of points, the contract must be awarded to the tenderer that scored the highest points for specific goals.
ii. If two or more tenderers score equal total points in all respects, the award must be decided by the drawing of lots.

(18) **Award of contracts to tenderers not scoring highest points**

(1) A contract may be awarded to a tenderer that did not score the highest points only in accordance with section 2(1) (f) of the Act.

(2) If an organ of state intends to apply objective criteria in terms of section 2(1) (f) of the Act, the organ of state must stipulate the objective criteria in the tender documents

(19) SUBCONTRACTING AS A CONDITION OF TENDER

19.1 If feasible to subcontract for contract above 30 million, the Municipality must apply subcontracting to advance designated groups.

19.2 If the Municipality applies subcontracting as contemplated in paragraph 24.1, the Municipality must advertise the tender with the specific tendering condition that the successful tenderer must subcontract a minimum of 30% the value of the Contract to:

19.2.1 AN EME or QSE

19.2.2 AN EME or QSE which is at least 51% owned by Black people

19.2.3 AN EME or QSE which is at least 51% owned by black people who are youth.

19.2.4 AN EME or QSE which is at least 51% owned by black people who are women.

19.2.5 AN EME or QSE which is at least 51% owned by black people disabilities.

19.2.6 AN EME or SQE which is 51% owned by black people living in rural or underdeveloped areas or township.

19.2.7 AN EME or SQE which is 51% owned by which is at least owned by black people who are military veterans or

19.2.8 A cooperative which is at least 51% owned by black people.

19.2.9 More than one of the above mentioned categories may be selected.

19.10 The Municipality must make available the list of all suppliers registered on the database approved by the National Treasury to provide the required goods or services in the respect of the applicable designated groups mentioned in paragraph 24.2 from which tenderer must select a supplier.

20 SUBCONTRACTING AFTER AWARD OF TENDER

20.1 A person awarded a contract may only enter into a subcontracting agreement with the approval of the Municipality.

20.2 A person awarded a contract in relation to a designated sector, may not subcontract in such a manner that the local production and content of the overall value of the contract is reduced to below stipulated minimum threshold.

20.3 A person awarded a contract may not subcontract more that 30% of the value of the contract to any other enterprise that does not have an equal or higher B-BBEE status level of contributor that the person concerned, unless the contract is subcontracted to an EME that has the capacity and ability to execute the subcontract.

21 LOCAL BENEFICIATION

21.1 At any given time the Municipality may decide to introduce local beneficiation programme to any project depending on the nature of the project.

21.2 The Municipality desirous to create jobs and business opportunities for all citizens and businesses residing in the City of Matlosana Local Municipality area.

21.3 This proposal highlights certain areas of local beneficiation in the implementation of capital projects on behalf of City of Matlosana Local Municipality.

21.4 This will cover all construction aspects relating to the processes by which the construction industry develops emerging and established small contractors, professionals and supplier.

21.5 It also deals with labour enhanced construction by encouraging the engagement and training of labour recruited from local communities.

22 PARTICIPATION

A major objective of the City of Matlosana Local Municipality is to extend economic opportunities and entrepreneurial capacity to all localities within its Municipal boundaries by the optimum utilisation of the resources existing in the vicinity of projects, the development of these resources in the execution of the project, and by maximising the amount of project funds retained within the project locality or within the VTSD

23 CONTRACT PARTICIPATION TARGETS

Contract participation is the process by which the City of Matlosana Municipality Implements Government's objectives.

24. THE MUNICIPALITY SHALL SET TARGETS FOR CONSTRUCTION BY SPECIFIED ENTITIES.

24.1 The rand value for which is based on the services and work undertaken by the specified entities and measured as a percentage of the total certified Contract value or fee value of work completed (excluding VAT) measured at the date of issue of the Taking-over Certificate.

24.2 The Contractor or Principal Consultant shall be obliged to commit to or exceed the targets stated in the Appendix to Tender.

24.3 As far as it is practical, the Contractor shall consider utilising targeted enterprises and targeted suppliers from communities immediately adjacent to the contract before considering from wider areas.

24.4 As far as it is practical, the Principal Consultant shall consider utilising local Targeted Professional, unless the Principal Consultant is Local.

25 THE FOLLOWING SHALL BE TARGETED GOALS:

25.1 Labour

Labour is the Contractor's and Subcontractor's personnel whose monthly earnings are derived from hours worked for a fixed hourly rate which is adjusted from time to time by legislation (as a statutory minimum) and the Contractor's and Subcontractor's employment policies.

25.2 Local

Local in this context refers to the municipal boundaries of the City of Matlosana Local Municipality. Proof of local residence shall be a utility account that is older than 6 months from the commencement date of the project.

25.3 Target Area

Target Area is a defined area from which the Municipality or Principal Consultant is expected to recruit Targeted Professionals or the Contractor is expected to recruit Targeted Labour and Targeted Suppliers.

25.4 Targeted Enterprise

Is any company engaged by the Contractor as a Subcontractor and which is registered with the Construction Industry Development Board (CIDB) and which also qualifies as Potentially Emerging (PE) for Construction works.

25.5 Targeted Professionals

A targeted Professionals any company engaged by the Employer or the Principal Consultant as a Sub-Consultant and which is from the target group and which is Local.

25.6 Targeted Supplier

A Targeted Supplier is any company engaged by the Contractor as a Supplier / Manufacturer from Targeted Groups and which is registered with the City of Matlosana on its database.

25.7 Target Groups

A Target Group is a specific section of the population who are South African citizens and who are distinguished by gender, age or disability.

25.8 Targeted Labour

Targeted Labour is Labour recruited from the Target Area, who permanently reside in the Target Area or who are recognized as being residents of the Target Area on the basis of identification and association with and recognition by the residents of the Target Area.

26 Allocation of work to the appointment of service provider/contractors on the panel

26.1 Upon the appointment, all service providers / contractors shall be placed on the panel and work will be allocated to them on rotational basis through panel system.

26.2 The Department shall submit a request to supply chain management unit requesting the service provider / contractor to be allocated work for specific area of execution.

26.3 The Assistant Director responsible for supply chain management shall consider the request and make recommendations for the allocation of work to the service providers or contractors and submit to the Chief Financial Officer for approval.

26.4 The Chief Financial Officer shall approve or reject the recommendation from the Assistant Director: Supply Chain management.

26.5 The Assistant Director: Supply Chain Management shall on monthly basis provide the Chief Financial Officer with the report on the rotation of the service providers / contractors.

33 PLANNING, STIPULATION OF PREFERENCE POINT SYSTEM TO BE UTILISED AND THE DETERMINATION OF DESIGNATED SECTORS

Prior to the invitation of bids, AOs/AAs are required to:

31.1. Properly plan for the provision of services, works or goods in order to ensure that the resources that are required to fulfil the needs identified in the strategic plan of the institution are delivered at the correct time, price, place and that the quantity and quality will satisfy those needs.

31.2. As far as possible, accurately estimate the costs for the provision of the required services, works or goods. This is in order to determine and stipulate the appropriate preference point system to be utilised in the evaluation and adjudication of the bids and to ensure that the prices paid for the services, works and goods are market related. Estimated costs can be determined by conducting an industry and commodity analysis whereby prospective suppliers may be approached to obtain indicative market related prices that may be utilised for benchmarking purposes. Based on the findings, the relevant preference point system (80/20 or 90/10) to be utilised for the evaluation of the bid must be stipulated in the bid documents; and

31.3. Determine whether the services, works or goods for which an invitation is to be made has been designated for local production and content in terms of Regulation 9 of the Preferential Procurement Regulations. This will entail the inclusion of a specific condition in the bid documents that only locally produced services, works or goods or locally manufactured goods with a stipulated minimum threshold for local production and content will be considered. This will subsequently have a direct impact on the evaluation of the bid.

34 PRE-QUALIFICATION CRITERIA FOR PREFERENTIAL PROCUREMENT

The Municipality may decide to apply pre-qualifying criteria to advance certain designated groups, that municipality must advertise the tender with a specific tendering conditions that only one or more of the following tenderers may respond:

(1) a tenderer having stipulated minimum B-BEE status level of Contributor.
(2) An EME or QSE.
(3) a Tenderer subcontracting a minimum of 30% to:
(4) an EME or QSE which is at least 51% owned by Black people
(5) An EME or QSE which is at least 51% owned by black people who are youth.
(6) An EME or QSE which is at least 51% owned by black people who are women.
(7) an EME or QSE which is at least 51% owned by black people Disabilities.
(8) An EME or SQE which is 51% owned by black people living in rural or underdeveloped areas or township.
(9) An EME or SQE which is 51% owned by which is at least owned by black people who are military veterans.
(10) A cooperative which is at least 51% owned by black people.
(11) A tender that fails to meet any pre-qualifying criteria stipulated in The tender documents is an unacceptable tender.

35 DECLARATIONS

(1) A bid must, in the manner stipulated in the bid document, compel a bidder to declare that-

(a) The information provided is true and correct;

(b) The signatory to the bid is duly authorized; and

(c) Documentary proof regarding any bid issue must, when required, be submitted to the satisfaction of the CoM.

36 REMEDIES

(1) If an organ of state is of the view that a tenderer submitted false information regarding a specific goal, it must—

(a) inform the tenderer accordingly; and

(b) Give the tenderer an opportunity to make representations within 14 days as to why the tender may not be disqualified or, if the tender has already been awarded to the tenderer, the contract should not be terminated in whole or in part.

(2) After considering the representations referred to in sub regulation (1)(b), the organ of state may, if it concludes that such information is false—

(a) disqualify the tenderer or terminate the contract in whole Or in part; and

(b) If applicable, claim damages from the tenderer.

PROPOSED

SCHEDULE"A"

PROCEDURE FOR PETTY CASH PURCHASES OF THE COM

(1) Every official or employee of the CoM who wishes to make a purchase from petty cash must do so by-

(a) way of an application to his/her applicable Director;

(b) describing the items to be purchased in writing together with a motivation in respect of the requirement of the purchase and the costs thereof; and

(c) each and every application in writing must be approved by the applicable and responsible Director of the CoM who administers the Directorate in terms of which the application for the petty cash purchase is made.

(2) Petty cash purchases may only be made with the written approval of the applicable and responsible Director as contemplated in sub-section (1) above and any official or employee of the CoM who makes any petty cash purchases made other than as provided for in this Schedule, will be personally liable for the costs of such purchase.

SCHEDULE "B"

PROCUREMENT MECHANISM	**TOTAL TRANSACTION VALUE**	Number of quotation	process
Petty Cash Purchases	R0, 01 to R 2000 (VAT inclusive)	1	Practice Note
Written Quotations obtained from the LAPS	R2 001 to R30 000 (VAT inclusive).	3	Practice Note
Formal Written Quotations through a seven-day advertisement process	R30 001 to R300 000 (VAT inclusive)	Minimum 1	Advert 7 days
Competitive Process	Above R300 000 (VAT inclusive)	Minimum 1	Advert 14 or more days
Negotiations, sole supplier and unsolicited bids by the Accounting Officer / delegates	Any Value	Minimum 1	Negotiated period

SCHEDULE"C"

DELEGATION OF SUPPLY CHAIN MANAGEMENT POWERS AND DUTIES

The procurement of goods and services, either by way of quotation or through a competitive bidding process, will be within the following threshold values (all amounts include VAT):

(a) For amounts to a maximum of R2 000.00	: petty cash purchases
(b) For amounts above R2 001 to a maximum of R300 000	: formal written quotations (7 DAYS ADVERT)
(c) For amounts above R300 000	: competitive bidding process

The following approval shall apply in respect of procurement of goods, works and services (quotations / bids) in accordance with the prescribed process (all amounts include VAT): the officials on the undermentioned level shall have the power to approve the requisitions

a. For amounts from R1 to R 2 000.00 : LEVEL 2 and 3 Officials
b. For the amount from R2 001 to R300 000 : Chief Financial Officer
c. The Bid Adjudication Committee may award a tender from R 300 000 to R1.5 Million
d. for all amounts above R1.5 Million shall be approved by Municipal Manager after receiving report from Bid Adjudication Committee and also has the power to sign any requisition of any amount

The powers to sign a contract and the resulting requisition and other required documents after the prescribed approval for the procurement or disposal has been given to the Municipal Manager.

CITY OF MATLOSANA

SUPPLY CHAIN MANAGEMENT POLICY FOR INFRASTRUCTURE PROCUREMENT AND DELIVERY MANAGEMENT: 2022/23

Preface

Public procurement that is unrelated to infrastructure delivery typically relates to goods and services that are standard, well-defined and readily scoped and specified. Once purchased, goods invariably need to be taken into storage prior to being issued to employees. Services most often involve routine, repetitive services with well understood interim and final deliverables which do not require strategic inputs or require decisions to be made regarding the fitness for purpose of the service outputs.

In contrast, procurement relating to the provision of new infrastructure or the rehabilitation, refurbishment or alteration of existing infrastructure covers a wide and diverse range of goods and services, which are required to provide or alter the condition of immoveable assets on a site. Accordingly, the procurement process for the delivery of infrastructure involves the initial and subsequent recurring updating of planning processes at a portfolio level flowing out of an assessment of public sector service delivery requirements or business needs. Thereafter it involves planning at a project level and the procurement and management of a network of suppliers, including subcontractors, to produce a product on a site. There is no need to store and issue materials or equipment unless these are issued to employees responsible for the maintenance or operation of infrastructure, or are issued free of charge to contractors for incorporation into the works.

Procurement is the process which creates, manages and fulfils contracts. Procurement deals with activities surrounding contracts. Such processes focus on establishing what is to be procured, developing a procurement strategy, producing procurement documentation, soliciting and evaluating tender offers, awarding of contracts and administering contracts. On the other hand, supply chain management (SCM) is the design, planning, execution, control and monitoring of supply chain activities in the delivery of goods, services or any combination thereof. Supply chains comprise all those public and private entities that are involved in delivering the inputs, outputs and outcomes of projects. Accordingly, supply chain management is concerned with the oversight, co-ordination and monitoring of inputs, outputs and outcomes of projects from the various entities within a supply chain.

Infrastructure is defined as "immovable assets which are acquired, constructed or which results from construction operations or moveable assets which cannot function independently from purpose built immovable assets" while infrastructure delivery is defined as "the combination of all planning, technical, administrative and managerial actions associated with the construction, supply, renovation, rehabilitation, alteration, maintenance, operation or disposal of infrastructure." Accordingly, infrastructure delivery management contextualises the supply chain management system for infrastructure.

Understandably, there are several overlaps between the supply chain management system for general goods and services and that for infrastructure delivery management. However, the inclusion of control frameworks in the Standard for Infrastructure Procurement and Delivery Management is aimed at expenditure control and a reduction in the gap between what is planned and budget for and what is delivered to ensure that value for money is achieved.

The primary purpose of this document is to embed an infrastructure delivery management system for City of Matlosana Municipality which is aligned with the regulatory framework for public sector procurement, supply chain management and expenditure control. In also enables the National Treasury Standard for Infrastructure Procurement and Delivery Management to be implemented.

PROPOSED

CITY OF MATLOSANA MUNICIPALITY's SCM POLICY FOR INFRASTRUCTURE PROCUREMENT AND DELIVERY MANAGEMENT

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1 Scope

This policy establishes the City of Matlosana Municipality's policy for infrastructure procurement and delivery management in accordance with the provisions of the regulatory frameworks for procurement and supply chain management. It includes the procurement of goods and services necessary for a new facility to be occupied and used as a functional entity but excludes:

a) The storage of goods and equipment following their delivery to City of Matlosana Municipality which are stored and issued to contractors or to employees;

b) The disposal or letting of land;

c) The conclusion of any form of land availability agreement;

d) The leasing or rental of moveable assets; and

e) Public Private Partnerships.

2 Terms, definitions and abbreviations

2.1 Terms and definitions

For the purposes of this document, the definitions and terms given in the standard and the following apply:

Agent: person or organization that is not an employee of City of Matlosana Municipality that acts on the municipality's behalf in the application of this document

Authorised person: the municipal manager or chief executive or the appropriately delegated authority to award, cancel, amend, extend or transfer a contract or order conflict of interest: any situation in which:

a) Someone in a position of trust has competing professional or personal interests which make it difficult for him to fulfil his duties impartially,

b) An individual or organization is in a position to exploit a professional or official capacity in some way for his personal or for corporate benefit, or

c) Incompatibility or contradictory interests exist between an employee and the organization which employs that employee

Contract manager: person responsible for administering a package on behalf of the employer and performing duties relating to the overall management of such contract from the implementer's point of view

family member: a person's spouse, whether in a marriage or in a customary union according to indigenous law, domestic partner in a civil union, or child, parent, brother, sister, whether such a relationship results from birth, marriage or adoption

Framework agreement: an agreement between an organ of state and one or more contractors, the purpose of which is to establish the terms governing orders to be awarded

during a given period, in particular with regard to price and, where appropriate, the quantity envisaged

Gate: a control point at the end of a process where a decision is required before proceeding to the next process or activity

Gateway review: an independent review of the available information at a gate upon which a decision to proceed or not to the next process is based 2 October 2015

Gratification: an inducement to perform an improper act

Infrastructure delivery: the combination of all planning, technical, administrative and managerial actions associated with the construction, supply, renovation, rehabilitation, alteration, maintenance, operation or disposal of infrastructure

Infrastructure procurement: the procurement of goods or services including any combination thereof associated with the acquisition, renovation, rehabilitation, alteration, maintenance, operation or disposal of infrastructure

Maintenance: the combination of all technical and associated administrative actions during an item's service life to retain it in a state in which it can satisfactorily perform its required function

Operation: combination of all technical, administrative and managerial actions, other than maintenance actions, that results in the item being in use

Order: an instruction to provide goods, services or any combination thereof under a framework agreement

Organ of state: an organ of state as defined in section 239 of the Constitution of the Republic of South Africa

Procurement document: documentation used to initiate or conclude (or both) a contract or the issuing of an order

principal: a natural person who is a partner in a partnership, a sole proprietor, a director a company established in terms of the Companies Act of 2008 (Act No. 71 of 2008) or a member of a close corporation registered in terms of the Close Corporation Act, 1984, (Act No. 69 of 1984)

Standard: the latest edition of the Standard for Infrastructure Procurement and Delivery Management as published by National Treasury

Working day: any day of a week of which is not a Sunday, Saturday or public holiday

2.2 Abbreviations

For the purposes of this document, the following abbreviations apply

CIDB: Construction Industry Development Board

SARS: South African Revenue Services

3 General requirements

3.1 Delegations

3.1.1 The Council of City of Matlosana Municipality hereby delegates all powers and duties to the Municipal Manager which are necessary to enable the Municipal Manager to:

a) discharge the supply chain management responsibilities conferred on accounting officers in terms of Chapter 8 or 10 of the Local Government Municipal Finance Management Act of 2003 and this document;

b) maximise administrative and operational efficiency in the implementation of this document;

c) Enforce reasonable cost-effective measures for the prevention of fraud, corruption, favouritism and unfair and irregular practices in the implementation of this document; and 1 this clause is required to ensure that the standard is linked to the policy and aligned with the MFMA SCM Regulations. 3 October 2015

d) comply with his or her responsibilities in terms of section 115 and other applicable provisions of the Local Government Municipal Finance Management Act of 2003 Act.

3.1.2 No departure shall be made from the provisions of this policy without the approval of the Municipal Manager of City of Matlosana Municipality.

3.1.3 The Municipal Manager shall for oversight purposes:

a) within 30 days of the end of each financial year, submit a report on the implementation of this the policy and the equivalent policy of any municipal entity under the sole or shared control of the City of Matlosana Municipality, to the council of the City of Matlosana Municipality

b) whenever there are serious and material problems in the implementation of this policy, immediately submit a report to the Council, who must then submit the report to the Municipal Manager of City of Matlosana Municipality for submission to the council;

c) within 10 days of the end of each quarter, submit a report on the implementation of the policy to the Mayor; and

d) make the reports public in accordance with section 21A of the Municipal Systems Act of 2000.

3.2 Implementation of the Standard for Infrastructure Procurement and Delivery Management

3.2.1 Infrastructure procurement and delivery management shall be undertaken in accordance with the all applicable legislation and the relevant requirements of the latest edition if the National Treasury Standard for Infrastructure Procurement and Delivery Management.

3.3 Supervision of the infrastructure delivery management unit

The Infrastructure Delivery Management Unit shall be directly supervised by the Chief Financial Officer / delegated person in terms of section 82 of the MFMA.

3.4 Objections and complaints

Persons aggrieved by decisions or actions taken in the implementation of this policy, may lodge within 14 days of the decision or action, a written objection or complaint against the decision or action.

3.5 Resolution of disputes, objections, complaints and queries

3.5.1 The Municipal Manager or delegated person shall appoint an independent and impartial person, not directly involved in the infrastructure delivery management processes to assist in the resolution of disputes between the municipality and other persons regarding:

a) any decisions or actions taken in the implementation of the supply chain management system;

b) any matter arising from a contract awarded within the municipality's infrastructure delivery management system; or

c) to deal with objections, complaints or queries regarding any such decisions or actions or any matters arising from such contract.

3.5.2 The Manager SCM shall assist the person appointed in terms of 3.5.1 to perform his or her functions effectively.

3.5.3 The person appointed in terms of 3.5.1 shall:

a) strive to resolve promptly all disputes, objections, complaints or queries received; and

b) submit monthly reports to the Municipal Manager on all disputes, objections, complaints or queries received, attended to or resolved.

3.5.4 A dispute, objection, complaint or query may be referred to the Provincial Treasury] if:

a) the dispute, objection, complaint or query is not resolved within 60 days; or

b) no response is forthcoming within 60 days.

3.5.5 If the Provincial Treasury does not or cannot resolve the matter, the dispute, objection, complaint or query may be referred to the National Treasury for resolution.

4 Control framework for infrastructure delivery management

4.1 Assignment of responsibilities for approving or accepting end of stage deliverables

The responsibilities for approving or accepting end of stage deliverables shall be as stated in Table 1.

4.2 Gateway reviews

4.2.1 Gateway reviews for major capital projects above a threshold

4.2.1.1 All major capital projects having an estimated capital expenditure equal to or above R50 million (VAT inclusive) shall have a gateway review of the end-of-stage 4 deliverable, prior to the acceptance of such deliverable. The focus of such a review shall in the first instance be on the quality of the documentation and thereafter on:

a) Deliverability

b) Affordability

c) Value for money

4.2.1.1 The Municipal Manager shall appoint a gateway review team to undertake gateway reviews for major capital projects.

4.2.1.2 The gateway review team shall compromise not less than three persons who are not involved in the project associated with the works covered by the end of stage 4 deliverable and who are familiar with various aspects of the subject of the deliverable at the end of the stage under review. Such a team shall be led by a person who has at least six years post-graduate experience in the planning of infrastructure projects and is registered either as a professional engineer in terms of the Engineering Profession Act, a professional quantity surveyor in terms of the Quantity Surveying Profession Act or a professional architect in terms of the Architectural Profession Act. The members of the team shall, as relevant, have expertise in key technical areas, cost estimating, scheduling and implementation of similar project

Table 1: Responsibilities for approving or accepting end of stage deliverables in the control framework for the management of infrastructure delivery

Stage			Person assigned the responsibility for approving or accepting end of stage deliverables
No	**Name**		
0	**Project initiation**		Director: Infrastructure accepts the initiation report
1	**Infrastructure planning**		Council approves the infrastructure plan
2	**Strategic resourcing**		Director: Infrastructure approves the delivery and / or procurement strategy
3	**Pre-feasibility**		Director: Infrastructure accepts the pre-feasibility report
	Preparation and briefing		Director: Infrastructure accepts the strategic brief
4	**Feasibility**		Director: Infrastructure accepts the feasibility report
	Concept and viability		Director: Infrastructure accepts the concept report
5	**Design development**		Director: Infrastructure accepts the design development report
6	**Design documentation**	**6A Production information**	Director: Infrastructure accepts the parts of the production information which are identified when the design development report is accepted as requiring acceptance

		6B Manufacture, fabrication and construction information	The contract manager accepts the manufacture, fabrication and construction information
7	**Works**		The contract manager certifies completion of the works or the delivery of goods and associated services
8	**Handover**		The owner or end user accepts liability for the works
9	**Package completion**		The contract manager or supervising agent certifies the defects certificate in accordance with the provisions of the contract The contract manager certifies final completion in accordance with the provisions of the contract Director Infrastructure accepts the close out report

5 Control framework for infrastructure procurement

5.1 The responsibilities for taking the key actions associated with the formation and conclusion of contracts including framework agreements above the quotation threshold shall be as stated in Table 2.

5.2 The responsibilities for taking the key actions associated with the quotation procedure and the negotiation procedure where the value of the contract is less than the threshold set for the quotation procedure shall be as follows:

a) The Municipal Manager shall grant approval for the issuing of the procurement documents, based on the contents of a documentation review report developed in accordance with the provisions of the standard;

b) The authorised person may award the contract if satisfied with the recommendations contained in the evaluation report prepared in accordance with the provisions of the standard.

5.3 The responsibilities for taking the key actions associated with the issuing of an order in terms of a framework agreement shall be as stated in Table 3.

6 Infrastructure delivery management requirements

6.1 Institutional arrangements

6.1.1 Committee system for procurement

6.1.1.1 General

6.1.1.1.1 A committee system comprising the documentation committee, evaluation committee and tender committee shall be applied to all procurement procedures where the estimated value of the procurement exceeds the financial threshold for quotations and to the putting in place of framework agreements.

6.1.1.1.2 The evaluation committee shall, where competition for the issuing of an order amongst framework contractors takes place and the value of the order exceeds the financial threshold for quotations, evaluate the quotations received.

6.1.1.1.3 The persons appoint in writing as technical advisors and subject matter experts may attend any committee meeting.

6.1.1.1.4 No person who is a political officer bearer, a public office bearer including any councillor of a municipality, a political advisor or a person appointed in terms of section 12A of the Public Service Act of 1994 or who has a conflict of interest shall be appointed to a procurement documentation, evaluation or tender committee.

6.1.1.1.5 Committee decisions shall as far as possible be based on the consensus principle i.e. the general agreement characterised by the lack of sustained opposition to substantial issues. Committees shall record their decisions in writing. Such decisions shall be kept in a secured environment for a period of not less than five years after the completion or cancellation of the contract unless otherwise determined in terms of the National Archives and Record Services Act of 1996.

6.1.1.1.6 Committees may make decisions at meetings or, subject to the committee chairperson's approval, on the basis of responses to documents circulated to committee members provided that not less than sixty percent of the members are present or respond to the request for responses. Where the committee chairperson is absent from the meeting, the members of the committee who are present shall elect a chairperson from one of them to preside at the meeting.

6.1.1.2 Procurement documentation committee

6.1.1.2.1 The Municipal Manager or the appropriately delegated authority e.g. project director shall appoint in writing on a procurement by procurement basis:

a) The persons to review the procurement documents and to develop a procurement documentation review report in accordance with clause 4.2.2.1 of the standard; and

b) The members of the procurement documentation committee.

6.1.1.2.2 The procurement documentation committee shall comprise one or more persons. The chairperson shall be an employee of City of Matlosana with requisite skills. Other members shall, where relevant, include a representative of the end user or the department requiring infrastructure delivery.

6.1.1.2.3 No member of, or technical adviser or subject matter expert who participates in the work of the any of the procurement committees or a family member or associate of such a member, may tender for any work associated with the tender which is considered by these committees.

Table 2: Procurement activities and gates associated with the formation and conclusion of contracts above the quotation threshold

Activity		Sub-Activity		Key Action	Person assigned responsibility to perform key action
1*	**Establish what is to be procured**	1.3 PG1	Obtain permission to start with the procurement process	Make a decision to proceed / not to proceed with the procurement based on the broad scope of work and the financial estimates.	Director: Infrastructure
2*	**Decide on procurement strategy**	2.5 PG2	Obtain approval for procurement strategies that are to be adopted including specific approvals to approach a confined market or the use of the negotiation procedure	Confirm selection of strategies so that tender offers can be solicited	Director: Infrastructure
3	**Solicit tender offers**	3.2 PG3	**Obtain approval for procurement documents**	**Grant approval for the issuing of the procurement documents**	Chairperson Bid Specification Committee
		3.3 PG4	Confirm that budgets are in place	Confirm that finance is available for the procurement to take place	Chief Financial Officer
4	**Evaluate tenders offers**	4.2 PG5	Obtain authorisation to proceed with next phase of tender process in the qualified, proposal or competitive negotiations procedure	Review evaluation report, ratify recommendations and authorise progression to the next stage of the tender process	Chairperson Bid Evaluation Committee
		4.7 PG6	Confirm recommendations contained in the tender evaluation report	Review recommendations of the evaluation committee and refer back to evaluation committee for reconsideration or make recommendation for award	Bid Adjudication Committee
5	**Award contract**	5.3 PG7	Award contract	Formally accept the tender offer in writing and issue the contractor with a	Municipal Manager

				signed copy of the contract	
		5.5 GF1	Upload data in financial management and payment system	Verify data and upload contractor's particulars and data associated with the contract or order	SCM Manager
6	**contracts and confirm compliance with requirements**	6.4 PG8A	Obtain approval to waive penalties or low performance damages.	Approve waiver of penalties or low performance damages	Municipal Manager
		6.5 PG8B	Obtain approval to notify and refer a dispute to an adjudicator	Grant permission for the referral of a dispute to an adjudicator or for final settlement to an arbitrator or court of law	Municipal Manager
		6.6 PG8C	Obtain approval to increase the total of prices, excluding contingencies and price adjustment for inflation, or the time for completion at the award of a contract or the issuing of an order up to a specified percentage	Approve amount of time and cost overruns up to the threshold	Municipal Manager
		6.7 PG8D	Obtain approval to exceed the total of prices, excluding contingencies and price adjustment for inflation, or the time for completion at award of a contract or the issuing of an order up to 20%	Approve amount of time and cost overruns above a the threshold	Municipal Manager
		6.8 PG8E	Obtain approval to cancel or terminate a contract	Approve amount	Municipal Manager
		6.9 PG8F	Obtain approval to amend a contract	Approve proposed amendment to contract	Municipal Manager

Stepped thresholds leading up to the 20% values given in PG8D may be necessary to manage cost and time overruns, respectively, the principle being that approval to exceed these percentages needs to be granted at a more senior level with each increase. For example, the increases for cost overruns could be as follows:

≤ 2, 5 % - contract manager;

2, 5 to 10% - project director

> 10% - Municipal Manager

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Table 3: Procurement activities and gates associated with the issuing of an order above the quotation threshold in terms of a framework agreement

Activity		Key action	Person assigned responsibility to perform key action
1 FG1	Confirm justifiable reasons for selecting a framework contactor where there is more than one framework agreement covering the same scope of work	Confirm reasons submitted for not requiring competition amongst framework contractors or instruct that quotations be invited	Director: Infrastructure
3 FG2	Obtain approval for procurement documents	Grant approval for the issuing of the procurement documents	SCM Manager
4 FG3	Confirm that budgets are in place	Confirm that finance is available so that the order may be issued	Director: Financial Services
6 FG4	Authorise the issuing of the order	If applicable, review evaluation report and confirm or reject recommendations. Formally accept the offer in writing and issue the contractor with a signed copy of the order	SCM Manager

6.1.1.3 Evaluation committee

6.1.1.3.1 The Municipal Manager or the appropriately delegated authority shall appoint on a procurement by procurement basis in writing:

a) The persons to prepare the evaluation and, where applicable, the quality evaluations, in accordance with clauses 4.2.3.2 and 4.2.3.4 of the standard, respectively; and

b) The members of the evaluation committee.

6.1.1.3.2 The evaluation committee shall comprise not less than three people. The chairperson shall be an employee of City of Matlosana with requisite skills. Other members shall include a supply chain management practitioner and, where relevant, include an official from the department requiring infrastructure delivery.

6.1.1.3.3 The evaluation committee shall review the evaluation reports prepared in accordance with sub clause 4.2.3 of the standard and as a minimum verify the following in respect of the recommended tenderer:

a) The capability and capacity of a tenderer to perform the contract;

b) The tenderer's tax and municipal rates and taxes compliance status;

c) Confirm that the tenderer's municipal rates and taxes and municipal service charges are not in arrears;

d) The Compulsory Declaration has been completed; and

e) The tenderer is not listed in the National Treasury's Register for Tender Defaulters or the List of Restricted Suppliers.

6.1.1.3.4 No tender submitted by a member of, or technical adviser or subject matter expert who participates in the work of the procurement documentation committee or a family member or associate of such a member, may be considered by the evaluation committee.

6.1.1.3.5 The chairperson of the evaluation committee shall promptly notify the Municipal Manager of any respondent or tenderer who is disqualified for having engaged in fraudulent or corrupt practices during the tender process.

6.1.1.4 Adjudication/Tender committee

6.1.1.4.1 The tender committee shall comprise the following persons or their mandated delegate:

a) Chief Financial Officer who shall be the chairperson:

b) Director Civil Services & Human settlements

c) Director Macro city planning & Development

d) Director Infrastructure Services

e) Manager Supply Chain Management

f) Director Corporate Services

6.1.1.4.2 No member of the evaluation committee may serve on the tender committee. A member of an evaluation committee may, however, participate in the deliberations of a tender committee as a technical advisor or a subject matter expert.

6.1.1.4.3 The Adjudication committee shall:

a) Consider the report and recommendations of the evaluation committee and:

1) Verify that the procurement process which was followed complies with the provisions of this document;

2) Confirm that the report is complete and addresses all considerations necessary to make a recommendation;

3) Confirm the validity and reasonableness of reasons provided for the elimination of tenderers; and

4) consider commercial risks and identify any risks that have been overlooked or fall outside of the scope of the report which warrant investigation prior to taking a final decision; and

b) Refer the report back to the evaluation committee for their reconsideration or make a recommendation to the authorised person on the award of a tender, with or without conditions, together with reasons for such recommendation.

6.1.1.4.4 The tender committee shall consider proposals regarding the cancellation, amendment, extension or transfer of contracts that have been awarded and make a recommendation to the authorised person on the course of action which should be taken.

6.1.1.4.5 The tender committee shall consider the merits of an unsolicited offer and make a recommendation to the Municipal Manager.

6.1.1.4.6 The tender committee shall report to the Municipal Manager any recommendation made to award a contract to a tenderer other than the tenderer recommended by the evaluation committee, giving reasons for making such a recommendation.

6.1.1.4.7 The tender committee shall not make a recommendation for an award of a contract or order if the recommended tenderer or framework contractor has:

a) Made a misrepresentation or submitted false documents in competing for the contract or order; or

b) Been convicted of a corrupt or fraudulent act in competing for any contract during the past five years.

6.1.1.4.8 The tender committee may on justifiable grounds and after following due process, disregard the submission of any tenderer if that tenderer or any of its directors, members or trustees or partners has abused the delivery management system or has committed fraud, corruption or any other improper conduct in relation to such system. The National Treasury and the Provincial Treasury shall be informed where such tenderers are disregarded.

6.1.2 Actions of an authorised person relating to the award of a contract or an order

6.1.2.1 Award of a contract

6.1.2.1 The authorised person shall, if the value of the contract inclusive of VAT, is within his or her delegation, consider the report(s) and recommendations of the tender committee, or in the case of the awards for contracts below the quotation threshold, the recommendation of the delegated person, and either:

a) award the contract after confirming that the report is complete and addresses all considerations necessary to make a recommendation and budgetary provisions are in place; or

b) Decide not to proceed or to start afresh with the process.

6.1.2.2 The authorised person shall immediately notify the SCM Manager if a tender other than the recommended tender is awarded, save where the recommendation is changed to rectify an irregularity. Such person shall, within 10 working days, notify in writing the Auditor-General, the National Treasury and Provincial Treasury, and, in the case of a municipal entity, also the parent municipality, of the reasons for deviating from such recommendation.

6.1.2.3 Issuing of an order

The authorised person shall, if the value of an order issued in terms of a framework contract, is within his or her delegation, consider the recommendation of the adjudication committee or the Municipal, as relevant, and either:

a) Authorise the issuing of an order in accordance with the provisions of clause 4.25 of the standard; or

b) Decide not to proceed or to start afresh with the process.

6.1.3 Conduct of those engaged in infrastructure delivery

6.1.3.1 General requirements

6.1.3.1.1 All personnel and agents of City of Matlosana Municipality shall comply with the requirements of the CIDB Code of Conduct for all Parties engaged in Construction Procurement. They shall:

a) Behave equitably, honestly and transparently;

b) Discharge duties and obligations timeously and with integrity;

c) Comply with all applicable legislation and associated regulations;

d) Satisfy all relevant requirements established in procurement documents;

e) Avoid conflicts of interest; and

f) Not maliciously or recklessly injure or attempt to injure the reputation of another party.

6.1.3.1.2 All personnel and agents engaged in City of Matlosana Municipality's infrastructure delivery management system shall:

a) not perform any duties to unlawfully gain any form of compensation, payment or gratification from any person for themselves or a family member or an associate;

b) perform their duties efficiently, effectively and with integrity and may not use their position for private gain or to improperly benefit another person;

c) strive to be familiar with and abide by all statutory and other instructions applicable to their duties;

d) furnish information in the course of their duties that is complete, true and fair and not intended to mislead;

e) ensure that resources are administered responsibly;

f) be fair and impartial in the performance of their functions;

g) at no time afford any undue preferential treatment to any group or individual or unfairly discriminate against any group or individual;

h) not abuse the power vested in them;

i) not place themselves under any financial or other obligation to external individuals or firms that might seek to influence them in the performance of their duties;

j) assist the municipality in combating corruption and fraud within the infrastructure procurement and delivery management system;

k) not disclose information obtained in connection with a project except when necessary to carry out assigned duties;

l) not make false or misleading entries in reports or accounting systems; and

m) Keep matters of a confidential nature in their possession confidential unless legislation, the performance of duty or the provision of the law require otherwise.

6.1.3.1.2 An employee or agent may not amend or tamper with any submission, tender or contract in any manner whatsoever.

6.1.3.2 Conflicts of interest

6.1.3.2.1 The employees and agents of City of Matlosana Municipality who are connected in any way to procurement and delivery management activities which are subject to this policy, shall:

a) disclose in writing to the employee of the municipality to whom they report, or to the person responsible for managing their contract, if they have, or a family member or associate has, any conflicts of interest; and

b) not participate in any activities that might lead to the disclosure of City of Matlosana Municipality proprietary information.

6.1.3.2.2 The employees and agents of City of Matlosana municipality shall declare and address any perceived or known conflict of interest, indicating the nature of such conflict to whoever is responsible for overseeing the procurement process at the start of any deliberations relating to a procurement process or as soon as they become aware of such conflict, and abstain from any decisions where such conflict exists or recuse themselves from the procurement process, as appropriate.

6.1.3.2.3 Agents who prepare a part of a procurement document may in exceptional circumstances, where it is in the municipality's interest to do so, submit a tender for work associated with such documents provided that:

a) City of Matlosana municipality states in the tender data that such an agent is a potential tenderer;

b) all the information which was made available to, and the advice provided by that agent which is relevant to the tender, is equally made available to all potential tenderers upon request, if not already included in the scope of work; and

c) the procurement documentation committee is satisfied that the procurement document is objective and unbiased having regard to the role and recommendations of that agent.

6.1.3.3 Evaluation of submissions received from respondents and tenderers

6.1.3.3.1 The confidentiality of the outcome of the processes associated with the calling for expressions of interest, quotations or tenders shall be preserved. Those engaged in the evaluation process shall:

a) not have any conflict between their duties as an employee or an agent and their private interest;

b) may not be influenced by a gift or consideration (including acceptance of hospitality) to show favour or disfavour to any person;

c) deal with respondents and tenderers in an equitable and even-handed manner at all times; and

d) not use any confidential information obtained for personal gain and may not discuss with, or disclose to outsiders, prices which have been quoted or charged to City of Matlosana municipality.

6.1.3.3.2 The evaluation process shall be free of conflicts of interest and any perception of bias. Any connections between the employees and agents of City of Matlosana Municipality and a tenderer or respondent shall be disclosed and recorded in the tender evaluation report.

6.1.3.3.3 City of Matlosana Municipality personnel and their agents shall immediately withdraw from participating in any manner whatsoever in a procurement process in which they, or any close family member, partner or associate, has any private or business interest.

6.1.3.4 Non-disclosure agreements

Confidentiality agreements in the form of non-disclosure agreements shall, where appropriate, be entered into with agents and potential contractors to protect City of Matlosana Municipality's confidential information and interests.

6.1.3.5 Gratifications, hospitality and gifts

6.1.3.5.1 The employees and agents of City of Matlosana Municipality shall not, directly or indirectly, accept or agree or offer to accept any gratification from any other person including a commission, whether for the benefit of themselves or for the benefit of another person, as an inducement to improperly influence in any way a procurement process, procedure or decision.

6.1.3.5.2 The employees and agents of City of Matlosana Municipality as well as their family members of associates shall not receive any of the following from any tenderer, respondent or contractor or any potential contractor:

a) money, loans, equity, personal favours, benefits or services;

b) overseas trips; or

c) any gifts or hospitality irrespective of value from tenderers or respondents prior to the conclusion of the processes associated with a call for an expression of interest or a tender.

6.1.3.5.3 The employees and agents of City of Matlosana Municipality shall not purchase any items at artificially low prices from any tenderer, respondent or contractor or any potential contractor at artificially low prices which are not available to the public.

6.1.3.5.4 All employees and agents of City of Matlosana Municipality may for the purpose of fostering inter-personal business relations accept the following:

a) meals and entertainment, but excluding the cost of transport and accommodation;

b) promotional material of small intrinsic value such as pens, paper-knives, diaries, calendars, etc;

c) incidental business hospitality such as business lunches or dinners, which the employee is prepared to reciprocate;

d) complimentary tickets to sports meetings and other public events, but excluding the cost of transport and accommodation, provided that such tickets are not of a recurrent nature; and 16

e) gifts in kind other than those listed in a) to d) which have an intrinsic value greater than R350 unless they have declared them to the Municipal Manager.

6.1.3.5.5 Under no circumstances shall gifts be accepted from prospective contractors during the evaluation of calls for expressions of interest, quotations or tenders that could be perceived as undue and improper influence of such processes.

6.1.3.5.6 Employees and agents of City of Matlosana Municipality shall without delay report to the Municipal Manager or Chief Financial Officer or appropriately delegated authority any incidences of a respondent, tenderer or contractor who directly or indirectly offers a gratification to them or any other person to improperly influence in any way a procurement process, procedure or decision.

6.1.3.6 Reporting of breaches

Employees and agents of the municipality shall promptly report to the Municipal Manager or Chief Financial Officer or appropriately delegated authority any alleged improper conduct which they may become aware of, including any alleged fraud or corruption.

6.1.4 Measures to prevent abuse of the infrastructure delivery system

The Municipal Manager or Chief Financial Officer or appropriately delegated authority shall investigate all allegations of corruption, improper conduct or failure to comply with the requirements of this policy against an employee or an agent, a contractor or other role player and, where justified:

a) take steps against an employee or role player and inform the National Treasury and Provincial Treasury of those steps;

b) report to the South African Police Service any conduct that may constitute a criminal offence;

c) lodge complaints with the Construction Industry Development Board or any other relevant statutory council where a breach of such council's code of conduct or rules of conduct are considered to have been breached;

d) cancel a contract if:

1) it comes to light that the contractor has made a misrepresentation, submitted falsified documents or has been convicted of a corrupt or fraudulent act in competing for a particular contract or during the execution of that contract; or

2) an employee or other role player committed any corrupt or fraudulent act during the tender process or during the execution of that contract.

6.1.5 Awards to persons in the service of the state

6.1.5.1 Any submissions made by a respondent or tenderer who declares in the Compulsory Declaration that a principal is one of the following shall be rejected:

a) a member of any municipal council, any provincial legislature, or the National Assembly or the National Council of Provinces;

b) a member of the board of directors of any municipal entity;

c) an official of any municipality or municipal entity;

d) an employee of any national or provincial department, national or provincial public entity or constitutional institution within the meaning of the Public Finance Management Act, 1999 (Act No. 1 of 1999);

e) a member of the accounting authority of any national or provincial public entity; or

f) an employee of Parliament or a provincial legislature.

6.1.5.2 The notes to the annual financial statements of the municipality shall disclose particulars of an award of more than R 2000 to a person who is a family member of a person identified in 6.1.5.1 or who has been in the previous 12 months. Such notes shall include the name of the person, the capacity in which such person served and the amount of the award.

6.1.6 Collusive tendering

Any submissions made by a respondent or tenderer who fails to declare in the Compulsory Declaration that the tendering entity:

a) is not associated, linked or involved with any other tendering entity submitting tender offers; or

b) has not engaged in any prohibited restrictive horizontal practices including consultation, communication, agreement, or arrangement with any competing or potential tendering entity regarding prices, geographical areas in which goods and services will be rendered,

approaches to determining prices or pricing parameters, intentions to submit a tender or not, the content of the submission (specification, timing, conditions of contract etc.) or intention to not win a tender shall be rejected.

6.1.7 Placing of contractors under restrictions

6.1.7.1 If any tenderer which has submitted a tender offer or a contractor which has concluded a contract has, as relevant:

a) withdrawn such tender or quotation after the advertised closing date and time for the receipt of submissions;

b) after having been notified of the acceptance of his tender, failed or refused to commence the contract;

c) had their contract terminated for reasons within their control without reasonable cause;

d) offered, promised or given a bribe in relation to the obtaining or the execution of such contract;

e) acted in a fraudulent, collusive or anti-competitive or improper manner or in bad faith towards [name of municipality or municipal entity]; or

f) made any incorrect statement in any affidavit or declaration with regard to a preference claimed and is unable to prove to the satisfaction of City of Matlosana municipality that the statement was made in good faith or reasonable steps were taken to confirm the correctness of the statements, a designated person shall prepare a report on the matter and make a recommendation to the Municipal Manager for placing the contractor or any of its principals under restrictions from doing business with the municipality.

6.1.7.2 The Municipal Manager may, as appropriate, upon the receipt of a recommendation made in terms of 6.1.7.1 and after notifying the contractor of such intention in writing and giving written reasons for such action, suspend a contractor or any principal of that contractor from submitting a tender offer to City of Matlosana municipality for a period of time.

6.1.7.3 The supply chain management unit shall:

a) record the names of those placed under restrictions in an internal register which shall be accessible to employees and agents of City of Matlosana municipality who are engaged in procurement processes; and

b) notify the National Treasury and Provincial Treasury and, if relevant, the Construction Industry Development Board, of such decision and provide them with the details associated therewith.

6.1.8 Complaints

6.1.8.1 All complaints regarding the municipality's infrastructure delivery management system shall be addressed to the Municipal Manager. Such complaints shall be in writing.

6.1.8.2 The Infrastructure department shall investigate all complaints regarding the infrastructure procurement and delivery management system and report on actions taken to the Municipal Manager who will decide on what action to take.

6.2 Acquisition management

6.2.1 Unsolicited proposal

6.2.1.1 The municipality is not obliged to consider unsolicited offers received outside a normal procurement process but may consider such an offer only if:

a) the goods, services or any combination thereof that is offered is a demonstrably or proven unique innovative concept;

b) proof of ownership of design, manufacturing, intellectual property, copyright or any other proprietary right of ownership or entitlement is vested in the person who made the offer;

c) the offer presents a value proposition which demonstrates a clear, measurable and foreseeable benefit for City of Matlosana municipality;

d) the offer is in writing and clearly sets out the proposed cost;

e) the person who made the offer is the sole provider of the goods or service; and

f) the Municipal Manager finds the reasons for not going through a normal tender processes to be sound.

6.2.1.2 The Municipal Manager may only accept an unsolicited offer and enter into a contract after considering the recommendations of the tender committee if:

a) the intention to consider an unsolicited proposal has been made known in accordance with Section 21A of the Municipal Systems Act of 2000 together with the reasons why such a proposal should not be open to other competitors, an explanation of the potential benefits for the municipality and an invitation to the public or other potential suppliers and providers to submit their comments within 30 days after the notice;

b) the City of Matlosana Municipality has obtained comments and recommendations on the offer from the National Treasury and Provincial Treasury;

c) the tender committee meeting which makes recommendations to accept an unsolicited proposal was open to the public and took into account any public comments that were received and any comments and recommendations received from the National Treasury and Provincial Treasury; and

d) the provisions of 6.2.1.3 are complied with.

6.2.1.3 The Municipal Manager shall, within 7 working days after the decision to award the unsolicited offer is taken, submit the reasons for rejecting or not following the recommendations to the National Treasury, the Provincial Treasury and Auditor General. A contract shall in such circumstances not be entered into or signed within 30 days of such submission.

6.2.2 Tax and rates compliance

6.2.2.1 SARS tax clearance

6.2.2.1.1 No contract may be awarded or an order issued where the value of such transaction exceeds R 30 000, unless a tenderer or contractor is in possession of an original valid Tax Clearance Certificate issued by SARS provided that the tenderer is not domiciled in the Republic of South Africa and the SARS has confirmed that such a tenderer is not required to prove their tax compliance status.

6.2.2.1.2 In the case of a partnership, each partner shall comply with the requirements of 6.2.2.1.1.

6.2.2.1.3 No payment shall be made to a contractor who does not satisfy the requirements of 6.2.2.1.2. An employee of City of Matlosana Municipality shall upon detecting that a tenderer or contractor is not tax compliant, immediately notify such person of such status.

6.2.2.1.4 Notwithstanding the requirements of 6.2.2.1.1 and 6.2.2.1.3 the following shall apply, unless a person who is not tax compliant indicates to the Municipal Manager that it intends challenging its tax compliance status with SARS,

a) a contract may be awarded to a non-compliant tenderer if such a tenderer is able to remedy its tax compliance status within a period not exceeding 10 working days after being duly notified of its non-compliant status;

b) an order may be awarded to a non-compliant contractor if such a contractor is able to remedy its tax compliance status within a period not exceeding 10 working days after being duly notified of its non-compliant status;

c) a non-compliant contractor shall be issued with a first warning that payments in future amounts due in terms of the contract may be withheld, before the authorising of any payment due to such contractor;

d) before authorising a further payment due to a non-compliant contractor who has failed to remedy its tax compliance status after receiving a first warning, a second and final warning shall be issued to such contractor;

e) no payments may be released for any amounts due in terms of the contract due to a noncompliant contractor if, after a period of 30 calendar days have lapsed since the second warning was issued, the non-compliant contractor has failed to remedy its tax compliance status.

6.2.2.1.5 The municipality may cancel a contract with a non-compliant contractor if such a contractor fails to remedy its tax compliance status after a period of 30 calendar days have lapsed since the second warning was issued in terms of 6.2.2.1.4(e).

6.2.2.2 Municipal rates and taxes

No contract may be awarded to a tenderer who, of the principals of that tenderer, owes municipal rates and taxes or municipal service charges to any municipality or a municipal entity and are in arrears for more than 3 months.

6.2.3 Declarations of interest

Tenders and respondents making submissions in response to an invitation to submit a tender or a call for an expression of interest, respectively shall declare in the Compulsory Declaration whether or not any of the principals:

a) are an employee of the [name of municipality or municipal entity] or in the employ of the state; or

b) have a family member or a business relation with a person who is in the employ of the state.

6.2.4 Invitations to submit expressions of interest or tender offers

6.2.4.1 All invitations to submit tenders where the estimated value of the contract exceeds R 300 000 including VAT, except where a confined tender process is followed, and expressions of interest shall be advertised on the municipality's website and on the National Treasury eTender Publication Portal. Advertisements shall be placed by the supply chain management unit.

6.2.4.2 Advertisements relating to construction works which are subject to the Construction Industry Development Regulations issued in terms of the Construction Industry Development Act of 2000 shall in addition to the requirements of 6.2.4.1 be advertised on the CIDB website. Advertisements shall be placed by the supply chain management unit.

6.2.4.3 Where deemed appropriate by the Municipal Manager an invitation to tender and a call for an expression of interest shall be advertised in suitable local and national newspapers and the Government Tender Bulletin as directed by such person. Advertisements shall be placed by the supply chain management unit.

6.2.4.4 Such advertisements shall be advertised for a period of at least 30 days before closure, except in urgent cases when the advertisement period may be shortened as determined by the Municipal Manager.

6.2.4.5 Invitations to submit expressions of interest or tender offers shall be issued not less than 10 working days before the closing date for tenders and at least 5 working days before any compulsory clarification meeting. Procurement documents shall be made available not less than 7 days before the closing time for submissions.

6.2.5 Publication of submissions received and the award of contracts

6.2.5.1 The Manager SCM shall publish within 10 working days of the closure of any advertised call for an expression of interest or an invitation to tender where the estimated value of the contract exceeds R300 000 including VAT on the municipality's or municipal entity's website, the names of all tenderers that made submissions to that advertisement, and

if practical or applicable, the total of the prices and the preferences claimed. Such information shall remain on the website for at least 30 days.

6.2.5.2 The Manager SCM shall publish within 7 working days of the award of a contract the following on the City of Matlosana' s website

a) the contract number;

b) contract title;

c) brief description of the goods, services or works;

d) the total of the prices, if practical;

e) the names of successful tenderers and their B-BBEE status level of contribution;

f) duration of the contract; and

g) brand names, if applicable.

6.2.5.3 The Manager SCM shall submit within 7 working days of the award of a contract the information required by National Treasury on the National Treasury eTender Publication Portal regarding the successful and unsuccessful tenders.

6.2.5.4 The award of contracts relating to construction works which are subject to the Construction Industry Development Regulations issued in terms of the Construction Industry Development Act of 2000 shall in addition to the requirements of 6.2.5.3 be notified on the CIDB website.

6.2.6 Disposal committee

6.2.6.1 The Municipal Manager appoint on a disposal by disposal basis in writing the members of the disposal committee to decide on how best to undertake disposals in accordance with the provisions of clause 10 of the standard.

6.2.6.2 The disposal panel shall comprise not less than three people. The chairperson shall be an employee of City of Matlosana municipality.

6.2.6.3 The disposal committee shall make recommendations to the Municipal Manager who shall approve the recommendations, refer the disposal strategy back to the disposal committee for their reconsideration, and decide not to proceed or to start afresh with the process.

6.3 REPORTING OF INFRASTRUCTURE DELIVERY MANAGEMENT INFORMATION

The SCM Manager shall submit any reports required in terms of the standard to the National Treasury or North West Provincial Treasury.

6.3.1 The implementer shall report to the relevant treasury within one month of the award of a contract or the issuing of an order, all engineering and construction, supply, service and professional service contracts that are awarded, or orders that are issued, should the total of prices including VAT exceed the following thresholds.

VALUE OF CONTRACT OR ORDER INCLUDING VAT			
Services contract	**Professional services**	**Supply**	**Engineering and construction works**
R25M	**R25M**	**R50M**	**R50M**

7 Infrastructure procurement

7.1 Usage of procurement procedures

The municipality shall use all applicable Supply Chain Management / Procurement administrative and compliance procedures applicable to infrastructure procurement

7.2 Procurement documents

7.2.1 The forms of contract that may be used are as follows

Form of Contract	Code	Intended usage
Construction Industry Development Board (CIDB)		
CIDB Standard Professional Service Contract	SPSC	Professional services
CIDB General Conditions of Purchase	-	An order form type of contract for low-value goods without any incidental work or services on or before a specified date being required.
CIDB Contract for the Supply and Delivery of Goods	-	Simple, regional purchase of readily available materials or commodities which require almost no management of the buying and delivery process, minimal testing, installation and commissioning on delivery.
CIDB General Conditions of Service	-	An order form type of contract where low-value services on or before a specified date are required.
International Federation of Consulting Engineers (FIDIC)		
FIDIC Short Form of Contract	Green Book	Building or engineering works of relatively small capital value, or for relatively simple or repetitive work, or for work of short duration. Use for design by employer- or contractor-designed works
FIDIC Conditions of Contract for Construction for Building and Engineering Works designed by the Employer	Red Book	Building or engineering works designed by the employer. (The works may include some elements of contractor-designed works.)
FIDIC Conditions of Contract for plant and design-build for electrical and mechanical plant, and for building and engineering works, designed by the contractor	Yellow Book	The provision of electrical or mechanical plant and the design and construction of building or engineering works.
FIDIC Conditions of Contract for EPC Turnkey Projects	Silver Book	The provision on a design and construct (turnkey) basis of a process or power plant,

		of a factory or similar facility, or an infrastructure project or other type of development.
FIDIC Conditions of Contract for Design, Build and Operate Projects	Gold Book	"Green field" building or engineering works which are delivered in terms of a traditional design, build and operate sequence with a 20-
South African Institute of Civil Engineering (SAICE)		
SAICE General Conditions of Contract for Construction Works	GCC	Engineering and construction, including any level of design responsibility.
Joint Building Contracts Committee (JBCC)		
JBCC Principal Building Agreement	PBA	Buildings and related site works designed by the employer
JBCC Minor Works Agreement	MWA	Buildings and related site works of simple content designed by the employer.
Institution of Civil Engineers (ICE)		
NEC3 Engineering and Construction Contract	ECC	Engineering and construction including any level of design responsibility.
NEC3 Engineering and Construction Short Contract	ECSC	Engineering and construction which do not require sophisticated management techniques, comprise straightforward work and impose only low risks on both the employer and contractor.
NEC3 Professional Services Contract	PSC	Professional services, such as engineering, design or consultancy advice.
NEC3 Professional Services Short Contract	PSCC	Professional services which do not require sophisticated management techniques, comprise straightforward work and impose only low risks on both the client and consultant.
NEC3 Term Service Contract	TSC	Manage and provide a service over a period of time.
NEC3 Term Service Short Contract	TSSC	Manage and provide a service over a period of time, or provide a service which does not require sophisticated management techniques, comprises straightforward work and imposes only low risks on both the employer and contractor
NEC3 Supply Contract	SC	Local and international procurement of high-value goods and related services, including design.
NEC3 Supply Short Contract	SSC	Local and international procurement of goods under a single order or on a batch order basis and is suitable for use with contracts which do not require sophisticated management techniques, and impose only low risks on both the purchaser and the supplier.

7.2.2 The municipality's preapproved templates for Part C1 (Agreements and contract data) of procurement documents shall be utilised to obviate the need for legal review prior to the

awarding of a contract. All modifications to the standard templates shall be approved by the Municipal Manager prior to being issued for tender purposes.

7.2.3 Disputes arising from the performance of a contract shall be finally settled in a South African court of law.

7.2.4 Additional requirements not stated or included in the standard templates, if any, must be added; e.g. use of standard access specifications, health and safety specifications, etc.

7.2.5 The Municipal Declaration and returnable documents contained in the standard shall be included in all tenders for:

a) consultancy services; and

b) goods and services or any combination thereof where the total of the prices is expected to exceed R10 m including VAT.

7.3 Developmental procurement policy

7.3.1 City of Matlosana Municipality shall utilise procurement to promote Broad-Based Black Economic Empowerment in accordance with the provisions of the Broad-Based Black Economic Empowerment Act and, where appropriate, to promote:

a) work opportunities for target groups; and

b) national development goals, such as those identified by the Presidential Infrastructure Coordinating Commission.

7.3.2 Not less than 50% of the points allocated to preference in a points scoring system in the evaluation of tenders shall be allocated to Broad-Based Black Economic Empowerment goals.

7.3.3 Minimum local content shall be included in contracts in accordance with the Preferential Procurement Regulations issued in terms of the Preferential Procurement Policy Framework Act. Requirements shall be evaluated in tenders through declarations made by tenderers and shall be included in the scope of work associated with the contract.

7.3.4 The targeted procurement procedures that may be used to promote social and economic objectives shall include one or more of the following:

a) the granting of preferences;

b) accelerated rotations on electronic databases, where appropriate;

c) the granting of up to 10% of the total number of evaluation points used to short-list tenderers following a call for expressions of interest;

d) financial incentives for the attainment of key performance indicators in the performance of the contract; and

e) the creation of contractual obligations to engage target groups in the performance of the contract by establishing requirements for the tendering of subcontracts in terms of a specified

procedure, or establishing obligations to attain contract participation goals in accordance with the relevant provisions of SANS 10845.

7.4 Payment of contractors

The municipality shall settle all accounts within 30 days of invoice or statement as provided for in the contract.

7.5 Approval to utilise specific procurement procedures

7.5.1 Prior approval shall be obtained for the following procurement procedures from the following persons, unless such a procedure is already provided for in the approved procurement strategy:

a) The Municipal Manager shall authorise the use of the negotiated procedure above the thresholds provided in the standard.

b) The Municipal Manager shall authorise the approaching of a confined market except where a rapid response is required in the presence of, or the imminent risk of, an extreme or emergency situation arising from the conditions set out in the standard and which can be dealt with or the risks relating thereto arrested within 48 hours; and

c) The proposal procedure using the two-envelope system, the proposal procedure using the two stage system or the competitive negotiations procedure.

7.5.2 The person authorised to pursue a negotiated procedure in an emergency is Municipal Manager.

7.6 Receipt and safeguarding of submissions

7.6.1 A dedicated and clearly marked tender box shall be made available to receive all submissions made.

7.6.2 The tender box shall be fitted with two locks and the keys kept separately by two persons. Such personnel shall be present when the box is opened on the stipulated closing date for submissions.

7.7 Opening of submissions

7.7.1 Submissions shall be opened by an opening panel comprising two people nominated by the Manager SCM who have declared their interest or confirmed that they have no interest in the submissions that are to be opened.

7.7.2 The opening panel shall open the tender box at the stipulated closing time and:

a) sort through the submissions and return those submissions to the box that are not yet due to be opened including those whose closing date has been extended;

b) Return submissions unopened and suitably annotated where:

1) Submissions are received late, unless otherwise permitted in terms of the submission data;

2) Submissions were submitted by a method other than the stated method,

3) Submissions were withdrawn in accordance with the procedures contained in SANS 10845-3; and.

4) Only one tender submission is received and it is decided not to open it and to call for fresh tender submissions;

c) Record in the register submissions that were returned unopened;

d) open submissions if received in sealed envelopes and annotated with the required particulars and read out the name of and record in the register the name of the tenderer or respondent and, if relevant, the total of prices including VAT where this is possible;

e) Record in the register the name of any submissions that is returned with the reasons for doing so;

f) Record the names of the tenderer's representatives that attend the public opening;

g) Sign the entries into the register; and

h) Stamp each returnable document in each tender submission.

7.7.3 Each member of the opening panel shall initial the front cover of the submission and all pages that are stamped in accordance with the requirements of 7.7.3(h).

7.7.4 Respondents and tenderers whose submissions are to be returned shall be afforded the opportunity to collect their submissions.

7.7.5 Submissions shall be safeguarded from the time of receipt until the conclusion of the procurement process.

7.8 Use of another organ of state's framework agreement

The City of Matlosana Municipality may make use of another organ of state's framework contract which has been put in place by means of a competitive tender process and there are demonstrable benefits for doing so. The Municipal Manager shall make the necessary application to that organ of state to do so.

7.9 Insurances

7.9.1 Contractors shall be required to take out all insurances required in terms of the contract.

7.9.2 The insurance cover in engineering and construction contracts for loss of or damage to property (except the works, Plant and Materials and Equipment) and liability for bodily injury to or death of a person (not an employee of the Contractor) caused by activity in connection with a contract shall in general not be less than the value stated in Table 4, unless otherwise directed by the Municipal Manager.

7.9.3 Lateral earth support insurance in addition to such insurance shall be take out on a case by case basis.

Table 4: Minimum insurance cover

Type of insurance	Value
Engineering and construction contracts - loss of or damage to property (except the works, Plant and Materials and Equipment) and liability for bodily injury to or death of a person (not an employee of the Contractor) caused by activity in connection with a contract	Not less than R20 million
Professional services and service contracts - death of or bodily injury to employees of the Contractor arising out of and in the course of their employment in connection with a contract or damage to property	Not less than R10 million
Professional indemnity insurance	geotechnical, civil and structural engineering: R5,0 million electrical, mechanical and engineering: R3,0 million architectural: R5,0 million other R3,0 million

7.9.4 The insurance cover in professional services and service contracts for damage to property or death of or bodily injury to employees of the Contractor arising out of and in the course of their employment in connection with a contract shall not be less than the value stated in Table 4 for any one event unless otherwise directed by the Municipal Manager.

7.9.5 SASRIA Special Risk Insurance in respect of riot and associated risk of damage to the works, Plant and Materials shall be taken out on all engineering and construction works.

7.9.6 Professional service appointments shall as a general rule be subject to proof of current professional indemnity insurance being submitted by the contractor in an amount not less than the value stated in Table 4 in respect of each claim, without limit to the number of claims, unless otherwise directed by the Municipal Manager in relation to the nature of the service that they provide.

7.9.7 City of Matlosana Municipality shall take out professional indemnity insurance cover where it is deemed necessary to have such insurance at a level higher than the levels of insurance commonly carried by contractors.

7.9.8 Where payment is to be made in multiple currencies, either the contractor or City of Matlosana Municipality should be required to take out forward cover. Alternatively, the prices for the imported content should be fixed as soon as possible after the starting date for the contract.

7.10 Written reasons for actions taken

7.10.1 Written reasons for actions taken shall be provided by the Municipal Manager.

7.10.2 The written reasons for actions taken shall be as brief as possible and shall as far as is possible, and where relevant, be framed around the clauses in the:

a) SANS 10845-3, Construction procurement - Part 3: Standard conditions of tender, and, giving rise to the reason why a respondent was not short listed, prequalified or admitted to a data base; or

b) SANS 10845-4, Construction procurement - Part 4: Standard conditions for the calling for expressions of interest; as to why a tenderer was not considered for the award of a contract or not awarded a contract.

7.10.3 Requests for written reasons for actions taken need to be brief and to the point and may not divulge information which is not in the public interest or any information which is considered to prejudice the legitimate commercial interests of others or might prejudice fair competition between tenderers.

7.11 Request for access to information

7.11.1 Should an application be received in terms of Promotion of Access to Information Act of 2000 (Act 2 of 2000), the "requestor" should be referred to the City of Matlosana Municipality's Information Manual which establishes the procedures to be followed and the criteria that have to be met for the "requester" to request access to records in the possession or under the control of City of Matlosana Municipality.

7.11.2 Access to technical and commercial information such as a comprehensive programme which links resources and prices to such programme should be refused as such information provides the order and timing of operations, provisions for time risk allowances and statements as to how the contractor plans to do the work which identifies principal equipment and other resources which he plans to use. Access to a bill of quantities and rates should be provided in terms of the Act.

CITY OF MATLOSANA



INVENTORY MANAGEMENT POLICY

2025/2026

DRAFT

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1. BACKGROUND

The City of Matlosana Local Municipality, Budget and Treasury office is responsible for the implementation of inventory Management Policy throughout the Municipality. This policy is aligned to the Inventory Management Framework and adherence to the Municipal Finance Management Act, Act 56 of 2003 as amended.

2. PURPOSE

The purpose of the Inventory Management is to lay down procedures and processes for the procurement management and control over inventory (stock) items in accordance with all relevant regulations and legislations and other policies and directives. The envisaged outcome is an efficient and effective control and inventory management tool for the Municipality.

3. OBJECTIVES

The policy aims to achieve the following objectives, which are to:-

(i) Provide guidelines that employees of the Municipality must follow in the management and control of inventory, including safeguarding and disposal of inventory.

(ii) Procure inventory in line with the established procurement principles contained in the Municipality's Supply Chain Management Policy.

(iii) Eliminate any potential misuse of inventory and possible theft.

4. LEGISLATIVE FRAMEWORK

In terms of the MFMA, the Accounting Officer for a municipality must:

(i) Be responsible for the effective, efficient, economical and transparent use of the resources of the municipality as per section 62 (1) (a);

(ii) Take all reasonable steps to prevent unauthorized, irregular and fruitless and wasteful expenditure and other losses as per section 62(1)(d);

(iii) Be responsible for the management, including the safeguarding and the maintenance of the assets, and for the management of the liabilities, of the municipality as per section 63 (1) (a) and

In terms of the following paragraph of GRAP 12:

Inventories shall be recognized as an asset if, and only if,

(i) it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and

(ii) the cost of the inventories can be measured reliably

MEASUREMENT AT RECOGNITION

Inventories that qualify for recognition as assets shall initially be measured at cost Where inventories are acquired at no cost, or for nominal consideration, their costs shall be their fair value as at the date of acquisition

MEASUREMENT AFTER RECOGNITION

Inventories shall be measured at the lower of cost and net realization value

Inventories shall be measured at the lower of cost and current replacement cost where they are held for

(i) A distribution at no charge or for a nominal charge ,or

(ii) consumption in the production process of goods to be distributed at no charge or for a nominal charge

RECOGNITION AS AN EXPENSE

When inventories are sold, exchanged or distributed the carrying amount of those inventories shall be recognized as an expense in the period in which the related revenue is recognized. If there is no related revenue, the expense is recognized when the goods are distributed, or related service is rendered. The amount of any write-off -down of inventories to net realizable value and all losses of inventories shall be recognized as an expense in the period the write-off down or loss occurs. The amount of any reversal of any write off down of inventories, arising from an increase in net realizable value, shall be recognized as a reduction in the must be investigated unless council decide otherwise amount of inventories recognized as an expense in the period in which the reversal occurs.

Any write off to the value of R1000 must be approved by the municipal manager and reported to council and above R1000 the Chief Financial Officer must refer the item to the municipal manager who must make determination of whether the shortage or loss or surpluses must be investigated or not.

All shortages, damages theft and surpluses must be investigated unless the municipal manager decide otherwise. Any responsible official may submit a report to the municipal manager or chief financial officer or head of supply chain management unit recommending the investigation of the later

Some inventories may be allocated to other assets accounts, for example, inventory used as a component of self-constructed asset

POLICY ATTRIBUTES

Responsibility for Inventory Management states as follows:

The Accounting Officer of the Municipality must take full responsibility and ensure that proper control systems exist for inventory and that-

Preventative mechanisms are in place to eliminate theft, losses, wastage and misuse and Stock levels are at an optimum and economical level.

The Accounting Officer of the Municipality must ensure that processes (whether manual or electronic) and procedures are in place for effective, efficient, economical and transparent use of the institution's inventory.

DEFINITIONS

In this Policy, unless the context indicates otherwise, the following definitions are applied:-

"Accounting Officer ": means the Municipal Manager for the Municipality as contemplated in section 60 of the Local Government: Municipal Finance Management Act, 56 of 2003

"CFO" : means the Chief Financial Officer designated in terms of section 80(2) (a) of the Local Government: Municipal Finance Management Act,56 of 2003

''Cost'' : shall comprise costs of purchase, costs conversion and other costs incurred in bringing the inventories to their present location and condition

"Delegated authority" : means the official who is given the authority for relevant function in terms of the municipality's written delegations;

''Good received note" : means an electronic number which is created on the system to acknowledge the receipt of goods in good condition and correct quantities or manual book used to record good received

"Inventories" : are assets in the form of material or supplies to be consumed in the production process,

In the form of materials or supplies to be consumed or distributed in the rendering of services

Held for sale or distribution in the ordinary course of operations, or In the process of production for sale or distribution

"Net Realisable value'' Is the estimated selling price in the ordinary course of operations

less the estimated costs of completion and estimated costs necessary to make the sale exchange or distribution.

"Obsolete inventory" means items that have expired, are redundant or damaged

"Re-order level" means the level of inventory at which inventory is re-ordered;

"*Requisition form*" means a written request to the Inventory Supervisor to supply specific *inventory*

"Responsible official" means the official responsible for the budget of a department

"Store" means a place where inventory is stored and reserved for future use,

"chief store buyer" means the official responsible for the requisition, receipt, issue, recording, safeguarding of inventory and cost-effective and efficient management of inventory.

5. REPLENISHMENT OF STOCK

The chief Financial Officer or Delegated official in the Budget and Treasury department should identify inventory items that need to be ordered for all departments. Items identified may either be items due for replenishment due to normal usage or specific requests received for specific projects or tasks.

The following may be used as methods/ tools to assist with the process of determining items to be replenished:

5.1 INVENTORY PROCEDURES

6.1.1 The procedures for inventory must be followed to ensure that:

a) Inventory is safeguarded at all times;
b) There are accurate records of quantities on hand at all times;
c) Optimum inventory levels are maintained to meet the needs of users;
d) Only authorized issues of inventory are made to users; and
e) Items placed in store are secured and only used for the purpose for which they were purchased.

5.2 APPOINTMENT OF RESPONSIBLE OFFICIALS

6.2.1 The Accounting Officer must appoint, in writing, officials to perform the duties of a Stores and inventory in terms of this Policy.

6.2.2 Adequate segregation of duties between the requisition, receipt, recording, storage and safekeeping of inventory and the management and control thereof must be maintained to avoid the potential occurrence of errors, fraud and corruption.

5.3 ORDERING OF INVENTORY

- The Chief Financial Officer or delegated official in the Budget and treasury office must set Inventory reorder levels for all items.
- The inventory levels must indicate the minimum and maximum inventory that can be maintained.
- Due diligence and care shall be exercised in identifying low value and high value items of inventory
- Minimum inventory level of high items shall be ordered, any maximum order shall be based on specific requirement/need in order to avoid large amount of cash tied up on inventory
- A reorder listing should be oriented by Stores clerk and reviewed monthly by Accountant asset management

INVENTORY LEVELS (MAXIMUM & LEVELS)

A system is maintained for ensuring that inventory items have been allocated with minimum and maximum levels, where possible. The primary objective of the inventory system is to ensure that the Municipality never run out of stock, especially critical stock items.

The system will also ensure that stock levels are kept at satisfactorily level. Minimum and maximum levels will be used as an early warning system to control stock and ensure that stock replenishments are done regularly and timeously (with due consideration to order and delivery on time.

The stock level is also an important factor to keep in mind when deciding how much stock should be ordered at a specific point in time. The minimum level of stock depends on the average usage of the stock and the time it takes to deliver the order stock.

The above provision must be applied with Annexure "A "attached to this policy in case where the municipality has no electronic system calculate the reorder quantities and level also to issue early procurement warnings

RECEIVING OF INVENTORY

- The quantity and quality of the inventory received from suppliers must be according to specifications and information on the order form.
- The Receiver of goods or service must compare the delivery note to the purchase order before accepting the goods.
- The invoice or delivery note must match the supplier name and the order number

The responsible store official or delegated official must ensure that :

- ✓ All delivery notes and or invoices are signed by him /her and the supplier
- ✓ All incorrect delivery items are rejected and clearly identified on both copies of the delivery note and or invoice: and The Official or delegated official must ensure that :
  - The inventory received is stored to the municipal store and the receiver must ensure that the goods received and quantities are captured on the bin card immediately after received or before end of business of the day the goods are received.
  - The inventories must be stored in their respective sections once they have been received or before end of business day after they have been received
  - The inventory module on financial system must be updated on the day the goods are received, by the store clerk or delegated official and authorised on the system by the chief store buyer.

ISSUING OF INVENTORY

Only Stores official or delegated official is authorised to issue inventory from the storeroom.

- Stock will only be issued upon completing stock requisition form by the requester and requisition form must be approved by departmental head of department or delegated official.
- All requisition forms must be ruled off immediately below the last item to prevent items being added once the requisition is authorised by the responsible Official.
- The Stores official or delegated official must update the bin or stock control card when stock items to be issued have been picked up from the shelves with the requisition number and quantities. The official is not allowed to move to the next shelve without recording the one he/she had issued.
- The official receiving the inventory must acknowledge the receipt of stock items requested by signing on the requisition for goods received.
- Inventories must be issued and used for official purposes only
- The Stores official or delegated official must capture the requisition on the system and then it must be authorised by chief store buyer or delegated official.
- **FIFO:** The **first in, first out (FIFO)** method assumes that products are withdrawn from inventory in the order in which they are received and entered into storage. Therefore, the products that remain in storage are judged to be the most recently purchased items. The value of inventory becomes the cost of the most recently purchased products.

6. STORAGE OF INVENTORY

- Inventory must be stored in a secured, exclusive use area, under lock and key for the storage of, furthermore the inventory must be in insured in terms of the risk management policy of the municipality.
- The area must be used exclusively for the storage of inventory, with limited authorised access only.
- Inventory must be positioned to facilitate efficient handling and checking

- ❖ All items must be stored separately, with proper segregation
- ❖ Inventory must be clearly labelled for easy identification, inventory tag/bin cards or inventory labels mat be used to identify each item and to aid in the physical verification of the items

Details on the bin cards should include the following:

a) Order number ,
b) Quantity received ,
c) Date of receipt
d) Quantity issued ,
e) Date of issue ,
f) Maximum stock level
g) Re-order level
h) Re-order quantity
i) Closing stock , and
j) Any other relevant information

- ❖ Where possible, all items of the same type and reference must be stored together as per the description on the inventory records.
- ❖ Due diligence and care must be exercised to prevent damage of, or deterioration of inventory.
- ❖ Due regard must be given to any safety standards which may apply to the storage of certain inventories.
- ❖ Steps must be taken to ensure safe custody of items, including precautions against loss or theft .
- ❖ The Stores official or delegated official or Delegated official responsible for the custody and care of inventory must ensure that in his/ her absence, such items where applicable, are securely stored.
- ❖ The responsibility for the custody of the storeroom keys must be allocated by the delegated authority to an official who is accountable for its use.

- No unauthorised persons/ officials shall obtain entry to premises where inventory is kept unless accompanied by the responsible official.
- No Stock control card or bin card or store record/s maybe replaced or changed or destroyed without the approval of the Chief financial officer and Assistant Director Supply Chain Management.
- Whenever a change in the Stores official or delegated official occurs, an inventory count must be conducted.
- An independent official shall be nominated In writing by the delegated authority to assist the official handing and taking over with the checking of the inventory and any discrepancies.
- Should the above not be complied with, the official taking over shall be liable for any discrepancies.
- A handing over certificate must be completed by the handing and taking over officials and a copy retained for record purposes.
- The following fire protection precautions must be adhered to:

a) Inventories of an inflammable or dangerous nature shall be stored and handled in such a manner that persons or property are not endangered and in compliance with the required of any local authority;
b) The area must be clearly signposted; and
c) Fire extinguishing equipment must be placed in the area where inventories are held and must be serviced regularly.

7. SAFEGUARDING , NEATNESS SAFETY AND OPTIMAL LAYOUT OF THE STORES

All store items should be safeguarded and locked up at all times. The store will be kept safe and neat at all times. The layout of the store must support the safety of employees at all times, i.e. clear passages for movement and packing. The layout will also ensure clear and easy access, as well as optimum flows for movement. Items will not be stacked so high that they constitute a safety risk.

When goods are moved from one point to another, it will be done safety and with maximum care. Care will also be taken to ensure that employees are not injured whilst moving heavy items.

8. OBSOLETE INVENTORY

- The preparatory work for the disposal of obsolete inventory must be undertaken by the Stores official or delegated official and verified by the Accountant asset management.
- The Accounting Officer or delegated authority must approve the disposal of obsolete inventory.
- The delegated authority may approve the write-off of inventory, if satisfied that:-
  - ❖ The inventory has expired and is redundant;
  - ❖ The inventory is of a specialised nature and has become outdated due to the introduction of upgraded and more effective products;
  - ❖ The inventory cannot be used for the purpose for which it was originally intended;
  - ❖ The inventory has been damaged and is rendered useless.
- All disposed items must be updated in the financial system for the purposes of proper management and control.
-

9. STOCKTAKING/ COUNTS

- The municipality should perform quarterly, mid-year and year end Stock Counts
  - The Inventory Chief Financial Officer or Delegated official must ensure that the stock counts takes place on yearly bases
  - Internal Auditors will be invited to witness the stocktake/ counts during the year end stocktake/ counts

- All stock items counted should be recorded on the stock count sheet ○ Counted quantities must be indicated on the stock count sheet in ink ○ The physical items counted must be marked as counted ○ At the end of the stock take, the Chief Financial Officer or delegated official must ensure that all stocks are accounted for (hence the marking off of the counted stock)
- The appropriate disciplinary action must be instituted where applicable for stock discrepancies ○
- The inventory register and financial system must be updated accordingly

Discrepancies between theoretical stock (per stock register) and physical stock (counted) must be recorded, followed up and cleared/ corrected. Corrections must be approved by Chief Financial officer through the Municipal Resolution to do such correction

The bid card or stock control card must be underlined or closed in Red pen after any stock count or stocktake conducted and the balance brought forward under or on the bottom of the Red line, no card must be changed or filed or destroyed after stock take if the card is full the opening balance must be brought forward to the next card with the authorisation of the Chief Financial Officer or delegated official

Final stock sheets must be signed and filed.

DISPOSAL OF INVENTORY ITEMS

- Obsolete, expired redundant and damaged inventory must be identified and cleared on an annual basis i.e. at year –end. The only inventory remaining in the stores at the year-end stock take/ count must be useful items that are frequently requested by officials.
- All items to be disposed off must be identified and listed.

- A write-off memo giving reasons for disposal must be completed and submitted to the Assistant Director : Supply Chain Management and Chief Financial Officer then to the Municipal Manager and Council for approval.
- Inventory Management will consider the following analysis when considering the method of disposal.

    - Potential market value or other intrinsic values
    - The location and volume of the inventory
    - The ability to support other government programs, and
    - The cost of the disposal methods.

- Different methods will be used for different types of inventory. It is important to ensure accountability and transparency, as well as due consideration of cost considerations when choosing a method of disposal.
- Disposal options/ method include transfer for alternate use, rental, sale and demolition
- All inventory items must be disposed off and written-off with the proper authorisation and records need to be kept of these items.
- Inventory records need to be updated to reflect the actual quantity on hand after the disposal.
-

10. INVENTORY RECORDS

- ✓ An inventory register must be maintained for all inventory items, either manually and/ or electronically.
- ✓ All relevant information must be included for the proper management and control of all inventory items. It is recommended that details include but are not limited to:

    a) Opening/ closing balance;
    b) Item description;
    c) Quantity and value of stock on hand;
    d) Quantity and value of stock received;

e) Quantity and value of stock issued;
f) Re-order level;
g) quantity and value of obsolete stock; and

- An inventory register/ database must be printed monthly and the hard copy filed in a chronological order to maintain a proper audit trail.

No Stock control card or bin card or store record/s maybe replaced or changed or destroyed without the approval of the Chief financial officer and Assistant Director Supply Chain Management.

11. REPORTING

A report must be submitted at each stock count to the Chief Financial Officer and/ or the responsible Manager detailing the following:

- Any inventory shortages or surplus and reasons for such;
- Any inventory deficits proposed to be written-off; and
- ➢ Any obsolete inventory items.

Inventory on hand at 30 June must be disclosed at cost in the statement of financial position in the Annually Financial Statements.

In terms of GRAP 12 the financial statements shall disclose:

a) The accounting policies adopted in measuring inventories, including the cost formula used,
b) The total carrying amount of inventories and carrying amount in classifications appropriate to the entity,
c) The carrying amount of inventory carried at fair value less costs to sell,
d) The amount of inventories recognized as an expense during the period,
e) The amount of any written-down of inventories recognized as an expense in the period
f) The amount of any reversal of any write-off down that is recognized as a reduction in the amount of inventories recognized as an expense in the period

g) The circumstances or events that led to the reversal of a write-down of inventories

h) The carrying amount of inventories pledged as security for liabilities

Annexure "A" guide to calculate the reorder level

1 Here is the formula for reorder level if you don't keep a safety stock:

- **Reorder level = average demand × lead time**
- Here is the formula for reorder level if you do keep a safety stock:
- **Reorder level = average demand × lead time + safety stock**

2 How to calculate the lead time for the reorder level

You can choose a period, such as a order per quarter, and create data sets to find the time variance in each cycle. Positive numbers in your variance category show the number of days over the expected times, while negative numbers show that the delivery arrived earlier than the expected time. These are the key numbers required to calculate the lead time:

- The expected or estimated time it takes to order and restock an item
- The actual time it takes to restock each order
- The variance between the actual time and the expected time

Example

If a company places four orders in a sales quarter with an expected restocking time of 15 days and actual restocking times of 15 days, 10 days, 15 days and 20 days, then its time variances are

:(20 - 15 = 5), (10 - 15 = -5), (15 - 15 = 0) and (20 - 15 = 5)

You can use the variance's data set in the next step in calculating safety stock, calculating the lead time's standard deviation.

Example of the reorder level

Minimum Stock vs. Reorder Point

While the minimum stock level represents the lower limit of the stock level, the reorder point (ROP) indicates the moment at which a reorder should be triggered in order to avoid having to use the minimum stock level.
The reorder level is therefore higher than the minimum stock level.
The formula for the reorder point is based on the minimum stock level, and looks like this:

- (issue per day x Delivery time in days) + Minimum stock level = Reorder point level

So if you issue 50 dog toys per day, and they take 3 days to be delivered, then your ROP is calculated like this:
Reorder point: (50 x 3) + (50 x 3) = 300 units

CITY OF MATLOSANA



ASSET MANAGEMENT POLICY
2025 2026

DRAFT

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PREAMBLE

Whereas section 14 of the Local Government: Municipal Finance Management Act, 2003 (Act no. 56 of 2003) determines that a municipal council may not dispose of assets required to provide minimum services, and whereas the Municipal Asset Transfer Regulations (Government Gazette 31346 dated 22 August 2008) has been issued,

- and whereas the Municipal Council of Matlosana Local Municipality wishes to adopt a policy to guide the municipal manager in the management of the municipality's assets,

- and whereas the Municipal Manager as custodian of municipal funds and assets is responsible for the implementation of the asset management policy which regulate the acquisition, safeguarding and maintenance of all assets,

- and whereas these assets must be protected over their useful life and may be used in the production or supply of goods and services or for administrative purposes,

- now therefore the Municipal Council of the Matlosana Local Municipality adopts the following asset management policy:

ABBREVIATIONS AND DEFINITIONS

AM	Asset Management
AMS	Asset Management System
AR	Asset Register
CFO	Chief Financial Officer
CRR	Capital Replacement Reserve
GRAP	Standards of Generally Recognised Accounting Practice
IA	Intangible Assets
IAR	Infrastructure Asset Register
IDP	Integrated Development Plan
IIMM	International Infrastructure Management Manual
IP	Investment Property
LM	Local Municipality
MFMA	Municipal Finance Management Act
MSA	Municipal Services Act
NT	National Treasury
OHSA	Occupational Health and Safety Act
PPE	Property, Plant and Equipment
SARS	South African Revenue Service
SDBIP	Service Delivery and Budget Implementation Plan

Accounting Officer means the Municipal Manager appointed in terms of Section 82 of the Local Government: Municipal Structures Act, 1998 (Act no. 117 of 1998) and being the head of administration and accounting officer in terms of section 55 of the Local Government: Municipal Systems Act 2000 (Act no. 32 of 2000).

Agricultural Produce is the harvested product of the municipality's biological assets.

Biological Assets are defined as living animals or plants.

Capital Assets (assets) are items of Biological Assets, Intangible Assets, Investment Property or Property, Plant or Equipment defined in this Policy.

Carrying Amount is the amount at which an asset is included in the statement of financial position after deducting any accumulated depreciation (or amortisation) and accumulated impairment losses thereon.

Chief Financial Officer (CFO) means an officer of a municipality designated by the Municipal Manager to be administratively in charge of the budgetary and treasury functions.

Community Assets are defined as any asset that contributes to the community's well-being. Examples are parks, libraries and fire stations.

Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction, or, where applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of other Standards of GRAP.

Depreciable Amount is the cost of an asset, or other amount substituted for cost in the financial statements, less its residual value.

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

Fair Value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The fair value of items of plant and equipment is usually their market value determined by appraisal, while the fair value of land and buildings is usually determined from market-based evidence by appraisal.

GRAP are standards of Generally Recognised Accounting Practice.

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

Infrastructure Assets are defined as any asset that is part of a network of similar assets. Examples are roads, water reticulation schemes, sewerage purification and trunk mains, transport terminals and car parks.

Intangible Assets are defined as identifiable non-monetary assets without physical substance.

Investment Properties are defined as properties (land or buildings) that are acquired for economic and capital gains. Examples are office parks and undeveloped land acquired for the purpose of resale in future years or vacant stand held for undetermined future use.

Involuntary Disposals is the act of accounting for an asset that was lost, stolen, destroyed, or any other form of unplanned alienation, including natural disasters and damage suffered from riot or strike action, without consent, or intention of management or council. There is no intention or decision to generate a profit, discharge a liability or recuperate the value of an asset no longer in use or retired, and there was no exchange of resources.

Land and Buildings are defined as a class of PPE when the land and buildings are held for purposes such as administration and provision of services. Land and Buildings therefore exclude Investment properties and Land Inventories.

MFMA refers to the Local Government: Municipal Finance Management Act (Act no. 56 of2003).

Other Assets are defined as assets utilised in normal operations. Examples are plant and equipment, motor vehicles and furniture and fittings.
Property, Plant and Equipment (PPE) are tangible assets that:

(a) Are held by a municipality for use in the production or supply of goods or services, for rental to others, or for administrative purposes, and
(b) Are expected to be used during more than one period.

Recoverable Amount is the amount that the municipality expects to recover from the future use of an asset, including its residual value on disposal.

Recoverable Service Amount is the higher of a non-cash generating asset's fair value less cost to sell and its value in use.

Residual Value is the net amount that the municipality expects to obtain for an asset at the end of its useful life after deducting the expected costs of disposal.

Voluntary Disposal is the act of taking a decision to dispose of an asset to generate a profit, discharge a liability or recuperate the value of an asset no longer in use or retired.

Useful Life is:
(a) The period of time over which an asset is expected to be used by the municipality; or
(b) The number of production or similar units expected to be obtained from the asset by the municipality's accounting officer.

Write-off includes the sale, loss, theft, destruction, decommissioning, derecognition or any other form of alienation that is the result of loss of control of the asset in question.

1. OBJECTIVE

The MFMA was introduced with the objective of improving accounting in the municipalities sector in keeping with global trends. Good asset management is critical to any business environment whether in the private or public sector. In the past municipalities used a cash-based system to account for assets, but since the adoption of GRAP, entities are required to prepare financial statements using the accrual basis of accounting per GRAP 1.

With an accrual system the assets are incorporated into the books of accounts and systematically written off over their anticipated lives. This necessitates that a record is kept of the cost of the assets, the assets are verified periodically, and the assets can be traced to their suppliers via invoices or other such related delivery documents. This ensures good financial discipline, and allows decision makers greater control over the management of assets. An Asset Management Policy should promote efficient and effective monitoring and control of assets.

According to the MFMA, the Accounting Officer in the Municipality should ensure:

a) that the municipality has and maintains an effective and efficient and transparent system of financial and risk management and internal control;
b) the effective, efficient and economical use of the resources of the municipality;
c) the management (including safeguarding and maintenance) of the assets of the municipality;
d) that the municipality has and maintains a management, accounting and information system that accounts for the assets and liabilities of the municipality;
e) that the municipality's assets and liabilities are valued in accordance with standards of generally recognised accounting practice; and
f) that the municipality has and maintains a system of internal control of assets and liabilities, including an asset and liabilities register, as may be prescribed.

The objective of this Asset Management Policy is to ensure that the municipality:

a) consistently applies asset management principles;
b) applies accrual accounting;
c) complies with the MFMA, GRAP and other related legislation;
d) safeguards and controls the assets of the municipality; and
e) optimises asset usage.

2. LEGISLATIVE FRAMEWORK

2.1 LEGAL FRAMEWORK

A municipality exercises its legislative and executive authority by, among others, developing and adopting policies, plans, strategies and programmes, including setting targets for delivery (section 11(3) of the MSA).

Participation by the local community in the affairs of the municipality must take place through, among others, generally applying the provisions for participation as provided for in the MSA (section 17(1) of the MSA).

A municipality must communicate to its community information concerning, among others, municipal governance, management and development (section 18(1) of the MSA).

As head of administration the Municipal Manager is, subject to the policy directions of the municipal council, responsible and accountable for, among others, the following:

- The management of the provision of services to the local community in a sustainable and equitable manner;
- Advising the political structures and political office bearers of the municipality (section 55(1) of the MSA); and
- Providing guidance and advice on compliance with the MFMA to the political structures, political office-bearers and officials of the municipality (section 60 of the MFMA).

As accounting officer of the municipality, the Municipal Manager is responsible and accountable for, among others, all assets of the municipality (section 55(2) of the MSA).
The Municipal Manager must take all reasonable steps to ensure, among others, that the resources of the municipality are used effectively, efficiently and economically (section 62(1) of the MFMA).

2.2 RATIONALE FOR MANAGEMENT OF ASSETS

The South African Constitution requires municipalities to strive, within their financial and administrative capacity, to achieve the following objectives:

- Providing democratic and accountable government for local communities;
- Ensuring the provision of services to communities in a sustainable manner;
- Promoting social and economic development;
- Promoting a safe and healthy environment; and
- Encouraging the involvement of communities and community organisations in matters of local government.

In terms of the MFMA, the accounting officer is responsible for managing the assets and liabilities of the municipality, including the safeguarding and maintenance of its assets.

The MFMA further requires the accounting officer to ensure that:

- The municipality has and maintains a management, accounting and information system that accounts for its assets and liabilities;
- The municipality's assets are valued in accordance with standards of generally recognised accounting practice; and
- The municipality has and maintains a system of internal control of assets and liabilities.

The OHSA requires the municipality to provide and maintain a safe and healthy working environment, and in particular, to keep its infrastructure assets safe.

According to the International Infrastructure Management Manual (IIMM), the goal of infrastructure asset management is to meet a required level of service, in the most cost-effective manner, through the management of assets for present and future customers.

The core principles of infrastructure asset management are:

1. Taking a life-cycle approach;
2. Developing cost-effective management strategies for the long-term;
3. Providing a defined level of service and monitoring performance;
4. Understanding and meeting the impact of growth through demand management and infrastructure investment;
5. Managing risks associated with asset failures;
6. Sustainable use of physical resources; and
7. Continuous improvement in asset management practices.

3. POLICY FRAMEWORK:

3.1 POLICY OBJECTIVE

The municipality is committed to providing municipal services for which the municipality is responsible, in a transparent, accountable and sustainable manner and in accordance with sound infrastructure management principles.

The main challenges associated with managing assets can be characterised as follows:

a) Moveable assets – controlling acquisition, location, use, and disposal (over a relatively short-term lifespan)
b) Immovable assets – life-cycle management (over a relatively long-term lifespan).

The policy approach has been to firstly focus on the financial treatment of assets, which needs to be consistent across both the movable and immovable assets, and secondly to focus on the management of immovable assets as a fundamental departure point for service delivery.

3.2 POLICY PRINCIPLES

The following policy principles serve as a framework for the achievement of the policy objective:

3.2.1 Effective Governance

The municipality strives to apply effective governance systems to provide for consistent asset management and maintenance planning in adherence to and compliance with all applicable legislation to ensure that asset management is conducted properly, and municipal services are provided as expected. To this end, the municipality will:

- Adhere to all constitutional, safety, health, systems, financial and asset-related legislation;
- Regularly review and update amendments to the above legislation;
- Review and update its current policies and by-laws to ensure compliance with the requirements of prevailing legislation; and
- Effectively apply legislation for the benefit of the community.

3.2.2 Sustainable Service Delivery

The municipality strives to provide to its customers services that are technically, environmentally and financially sustainable. To this end, the municipality will:

- Identify levels and standards of service that conform to statutory requirements and rules for their application based on the long-term affordability to the municipality;
- Identify technical and functional performance criteria and measures, and establish a commensurate monitoring and evaluation system;
- Identify current and future demand for services, and demand management strategies;
- Set time-based targets for service delivery that reflect the need to newly construct, upgrade, renew, and dispose assets, where applicable in line with national targets;
- Apply a risk management process to identify service delivery risks at asset level and appropriate responses;
- Prepare and adopt an immovable (infrastructure) asset management strategy and immovable (infrastructure) asset management plans to support the achievement of the required performance;
- Prepare and adopt an immovable (infrastructure) asset maintenance strategy and immovable (infrastructure) asset maintenance plans to execute maintenance timeously;
- Allocate budgets that take cognisance of the full life cycle needs of existing and future assets;
- Implement its Tariff and Credit Control and Debt Collection Policies to sustain and protect the affordability of services by the community.

3.2.3 Social and Economic Development

The municipality strives to promote social and economic development in its municipal area by means of delivering municipal services in a manner that meet the needs of the various customer user-groups in the community. To this end, the municipality will:

- Regularly review its understanding of customer needs and expectations through effective consultation processes covering all service areas;
- Implement changes to services in response to changing customer needs and expectations where appropriate;
- Foster the appropriate use of services through the provision of clear and appropriate information;
- Ensure services are managed to deliver the agreed levels and standards; and

- Create job opportunities and promote skills development in support of the national EPWP.

3.2.4 Custodianship

The municipality strives to be a responsible custodian and guardian of the community's assets for current and future generations. To this end, the municipality will:

- Establish a spatial development framework that takes cognisance of the affordability to the municipality of various development scenarios;
- Establish appropriate development control measures including community information;
- Cultivate an attitude of responsible utilisation and maintenance of its assets, in partnership with the community;
- Ensure that heritage resources are identified and protected; and
- Ensure a long-term view and life-cycle costs are taken into account in immovable asset management decisions.

3.2.5 Transparency

The municipality strives to manage its immovable assets in a manner that is transparent to all its customers, both now and in the future. To this end, the municipality will:

- Develop and maintain a culture of regular consultation with the community with regard to its management of immovable assets in support of service delivery;
- Clearly communicate its service delivery plan and actual performance through its Service Delivery and Budget Implementation Plan (SDBIP);
- Avail asset management information on a ward basis; and
- Continuously develop the skills of councillors and officials to effectively communicate with the community with regard to service levels and standards.

3.2.6 Cost-effectiveness and Efficiency

The municipality strives to manage its immovable assets in an efficient and effective manner. To this end, the municipality will:

- Assess life-cycle options for proposed new immovable assets;
- Regularly review the actual extent, nature, utilisation, criticality, performance and condition of immovable assets to optimise planning and implementation works;
- Assess and implement the most appropriate maintenance of infrastructure assets to achieve the required network performance standards and to achieve the expected useful life of immovable assets;
- Ensure the proper utilisation and maintenance of existing assets;
- Establish and implement demand management plans;
- Timeously renew immovable assets based on capacity, performance, risk exposure, and cost;
- Timeously dispose of immovable assets that are no longer in use;
- Establish documented processes, systems and data to support effective life-cycle immovable asset management;
- Strive to establish a staff contingent with the required skills and capacity, and procure external support as necessary; and

- Conduct annual assessments to support continuous improvement of immovable asset management practice.

4. ASSET RECOGNITION

4.1. CLASSIFICATION OF CAPITAL ASSETS

General

When accounting for Capital Assets, the municipality should follow the various standards of GRAP relating to the capital assets. An item is recognised in the statement of financial position as a Capital Asset if it satisfies the definition and the criteria for recognition of assets. The first step in the recognition process is to establish whether the item meets the definition of an asset. Secondly, the nature of the asset should be determined, and thereafter the recognition criterion is applied. Capital Assets are classified into the following categories for financial reporting purposes:

Property, Plant and Equipment (GRAP 17)

- Land and Buildings (land and buildings not held as investment property)
- Infrastructure Assets (immovable assets that are used to provide basic services)
- Community Assets (resources contributing to the general well-being of the community)
- Other Assets (ordinary operational resources)

Investment Property (GRAP 16)

- Investment Assets (resources held for capital or operational gain)

Intangible Assets (GRAP 31)

- Intangible Assets (assets without physical substance held for ordinary operational resources)

Biological Assets (GRAP 27)

- Biological Assets (livestock and plants held)

Heritage Asset (GRAP 103)

- Heritage Assets (assets of a cultural, environmental, historical, natural, scientific, technological or artistic significance)

When accounting for Current Assets (that is of capital nature), the municipality should follow the various standards of GRAP relating to these assets. Current Assets (with a capital nature) are classified into the following category for financial reporting purposes.

Land Inventories (GRAP 12)

- Land Inventories (land or buildings owned or acquired with the intention of selling or distributing such property in the ordinary course of business)

Further asset classification has not been defined in GRAP. The examples of infrastructure assets include road networks, sewer systems, water and power supply systems and communication networks. Current

classifications used for infrastructure are limited and do not represent all asset types. To facilitate the practical management of infrastructure assets and asset register data, infrastructure assets have been further classified. The recommended classifications are provided in *Annexure A.*

Policy

The asset classification specified by GRAP shall be adhered to as a minimum standard. The extended asset classification specified in *Annexure A* shall be adopted. The CFO shall ensure that the classifications adopted by the municipality are adhered to.

4.2. IDENTIFICATION OF ASSETS

General

An asset identification system is a means to uniquely identify each asset in the municipality in order to ensure that each asset can be accounted for on an individual basis. Movable assets are usually identified using a barcode system by attaching a barcode to each item. Immovable assets are usually identified by means of an accurate description of their physical location.

Policy

An asset identification system shall be operated and applied in conjunction with an asset register. As far as practicable, every individual asset shall have a unique identification number. The CFO shall develop and implement an asset identification system, while acting in consultation with the Executive Directors.

4.3. ASSET REGISTER

General

An asset register is a database of information related to all the assets under the control of the municipality. The asset register consists of an inventory of all the assets, with each asset having a unique identifying number. Data related to each asset should be able to be stored in the asset register. The data requirements for the asset register are as follows:

Data	Land	Movable	Infrastructure/ building
Identification			
•Unique identification number or asset mark	☐	☐	☐
•Unique name	☐	☐	☐
•Internal Classification	☐	☐	☐
•Descriptive data (make, model, etc.)	☐	☐	☐
•Erf/registration number	☐	☐	☐
•Title deed reference	☐		
Accountability			
•Department	☐	☐	☐
Performance			
•Age		☐	☐
•Condition		☐	☐
•Remaining useful life		☐	☐
•Expected useful life		☐	☐
Accounting			
•Historic cost	☐	☐	☐
•Take-on value	☐	☐	☐
•Take-on date	☐	☐	☐
•Re-valued amount (where assets were re-valued)	☐	☐	☐
•Valuation difference (for purposes of revaluation reserve and depreciation)	☐	☐	☐
•Depreciation method		☐	☐

Data	Land	Movable	Infrastructure/ building
•Depreciation portion that should be transferred from revaluation reserve to accumulated depreciation (where assets were re-valued)			
•Depreciation charge for the current financial year			
•Impairment losses in the current year			
•Accumulated depreciation			
•Carrying value			
•Residual value			
•Source of financing			

Assets remain in the asset register for as long as they are in physical existence or until being written off. The fact that an asset has been fully depreciated, or impaired, is not in itself a reason for derecognising such an asset. The asset register does not include assets that belong to other third parties. These assets may be included as separable entities for control purposes.

Policy

An asset register shall be maintained for all assets. In some cases, such as Investment Properties and Intangible Assets, separate asset registers will have to be maintained. The format of the register shall include the data needed to comply with the applicable accounting standards and data needed for the technical management of the assets. The asset register should be continuously updated and asset records should be reconciled to the general ledger on a quarterly basis, where possible.

4.4. RECOGNITION OF CAPITAL ASSETS: INITIAL MEASUREMENT

General

A Capital Asset should be recognised as an asset in the financial and asset records when:

- The entity has control of the asset;
- It is probable that future economic benefits or potential service delivery associated with the item will flow to the municipality;
- The cost or fair value of the item to the municipality can be measured reliably;
- The cost is above the municipal capitalisation threshold (if any); and
- The item is expected to be used during more than one financial year.

Spare parts and servicing equipment are usually carried as inventory in terms of GRAP 12 on Inventories and are recognised in surplus or deficit as consumed. However, major spare parts and stand-by equipment qualify as property, plant and equipment when the municipality expects to use them during more than one

period. Similarly, if the spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

Further guidance for the recognition of assets is provided below:

Calculation of initial cost price

Only costs that comprise the purchase price and any directly attributable costs necessary for bringing the asset to its working condition should be capitalised. The purchase price exclusive of VAT should be capitalised, unless the municipality is not allowed to claim input VAT paid on acquisition of such assets. In such an instance, the municipality should capitalise the cost of the asset together with VAT. Any trade discounts and rebates are deducted in arriving at the purchase price. Listed hereunder is a list, which list is not exhaustive, of directly attributable costs:

- Costs of employee benefits (as defined in the applicable standard on Employee Benefits) arising directly from the construction or acquisition of the item of the Capital Asset
- The cost of site preparation;
- Initial delivery and handling costs;
- Installation costs;
- Professional fees such as for architects and engineers;
- The estimated cost of dismantling and removing the asset and restoring the site;
- Interest costs when incurred on a qualifying asset in terms of GRAP 5.

When payment for an asset is deferred beyond normal credit terms, its cost is the cash price equivalent. The difference between this amount and the total payments is recognised as an interest expense over the period of credit.

Component approach

The component approach is a GRAP-supported approach where complex assets are split into separate depreciable parts for recording. The key considerations in determining what should become a separately depreciable part (component) are:

- Significant cost; and
- Considerable difference in useful life

If the value of a part of the asset is significant (i.e. material) compared to the value of the asset as a whole and/or has a useful life that is considerably different to the useful life of the asset a whole, it should be recognised as a separately depreciable part (component).

Subsequent Expenses

The municipality should not recognise the costs of day-to-day servicing of the item in the carrying amount of an item of capital asset. These costs are recognised as expenditure as and when incurred. Day-to-day costs are primarily the costs of labour and consumables and may include the costs of small parts. The purpose of these expenditures is usually for the 'repair and maintenance' of the capital asset.

Parts of some capital assets may require replacement at regular intervals. For example, a road may need resurfacing every few years. It may be necessary to make less-frequently recurring replacement of parts,

such as replacing the interior walls of a building, or to make a non-recurring replacement. Under the recognition principle, an entity recognises in the carrying amount of the capital asset the cost of replacing the part of such an item when that cost is incurred if the recognition criteria are met. At the same time the part to be replaced should be derecognised.

Rehabilitation/Enhancements/Renewals of capital assets

Expenditure to rehabilitate, enhance or renew an existing capital asset (including separately depreciable parts) can be recognised as capital if:

- The expenditure satisfies the recognition criteria;
- That expenditure is enhancing the service potential of that capital asset beyond its original expectation and either that expenditure:
  - increases the useful life of that capital asset (beyond its original useful life);
  - increases the capital asset capacity (beyond its original capacity);
  - increases the performance of the capital asset (beyond the original performance);
  - increases the functionality of that capital asset;
  - reduces the future ownership costs of that capital asset significantly; or
  - increases the size of the asset or changes its shape.

The expenditure to restore the functionality of the capital asset to its original level is a maintenance or refurbishment expense and will not be capitalised to the carrying value of the capital asset. The rehabilitated or renewed separately depreciable part will be derecognised and the replacement will be recognised. Where the separately identifiable asset is rehabilitated or renewed, the amount incurred will be added to the carrying value of the asset.

Leased Assets

A lease is an agreement whereby the lesser conveys to the lessee, in return for a payment or series of payments, the right to use an asset for an agreed period of time. Leases are categorised into finance and operating leases:

- A Finance Lease is a lease that transfers substantially all the risks and rewards incident to ownership of an asset, even though the title may or may not eventually be transferred. Where the risks and rewards of ownership of an asset are substantially transferred, the lease is regarded as a finance lease and is recognised as a Capital asset.
- Where there is no substantial transfer of risks and rewards of ownership, the lease is considered an Operating Lease and payments are expensed in the income statement on a systematic basis.

Policy

All capital assets shall be correctly recognised as assets and capitalised at the correct value in its significant components. All assets will be capitalised, except those listed as examples in *Annexure B*, but the application thereof will be determined annually by the municipality.

However, the municipality (Municipal Manager or to whom the right is delegated) can determine with an internal memorandum which assets, as mentioned in *Annexure B*, may not be classified as capital assets.

The Council shall specify which kinds of leases the municipality may enter into. A lease register shall be maintained with all the information that is necessary for reporting purposes.

4.5. SUBSEQUENT MEASUREMENT OF CAPITAL ASSETS

General

After initial recognition of Property, plant and Equipment, the municipality values its assets using the cost model, unless a specific decision has been taken to revalue a certain class of assets and in such instance the PPE will be valued using the revaluation model. When an item of PPE is revalued, the entire class of property to which that asset belongs, should be re-valued.

When an asset's carrying amount is increased as a result of the revaluation, the increase should be credited to a revaluation surplus. However, the increase shall be recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

When and asset's carrying amount is decreased as a result of devaluation, the decrease should be recognised as an expense in the annual financial statements. However, the decrease shall be debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

4.6. RECOGNITION OF INVENTORY ITEMS (NON-CAPITAL ITEMS)

General

Inventories encompass finished goods purchased or produced, or work in progress being produced by the municipality. They also include materials and supplies awaiting use in the production process and goods purchased or produced by the municipality, which are for distribution to other parties for no charge or for a nominal charge. GRAP 12.7 defines Inventories as assets:

- In the form of materials or supplies to be consumed in the production process;
- In the form of materials or supplies to be consumed or distributed in the rendering of services;
- Held for sale or distribution in the ordinary course of operations; or
- In the process of production for sale or distribution.

Examples of Inventories may include the following:

- Ammunition
- Consumable stores;
- Maintenance materials;
- Spare parts for plant and equipment other than those dealt with under PPE;
- Strategic stockpiles (e.g. Water reserves);
- Work in progress; and
- Land / Property held for sale or development (and where plans have been approved)

Cost of inventories shall comprise of all costs of purchase (i.e. purchase price, import duties, other taxes and transport, handling and other costs attributable to the acquisition of finished goods, materials and

supplies), costs of development, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.
Trade discounts, rebates and other similarities are deducted. Taxes recoverable by the entity from the SARS may not be included.

Costs of development for housing or similar developments which are acquired or developed for resale will include costs directly related to the development – e.g. purchase price of land acquired for such developments, surveying, conveyance costs and the provision of certain infrastructure. Infrastructure costs relating to extending the capacity of existing infrastructure are excluded. The costs of inventories of a service provider consisting of direct labour and other costs of personnel directly engaged in providing the service and other attributable overheads are included.

Policy
Assets acquired or owned by the municipality for the purpose of selling or developing such assets with the intention to sell it or utilising the asset in the production process or in the rendering of services shall be accounted for in the municipality's financial statements as inventory items and not as property, plant and equipment.

Inventories are recorded in a dedicated section of the Inventory Register and it is maintained for this purpose. The amount of cost of inventories is recognised and carried forward until related revenues are recognised.

Inventories are measured at the lower of cost and current replacement cost where they are held for distribution at no charge or for nominal charge, or for consumption in the production process of goods to be distributed at no charge or for a nominal charge.

In cases where the above does not apply, inventories are measured at lower of cost and net realisable value.

4.7. RECOGNITION AND DERECOGNITION OF LAND (iGRAP 18)

General

iGRAP 18 was early adopted and will subsequently be used in the recognition and derecognition of land. iGRAP 18 can be applied to clarify the treatment of land where the building is owned by another party including, but not limited to:

- Formal RDP houses
- Informal RDP houses (without council permission)
- Schools, clinics, churches and similar
- Private properties on municipal land

It will also assist in confirming the treatment of the following assets regardless of ownership of the land:

- Infrastructure assets
- Community assets
- Vacant stands registered at the title deeds office
- Vacant stands not registered at the title deeds office

Policy

The control of land is evidenced by the following criteria:
(a) legal ownership; and/or
(b) the right to direct access to land, and to restrict or deny the access of others to land.

In assessing the control criteria, any binding arrangements over properties will be considered. Binding agreements can be in written form, a verbal agreement, or the result of past practice.

The loss of control will result in the derecognition of the property, despite legal title, while assets over which the entity does not hold the legal title may be recognized as an asset if control over the property has been established.

5. ASSET TYPES

5.1 PROPERTY, PLANT AND EQUIPMENT: LAND AND BUILDINGS (GRAP 17)

General

Land and Buildings comprise any land and buildings held (by the owner or by the lessee under a finance lease) by the municipality to be used in the production or supply of goods or for administrative purposes. Land held for a currently undetermined future use, should not be included in PPE: Land and Buildings, but should be included in Investment Properties. For this class of Land and Buildings there is no intention of developing or selling the property in the normal course of business. This land and buildings include infrastructure reserves.

The municipality has chosen the cost model as its accounting policy and shall apply this policy to an entire class of property, plant and equipment.

After recognition as an asset, Land and Buildings shall be carried at its cost less any accumulated depreciation and any accumulated impairment losses. The remaining useful life and residual value applied to Building assets shall be reviewed on an indication bases as per the guidance of GRAP 17.

Land is not depreciated as it is deemed to have an indefinite useful life.

5.2 PROPERTY, PLANT AND EQUIPMENT: INFRASTRUCTURE ASSETS (GRAP 17)

General

Infrastructure Assets comprise assets used for the delivery of infrastructure-based services. These assets typically include electricity, sanitation, solid waste, storm water, transport, and water assets. Most infrastructure assets form part of a greater facility e.g. a pump in a pump station.

Level of detail of componentisation

For the technical management of infrastructure, the most effective level of management is at the maintenance item level. It is at this level that work orders can be executed and data collected. This data is useful for maintenance analysis to improve infrastructure management decision making. This level, in most cases, coincides with the level that means the accounting criteria of different effective lives and materiality. However, the collection of data at this level of detail can be very costly when dealing with assets that are numerous in nature e.g. water meters, street signs, street lights, household connections, etc. It is therefore prudent to balance the value of the information with the cost of collecting the data. The different levels of detail are shown below:

- Level 1: Service level (e.g. Prieska Water Supply)
- Level 2: Network level (e.g. Prieska Pump Stations)
- Level 3: Facility level (e.g. Prieska Pump Station)
- Level 4: Maintenance item level (e.g. Pump 1 in Prieska Pump Station)
- Level 5: Component level (e.g. Bearing of Pump 1 in Prieska Pump Station)

The preferred level of detail for the accounting and technical management of infrastructure is level 4 above.

The compilation of a detailed infrastructure asset register in one financial term is a costly and onerous exercise. To ensure the practicality of implementing asset registers (and asset management planning as a whole), the International Infrastructure Management Manual (IIMM) recommends the adoption of a continuous improvement process as a practical implementation approach. This approach recognises the value of limited data above no data and enables the municipalities to slowly, but steadily, increases their knowledge in the assets they own. The improvement principles of the IIMM recommend starting with complete coverage of the infrastructure types at a low level of detail (e.g. level 2 or 3) and then improving the level of detail over a period of several years, starting with the high-risk assets, such as pump stations, treatment works, etc.

Policy

The infrastructure asset register shall ensure complete representation of all infrastructure asset types. The level of detail of componentisation shall be defined to a level that balances the cost of collecting and maintaining the data with the benefits of minimising the risks of the municipality. Infrastructure assets are valued at cost (or, if acquired through a non-exchange transaction, the cost of the asset at recognition is measured as the fair value of the asset) less accumulated depreciation and accumulated impairment. If cost can however not be established, then infrastructure assets will be valued at depreciated replacement cost. Depreciated replacement cost is an accepted fair value calculation for assets where there is no active and liquid market. Depreciation shall be charged against such assets over their expected useful lives. The remaining useful life and residual value applied to Infrastructure assets shall be reviewed on an indication base as per the guidance of GRAP 17.

Infrastructure Assets shall be recorded under the main categories listed in *Annexure A*;

5.3 PROPERTY, PLANT AND EQUIPMENT: OTHER ASSETS

General

Other Assets include a variety of assets that are of indirect benefit to the communities they serve. These assets include equipment, furniture and fittings, bins and containers, emergency equipment, motor vehicles, specialised vehicles, computer equipment and office equipment.

Policy

Other assets are carried at cost (or, if acquired through a non-exchange transaction, the cost of the asset at recognition is measured as the fair value of the asset) less accumulated depreciation and accumulated impairment losses. Depreciation shall be charged against such assets over their expected useful lives. Other assets are not re-valued. The remaining useful life and residual value of applied to other assets shall be reviewed on an indication bases as per the guidance of GRAP 17.

Other Assets (general assets) shall be recorded under the main categories listed in *Annexure A*.

5.4 HERITAGE ASSETS (GRAP 103)

General

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations. Heritage assets include the following:

- Archaeological sites;
- Conservation areas;
- Historical buildings or other historical structures (such as war memorials);
- Historical sites (for example a historical battle site or site of a historical settlement);
- Museum exhibits;
- Public statues; and
- Works of art (which will include paintings and sculptures).

Policy

Heritage assets are stated at cost (or, if acquired through a non-exchange transaction, the cost of the asset at recognition is measured as the fair value of the asset) less accumulated impairment losses. Heritage assets are not re-valued. If an asset that might be regarded as a heritage asset cannot be reliably measured, relevant and useful information about it shall be disclosed in the notes to the financial statements.

5.5 INTANGIBLE ASSETS (GRAP 31)

General

Intangible Assets can be purchased, or can be internally developed, by the municipality and includes, but are not limited to, computer software, website development cost, servitudes and mining rights.

Servitudes

Creation of servitudes through the exercise of legislation

In terms of legislation, municipalities are granted certain rights regarding the creation of servitudes. For example, in proclaiming townships, a municipality may declare that servitudes are to be registered over certain parts of the land falling within the boundaries of the proclaimed township so that it is able to install infrastructure to provide basic services.

A key feature of servitudes created using rights granted in legislation is that no compensation is paid to the landowner for the acquisition of these rights. Costs may however be incurred to register the servitude with the Deeds Office.

Servitudes granted under these conditions do not meet the 'identifiably' criteria above for the following reasons:

- They cannot be sold, transferred, rented or exchanged freely and are not separable from the entity.
- They arise from rights granted to the entity in statute and are specifically excluded from GRAP 31 as they are "internally generated rights".

Creation of servitudes through acquisition (including by way of expropriation or agreement)
An entity may need to acquire the rights associated with a specific piece of land, e.g. to span power cables related to an electricity distribution network. When an entity acquires rights associated with land, and registers a servitude, the landowner is usually compensated. Servitudes granted under these conditions are distinguished from those that are created through the exercise of legislation. These servitudes meet the definition of an "identifiable" intangible asset because they arise from contractual or other legal rights that are acquired through a specific arrangement, rather than through rights conferred on an entity in statute. In these instances, an entity would recognise the servitude as an intangible asset at cost. The cost of these servitudes on initial recognition is usually the transaction price, i.e. the compensation paid to the landowner and any other costs that can be capitalised to the cost of the asset in terms of GRAP 31.

Policy
Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses. Such assets are amortised over the best estimate of the useful life of the intangible asset. If an intangible asset is generated internally by the municipality, then a distinction should be made between research and development costs. Research costs should be expensed and development costs may be capitalised if all the criteria set out in GRAP 31 has been met.

5.6 INVESTMENT PROPERTY (GRAP 16)

General
Investment Property comprise of land or buildings (or parts of buildings) or both, held by the municipality as owner, or as lessee under a finance lease, to earn rental revenues or for capital appreciation or both. Investment property does not include property used in the production or supply of service or for administration. It also does not include property that will be sold in the normal course of business. Typical investment properties include:

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

Policy
Investment Properties shall be accounted for in terms of GRAP 16 and shall not be classified as PPE for purposes of preparing the municipality's Statement of Financial Position. Investment Property is initially measured at its cost. Transaction costs shall be included in this initial measurement. Where an investment property is acquired at no cost, or for a nominal cost, its cost is its fair value as at the date of acquisition.
If the Council of the municipality resolves to construct or develop a property for future use as an investment property, such property shall in every respect be accounted for as PPE until it is ready for its intended use, where after it shall be reclassified as an investment asset.

RECOGNITION: Investment property recognised at cost, if acquired through a non-exchange transaction, the cost is measured as the fair value of the asset.

COST: After initial recognition, all investment property shall be measured at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated on cost, using the straight-line method over the useful life of the asset. Land has an indefinite useful life thus it is acceptable practice that no depreciation is calculated on land parcels.

A gain or loss arising from a change in the fair value of investment property shall be included in surplus or deficit for the period in which it arises.

Investment assets are recorded in an Investment Property register.

The following classes of Municipal Property will be classified as Investment Property:

a) Land held for long-term capital appreciation rather than for short-term sale in the ordinary course of operations which council intends to sell at a beneficial time in the future.
b) Land held for a currently undetermined future use.
c) A building owned by the municipality (or held by the municipality under a finance lease) and leased out under one or more operating leases on a commercial basis.
d) A building that is currently vacant but is held to be leased out under one or more operating leases on a commercial basis to external parties.
e) Property that is being constructed or developed for future use as investment property.

The following classes of Municipal Property will not be classified as Investment Property:

a) Property held for sale in the ordinary course of operations or in the process of construction or development for such sale. This property is treated as inventory.
b) Property being constructed or developed on behalf of the Provincial Government: Housing Department.
c) Owner-occupied property which is defined as property which is held (by the owner or by the lessee under a finance lease) for use in the production or supply of goods or services or for administrative purposes as per definition criteria of GRAP 17 which includes all council buildings used for administration purposes.
d) Property occupied by employees such as housing for personnel (whether or not the employees pay rent at market rates) are also regarded to be owner–occupied property.
e) Property that is leased to another entity under a finance lease.
f) Property held by council for strategic purposes or to meet service delivery objectives rather than to earn rental or for capital appreciation. The decision should be documented and approved through a resolution.
g) Where council has properties that are used both for administrative and commercial purposes and part of the properties cannot be sold separately these properties will not be classified as investment properties.

5.7 BIOLOGICAL ASSETS (GRAP 27)

General

Biological Assets are living plants and animals such as trees in a plantation or orchard, cultivated plants, sheep and cattle. Managed agricultural activity such as raising livestock, forestry, annual or perennial

cropping, fish farming that are in the process of growing, degenerating, regenerating and / or procreating which are expected to eventually result in agricultural produce. Such agricultural produce is recognised at the point of harvest. Future economic benefits must flow to the municipality from its ownership or control of the asset.

Point-of-sale costs include commissions to brokers and dealers, levies by regulatory agencies and commodity exchanges, and transfer taxes and duties. Point-of-sale costs exclude transport and other costs necessary to get assets to the market. Where the municipality is unable to measure the fair value of biological assets reliably, a biological asset should be measured at cost less any accumulated depreciation and accumulated impairment losses.

Policy
Biological assets, such as livestock and crops, shall be valued annually at fair value less estimated point-of-sales costs.

5.8 INVENTORY PROPERTY (GRAP 12)

General
Inventory Property comprises any land or buildings owned or acquired by the municipality with the intention of selling such property in the ordinary course of business, or any land or buildings owned or acquired by the municipality with the intention of developing such property for the purpose of selling it in the ordinary course of business.

Policy
Inventory land and buildings shall be accounted for as inventory, and not included in either PPE or Investment Property in the municipality's asset register or Statement of Financial Position. Inventory property shall be valued annually at reporting date at the lower of carrying value or net realisable value, except where they are held for:

a) distribution at no charge or for a nominal charge, or
b) Consumption in the production process of goods to be distributed at no charge or for a nominal charge, then they shall be measured at the lower of cost and current replacement cost.

Inventory properties shall be recorded in the Inventory register.

6. ASSET ACQUISITION

6.1. ACQUISITION OF ASSETS

General

Acquisition of assets refers to the purchase of assets by buying, building (construction), or leasing. The date of acquisition of assets is deemed to be the time when control passes to the municipality.

Policy

Should the municipality decide to acquire a capital asset, the following fundamental principles should be carefully considered prior to acquisition of such an asset:

- The purpose for which the asset is required is in keeping with the objectives of the municipality and will provide significant, direct and tangible benefit to it;
- The asset meets the definition of a Capital Asset (as defined in GRAP 16, GRAP 17, GRAP 27, GRAP 31 and GRAP 103)
- The asset has been budgeted for;
- The future annual operations and maintenance needs have been calculated and have been budgeted for in the operations budget;
- The purchase is absolutely necessary as there is no alternative municipal asset that could be economically upgraded or adapted;
- The asset is appropriate to the task or requirement and is cost-effective over the life of the asset.
- The asset is compatible with existing equipment and will not result in unwarranted additional expenditure on other assets or resources;
- Space and other necessary facilities to accommodate the asset are in place; and
- The most suitable and appropriate type, brand, model, etc. has been selected.

6.2. CREATION OF NEW INFRASTRUCTURE ASSETS

General

Creation of new infrastructure assets refers to the purchase and/or construction of totally new assets that has not been in the control or ownership of the municipality in the past.

Policy

The cost of all new infrastructure facilities (not additions to or maintenance of existing infrastructure assets) shall be allocated to the separate assets making up such a facility and values may be used as a basis for splitting up construction costs of new infrastructure into the component parts, each of which have an appropriate useful life.

Work in progress shall be flagged (indicated) as such in the asset register until such time that the facility is completed. Depreciation will commence when the construction of the asset is finalised and the asset is in the condition necessary for it to operate in the manner intended by management. Each part of an item of Infrastructure with a cost that is significant in relation to the total cost of the item shall be depreciated separately.

6.3. SELF-CONSTRUCTED ASSETS

General

Self-constructed assets relate to all assets constructed by the municipality itself or another party on instructions from the municipality.

Policy

All assets that can be classified as assets and that are constructed by the municipality should be recorded in the asset register and depreciated over its estimated useful life for that category of asset. Work in progress shall be flagged (indicated) as such in the asset register until such time that the facility is completed. Depreciation will commence when the construction of the asset is finalised and the asset is in the condition necessary for it to operate in the manner intended by management.

6.4. DONATED ASSETS

General

A donated asset is an item that has been given to the municipality by a third party in government or outside government without paying or actual or implied exchange.

Policy

Donated assets shall be valued at fair value, reflected in the asset register, and depreciated as normal assets. All donated assets shall be approved by the Municipal Manager and ratified by Council as part of acceptance.

7. ASSET MAINTENANCE

7.1. USEFUL LIFE OF ASSETS

General

Useful Life of assets is defined in "ABBRIVIATIONS AND DEFINITIONS" of the Policy and is basically the period or number of production units for which an asset can be used economically by the municipality.

Although National Treasury (NT) guidelines exist that includes directives for useful lives of assets, municipalities must use their own judgement based on operational experience and in consultation with specialists where necessary in determining the useful lives for particular classes of assets. The calculation of useful life is based on a particular level of planned maintenance.

Policy

The remaining useful life of assets shall be reviewed on indication bases as per the guidance of GRAP. Changes emanating from such reviews should be accounted for as a change in accounting estimates in terms of GRAP 3. During annual physical verification of movable assets, an assessment of condition and use shall determine the appropriateness of the remaining useful lives, while for infrastructure assets, the useful lives shall be deemed to be appropriate unless an event has occurred or conditions of use have changed, which may have an effect on the remaining useful lives of these assets. Please refer to *Annexure A*.

7.2. RESIDUAL VALUE OF ASSETS

General

The Residual Value of an asset is the estimated amount that the municipality would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

The residual values of most assets are however considered to be insignificant and therefore immaterial in the calculation of the depreciable amount. The reason is that the majority of assets are hardly ever recovered through sale, but rather through use of the asset until the end of its useful life, after which insignificant amounts, if any, are expected to be obtained, as these assets will most probably be replaced in its entirety.

Assets typically not sold by the municipality are land, buildings, infrastructure and community assets, which assets will have a residual value of zero, allowing the asset to be fully depreciated over its useful life cycle. Residual values will only be applicable to assets that are normally disposed of by selling them once the municipality does not have a need for such assets anymore, e.g. motor vehicles. Past experiences of municipal auctions held revealed that furniture, computer equipment and other movable assets does not reach selling prices that are material.

Policy

Residual values shall be determined upon initial recognition of assets that are normally disposed of by selling them once the municipality does not have a need for such assets anymore, e.g. motor vehicles. The basis of the residual value estimates shall be determined by the results of past sales of vehicles at auctions when it reaches the end of its useful lives. The residual value of assets shall be reviewed on an indication

base as per the guidance of GRAP. Changes in depreciation charges emanating from such reviews should be accounted for as a change in accounting estimates in terms of GRAP 3.

7.3. DEPRECIATION OF ASSETS

General

Depreciation is the systematic allocation of the depreciable amount of an asset over its useful life. Depreciation therefore recognises the gradual exhaustion of the asset's service capacity. The depreciable amount is the cost of an asset, or other amount substituted for cost in the financial statements, less its residual value. The depreciation method used must reflect the pattern in which economic benefits or service potential of a Capital Asset is consumed by the municipality. The following are the allowed alternative depreciation methods that can be applied by the municipality:

a. Straight-line;
b. Diminishing Balance; and
c. Sum of the Units.

Policy

All PPE assets except land shall be depreciated over their reasonable useful lives. The residual value and the useful life of an asset shall be reviewed on an indication basis. The depreciation method applied shall be reviewed at each reporting date. Reasonable budgetary provisions shall be made annually for the depreciation of all applicable assets controlled or used by the municipality, or expected to be so controlled or used during the ensuing financial year.

Depreciation shall take the form of an expense both calculated and debited on a monthly basis against the appropriate line item in the department or vote in which the asset is used or consumed. Depreciation of an asset shall begin when the asset is ready to be used, i.e. the asset is in the location and condition necessary for it to be able to operate in the manner intended by management. Depreciation of an asset ceases when the asset is derecognised. Therefore, depreciation does not cease when the asset becomes idle or is retired from active use and held for disposal unless the asset is fully depreciated. However, under certain methods of depreciation the depreciation charge can be zero while there is no production. In the case of intangible assets being included as assets, the procedures to be followed in accounting and budgeting for the amortisation of intangible assets shall be identical to those applying to the depreciation of other assets.

7.4. IMPAIRMENT LOSSES

General

Impairment is the loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation. The following serve as examples of impairment indicators:

- Carrying amount of an asset far exceeds the recoverable amount or market value;
- During routine physical inspection of the asset there was evidence of physical damage (or obsolescence);
- The asset is not being used, or access to the asset is restricted, due to structural damage.

- The asset is not able to perform at the planned or required level and as a result is not meeting service delivery targets.
- During routine physical inspection of the asset it was identified that the asset deteriorated faster than expected, or was subject to damage, which will result in replacement or significant maintenance earlier than expected.

The entity will designate its assets as either non-cash generating or cash generating in accordance with GRAP 21.

Designation is based on the entities objective of using the asset at initial recognition for:
- Delivery of service (service assets) or
- Generating commercial return (profit assets)

It is expected that some assets may have a dual-purpose.
A dual-purpose asset is only classified as cash-generating (profit assets) if the purpose to create a profit clearly stands out and the service delivery aspect is incidental. If the purpose is not clear, the assets are presumed to be non-cash-generating (service assets)

The designation has to be done on an asset or cash-generating unit.
In the designation process assets are first designated using a group of assets and any remaining assets are then designated on an individual asset basis. The designation is applied to individual assets.
An asset could comprise a group of assets that are part of a system or network, that is, infrastructure assets.

Examples of a cash-generating unit (group of assets):
- Administrative / owner-occupied assets
- Infrastructure – Roads
- Infrastructure – Water
- Infrastructure – Electricity
- Infrastructure – Sewer
- Infrastructure – Waste Management
- Community Assets – Swimming Pool
- Community Assets – Community Hall

For non-cash generating assets GRAP 21 will be applied.
For cash generating assets GRAP 26 will be applied.

The impairment amount is calculated as the difference between the carrying value and the recoverable value.

Non-cash generating assets

The recoverable value is the higher of the asset's value in use or its fair value less cost to sell.
Value in use of a non-cash-generating asset is the present value of the asset's remaining service potential.

Cash generating assets

The recoverable value is the higher of the asset's value in use or its fair value less cost to sell.

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

Where the recoverable amount is less than the carrying amount, the carrying amount should be reduced to the recoverable service amount by way of an impairment loss. The impairment loss should be recognised as an expense when incurred unless the asset is carried at re-valued amount.

If the asset is carried at a re-valued amount the impairment should be recorded as a decrease in the revaluation reserve. Where immovable property, plant and equipment surveys are conducted, the recoverable service value is determined using the depreciated replacement costs method by assessing the remaining useful life.

Policy
Assets shall be reviewed annually for all assets with impairment indicators. Impairment of assets shall be recognised as an expense, unless it reverses a previous revaluation in which case it should be charged to the Revaluation Surplus. The reversal of previous impairment losses recognised as an expense is recognised as income.

7.5. MAINTENANCE OF ASSETS AND THE ASSET REGISTER

General
Maintenance refers to all actions necessary for retaining an asset as near as practicable to its original condition in order for it to achieve its expected useful life, but excludes rehabilitation or renewal. This includes all types of maintenance – corrective and preventative maintenance.

For linear infrastructure assets, such as pipes, cables and roads, the following test is applied to differentiate between maintenance and renewal when partial sections of linear assets are renewed:

- If a future renewal of the entire pipe will include the renewal of the partial section that is now renewed, then the renewal of the partial section is treated as maintenance.
- If a future renewal of the entire pipe will retain the partial section that is now renewed, then the renewal of the partial section is treated as renewal and the pipe is split into two separate assets.

Maintenance analysis is an essential function of infrastructure management to ensure cost-effective and sustainable service delivery. In order to analyse maintenance data, maintenance actions undertaken against individual infrastructure assets should be recorded against such assets.

Policy
Maintenance actions performed on infrastructure assets shall be recorded against the individual assets that are identified in the asset register.

7.6. RENEWAL OF ASSETS

General

Asset renewal is restoration of the service potential of the asset. Asset renewal is required to sustain service potential from infrastructure beyond the initial or original life of the asset. If the service provided by the asset is still required at the end of its useful life, the asset must be renewed. However, if the service is no longer required, the asset should not be renewed. Asset renewal projections are generally based on forecast renewal by replacement, refurbishment, rehabilitation or reconstruction of assets to maintain desired service levels.

Policy

Assets renewal shall be accounted for against the specific asset. The renewal value shall be capitalised against the asset and the expected life of the asset adjusted to reflect the new asset life.

7.7. REPLACEMENT OF ASSETS

General

This paragraph deals with the complete replacement of an asset that has reached the end of its useful life so as to provide a similar or agreed alternative level of service.

Policy

Assets that are replaced shall be derecognised at their carrying value. The replacement asset shall be accounted for as a separate new asset.

Costs incurred to replace the asset shall be split between costs to dispose of the old asset, which shall be expensed as part of the derecognition, and costs to install the new asset, which shall be capitalised against the new asset.

8. ASSET DISPOSAL

8.1 TRANSFER OF ASSETS

General

The processes and rules for the transfer of a capital asset to another municipality, municipal entity or national/provincial organ of state are governed by an MFMA regulation namely "the Local Government: Municipal Asset Transfer Regulations".

Transfer of assets or inventory items refers to the internal transfer of assets within the municipality or from the municipality to another entity. Procedures need to be in place to ensure that the Asset Control Department can keep track of all assets and ensure that the asset register is updated with all changes in asset locations. These procedures must be followed and apply to all transfers of assets from:

- One Department to another Department;
- One location to another within the same department;
- One building to another; and
- One entity to another.

Policy

The transfer of assets shall be controlled by a transfer process and the asset register shall be updated.

8.2 EXCHANGE OF ASSETS

General

According to GRAP 17.29 an item of PPE may be acquired in exchange for a non-monetary asset or assets, or a combination of monetary and non-monetary assets. The cost of such an item of property, plant and equipment is measured at fair value unless:

- the exchange transaction lacks commercial substance; or
- the fair value of neither the asset received nor the asset given up is reliably measurable.

If the acquired item is not measured at fair value, its cost is measured at the carrying amount of the asset given up.

Policy

The cost of assets acquired in exchange for another asset shall be measured at the fair value of the asset received, which is equivalent to the fair value of the asset given up, adjusted by the amount of any cash or cash equivalents transferred.

8.3 ALIENATION / DISPOSAL OF ASSETS

General

Alienation / Disposal is the process of disowning redundant and obsolete assets by transferring ownership or title to another owner, which is external to the municipality, or no owner in the case of destruction of the asset. This includes voluntary and involuntary disposals.

The MFMA (section 14 and 90) and the Municipal Supply Chain Management Regulation no. 27636 have specific requirements regarding the voluntary disposal of capital assets.

Specifically:

- A municipality may not ..." permanently dispose of a capital asset needed to provide the minimum level of basic municipal services"
- Where a municipal council has decided that a specific asset is not needed to provide the minimum level of basic services, a transfer of ownership of an asset must be fair, equitable, transparent, competitive and consistent with the municipality's supply chain management policy.

In addition, the MFMA section 75 (1)(h) requires that the accounting officer of a municipality places on the municipality's website an information statement containing a list of assets over a prescribed value that have been disposed of in terms of section 14(2) or (4) during the previous quarter.

Policy

The disposal of an item of property, plant or equipment must be fair, equitable, transparent, competitive and cost effective and comply with a prescribed regulatory framework for municipal supply chain management and the Supply Chain Management Policy of the municipality.

Different disposal methods will be necessary for different types of assets. Before deciding on a particular disposal method, the following shall be considered:

- The nature of the asset
- The potential market value
- Other intrinsic value of the asset
- Its location
- Its volume
- Its trade-in price
- Its ability to support wider Government programmes;
- Environmental considerations
- Market conditions
- The asset's life

Appropriate means of disposal may include:

- Public auction
- Public tender
- Transfer to another institution

- Sale to another institution
- Letting to another institution under finance lease
- Trade-in
- Controlled dumping (for items that have low value or are unhygienic)

Other means of alienation include:

- Donations: Donations may be considered as a method of alienation, but such requests must be motivated to the Municipal Manager for approval.
- Destruction: Assets that are hazardous or need to be destroyed must be identified for tenders or quotations by professional disposal agencies.
- Scrapping: Scrapping of assets that cannot be alienated otherwise may be considered as a method of alienation, but such requests must be motivated to the Municipal Manager.
- The letting of immovable property, excluding municipal housing for officials and political office bearers, must be done at market-related tariffs, unless the relevant treasury approves otherwise. No municipal property may be let free of charge without the prior approval of the relevant treasury.

All involuntary disposals should be reported to the Chief Financial Officer on a regular basis. This report should include the investigation into the reason for the involuntary disposal per asset and advise if any remediation or recovery could be made. The involuntary disposal of assets, together with the supporting investigations should be presented to council to determine if the involuntary disposal was due to negligence, and if so, to instruct recoveries where possible. Where the involuntary was not due to negligence, council shall determine if there is a correcting or mitigating control that may be put in place to ensure future losses are limited.

Once the fixed assets are disposed, the asset shall be removed from the accounting records and the asset register. All gains and losses realised on the disposal of assets shall be accounted for as revenue or expense in the Statement of Financial Performance.

8.4 SELLING OF ASSETS

General

Selling of assets refers to the public sale of municipal assets approved for alienation.

Policy

All assets earmarked for sale must be sold by public auction or tender and the following steps shall be followed:

- A notice of the intention of the municipality to sell the asset shall be published in a local newspaper;
- The municipality shall appoint an independent appraiser to fix a minimum selling price;
- In the case of a public auction, the municipality shall appoint an independent auctioneer to conduct the auction; and
- In the case of a tender, the prescribed tender procedures of the municipality shall be followed.
- The municipality will obtain council/municipal manager approval for all disposals according to delegation of powers where applicable

Sold assets shall be derecognised in the asset register once control and all rights and obligations of the asset has been transferred.

8.5 WRITING-OFF OF ASSETS

General

The write-off of assets is the process to permanently remove the assets from the asset register. Assets can be written-off after approval of the Municipal Manager of a report indicating that:

- The useful life of the asset has expired;
- The asset has been destroyed;
- The asset is out-dated;
- The asset has no further useful life;
- The asset does not exist anymore;
- The entity has lost control of the asset
- The asset has been sold; and
- Acceptable reasons have been furnished leading to the circumstances set out above.

Policy

Reasons for writing off assets, other than the sale of such assets during the process of alienation, shall be the loss, theft, destruction, or decommissioning of the asset in question.

9. PHYSICAL CONTROL (MOVABLE ASSETS)

9.1. PHYSICAL CONTROL / VERIFICATION

General

Movable assets require physical control and verification of existence.
Assets than cannot be physically verified, may indicate loss of control of the asset and as such, should be treated in line with paragraph 8.5 of this policy for the disposal of assets.

Policy

All movable assets shall be actively controlled, including an annual verification process. Annual physical inspections of assets shall be performed to identify items which are missing, damaged, not in use or are obsolete due to changed circumstances, to ensure that they are appropriately repaired, impaired, written off or disposed of.

Registers shall be kept for those assets allocated to staff members. The individuals are responsible and accountable for the assets under their control. These registers should be updated when the assets are moved to different locations or allocated to a different staff member in order to facilitate control and physical verification.

9.2. INSURANCE OF ASSETS

General

Insurance provides selected coverage for the accidental loss of the asset value. Generally, government infrastructure is not insured against disasters because relief is provided from the Disaster Fund through National Treasury.

Policy
Assets that are material in value and substance shall be insured at least against destruction, fire and theft. All municipal buildings shall be insured at least against fire and allied perils.

9.3. SAFEKEEPING OF ASSETS

General
Asset safekeeping is the protection of assets from damage, theft, and safety risks.

Policy
Directives for the safekeeping of assets shall be developed and the safekeeping of assets shall be actively undertaken.

10. ASSET FINANCIAL CONTROL

10.1. BORROWING COSTS (GRAP 5)

General
Borrowing costs are interest and other costs incurred by the municipality from borrowed funds. The items that are classified as borrowing costs include interest on bank overdrafts and short-term and long-term borrowings, amortisation of premiums or discounts associated with such borrowings, amortisation of ancillary costs incurred in connection with the arrangement of borrowings, finance charges in respect of finance leases and foreign exchange differences arising from foreign currency borrowings when these are regarded as an adjustment to interest costs. The capitalisation of borrowing costs should take place when borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. During extended periods in which development of an asset is interrupted, the borrowing costs incurred over that time period should be recognised as an expense when incurred. Capitalisation of borrowing costs should cease when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

It is inappropriate to capitalise borrowing costs when there is clear evidence that it is difficult to link a borrowing requirement directly to the nature of the expenditure to be funded, i.e. Capital or Current.

Policy
Borrowing costs shall be capitalised, if directly attributable to the acquisition construction or production of an asset over a significant period, except when it is inappropriate to do so.

10.2. FUNDING SOURCES

General

The Municipal Finance Management Act (MFMA) provides guidelines on how to utilize funds in financing assets (Section 19 of MFMA). The municipality shall utilise any of the following sources to acquire and / or purchase assets:

- Grants, Subsidies and Public Contributions;
- Revenue Contributions;
- Capital Replacement Reserve;
- Cash Surplus; and / or
- External / Donor Funds.

Policy

The annual capital budget must be funded and the sources of finance must be disclosed as part of the Council's budget.

10.3. DISASTER

General

In terms of the Disaster Management Act, 2002, Disaster means a progressive or sudden, widespread or localised, natural or human – caused occurrence which causes or threatens to cause:

- death, injury or disease;
- damage to property, infrastructure or the environment; or
- disruption of life of community; and
- is of a magnitude that exceeds the ability of those affected by the disaster to cope with its effects using only their own resources.

In terms Section 56 (b) of the Disaster Management Act, 2002 the cost of repairing or replacing public sector infrastructure should be borne by the organ of state responsible for the maintenance of such infrastructure. The National, Provincial and Local organs of state may contribute financially to response efforts and post – disaster recovery and rehabilitation.

Policy

The Municipality will correspond with the Provincial organs to gain funds for repairing assets damaged in disaster events. The municipality must adhere to the disaster management plan for prevention and mitigation of disaster in order to be able to attract the disaster management contribution during or after disaster.

ANNEXURE A: ASSET CATEGORY AND USEFUL LIFE

Buildings	Buildings	Buildings	25 – 50 years
Heritage assets	Heritage assets	Heritage assets	Not depreciated
Infrastructure	Civil structures	Civil structures	15 – 50 years
Infrastructure	Electricity	Distribution and cables	40 – 50 years
Infrastructure	Electricity	Equipment	15 – 45 years
Infrastructure	Electricity	Public lighting	30 – 40 years
Infrastructure	Mechanical equipment	Mechanical equipment	10 – 20 years
Infrastructure	Other	External facilities	7 – 30 years
Infrastructure	Roads	Bridges	30 – 80 years
Infrastructure	Roads	Furniture	8 – 80 years
Infrastructure	Roads	Structure	10 – 50 years
Infrastructure	Roads	Traffic management	10 – 15 years
Infrastructure	Sewerage	Pipelines	40 – 50 years
Infrastructure	Sewerage	Pump stations	10 – 55 years
Infrastructure	Solid waste	Bins and disposal	10 – 20 years
Infrastructure	Sports- and playgrounds	Sports- and playgrounds	10 – 40 years
Infrastructure	Stormwater	Drainage constructed	50 – 70 years
Infrastructure	Stormwater	Drainage unlined	10 – 15 years
Infrastructure	Water	Dams and reservoirs	50 – 80 years
Infrastructure	Water	Other	15 – 20 years
Infrastructure	Water	Pipes and grids	50 – 90 years
Infrastructure	Water	Pumps and tanks	15 – 20 years
Intangible assets	Intangible assets	Computer software	3 – 5 years
Intangible assets	Intangible assets	Rights	Not depreciated

Intangible assets	Intangible assets	Systems (annual license)	Not capitalised
Investment property	Investment property	Investment property	Not depreciated
Land	Land	Land	Not depreciated
Land	Quarry	Quarry	Per expert report
Other assets	Emergency equipment	Emergency equipment	5 – 10 years
Other assets	Furniture and fittings	Furniture and fittings	5 – 7 years
Other assets	Motor vehicles	Motor vehicles	5 – 15 years
Other assets	Office furniture	Office furniture	4 – 15 years
Other assets	Plant and equipment	Plant and equipment	4 – 15 years

PROOF

ANNEXURE B: ASSET TYPES NOT CAPITALISED DUE TO BEING UTILISED LESS THAN 12 MONTHS

- Kitchenware, e.g. Kettles, toasters, two-plate stove, etc.
- Stationery equipment, e.g. Punches (not heavy duty), staplers (not heavy duty), etc.
- Garden equipment, e.g. Brooms, rakes, spade, etc.
- Machines (not heavy duty), e.g. Spanners, screw drivers, etc.
- Electrical equipment, e.g. Extension lead, multi plug, etc.
- Mattresses
- Cutlery & crockery
- Other, as may be determined by management

PROPOSED

CITY OF MATLOSANA

BORROWING MANAGEMENT

POLICY

2025 2026

DRAFT

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Background

- Long- and short-term debts is necessary to fund the prime mechanisms by which a Council can fulfill its constitutional mandates for:
    - Delivery of sustainable services,
    - Social and economic development,
    - Promoting safe and health environments and,
    - Providing the basic needs to the community.
- The borrowing policy deals with the municipal rules required to ensure the enforcement of appropriate stewardship of Council's borrowings.
- The compilation of borrowing registers as prescribed by the Accounting Standards Board to ensure the appropriate financial treatment for borrowings.

Definitions

"Council" will mean City Council of Matlosana.

"borrower" will be the City Council of Matlosana.

"lender" is a registered financial institution and recognized by law as a lawful lender of money that a Council is entering into with a borrowing contract.

"policy" is a borrowing management policy of the City Council of Matlosana.

"debt" means:

(a) A monitory liability or obligation created by a financing agreement, note, debenture or overdraft, or by the issuance of municipal debt instruments

or

(b) A contingent liability such as guaranteeing a monitory liability or obligation.

"long-term debt" means debt repayable over a period exceeding one year.

"short-term debt" means debt repayable over a period not exceeding one year.

"financing agreement" includes any loan agreement, lease, installment, purchase contract or a hire purchase arrangement under which a Council undertakes to repay a long-term debt over a period.

"constitution" is the constitution of the Republic of South Africa.

Objectives[i]

Statutory objectives

All external borrowings of the City Council of Matlosana must comply with the relevant municipal financial management legislation below.

- The constitution of the Republic of South Africa, 1996
- Municipal Structures Act, No. 117 of 1998
- Municipal Systems Act, No 32 of 2000
- Division of revenue Act 5 of 2004
- Municipal Finance Management Act, No 56 of 2003
- Any standards specified by the Accounting Standards Board.

This policy will be updated annually or whenever legislative or accounting standard amendments significantly change the requirements pertaining to borrowing in general and the administration there of.

This policy does not over rule the requirement to comply with other policies. The Chief Financial Officer will provide guidance or adjust this policy where an apparent conflict exists between this policy and other policies, legislation or regulations.

City Council of Matlosana determines that borrowing money in foreign currencies is prohibited.

City Council of Matlosana determines the yearly increase in its long-term debt level not to exceed 5% of its yearly operating expenditure.

City Council of Matlosana determines that a loan for funding of the operational budget is prohibited.

City Council of Matlosana determines that borrowing be authorized by the accounting officer.

City Council of Matlosana limits long-term borrowing to funding of capital expenditure on property, plant and equipment.

City Council of Matlosana limits short-term borrowing to bridge operating cash shortfalls in anticipation of specific grants to be received, or long-term debt to be issued within that fiscal year.

Operational Objectives

Council should be structuring external long-term borrowing to optimise flexibility and to ensure a spread of debt maturity in accordance with this policy.

Borrowing costs, risks and exposure to adverse interest rate movements associated with external borrowing should be minimised.

Contribute towards prudent management of borrowings to improve Council's creditworthiness.

Any borrowing that Council intends to undertake must be provided for in the approved and adopted budget.

Long-term borrowing incurred should be for the financing of service delivery enhancing infrastructure only.

Responsibilities and Accountabilities

The responsibilities of Council, the Municipal Manager, the Chief Financial Officer and Senior Managers are in terms of the Municipal Finance Management Act No 56 of 2003 *mutatis mutandis* applicable onto this policy.

The following table outlines specific responsibilities for borrowing activities, including delegated authorities and any respective limitations.

Activity	Delegated Authority	Limit
Approving and changing policy	The Council	Unlimited
Borrowing new debt	The Council	Unlimited (subject to legislative and other regulatory limitations)
Approval for charging assets as security over borrowing	The Council	Unlimited
Overall day-to day borrowing management	Accounting Officer (delegated by Council) Chief Financial Officer (delegated by Council)	Subject to policy
Re-financing existing debts	Accounting Officer (delegated by Council) Chief Financial Officer (delegated by Council)	Subject to policy
Approving transactions outside policy	The Council	Unlimited
Approving interest rate risk management instruments	The Council	Unlimited

Adjust interest rate risk profile	Chief Financial Officer	Fixed/floating ratio difference up to 1% Fixed rate maturity profile limit as per risk control limits.
Managing funding maturities in accordance with Council approved facilities	Chief Financial Officer	Per risk control limits
Maximum daily transaction amount (borrowing)	The Council Chief Financial Officer Treasury officials (delegated by Council)	Unlimited Unlimited Unlimited
Authorising lists of signatories	Accounting Officer	Unlimited
Annual review of policy	Chief Financial Officer	Not applicable
Ensuring compliance with policy	Chief Financial Officer	Not applicable

To prevent unauthorised transactions or difficulties in executing transactions due to an insufficient number of signatories, the following procedures should be adhered to:

- All delegated authorities and signatories must be reviewed annually to ensure that they are still appropriate and current.
- A comprehensive letter must annually be sent to all counterparties reflecting details of all the relevant current delegated authorities.
- Whenever a person with any delegated authority in respect of municipal borrowing leaves Council, Council should immediately advise all relevant counterparties in writing of such changes to prevent any irregularities.

Security & Guarantees

With regard to the provision of Section 48 & 50 of Municipal Finance Management Act No 56 of 2003, Council does not provide any security or issue any guarantee to obtain a borrowing. Whenever any securities or guarantee will be needed in future, Council will compile a policy in this regard.

Borrowing Mechanisms

Factors to be considered when evaluating borrowing mechanisms for raising of short or long-term loans incurred in terms of sections 45 and 46 of the Municipal Finance Management Act No 56 of 2003:

- Available terms from banks and capital markets.
- Council's overall debt maturity profile, to ensure concentration of debt is avoided at reissue/rollover time.
- Prevailing interest rates and margins relative to term for bank borrowing and funding from the capital markets.
- The outlook for future interest rate movements.
- Ensuring that the implied finance terms within the specific debt (e.g. project finance) are at least as favourable as municipalities could achieve in their own right.
- The impact of the proposed borrowing on municipalities.
- Legal documentation and financial covenants.
- The term of a loan must not be longer than the economic life of the capital assets it funds (as defined by Council resolution) and in any event no more than [20] years.

Borrowing Repayments

One of the following three payment methods may be used

(i) Direct electronic payment
(ii) Debit order payment
(iii) Cheque payment

Risk Management

Borrowing procedures which have to be adhered to is attached as ANNEXURE "A"

The following Municipal risk areas have been identified:
Interest rate risk;

- Using of financial products such as interest rate risk management contracts to manage Council's risks must be avoided, unless such plans is discussed with National Treasury. The following two interest rate risk management tools or

strategies may be implemented when entering into a borrowing contract with a prospective lender.

Fixed interest rate – it is advisable to go for this option when the interest rates are at the relatively lower levels and with no possibility of going further down over the repayment period, in terms of economic speculations.
Interest rate hedging – this option is ideal when interest rates are relatively high. Council should use hedging contracts only to protect actual borrowings; no speculative activities should be undertaken. In addition, hedging contracts should only take place with counter-parties who have a long-term credit rating of 'A-' or better.

- Council determines that future maturity dates of borrowings to be at least four months apart.
- Council determines the maximum limit for the portion of total borrowing in any one year not to exceed 5% of its yearly operating expenditure.

Counterparty credit risks;

- Council limit the use of borrowing facilities to counterparties with a minimum credit rating of "AA-" or "A-".

Liquidity risks;

- Council must maintain a level of liquidity sufficient to meet both planned and unforeseen cash requirements.

Operating risks;

- Council must manage its borrowings so that the impact of settlement default will not adversely affect its operations.
- Operating procedures are specified in ANNEXURE "A".

BORROWING RATIOS AND LIMITS

Mandatory limits on the amount of borrowings and the proportion of income used for interest payments are reflected below.

Limits on borrowings

- Net debt or total debt as a percentage of equity (net debt is defined as total debt net of liquid financial assets (including sinking funds))
- Net or total debt as a percentage of gross income
- Term debt as a percentage of total realisable assets (excludes infrastructural assets and restricted assets)
- Total debt as a percentage of total assets

Limits on interest payments

- Net or gross interest as a percentage of gross annual income
- Net or gross interest as a percentage of annual property rates income
- Pre-tax funds flow from operations to gross annual interest expense (funds flow from operations is defined as operating surplus before depreciation and interest)

REPORTING

Municipal treasury officials should prepare monthly reports on borrowing operations for municipal chief financial officers.

Quarterly reports on borrowing operations and proposed borrowing strategies must be submitted to council committees with oversight for municipal borrowing activities; at a minimum, these reports should address the following topics:

- Current funding facilities and liquidity
- Actual and forecast debt (current year) based on all outstanding debt
- Budgeted and year to date actual debt servicing costs
- Funding and Interest Rate Risks
- Debt-maturity profiles and expected timing of debt raising
- Hedging: this report would cover hedging contracts taken up since the last report and hedging and derivative contracts in place at the time of the report.

POLICY REVIEW

This policy will be reviewed on an annual basis. The Chief Financial Officer should prepare an annual review report (following the preparation of annual financial statements) that is presented to the relevant council committee; the report will include:

- Recommendation as to changes, deletions and additions to the policy
- Overview of the borrowing function in achieving the stated borrowing objectives
- Summary of breaches of policy and one-off approvals outside policy to highlight areas of policy tension

- Comments and recommendations from the Council's external auditors on the borrowing function, particularly internal controls, accounting treatment and reporting

In addition, Council must undertake an annual audit of the borrowing management systems and procedures.

Borrowing policy reviews should be completed and presented to Councils within [five] months of the financial year-end. Council should subsequently receive the reports, approve policy changes and/or reject recommendations for policy changes.

MUNICIPAL DEBT DISCLOSURE REGULATIONS

The following information must be contained in a disclosure statement when entering into a borrowing agreement

(1) The disclosure statement must set out the following information concerning the Council:

(a) the name of the Council and details of its establishment under the Local Government: Municipal Structures Act, 1998, (Act No. 117 of 1998);
(b) where the Council is located;
(c) the exact wording of the council resolution approving the debt in terms of section 45(2) or 45 (3) of the Act;
(d) the exact wording of the information statement required in terms of section 46(3) of the Act;
(e) any restrictions or limits imposed on borrowing which arise by virtue of any agreement, resolution, or otherwise.

(2) **The disclosure statement must set out the following information pertaining to the municipal debt securities:**

(a) the issue date;
(b) the purposes for which funds raised will be used;
(c) the total principal amount of securities issued, and if the current issue is part of a larger authorisation by the municipal council, the amount of the total authorisation and of any previous debt issued within that authorisation;
(d) the aggregate amount of interest payable in respect thereof over the repayment period, as calculated at the issue date;
(e) the applicable interest rate, or the basis for determination thereof, if not determined, and the method for the calculation thereof in summary form, and the date from which interest will accrue;
(f) the due dates for payment of any amounts payable;
(g) the final maturity date;
(h) any legal restrictions under which the municipal debt securities will be offered, sold, transferred or delivered;
(i) the status of the municipal debt securities or the subordination thereof, in relation to the other debts of the Council or municipal entity;
(j) the subscription or cancellation rights of any lender, underwriter, or investor;
(k) whether the municipal debt securities will be listed on an exchange and details thereof;
(l) debt amortisation terms;
(m) procedures relating to the method of issue and/or allocation;
(n) clearing and settlement procedures;
(o) a summary of the most important rights of lenders and investors;
(p) any penalty or early redemption premium payable by the Council;

(q) the minimum denominations in which the municipal debt securities may be taken up by any person;
(r) the details of any security to be provided in terms of section 48 of the Act, and where the relevant documentation shall be available for inspection, subject to the provisions of regulation 7;
(s) whether any asset or right in respect of which security is provided has been determined by a council resolution in terms of section 48 (3) of the Act to be necessary for the provision of the minimum level of basic municipal services, and if so, the manner in which the availability of the asset or right for the provision of that minimum level of basic services will be protected;
(t) such other key terms and salient features of the debt transaction as may be necessary to enable a potential lender or investor who was not party to the original transaction to understand the essence of the transaction;

(3) The disclosure statement must set out the full names, and the relevant qualifications and experience of –

(a) the Mayor or Executive Mayor;
(b) the chief financial officer;
(c) the municipal manager;
(d) the person that will be administering the debt and repayment, if not the chief financial officer; and
(e) in the case of a municipal entity, the directors, chief executive officer, financial officer and senior management of the municipal entity.

(4) The disclosure statement must set out the following information pertaining to the financial situation and financial management of the Council or municipal entity:

(a) details of its existing debt obligations including the identity of creditors, the capital outstanding, the applicable interest rate(s); the repayment schedules and security provided;
(b) the revenue of the Council in respect of the preceding three years, or if it has not, at the time, been established for a period of three years, then since establishment, with reference to the –
(i) allocations received under the annual Division of Revenue Act;
(ii) revenue from service fees, property rates, and other charges;
(iii) revenue from other sources;
(iv) the amounts collected within 30, 60, 90 and 120 days of due date, from the sources referred to in paragraph (ii);
(c) details of any default pertaining to outstanding or repaid debt, during the immediately preceding three years or if it has not, at the time, been established for a period of three years, then since establishment;
(d) the reserves of the Council;
(e) the Council's policies and practices in respect of the collection of unpaid service fees, property rates, and other charges;
(f) a summary of the applicable investment policies;

(g) the nature and amounts of insurance policies which relate to the debt and to the risk factors contemplated in sub-regulation 7 (f).

(5) The disclosure statement must set out summary information reflecting the extent of social delivery and stability within the Council, including, where applicable –

(a) the number of houses constructed with the assistance of the Government Housing Subsidy Scheme, now the Housing Act, 1997 (Act No. 107 of 1997);
(b) details of public private partnerships initiated, in progress or completed during the preceding three financial years, or if it has not, at the time, been established for a period of three years, then since establishment;
(c) municipal services provided;
(d) capital projects undertaken; and
(e) the existence or not of any consumer boycotts or any mobilisation around the non-payment of any services or loan obligations.

(6) The disclosure statement must set out the following information pertaining to local economic indicators:

(a) the average income levels of persons employed within the Council;
(b) the number of persons unemployed within the Council;
(c) the ten employers employing the greatest number of persons within the Council;
(d) the ten major contributors to the municipal rate base;
(e) growth projections for the next five years; and
(f) the material risk factors which, in accordance with the Council or the municipal entity's assessment, will have a direct impact on its ability to meet repayment obligations.

(7) Where debt is incurred for purposes related to a particular service and where the debt is to be repaid from revenues linked to the particular service, the disclosure statement must set out the following information:

(a) whether a lender's or investor's rights of recovery against the Council or municipal entity is limited in any respect or limited to revenues linked to that particular service;
(b) any security or security mechanisms as contemplated in section 45 of the Act;
(c) operational statistics pertaining to any particular municipal service that is relevant to the debt transaction.

(8) The disclosure statement must set out –

(a) whether any credit rating has been applied from a rating agency and whether or not a rating was obtained, and if obtained, what rating, from which agency and when it was obtained;

(b) the names, contact persons, addresses, contact details and registration numbers of its legal and financial advisors and auditors;

(c) the addresses where relevant documentation is available for inspection by potential lenders, underwriters, investors, and other interested parties, subject to the provisions of regulation 7; and

(d) who is available to provide any further information and where and how the person can be contacted.

ANNEXURE "A"

Borrowing Procedure Manual of the City Council of Matlosana

STEPS, CONDITIONS AND CRITERIA FOR THE RAISING OF LOANS

Terms of the Municipal Finance Management Act No 56 of 2003 & the Municipal Systems Act No 32 of 2000

A. Calling for Tenders

1. Compiling the notice of tender.
2. Obtain input from the Specification Committee
3. Placement of notices in newspapers, Council's display area's and web site.
4. Compilation of tender documents in accordance with Council's Supply Chain Management Policy.
5. Provision of tender documents and organise compulsory information sessions.
6. Opening, summarisation, evaluation of tenders.
7. Allocation of tender by bid committee.

B. Approval of Debt - Publication – Section 46 (3) (a) (i)

21 Days prior to Council's meeting the Accounting Officer must make public an information statement setting out particulars as specified in ANNEXURE "A"

C. Approval of Debt - Invitation – Section 46 (3) (a) (ii)

Municipality invites the following parties to submit their written comments:

1. The local community.
2. National Treasury.
3. Provincial Treasury.

D. Approval of Debt – Inform Council – Section 46 (3) (a) (ii)

21 Days prior to Council's meeting, at which the approval of the debt is considered, the Accounting Officer must submit a copy of the information statement to the Municipal Council reflecting:

1. The repayment terms, including the debt repayment schedule
2. The total cost over the repayment period.
3. Obtain Council's resolution to create the debt.

E. Media

Any notification to the community must be done through the following media:

1. A local newspaper.
2. A newspaper determined by Council as a newspaper of record.
3. By means of radio broadcast covering the area of the municipality.
4. A copy of every notice must be published in the Provincial Gazette.
5. Notifications must be displayed at the Municipal offices.

Notifications must be in the official languages of Council – Tswana, English & Afrikaans.

F. Transparency

Municipal Manager must make available the draft contract to the Municipal Council.

The contract may not be withheld from public scrutiny.

Award of contract to the successful tenderer.

CITY OF MATLOSANA



BUDGET POLICY

2025/26

CITY OF MATLOSANA
PROPOSED BUDGET MANAGEMENT POLICY 2025/26

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PROPOSED

ABBREVIATIONS

MLM	City of Matlosana Local Municipality
AO	Accounting Officer
ASB	Accounting Standards Board
CFO	Chief Financial Officer
HOD	Head of Department (Senior Manager)
IDP	Integrated Development Plan

MBRR	Municipal Budget and Reporting Regulations, 2008
MFMA	Municipal Finance Management Act
MTREF	Medium Term Revenue and Expenditure Framework
SCM	Supply Chain Management
VAT	Value Added Tax

PROPOSED

1. PURPOSE OF THIS DOCUMENT

1.1 The objective of the budget policy is to set out:

1.1.1 The principles which the municipality will follow in preparing each medium-term revenue and expenditure framework budget (MTREF);

1.1.2 The responsibilities of the mayor, the accounting officer, the chief financial officer and other senior managers in compiling the budget;

1.1.3 To control and inform the basis, format and information included in the Budget documentation; and

1.1.4 To establish and maintain procedures to ensure adherence to the Municipality's IDP review and budget processes.

2. DEFINITIONS

In this Budget Implementation Policy, unless the context otherwise indicates, a word or expression to which a meaning has been assigned in the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003), has the meaning so assigned, and:

"Accounting Officer"-

(a) **"accounting officer"** means a person appointed in terms of section 82(l) (a) or (b) of the municipal structures Act;

Allocation", means-

(a) a municipality's share of the local government's equitable share referred to in section 214(l) (a) of the Constitution;
(b) an allocation of money to a municipality in terms of section 214(1) (c) of the Constitution;
(c) an allocation of money to a municipality in terms of a provincial budget; or
(d) 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;

"Basic Municipal Service" means a municipal service that is necessary to ensure an acceptable and reasonable quality of life and which, if not provided, would endanger public health or safety or the environment;

"Credit control and debt collection policy", which the municipality must adopt in terms of section 96 of the Municipal Systems Act;

"Budget - *related Policy"* means a policy of a municipality affecting or affected by the annual budget of the municipality, including-

1. the Tariffs Policy, which the municipality must adopt in terms of section 74 of the
   a. Municipal Systems Act;
2. the Property Rates Policy which the municipality must adopt in terms of legislation regulating municipal property rates; or
3. the Customer Care, Credit Control and Debt Collection Policy, which the municipality must adopt in terms of section 96 of the Municipal Systems Act;
4. Credit control and debt collection policy, which the municipality must adopt in terms of section 96 of the Municipal Systems Act;
5. Rates policy which the municipality must adopt in terms of legislation regulating municipal property rates; or
6. Asset Management Policy
7. Indigent Relief Policy

8. Borrowing Management Policy
9. Funding and Reserves Policy
10. Investment and Cash Management Policy
11. Transfer of Funds Policy
12. Budget Policy
13. Insurance policy
14. Provision for debt impairment
15. Overtime policy

"budget transfer" means transfer of funding within a function / vote.

"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 a person designated in terms of section 80(2) (a) of the MFMA;

"councillor" means a member of a municipal Council;

"creditor", means a person to whom money is owed by the 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;

"executive mayor" means the Councillor elected as the Executive Mayor of the Municipality in terms of section 55 of the Municipal Structures act;

"financial recovery plan" means a plan prepared in terms of section 141 of the MFMA;

"financial statements", means statements consisting of at least-

1. a statement of financial position;
2. a statement of financial performance;
3. a cash-flow statement;
4. any other statements that may be prescribed; and
5. any notes to these statements;

"financial year" means a twelve months period commencing on 1 July and ending on

30 June each year.

"financing agreement" includes any loan agreement, lease, and instalment purchase contract or hire purchase arrangement under which a municipality undertakes to repay a long-term debt over a period of time;

"fruitless and wasteful expenditure" means expenditure that was made in vain and would have been avoided had reasonable care been exercised;

"irregular expenditure", means-

1. 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;

2. 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;
3. 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 No. 20 of 1998); or

4. 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;

"lender", means a person who provides debt finance to a municipality;

"local community" has the meaning assigned to it in section 1 of the Municipal system Act;

"long-term debt" means debt repayable over a period exceeding one year;

"municipality"-
(a) when referred to as a corporate body, means a municipality as described in section 2 of the Municipal Systems Act; or

(b) when referred to as a geographic area, means a municipal area determined in terms of the Local Government: Municipal Demarcation Act, 1998 (Act No. 27 of 1998);v

"municipal Council" or "Council" means the Council of a municipality referred to in section 18 of the Municipal Structures Act;

"municipal debt instrument" means any note, bond, debenture or other evidence of indebtedness issued by a municipality, including dematerialised or electronic evidence of indebtedness intended to be used in trade;

"municipal entity" has the meaning assigned to it in section 1 of the Municipal Systems Act (refer to the MSA for definition);

"municipal service" has the meaning assigned to it in section 1 of the Municipal systems
Act (refer to the MSA for definition);

"Municipal Structures Act" means the Local Government: Municipal Structures Act, 1998 (Act No. 117 of 1998);

"Municipal Systems Act" means the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000);

"municipal tariff" means a tariff for services which a municipality may set for the provision of a service to the local community, and includes a surcharge on such tariff;

"municipal tax" means property rates or other taxes, levies or duties that a municipality may impose;

"National Treasury" means the National Treasury established by section 5 of the Public Finance Management Act;

"official", means-

1. an employee of a municipality or municipal entity;
2. a person seconded to a municipality or municipal entity to work as a member of the staff of the municipality or municipal entity; or
3. 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"-

1. means causing the operational or capital expenditure incurred by the municipality

a. 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;

2. in relation to a vote, means causing expenditure under the vote to exceed the amount appropriated for that vote; or
3. in relation to expenditure under section 26 of the MFMA, means causing expenditure
    a. under that section to exceed the limits allowed in subsection (5) of this section;

"past financial year" means the financial year preceding the current year;

"quarter" means any of the following periods in a financial year:

1. 1 July to 30 September;
2. 1 October to 31 December;
3. 1 January to 31 March; or
4. 1 April to 30 June;

"service delivery and budget implementation plan" means a detailed plan approved by the Executive Mayor of a municipality in terms of section 53(I)(c)(ii) of the MFMA for implementing the municipality's delivery of municipal services and its annual budget, and which must indicate-

1. projections for each month of-
    a. revenue to be collected, by source; and
    b. operational and capital expenditure, by vote;
2. service delivery targets and performance indicators for each quarter; and
3. any other matters that may be prescribed, and includes any revisions of such
    a. plan by the Executive Mayor in terms of section 54 (1) (c) of the MFMA;

"short-term debt" means debt repayable over a period not exceeding one year;

"standards of generally recognised accounting practice," means an accounting practice complying with standards applicable to municipalities or municipal entities as determined by the Accounting Standards Board

"unauthorised expenditure", means any expenditure incurred by a municipality otherwise than in accordance with section 32 of the MFMA, and includes-

(a) overspending of the total amount appropriated in the municipality's approved budget;
(b) overspending of the total amount appropriated for a vote in the approved budget;
(c) expenditure from a vote unrelated to the department or functional area covered by the vote;
(d) expenditure of money appropriated for a specific purpose, otherwise than for that specific purpose;
(e) spending of an allocation referred to in paragraph (b), (c) or (d) of the definition of " allocation" otherwise than in accordance with any conditions of the allocation; or
(f) a grant by the municipality otherwise than in accordance with the MFMA;

"virement" means transfer of funds between functions / votes

"vote" means-

(a) one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and

(b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned.

3. BUDGETING PRINCIPLES

- The municipality shall not budget for a deficit and should also ensure that revenue projections in the budget are realistic taking into account actual collection levels.

- 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.
- City of Matlosana shall prepare three-year budget (medium term revenue and expenditure framework (MTREF)) and that be reviewed annually and approved by Council.
- The MTREF budget must at all times be within the framework of the Municipal Integrated Development Plan.

4. BUDGET PREPARATION PROCESS

4.1 Planning for the preparation of the budget

4.1.1 The Accounting Officer with the assistance of the Chief Financial Officer and the Director responsible for IDP shall draft the IDP process plan as well as the budget timetable for the municipality including municipal entities for the ensuing financial year.

4.1.2 The Executive Mayor shall table the IDP process plan as well as the budget timetable to Council by 31 August each year for approval (10 months before the start of the next budget year).

4.1.3 IDP process plan as well as the budget timetable shall indicate the key deadlines for the review of the IDP as well as the preparation of the medium term revenue and expenditure framework budget and the revision of the annual budget. Such target dates shall follow the prescriptions of the Municipal Finance Management Act as well as the guidelines set by National Treasury.

4.1..4 The Executive Mayor shall convene a strategic workshop in September/October with the mayoral committee and senior managers in order to determine the IDP priorities which will form the basis for the preparation of the MTREF budget taking into account the financial and political pressures facing the municipality. The Executive Mayor shall table the IDP priorities with the draft budget to Council.

4.1..5 The Executive Mayor shall table the draft IDP and MTREF budget to Council by 31 March (90 days before the start of the new budget year) together with the draft resolutions and budget related policies (policies on tariff setting, credit control, debt collection, indigents, investment and cash management, borrowings, etc).

4.1.6 The Chief Financial Officer and senior managers undertake the technical preparation of the budget.

a. Review past performance;Prepare initial preview assumptions; Analyse past revenue trends and develop initial projections;

b. Prepare the IDP and make necessary revisions;

4.1.7 The budget must be in the prescribed format, and must be divided into capital and operating budget.

4.1.8 The budget must reflect the realistically expected revenues by major source for the budget year concerned.

4.1.9 Estimated revenue and expenditure by vote for the budget year; and.

4.1.10 The budget must also contain the information related to the two financial years following the financial year to which the budget relates, as well as the actual revenues and expenses for the prior year, and the estimated revenues and expenses for the current year.

4.1.11 In terms of the MFMA Budget and Reporting Regulations, the Mayor must establish a budget steering committee to provide technical assistance to him / her in discharging his / her responsibilities set out in section 53 of the MFMA. The minimum membership requirements of a budget steering committee as per MFMA are the following:

- Councillor responsible for financial matters
- Municipal Manager
- Chief Financial Officer
- Senior Managers responsible for at least the three largest votes in the municipality
- The Manager responsible for Budgeting
- The Manager responsible for Planning
- Any Technical Experts on Infrastructure

4.3. Public participation process

Immediately after the draft annual budget has been tabled, the municipality must convene hearings on the draft budget in April and invite the public, stakeholder organizations, to make representation at the Council hearings and to submit comments in response to the draft budget.

4.8. Approval of the budget

~~(a) Council must at least 30 days before the start of the budget year consider the approval of annual budget (as per section 24(1) of the MFMA)~~

~~(b) The budget tabled to Council for approval shall be compiled and include the supporting documents as per the requirements of Municipal Budget and Reporting Regulations~~

1. Council shall consider the next medium-term expenditure framework budget for approval not later than 31 May (30 days before the start of the budget year);
2. The council resolution, must contain budget policies and performance measures be adopted; and
3. Should the municipality fail to approve the budget before the start of the budget year, the mayor must inform the MEC for Finance that the budget has not been approved in terms of Section 53(2) of the MFMA.

4.9. Publication of the budget

(a) Within 10 working ~~14 days~~ days after the draft annual budget has been tabled, budget and other budget-related documentation must be posted onto the municipal website so that it is accessible to the public as well as send hard copies to National and Provincial Treasury and District Municipality.

(b) The Chief Financial Officer must within 10 working days submit the approved budget in both printed and electronic formats to the National Treasury, the Provincial Treasury as well as post it on the municipal website.

4.10 Service Delivery and Budget Implementation Plan (SDBIP)

(a) The Executive Mayor must approve the Service Delivery and Budget Implementation Plan not later than 28 days after the approval of the Budget by Council.

(b) The SDBIP shall include the following components:

i. Monthly projections of revenue to be collected for each source
ii. Monthly projections of expenditure (operating and capital) and revenue for each vote
iii. Quarterly projections of service delivery targets and performance indicators for each vote
iv. Ward information for expenditure and service delivery

v. Detailed capital works plan broken down by ward over three years

PROPOSED

5. BUDGET COMPILATION

Be compiled as per the requirements of the Municipal Budget and Reporting Regulations.

The budget consist of the following key elements:

5.1 Mayor's Report

5.2 Council Resolutions

5.3 The Council approves and adopts: -

5.3.1 Budget set out in various tables;

5.3.2 by standard classification;

5.3.3 by municipal vote;

5.3.4 by source and expenditure by type;

5.3.5 Policies; and

5.3.6 Tariffs.

5.4 **Executive Summary**

5.4.1 Operating Revenue Framework 5.4.1.1 Property Rates;

5.4.1.1 Sale of Water and Impact of Tariff Increases;

5.4.1.2 Sale of Electricity and Impact of Tariff Increases;

5.4.1.2 Sanitation and Impact of Tariff Increases;

5.4.1.3 Waste Removal and Impact of Tariff Increases; and

5.4.1.4 Overall impact of tariff increases on households.

5.4.1.5 Operating Expenditure Framework

5.4.2.1 Main operational expenditure categories;

5.4.2.2 Priority areas i.e. repairs and maintenance; and

5.4.2.3 Free Basic Services: Basic Social Services Package.

5.4.3 Capital expenditure

5.4.3.1 IDP Reference

5.4.3.2 Highlighted projects where major investment in Capex is made

5.4.4.3 Future operational cost of new infrastructure

5.5 Supporting Documentation

5.5.1 Budget Process Overview

5.5.1.1 IDP and Service Delivery and Budget Implementation Plan

5.5.1.2 Financial Modelling and Key Planning Drivers

5.5.1.3.1 Community Consultation

5.5.1.4 Overview of alignment of annual budget with IDP

5.5.1.4 Measurable performance objectives and indicators

5.5.1.5 Overview of budget related-policies

5.5.1.6 Monthly revenue cash flow projections by month

5.5.1.7 IDP amendments

5.5.1.8 Amendments to Budget related policies

5.5.1.9 Details of investments

5.5.1.10 Municipal entities – new and existing

5.5.1.11 Proposed service delivery

5.5.1.12 Grants to external bodies

5.5.1.13 Contracts having future budgetary implications

5.5.1.14 Capital expenditure details

5.5.1.15 Legislation compliance status

5.5.1.16 Salary, allowances and benefits of:

5.5.14.1 Councillors

6.5.14.2 MM, CFO and senior managers

5.5.15 Overview of budget assumptions

5.5.15.1 External factors

5.5.15.1 General inflation outlook and its impact on the municipal activities

5.5.15.2 Credit rating outlook

5.5.15.3 Interest rates for borrowing and investment of funds

5.5.15.4 Collection rate for revenue services

5.5.15.5 Growth or decline in tax base of the municipality

5.5.15.6 Salary increases

5.5.15.7 Impact of national, provincial and local policies

5.5.15.9 Ability of the municipality to spend and deliver on the programmes; and

5.5.16 Municipal manager's quality certificate

6. BUDGET IMPLEMENTATION

6.1 Monitoring

a) The accounting officer with the assistance of the chief financial officer and other senior managers is responsible for the implementation of 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.

b) The Accounting officer with the assistance of the chief financial officer must Prepare any adjustments budget when such budget is necessary and submit it to the Executive Mayor for consideration and tabling to Council.

c) The Accounting officer 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.

6.2 REPORTING

6.2.1 Monthly budget statements

a) The accounting officer with the assistance of the chief financial officer must, not later than ten working days after the end of each calendar month, submit to the Executive Mayor and Provincial and National 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.

6.2.2 Quarterly Reports

a) The Executive Mayor must submit to 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.

6.2.3 Mid-year budget and performance assessment

a) The Accounting officer 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.

b) The Accounting officer must then submit a report on such assessment to the Executive Mayor by 25 January each year and to Council, Provincial Treasury and National Treasury by 31 January each year.

c) The Accounting officer may in such report make recommendations after considering the recommendation of the Chief Financial Officer for adjusting the annual budget and for revising the projections of revenues and expenses set out in the service delivery and budget implementation plan.

7. UNSPENT FUNDS / ROLL OVER OF BUDGET

(a) 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 funds relating to capital expenditure.

(b) Only unspent grant (if the conditions for such grant funding allows that) or loan funded capital budget may be rolled over to the next budget year

(c) Conditions of the grant fund shall be taken into account in applying for such roll over of funds

(d) Application for roll over of funds shall be forwarded to the budget office by the 15th of April each year to be included in next year's budget for adoption by Council in May.

(e) Adjustments to the rolled over budget shall be done during the 1st budget adjustment in the new financial year after taking into account expenditure up to the end of the previous financial year.

(f) No funding for projects funded from the Council funding shall be rolled over to the next budget year except in cases where a commitment has been made 90 days (30 March each year) prior the end of that particular financial year.

(g) No unspent operating budget shall be rolled over to the next budget year

8. ADJUSTMENT BUDGET

Each adjustments budget shall reflect realistic excess, however nominal, of current revenues over expenses.

(a) The chief financial officer shall ensure that the adjustments budgets comply with the requirements of the National Treasury reflect the budget priorities determined by the executive mayor, are aligned with the IDP, and comply with all budget-related policies, and shall make recommendations to the executive mayor on the revision of the IDP and the budget-related policies where these are indicated.

(b) Council may revise its annual budget by means of an adjustment in terms of sec 28 of MFMA.

(c) The Accounting Officer must promptly adjust its budgeted revenues and expenses if a material under-collection of revenues arises or is apparent.

(e) The Council shall in such adjustments budget, and within the prescribed framework, confirm unforeseen and unavoidable expenses on the recommendation of the Executive Mayor.

(f) The Council should 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.

(g) Only the Executive Mayor shall table an adjustments budget.

(h) An adjustments budget must contain all of the following:

i. an explanation of how the adjustments affect the approved annual budget;

ii. appropriate motivations for material adjustments; and
iii. an explanation of the impact of any increased spending on the current and future annual budgets.
iv Any other supporting document that maybe prescribed.

Any unappropriated surplus from previous financial years, even if fully Cash backed, shall not be used to balance any adjustments budget, but shall be appropriated to the municipality's capital replacement reserve.

(i) Municipal taxes and tariffs may not be increased during a financial year except if required in terms of a financial recovery plan.

(j) Unauthorised expenses may be authorised in an adjustments budget.

(a) In regard to unforeseen and unavoidable expenditure, the following apply:

i. the Executive Mayor may authorise such expenses in an emergency or other exceptional circumstances;

ii. these expenses must be reported by the Executive Mayor to the next Council meeting;

iii. the expenses must be appropriated in an adjustments budget; and

iv. Council must pass the adjustments budget within sixty days after the expenses were incurred.

(b) To ratify unauthorised expenditure and any other expenditure within a prescribed framework. The Municipality may submit a Special Adjustments Budget to authorise prior year unauthorised expenditure, when submitting the Annual Report for consideration.

(c) An Adjustment budget and supporting documentation of a municipality must be in the format specified in Schedule B and include all the required tables, charts and explanatory information.

9. UNFORESEEABLE AND UNAVOIDABLE EXPENDITURE IS INCURRED AND APPROVED BY THE MAYOR

In terms of the MFMA, Act 56 of 2003, section 29 and Municipal Budget and Reporting Regulations, chapter 5, prescribe the process to be followed

for the approval of unforeseeable and unavoidable expenditure.

Unforeseen and unavoidable expenditure are expenditure that:

- Could not have been foreseen at the time the annual budget of the municipality was passed;
- The delay that will be caused by a pending adjustments budget may:
  - Result in significant financial loss for the municipality;
  - Cause a disruption or suspension or serious threat to the continuation of municipal services;
  - Lead to loss of life or serious injury or significant damage to property; and
  - Obstruct the municipality from instituting or defending legal proceedings on an urgent basis.

No unavoidable expenditure exceeding R15 million may be approved during a financial year. In terms of the MBRR section 72.

The amount of expenditure that a Mayor of a municipality may authorise in terms of section 29 of the Act is limited to-

(a) 5% of the municipality's own revenue in the case of a municipality with approved total revenue in its current annual budget not exceeding R250million;

(b) The greater of R 5 million or 4% of the municipality's own revenue in the case of a municipality with approved total revenue in its current annual budget greater than R 250 million but not exceeding R 500 million; and

(c) R 15 million in the case of a municipality with approved total revenue in its current annual budget greater than R 500 million.

Any department becoming aware of the need to incur unforeseen or unavoidable expenditure must immediately approach the Chief Financial Officer with the full details on the unforeseen expenditure, providing information on the consequences of not incurring the expenditure as well as an indication of the expected cost (both for the current year as well as any recurring cost resulting from the event). A confirmation that the expenditure does not constitute expenditure that may not be allowed by the Executive Mayor as per section 73(2) of the MFMA Budget and Reporting Regulations must be given by the department when approaching the CFO.

The CFO will determine whether the cost cannot be dealt with through a process of shifting of funds within the relevant votes. If sufficient funds are available for shifting within the vote, the shifting of funds process will be followed. If not, the matter will be reported to the city manager for consideration as unforeseen and unavoidable expenditure.

Once the city manager has granted approval, the relevant head of department will be authorised to submit a report to the executive mayor requesting approval. If approval is granted, the financial system will be adjusted to allow the department to process the financial transaction.

The abovementioned process will be dealt with as highest priority to ensure that

administrative delays do not worsen the situation.

An adjustments budget will be submitted to the next Council meeting. The preferred process would be to shift funds between votes to avoid any negative impact on the total cash position of council.
"If such adjustment budget is not passed within 60 days after the expenditure was incurred, the expenditure is unauthorised and section 32 of MFMA applies.

10. FAILURE TO APPROVE BUDGET BEFORE START OF THE BUDGET YEAR

If a municipal council fails to approve an annual budget, including revenue – raising measures necessary to give effect to the budget, the council must reconsider the budget and again vote on the budget, or on an amended version thereof, within seven days of the council meeting that failed to approve the budget.

11. CONCLUSION

The Chief Financial Officer must place on the municipality's official website the following:

- The Annual and Adjustments budgets and all budget-related documents;
- All Budget-related policies;
- The Integrated Development Plan
- The Annual Report;
- All Performance Agreements;
- All Service Delivery Agreements;
- All Long-term Borrowing Contracts;
- All Quarterly and mid-year reports submitted to the Council on the implementation of the budget and the financial state of affairs of the municipality.

12. RELATIONSHIP WITH OTHER POLICIES

This policy needs to be read in conjunction with other relevant adopted policies of the municipality, including the following:

- • Delegation of Powers;
- • Funding and Reserves Policy;
- • Long Term Financial Plan Policy;

CITY OF MATLOSANA



COST CONTAINMENT POLICY

2025/2026

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1. DEFINITIONS

In this Policy, unless the context indicates otherwise-

"Council" means the municipal council of the City of Matlosana.

"Councillor" means a member of Council.

"Delegated Authority" means any person or committee delegated with authority in terms of legislation, regulatory framework and/or the city's system of Delegations.

"Delegation" in relation to a duty, includes instruction or request to perform or assist in performing the duty, and "delegate "has a corresponding meaning.

"Official" means:

(a) An employee of the municipality;
(b) A person seconded to a municipality or municipal entity to work as a member of staff of the municipality;
(c) A person contracted by a municipality to work as a member of staff of the municipality otherwise than as an employee;
And excludes an Accounting Officer as defined in the MFMA.

"Political office bearer" means a member of Council

"Act' Means the Municipal Finance Management Act, 2003(Act no. 56 of 2003)

"Consultant" means a professional person, individual partnership, corporation, or a company appointed to provide technical and specialist advice or to assist with a design and implementation of projects or to assist the municipality to achieve its objectives of local government in terms of section 152 of the Constitution.

"Cost Containment" the measures implemented to curtail spending in terms of this policy.

"**Municipality"** City of Matlosana Local Municipality.

"Regulations" means the Local Government: Municipal Finance Management Act, 2003: Municipal Cost Containment Regulations, 2019

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"Sub-vote" means one of the segments below the main segment |(vote/directorate) into which a budget of a municipality is divided for the appropriation of money – a sub-vote/department in the City is set at departmental level.

"Vote" means one of the main segments (directorates) into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality – a vote

2. INTRODUCTION

The Minister of Finance announced during the February 2016 Budget speech and the October 2016 Medium Term Budget Policy Statement (MTBPS) that the National Treasury would issue regulations on cost containment measures for local government. This is in line with national government's policy to implements cost-saving measures across the three spheres of government to assist in re-prioritising expenditure and freeing up resources that can be better targeted towards service delivery.

The Draft Regulations were first published for public comment on 16 February 2018. The Regulations were finalised and published on 7 June 2019 in the Government Gazette, with the effective date being 1 July 2019.

Section 168(1)(b) and (p) of the Municipal Finance Management Act ("Act") provides that the Minister may regulate financial and the internal control and any other matter that may facilitate the enforcement and administration of the Act. The Regulations are aimed at ensuring that the resources of municipalities are used effectively and economically.

The regulations form part of cost cutting measures by the state. It also sets out instructions for the City to develop its own cost containment policy as a minimal measure, procedures for review, and consequences for non-adherence. It must be reviewed annually and communicated on the City's website.

The National Treasury Circular No. 97 has been considered and leading practices have been included in this policy.

3. PURPOSE OF THE POLICY

The purpose of the policy is to direct the City on cost containment measures that must be implemented in an effort to ensure that resources of the City are used effectively, efficiently and economically.

4. OBJECTIVES OF THE POLICY

The objectives of this policy are to:

3.1 To ensure that the resources of the municipality are used effectively, efficiently and economically;

3.2 To implement cost containment measures.

5. APPLICATION OF THE POLICY

5.1 This Policy applies to the accounting officer, all officials, political office bearers and all councillors in the City.

5.2 The cost containment measures are intended to eliminate wastage of public resources on non-service delivery items, and to enhance service delivery models through measures such as curtailing costs.

6. REGULATORY FRAMEWORK

This policy must be read in conjunction with the -

6.1 Local Government: Municipal Finance Management Act, (Act No. 56 of 2003); Circular 97, published on 7 December 2016; Municipal Cost Containment Regulations (MCCR), promulgated on 7 June 2019, and came in to effect 1 July 2019.

6.2 Local Government: Municipal Finance Management Act, (Act No. 56 of 2003) - Municipal Cost Containment Regulations, 2019;

6.3 City Policies.

7. POLICY PRINCIPLES

7.1 This policy will apply to the procurement of the following goods and/or services:

(i) Use of consultants

(ii) Vehicles used for political office–bearers

(iii) Travel and subsistence

(iv) Domestic accommodation

(v) Credit cards

(vi) Sponsorships, events and catering

(vii) Communication

(viii) Conferences, meetings and study tours

(ix) Training

(x) Any other related expenditure items

8. USE OF CONSULTANTS

8. The intention of the policy is not to prohibit the use of consultants but requires that before the services of consultants are procured, the need thereof must be assessed against the available internal capacity for the capacity for the specific services required.

8.1 *An accounting officer must adopt a fair and reasonable remuneration framework for consultants taking into account the rates*
(a) determined in the "Guideline on fees for audits undertaken on behalf of the Auditor General of South Africa ", issued by the South African Institute of Chartered Accountants;
(b) set out in the "Guide on Hourly Fee Rates for Consultants ", issued by the Department of Public Service and Administration; or
(c) as prescribed by the body regulating the profession of the consultant.

8.2 *When negotiating cost -effective consultancy rates for international consultants, the accounting officer may take into account the relevant international and market - determined rates.*

8.3 *(d) ensure the transfer of skills by consultants to the relevant officials of a municipality or municipal entity;*

8.4 *The travel and subsistence costs of consultants must be in accordance with the national travel policy issued by the National Department of Transport, as updated from time to time.*

8.5 *The contract price must specify all travel and subsistence costs and if the travel and subsistence costs for appointed consultants are excluded from the contract price, such costs must be reimbursed in accordance with the national travel policy of the National Department of Transport.7.1 Consultants may only be appointed after an assessment of the needs and requirements has been conducted to support the requirement of the use of consultants.*

8.6 *The assessment referred to in 7.1 must confirm that the municipality does not have requisite skills or resources in its full time employ to perform the function that the consultant will carry out.*

8.7 When consultants are appointed the following should be included in the Service Level Agreements:

(i) Consultants should be appointed on a time and cost basis that has specific start and end dates;

(ii) Consultants should appointed on an output-specific, specifying deliverables and the associated remuneration;

(iii) Ensure that cost ceilings are included to specify the contract price as well travel and subsistence disbursements and whether the contract price is inclusive or exclusive of travel and subsistence; and

(iv) All engagements with consultants should be undertaken in accordance with the municipality's supply chain management policy.

(V) Must have a skills transfer plan

8.8 Consultancy reduction plans should be developed.

8.9 All contracts with consultants must include a retention fee or a penalty clause for poor performance.

8.10 The specifications and performance of the service provider must be used as a monitoring tool for the work that is to be undertaken and performance must be appropriately recorded and monitored.

9. VEHICLES USED FOR POLITICAL OFFICE-BEARERS

9.1 The threshold limit for vehicle purchases relating to official use by political office–bearers may not exceed seven hundred thousand rand (R700 000) or 70% *(VAT Inclusive)* of the total annual remuneration package for the different grades *of municipalities, as defined in the Public Office Bearers Act and the notices issued in terms thereof by the Minister of Cooperative Governance and Traditional Affairs*, whichever is greater.

9.2 The procurement of vehicles *in sub-regulation (1)* must be undertaken using the national government transversal *contract* mechanism, *unless it may be procured at a lower cost through other procurement mechanisms.*

9.3 If any other procurement process is used, the cost may not exceed the threshold set out in 8.1.

9.4 Before deciding on another procurement process as in 8.2, the chief financial officer must provide the council with information relating to the following criteria that must be considered:

(i) Status of current vehicles

(ii) Affordability

(iii) Extent of service delivery

(iv) Terrain for effective usage of vehicle

(v) Any other policy of council

9.5 Regardless of their usage, vehicles for official use by public office bearers may only be replaced after completion of 120 000 kilometres.

9.6 Notwithstanding 8.5, a municipality may replace vehicles for official use by public office bearers before the completion of 120 000 kilometres only in instances where the vehicle experiences serious mechanical problems and is in a poor condition, and subject to obtaining a detailed mechanical report by the vehicle manufacturer or approved dealer.

10. TRAVEL & SUBSISTENCE

10.1 An accounting officer:

(i) May only approve the purchase of economy class tickets for officials where the flying time for a flight is five (5) hours or less; and

(ii) For flights that exceed five (5) hours of flying time, may purchase business class tickets only for accounting officers, and persons reporting directly to accounting officers.

10.2 Notwithstanding 9.1, an accounting officer may approve the purchase business class tickets for officials with disabilities.

10.3 International travel to meetings or events will only be approved if it is considered critical to attend the meeting or event, and only the officials that are directly involved with the subject matter will be allowed to attend the meeting or event.

10.4 Officials of the municipality must:

(i) Utilize the municipal fleet, where viable, before incurring costs to hire vehicles;

(ii) Make use of a shuttle service if the cost of such a service provider is lower than:

- the cost of hiring a vehicle;
- the cost of kilometres claimable by the employee; and
- the cost of parking.

(iii) not hire vehicles from a category higher than Group B; and

(iv) where a different class of vehicle is required for a particular terrain or to cater for the special needs of an official, seek the written approval of the accounting officer before hiring the vehicle.

10.5 The municipality must use the negotiated rates for flights and accommodation as communicated by National Treasury, from time to time, or any other cheaper flight or accommodation that is available.

11. DOMESTIC ACCOMMODATION

11.1 An accounting officer must ensure that costs incurred for domestic accommodation and meals are in accordance with the maximum allowable rates for domestic accommodation and meals, as communicated by National Treasury, from time to time, and the travel and subsistence policy of the municipality.

11.2 Overnight accommodation may only be booked when the return trip exceeds 500 kilometres, except when the event, meeting or course stretch over multiple days. (The discretion of the Accounting Officer will apply for officials and Speaker of Council for Political Office Bearers).

12. CREDIT CARDS

12.1 An accounting officer must ensure that no credit card or debit card linked to a bank account of the municipality is issued to any official or public office-bearer.

12.2 Where officials or public office bearers incur expenditure in relation to official municipal activities, such officials and public office bearers must use their personal credit cards or cash, and will request reimbursement from the municipality in terms of the travel and subsistence policy and petty cash policy.

13. SPONSORSHIPS, EVENTS & CATERING

13.1 The municipality may not incur catering expenses for meetings that are only attended by persons in the employ of the municipality, unless prior written approval is obtained from the accounting officer.

13.2 Catering expenses may be incurred by the accounting officer for the following, if they exceed five (5) hours:

(i) Hosting of meetings;

(ii) Conferences;

(iii) Workshops;

(iv) Courses;

(v) Forums;

(vi) Recruitment interviews; and

(vii) Council proceedings

13.3 Entertainment allowances of officials may not exceed two thousand rand (R2 000,00) per person per financial year, unless otherwise approved by the accounting officer.

13.4 Expenses may not be incurred on alcoholic beverages.

13.5 Social functions, team building exercises, year-end functions, sporting events, budget speech dinners and other functions that have a social element must not be financed from the municipal budget or by any supplier or sponsor such as but not limited to:

- staff year-end functions

- staff wellness functions
- attendance of sporting events by municipal officials

(Excluding municipal sporting events funded 50/50 by member and the municipality)

13.6 Expenditure may not be incurred on corporate branded items like clothing or goods for personal use of officials, other than uniforms, office supplies and tools of trade, unless the costs thereto are recovered from the affected officials.

13.7 Cost associated with the event for the inauguration of the Executive Mayor must be approved by a special council meeting resolution.

14. COMMUNICATION

14.1 All municipal related events must, as far as possible, be advertised on the municipal website, instead of advertising in magazines or newspapers.

14.2 Publications such as internal newsletters must be designed internally and be published quarterly in an electronic media format and on the municipal website/intranet.

14.3 Newspapers and other related publications for the use of officials must be discontinued on the expiry of existing contracts or supply orders.

14.4 The acquisition of mobile communication services must be done by using the transversal term contracts that have been arranged by the National Treasury.

14.5 Provision of diaries be limited to secretaries and electronic diaries be kept by directorates.

14.6 Cost for re-advertisements of tenders, vacancies, notices etc. that has resulted in fruitless and wasteful expenditure and be confirmed by a sec 32 committee investigation, need to be recovered through the municipal disciplinary processes.

15. CONFERENCES, MEETING, TRAINING & STUDY TOURS

15.1 Appropriate benchmark costs must be considered prior to granting approval for an official to attend a conference or event within and outside the borders of South Africa.

15.2 The benchmark costs may not exceed an amount determined by National Treasury.

15.3.1 When considering applications from officials to conferences or events within and outside the borders of South Africa, the accounting officer must take the following into account:

(i) The officials role and responsibilities and the anticipated benefits of the conference or event;

(ii) Whether the conference or event will address the relevant concerns of the municipality;

(iii) The appropriate number of officials to attend the conference or event, not exceeding three officials; and

(iv) Availability of funds to meet expenses related to the conference or event.

15.3.2 When considering applications from political office bearers to conferences or events within and outside the borders of South Africa, the Speaker of Council must take the following into account:

(i) The Councillors role and responsibilities and the anticipated benefits of the conference or event;

(ii) Whether the conference or event will address the relevant concerns of the municipality;

(iii) The appropriate number of Councillors to attend the conference or event, not exceeding three; and

(iv) Availability of funds to meet expenses related to the conference or event.

15.4 The amount referred to in 14.2 above excludes costs related to travel, accommodation and related expenses, but includes:

(i) Conference or event registration expenses; and

(ii) Any other expense incurred in relation to the conference or event.

15.5 When considering the cost for conferences or events the following items must be excluded, laptops, tablets and other similar tokens that are built into the price of such conferences or events.

15.6.1 Attendance of conferences will be limited to one (1) per annum with a maximum of two (2) delegates.

15.6.2 Attendance of training will be limited with a maximum of two (2) delegates, if Council funded. Attendance of training that is funded by grants or SETA must adhere to the condition of the grant or SETA conditions.

15.7 Meetings and planning sessions that entail the use of municipal funds must, as far as practically possible, be held in-house.

15.8 Municipal offices and facilities must be utilized for conferences, meetings and strategic planning sessions where an appropriate venue exists within the municipal jurisdiction.

15.9 The municipality must take advantage of early registration discounts by granting the required approvals to attend the conference, event or study tour, in advance.

15.10 Conference attendees must submit a report on the outcome of the conference to the accounting officer.

16. OTHER RELATED EXPENDITURE ITEMS

16.1 All commodities, services and products covered by a transversal contract by the National Treasury must be procured through that transversal contract before approaching the market, in order to benefit from savings and lower prices or rates that have already been negotiated.

16.2 Municipal resources may not be used to fund elections, campaign activities, including the provision of food, clothing and other inducements as part of, or during the election periods.

16.3 *Expenditure on tools of trade for political office bearers must be limited to the upper limits as approved and published by the Cabinet member responsible for local government in terms of the Remuneration of Public Office Bearers Act, 1998.*

16.4 Expenditure on elaborate and expensive office furniture must be avoided.

16.5 The municipality may only use the services of the South African Police Service to conduct periodical; quarterly unforseen security threat assessments of political office bearers and key officials and a report must be submitted to the speaker's office.

16.6 The municipality may consider providing additional time -off in lieu of payment for overtime worked. Overtime must be submitted to the relevant manager for consideration on a monthly basis. A motivation for all unplanned overtime must be submitted to the relevant manager.

16.7 The municipality must ensure that due process is followed when suspending or dismissing officials to avoid unnecessary litigation costs.

17. ENFORCEMENT PROCEDURES

17.1 Failure to implement or comply with this policy may result in any official of the municipality or political office bearer that has authorized or incurred any expenditure contrary to those stipulated herein being held liable for financial misconduct as set out in Chapter 15 of the MFMA.

18. DISCLOSURES OF COST CONTAINMENT MEASURES

18.1 Cost containment measures applied by the municipality must be included in the municipal in-year budget report and annual cost savings must be disclosed in the annual report.

18.2 The measures implemented and aggregate amounts saved per quarter, together with the regular reports on reprioritization of cost savings, on the implementation of the cost containment measures must be submitted to the municipal council for review and resolution. The municipal council can refer such reports to an appropriate council committee for further recommendations and actions.

18.3 Such reports must be copied to the National Treasury and relevant provincial treasuries within seven calendar days after the report is submitted to municipal council.

19. IMPLEMENTATION & REVIEW PROCESS

19.1 This policy will be reviewed at least annually or when required by way of a council resolution, or when an update is issued by National Treasury.

20. CONSEQUENCES FOR NON-ADHERENCE TO THE COST CONTAINMENT MEASURES

20.1 Any person must report an allegation of non-compliance to the cost containment policy to the accounting officer of the municipality.

20.2 The accounting officer must investigate the allegations and if frivolous, speculative or unfounded, terminate the investigations.

20.3 If the accounting officer determines the allegations are founded, a full investigation must be conducted by the disciplinary board.

20.4 After completion of a full investigation, the disciplinary board must compile a report on the investigations and submit a report to the accounting officer on:

- Findings and recommendations; and/or
- Whether disciplinary steps should be taken against the alleged transgressor.

20.5 The accounting officer must table the report with recommendations to the municipal council.

20.6 Subject to the outcome of the council decision the accounting officer must implement the recommendations.

21. NATIONAL TREASURY MFMA CIRCULARS & COST CONTAINMENT REGULATIONS

21.1 The policy must be read together with the National Treasury Cost Containment Regulations and the MFMA Circulars applicable and must adhere too as such.

22. SHORT TITLE

22.1 This policy shall be called the Cost Containment Policy of the City of Matlosana Local Municipality.

CITY OF MATLOSANA

CUSTOMER CARE, CREDIT CONTROL

&

DEBT COLLECTION POLICY

2025 / 2026
DRAFT

PROPOSED

PREAMBLE

WHEREAS section 96 of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000) as amended requires a Council to adopt, maintain and implement a credit control and debt collection and customer care policy;

AND WHEREAS section 97 of the Systems Act as amended, prescribes what such policy must provide for;

AND WHEREAS Municipalities are required in certain circumstances to comply with the National Credit Act No. 34 of 2005 as amended;

NOW THEREFORE the Municipal Council of the City of Matlosana adopts the policies as set out in this document.

PROPOSED

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CHAPTER 1

INTERPRETATION

1. Definitions

For the purpose of this policy, the wording or any expression has the same meaning as contained in the Act, except where clearly indicated otherwise and means the following:

The policy aligns with the Municipal Systems Act by providing clear definitions of key terms used within the document. This clarity ensures consistency in interpretation, which is crucial for compliance with the Act's requirements regarding transparency and accountability in municipal operations.

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

"Acknowledgement of debt" - means an admission of liability and written undertaking by a debtor to repay an amount owing to the Municipality, and includes a consent to judgement contemplated in section 58 of the Magistrates Court Act, 1944 (Act No. 32 of 1944) as amended;

"Arrears" - means any amount which is due, owing and payable and which remains unpaid by the due date;

"**Authorized Representative**" - Person or instance legally appointed by the Council to act or to fulfil a duty on its behalf;

"Chief Financial Officer" - the person appointed by Council to administer its finances regardless of the designation or title attached to the post; or the person delegated by the Chief Financial Officer

"CFO" - means a person employed by the Municipality in terms of section 56 of the Systems Act as amended 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 municipal manager in terms of section 79 of the Municipal Finance Management Act as amended and section 59 of the Systems Act as amended;

"**Consumer**" - any occupier of any property to which the Council has agreed to supply services or already supplies services to, or failing such an occupier, then the owner of the property;

"**Council**" -the municipal Council of the City of Matlosana;

"**Credit control and debt collection**" - means the functions relating to the collection of unpaid debt payable to the Council and the restructuring of such debt;

"**Crèche**" – a school for minor children up to the age of six years old

"**Defaulter**" - a consumer who owes money to the Council after the due date has expired;

"**Delegated Person**" – any person empowered or nominated by the Municipal Manager or Chief Financial Officer to effect the duties as set out in this policy

"***Domestic user***" - means a user of electricity, solar electricity, water or borehole water, sewerage or refuse removal for residential purposes only.

"**Equipment**" - a building or other structure, pipe, pump, wire, cable, meter, engine or any accessories;

"**Households**" - persons older than 18 years that occupied a property within the jurisdiction of the Council regardless whether the person rents or owns the property;

"**illegal connection**" means any connection or reconnection to a system through which municipal services are provided, where such connection or reconnection was not authorized or approved by the Municipality;

"**Interest**" - a charge levied, with the same legal priority as service charges, on arrear amounts calculated at a standard rate equal to an interest rate of 15% per annum.

"**Council**" - the institution that is responsible for the collection of funds and the provision of services to the consumers of;

"**Municipal account**" - shall include levies or charges in respect of the following services and taxes:

1. Electricity basic charges as approved by NERSA,
2. Electricity consumption as approved by NERSA,
3. Housing rentals and instalments,
4. Interest and/or surcharges,
5. Miscellaneous and sundry charges
6. Property Rates,
7. Refuse removal,
8. Sewerage services, Basic
9. Sewerage services, Additional
10. Water basic charges
11. Water consumption,

"**Municipal Manager**" - the person appointed as Municipal Manager in terms of section 82 of the Local Government: Structures Act, 1998, (Act 117 of 1998) as amended and include any person acting in that position or to whom authority was delegated;

"**municipal services**" - those services provided by the Council, such as, inter alia the supply of water and electricity, refuse removal, sewerage treatment, and for which services charges are levied;

"**NERSA**"- National Energy Regulator of South Africa

"**Occupier**" - any person, who occupies any property or part thereof, without taking cognisance of the title in which he or she occupies the property,

"Official business language" - English

"**Owner**" –

1. The person in whose name the property is legally vested;
2. In the case where the person in whose name the property is vested, is insolvent or deceased, or is disqualified in terms of any legal action, the person who is responsible for administration or control of the property as curator, trustee, executor, administrator, legal manager, liquidator, usufructuary, servitude holder or any other legal representative;
3. In the case where the Council are unable to establish the identity of such person, the person who are entitled to derive benefit from the property or any buildings thereon;
4. In the case of a lease agreement in excess of 30 years was entered into, then the lessee;
5. Regarding:
    5.1. a portion of land allotted on a sectional title plan and which is registered in terms of the Sectional Title Act, 1986 (Act 95 of 1986), as amended, without limiting it to the developer or managing body to the communal property;
    5.2. a portion as defined in the Sectional Title Act, the person in whose name that portion is registered to in terms of a "sectional title, including the legally appointed representative of such person;
6. Any legal entity including but not limited to:
    6.1. a company registered in terms of the Companies Act, 1973 (Act 61 of 1973), a trust inter vivo, trust mortis causa, a closed corporation registered in terms of the Close Corporation Act, 1984 (Act 69 of 1984) and any voluntary organisation;
    6.2. any provincial or national government department, local authority;

6.3. Any Council or management body established in terms of any legal framework applicable to the Republic of South Africa; and

6.4. Any embassy or other foreign entity.

7. owned by a Council and which has been disposed of, but which has not been transferred to the person to whom it has been disposed of, from the date of the disposition concerned, such person; and

8. owned by or under the control or management of a Council while held under a lease or any express or tacit extension thereof or under any other contract or under servitude or right analogous thereto, the person so holding the immovable property.

"**Property**" - any portion of land, of which the boundaries are determined, within the jurisdiction of the Council.

"School" – a school as defined in terms of the South Africans Schools Act, 84 of 1996 as amended, and includes all private, public and government schools registered with the Department of Education

"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;

"disconnection" means a termination or restriction of a municipal service supplied to a meter; "illegal connection" means any connection or reconnection to a system through which municipal services are provided, where such connection or reconnection was not authorised or approved by the Municipality;

"Municipal Finance Management Act" means the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) as amended;

"Rates" means a municipal rate on property envisaged in section 229(1) (a) of the Constitution levied by the Municipality in terms of the Rates Act;

"**Rates Act**" means the Local Government: Municipal Property Rates Act, 2004 (Act No. 6 of 2004), as amended;

"**Sundry charge**" means an amount charged to a person which is not directly linked to a property or premises, and which includes but is not limited to—

(a) Charges arising from damages to municipal property and equipment;

(b) Monies owed for municipal services other than rates, water, electricity and sanitation;

(c) Monies awarded to the Municipality through court orders and judgments;

(d) Fines; and

(e) Monies owed to the Municipality by municipal staff.

"**VAT**" means value added tax, which is an indirect tax on the consumption of goods and services in the economy as determined by the government and payable to the government

CHAPTER 2

GENERAL OBJECTIVES AND PRINCIPLES

2. General Objectives

2.1. The objectives of this policy are to: -

2.1.1. provide a framework where the Council can exercise its executive and legislative authority with regard to credit control and debt collection;

2.1.2. ensure that all monies due and payable to the Council are collected and used to deliver services in the best interests of the community, residents and consumers and in a financially sustainable manner;

2.1.3. provide a framework for customer care and indigent support;

2.1.4. describe credit control measures and sequence of events;

2.1.5. outline debt collection and credit control procedures and mechanisms; and

2.1.6. set realistic targets for credit control and debt collection;

2.1.7. comply with NCA (National credit Act) where applicable

2.1.18 The policy objectives align with the principles of good governance outlined in both the Municipal Systems Act and the MFMA. They emphasize the responsible exercise of municipal authority, the efficient collection and utilization of funds for service delivery, and compliance with relevant legislation such as the National Credit Act (NCA). Ensuring customer care and indigent support also reflects the municipality's commitment to serving its community in a sustainable manner.

2.2. All internal communications should be in the official business language.

3. Principles

3.1. The administrative integrity of the Council must be maintained at all costs. The democratically elected Councillors are responsible for policy making, while it is the responsibility of the Municipal Manager to ensure the execution of these policies.

3.2. All consumers must complete an official application form, formally requesting the Council to connect them to service supply lines. The most important rights and obligations of the consumer and Council must be included in the service application form.

3.3. A copy of the application form, conditions of services and extracts of the relevant Council's customer care, credit control and debt collection policy and by-laws must be handed to every consumer on request.

3.4. Billing is to be accurate, timeous, and understandable.

3.5. The consumer is entitled to reasonable access to pay points and to a variety of reliable payment methods.

3.6. The consumer is entitled to efficient, effective, and reasonable responses to enquiries and appeals, and should suffer no disadvantage during the processing of such requests.

3.7. Enforcement of payment must be prompt, consistent, and effective.

3.8. Unauthorised consumption, connection and reconnection, the tampering with or theft of meters, service supply equipment and the reticulation

network and any fraudulent activity in connection with the provision of municipal services will lead to disconnections, penalties, loss of rights and criminal prosecutions.

3.9. Incentives and disincentives may be used in collection procedures.

3.10. The collection process must be cost-effective.

3.11. Results will be regularly and efficiently reported and monitored.

3.12. Application forms will be used to, *inter alia*, categorise consumers according to credit risk and to determine relevant levels of services and deposits required.

3.13. The Municipality may appropriate a customers' deposit on any account related to that customer due to unpaid services and thereafter the consumer is liable for the payment of a new deposit amounting to twice the monthly consumption on said account. A new service agreement must also be entered into with the Municipality

3.14. Targets for performance in both consumer service and debt collection will be set and

3.15. Where practically possible the debt collection and customer care policies would be handled independently of each other and the organisational structure will reflect the separate functions.

3.16. Consumers that meet Council's indigent criteria must be identified and supported but must take note that their indigent status will be listed for ITC purposes.

3.17. Any consumer who falls into arrears and fails to react to any of the measures in this policy, may be listed at an institution where consumer credit activities are monitored and recorded for credit purposes

3.18. The policy outlines the key principles of municipal governance and financial management prescribed by the Municipal Systems Act and the MFMA.

CHAPTER 3

DUTIES AND FUNCTIONS

The policy outlines the duties of Council and its alignment with the Municipal Systems Act's provisions regarding the roles and responsibilities of the municipal council in

financial management and service provision. Council's duties include approving budgets, setting rates and service charges, facilitating access to basic services, and providing oversight on debt collection activities.

4. Duties and Functions of Council

4.1. To approve a budget consistent with Council's Integrated Development Plan.

4.2. To impose rates and service charges to finance the budget.

4.3. To facilitate sufficient funds to give access to basic services for the poor.

4.4. To provide for a bad debt provision, in line with the payment record of consumers as reflected in the financial statements of the Council.

4.5. To set an improvement target for debt collection, in line with acceptable accounting ratios and resources available to the Municipal Manager.

4.6. To approve a reporting framework for customer care, credit control and debt collection.

4.7. To consider and approve by-laws to give effect to the Council's policy.

4.8. To revise the budget should Council's targets for customer care, credit control and debt collection not be met.

4.9. To take disciplinary actions against Councillors, officials and agents who do not execute Council policies and by-laws, or act improperly in terms of such policies and by-laws.

4.10. To approve a list of attorneys that will act for Council in all legal matters relating to debt collection.

4.11. To delegate the required authorities to monitor and execute the customer care, credit control and debt collection policy and by-law to the Executive Mayor and Municipal Manager.

4.12. To provide sufficient capacity in the Council's Financial Directorate for customer care, credit control and debt collection. Alternatively, to appoint a Service Provider, or debt collection agent.

4.13. To assist the Municipal Manager in the execution of his duties, if and when required.

4.14. To provide funds for the training of staff.

5. Duties and Functions of Councillors

The policy outlines the duties of councillors which correspond to their roles as representatives of their constituents and align with the Municipal Systems Act's

emphasis on public participation and community engagement. They are responsible for communicating consumer expectations to the council, promoting payment for services, adhering to the code of conduct, and providing inputs on indigent applications.

5.1. Ward Councillors play a vital role in the current dispensation to Communicate the expectations of consumers in a specific ward to Council as well as the service departments or unit

5.2. The Ward Councillor is also directly responsible to ensure that Communication is forwarded to consumers in respect of this policy and to further ensure that consumers are paying for services received

5.3. The councillors will actively promote payment services rendered to the consumers in their respective wards and strive to create a culture of payment for services through ward committee members.

5.4. To adhere to the Code of Conduct for Councillors.

5.5. To give inputs regarding indigent applications.

6. Duties and Functions of Executive Mayor

The policy outlines the duties of the Executive Mayor who ensures the effective implementation of council policies and by-laws, monitoring performance, reviewing policies for improvement, and reporting to the council. These duties align with the Municipal Systems Act's requirements for executive leadership and oversight within the municipality.

6.1. To ensure that Council's budget, cash flow and targets for debt collection are met and executed in terms of the policy and relevant by-laws.

6.2. To monitor the performance of the Municipal Manager in implementing the policy and by-laws.

6.3. To review and evaluate the policy and by-laws in order to improve the efficiency of Council's customer care, credit control and debt collection procedures, mechanisms, and processes.

6.4. To report to Council.

7. Duties and Functions of the Municipal Manager

The policy outlines the duties of the Municipal Manager which encompass implementing customer care and credit control systems, billing consumers,

demanding payments, collecting outstanding debts, and setting performance targets for staff. These duties align with the MFMA's provisions for financial management and accountability within the municipality.

7.1. To implement good customer care management systems.
7.2. To implement Council's customer care, credit control and debt collection policy.
7.3. To install and maintain appropriate accounting and credit control systems.
7.4. To bill consumers.
7.5. To demand payment on due dates.
7.6. To raise interest and collection fees for payment defaults.
7.7. To appropriate payments received.
7.8. To collect outstanding debt.
7.9. To provide different payment methods.
7.10. To determine customer care, credit control and debt collection measures.
7.11. To determine all relevant work procedures for, inter alia, public relations, arrangements, disconnections of services, summonses, attachments of assets, sales in execution, write-off of debts, sundry debtors and legal processes.
7.12. To instruct attorneys to proceed with legal processes.
7.13. To set performance targets for staff.
7.14. To appoint staff to execute Council's policy and by-laws in accordance with Council's appointment policy.
7.15. To delegate certain functions to the Chief Financial Officer or Heads of departments.
7.16. To determine control procedures.
7.17. To monitor contracts with Service Providers in connection with credit control and debt collection.
7.18. To report to the Executive Mayor.

9. Duties and Functions of Communities, Ratepayers and Residents

The policy outlines the duties of Communities, Ratepayers and Residents which correspond to the obligations of residents and ratepayers in using municipal services, paying fees and taxes, maintaining service meters, allowing access to municipal

officials, and complying with by-laws. These obligations align with the Municipal Systems Act's requirements for responsible citizenship and adherence to municipal regulations.

9.1. To fulfil certain responsibilities, as brought about by the privilege and or right to use and enjoy public facilities and municipal services.

9.2. To pay service fees, rates on property and other taxes, levies and duties imposed by the Council on or before the due date.

9.3. To obtain a duplicate account at the municipal help desk if an account is not delivered during the normal billing cycle.

9.4. To notify the Council when services are no longer required at a particular service delivery point and of address changes.

9.5. To safeguard and maintain service meters in a readable condition.

9.6. To observe the mechanisms and processes of the Council in exercising their rights.

9.7. To allow municipal officials reasonable access to their property to execute municipal functions.

9.8. To comply with the by-laws and other legislation of the Council.

9.9. To refrain from tampering with municipal services and property.

9.10. To maintain credit and pre-payment meters.

CHAPTER 4

PERFORMANCE EVALUATION AND REPORTING

10. Objective

The policy objectives align with the principles of good governance outlined in both the Municipal Systems Act and the MFMA.

The municipal Council in consultation with the municipal manager must establish a mechanism to set targets for debt collection, customer care and administrative performance, evaluate performances and take corrective actions on an regular basis to enhance credit control and debt collection

11. Income Collection Targets

The policy outlines collection targets which correspond to the MFMA's provisions regarding revenue management and budget execution. However, it is Council's responsibility to review and approve the targets for reducing debt aligning it with its financial oversight role outlined in the MFMA.

Council to create targets that include:

Reduction in present monthly increase in debt in line with performance agreements determined by Council from time to time as determined in Councils SDBIP.

12. Consumer Service Targets

The policy outlines consumer service targets which correspond to the MFMA's provisions regarding revenue management and budget execution. However, it is Council's responsibility to review and approve the targets for reducing debt aligning it with its financial oversight role outlined in the MFMA.

The Consumer targets as identified are as follows:

11.1.	Response time to customer queries:	Initial response within 10 working Days
11.2.	Resolution of Queries/Disputes:	45 working days to resolve queries / disputes and appeals.
11.3.	Date of first account delivery for new consumers:	By second billing cycle after date of of application or occupation whichever is the latest.
11.4.	Reconnection time:	Within 24 hours after appropriate payment / arrangement has been made at our offices, or proof of payment made at other institutions faxed or emailed to our offices.
11.5.	Meter reading cycle:	11.5.1. 100% of meters being read on a

monthly basis on a similar date with a maximum of 6 consecutive months estimated.

11.5.2. Where a meter has a technical problem, Council may utilise previous periods as determined in Councils Tariff Policy to determine the average usage

11.6. Indigent application: Within the 2nd billing cycle response for approval or disapproval, as well as provision of subsidy.

12. Administrative Performance

The targets related to administrative performance align with the Municipal Systems Act's requirement for effective management and administration within municipalities.

Council to create targets that will include:

12.1. Cost efficiency of debt collection.

12.1.1. Cost of collection not to exceed the capital debt amount;

12.1.2. All reasonable steps to be taken to limit cost to Council or the customer;

12.1.3. Cost of collection is to be recovered from the defaulting customers

12.2. Query and appeal periods according to this policy.

13. Reporting

Reporting requirements outlined in this policy align with the accountability and transparency principles of both the Municipal Systems Act and the MFMA.

13.1. The Chief Financial Officer shall report monthly to the Municipal Manager in a suitable format to enable the Municipal Manager to report to the Executive Mayor as supervisory authority in terms of section 99

of the Systems Act, read with section 100(c). This report shall contain particulars on:

13.1.1. Cash collection statistics, showing high-level debt recovery information (numbers of consumers; enquires; arrangements; default arrangements; growth or reduction of arrear debt). Where possible, the statistics should ideally be divided into wards, business (commerce and industry), domestic, state, institutional and other such divisions.

13.1.2. Performance of all areas against targets agreed to in item 10 of this policy document.

13.2. If in the opinion of the Chief Financial Officer, Council will not achieve cash receipt income equivalent of the income projected in the annual budget as approved by Council, the Chief Financial Officer will report this with motivation to the Municipal Manager who will, if he agrees with the Chief Financial Officer, immediately move for a revision of the budget according to realistically realisable income levels.

13.3. The Executive Mayor as Supervisory Authority shall, at intervals of 3 months, report to Council as contemplated in section 99(c) of the Systems Act as amended.

CHAPTER 5

CUSTOMER CARE POLICY

14. Objective

The policy objectives align with the principles of good governance outlined in both the Municipal Systems Act and the MFMA.

To focus on the client's need in a responsible and pro-active way, to enhance the payment of services and to create a positive and cooperative relationship

between the persons responsible for the payment of services received, and the Council, and where applicable, any service provider.

15. Communication

The policy aligns with the requirements of the Municipal Systems Act regarding communication with the public about budget processes, policies, and services.

15.1. The Council will, within its financial and administrative capacity, conduct an annual process of compiling and communicating its budget to the public where possible

15.2. Council's Customer care, Credit Control and Debt Collection Policy or relevant extracts thereof, will be available in English and will be made available by general publication and on specific request, and will be available for perusal at Council's offices.

15.3. Council will endeavour to distribute a regular newsletter when possible, which will give prominence to customer care and debt issues.

15.4. Ward Councillors will be required to hold regular ward meetings, at which customer care and debt collection issues will be given prominence.

15.5. The press will be encouraged to give prominence to Council's Customer care, Credit control, and Debt Collection policies, and will be invited to Council or Committee meetings where these are discussed.

16. Metering

The policy aligns with the requirement of providing meters to paying consumers where feasible, as outlined in municipal regulations.

16.1. The Council will endeavour, within practical and financial limits, to provide meters to every paying consumer for all services.

16.2. All meters will be read monthly, if possible. If the meter is not read monthly the Council will estimate the consumption in terms of Council's operational procedures;

16.3. Consumers are entitled to request verification of meter readings and accuracy within reason, but will be held liable for the cost thereof.

16.4. Consumers will be informed of meter replacements.

16.5. Basis of Estimation of Meter Readings

16.5.1. 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 Council or its authorised agent, the consumer is charged for an estimated consumption on the account following the reading of the metered consumption, which must articulate the difference between the actual consumption and the average consumption, and the resulting credit or debit adjustments.

16.5.2. The estimates must be based on the 2 to 6 months preceding the last date on which the meter was found to be registering correctly, or on the 2 to 6 months following the date from which the meter was again registering correctly

16.6. In case where council does not have access to the meters that are inbound and an average has been taken by Council, it is the consumer's responsibility to submit a clear photo of the readings with the date imprinted thereon on which the photo was taken to Council should they dispute the averages levied

16.7. boreholes will only be recognized as a water supply with a written letter of recommendation from the Water Engineering Section, that the municipal supply has been discontinued

16.8. Solar energy will only be recognized as an electricity supply with a written letter of recommendation from the Electrical Engineering Section, that the municipal supply has been discontinued

17. Accounts and Billing

The policy emphasizes the provision of understandable and accurate bills, which is crucial for compliance with MFMA requirements.

17.1. Consumers on the billing system will receive an understandable and accurate bill from the Council, which bill will consolidate all service costs for that property.

17.2. Accounts will be produced in accordance with the meter reading cycle and due dates will be linked to the statement date.

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

17.4. It is the consumer's responsibility to ensure that postal address and other contact details are correct.

17.5. It is the consumer's responsibility to make enquiries and ensure timeous payments in the event of accounts not received.

17.6. Settlement or due dates will be as indicated on the statement.

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

17.8. Where any payment made to the Council or its authorised representative by negotiable instrument is later dishonoured by a bank, the Council, or its authorised agent:

17.8.1. May recover the average bank charges incurred relating to dishonoured negotiable instruments against the account of the consumer.

17.8.2. Shall regard such an event as a default on payment, disconnect/restrict services, and levy the relevant costs thereof against the consumers account.

17.8.3. May insist on cash payments for all future accounts

17.9. The Council or its authorised agent must, if administratively possible, issue a duplicate account or any acceptable alternative to a consumer on request and the applicable fee in the tariff structure be paid by the consumer to Council

17.10. Accounts will be processed and posted by the last day of each month.

17.11. Consumers may request electronic accounts per email at no cost to the consumer, but should the consumer request an electronic account plus a hard copy of the account be then the applicable tariff in the tariff structure will be levied

18. REFUNDS

The policy outlines the process for refund applications and the conditions for issuing refunds seem reasonable and in line with standard financial procedures.

18.1. Any account holder may apply in the prescribed manner for a refund on any credit balance on their account.

18.2. The refund application will be considered and verified by the municipality in terms of its internal procedures.

18.3. The municipality reserves the right to periodically determine a bottom threshold for when it is entitled to decline to issue a refund where the cost and administrative burden of issuing the refund is out of balance with the amount to be refunded. The bottom threshold refund amount will be R100.00.

18.4. The municipality may at its discretion use any payment method when paying a refund to an account holder.

18.5. Any arrears on any account of the account holder requesting or entitled to a refund may be set off against any credit balance due to that account holder on any of his accounts before the refund is affected.

18.6. There is an obligation on all account holders to ensure that their contact details on the municipality's system are correct and updated at all times.

18.7. The municipality shall be entitled to write back or appropriate any unclaimed money arising from a credit balance of an account holder account, if such amount is not claimed by the account holder within a year from the date when it became due to him or her.

19. Payment Facilities and Methods

The policy ensures that payment facilities are accessible to all users, which aligns with the requirement of providing equitable access to services.

19.1. The Council will operate and maintain suitable payment facilities, which will be accessible to all users.

19.2. Direct payments or electronic payments can be made into the bank account of the City of Matlosana, ABSA Bank, OR Tambo Street, Account no. 01000100176, Branch code 632005. The consumer must state the account number as reference on the deposit slip. It is important that the deposit slip, together with a breakdown of the amount be faxed to the Council at (018) 464 2318 without delay. Four (4) official business days must be allowed for processing.

19.3. The Council will, at its discretion, allocate a payment between service debts and a consumer who has overdue debt, may not specify that the payment be for a specific portion of the account.

19.4. The Council may in terms of section 103 of the Systems Act, with the consent of a consumer, approach an employer to secure a debit or stop order arrangement.

19.5. The consumer will acknowledge, in the consumer agreements that the use of consumer agents in the transmission of payments to the Council is at the risk of the consumer – also for the transfer time of the payment.

19.6. Any direct deposits without the relevant details or reference may be refused by Council via the bank or be confiscated by Council if not claimed within a year

20. Incentives for Prompt Payment

The policy outlines incentives for prompt payment, the incentives for prompt payment should comply with legal requirements and not discriminate against any group of ratepayers.

20.1. During the budget process Council may, to encourage prompt payment and/or to reward regular payers, consider from time-to-time incentives for the prompt payment of accounts or payment by debit or stop order.

20.1.1. Where a consumer is prepared to pay off the capital amount on an outstanding account in one payment, then Council will write back all interest charged, warning fees, disconnection fees, and legal costs. Interest is charged at 15% annually on all arrear's debt.

20.1.2. Interest and other debt collection fees may also be reversed under the following circumstances:

20.1.2.1. if the Municipality has made an administrative error on the account.

20.1.2.2. where an owner takes over the debts of the tenant/s and

20.1.2.3. where the Chief Financial Officer or delegated person approves such reversal due to the fact that the only amount owing on the account comprises of interest or debt collection fees or sundry fees.

20.1.3. That 10% discount of their monthly service account, excluding Property Rates be awarded to the undermentioned, who timeously pay their account or arrears (only amount at 30 days and current, as the rest qualifies for interest write off) in full where applicable.

20.1.3.1. Schools as per the definition of the Schools Act 84 of 1996 as amended and registered as such with the Department of Education. Principals' dwellings and Hostels on the school's property are included.

20.1.3.2. Crèches as per definition in this policy, registered with the Department of Education

20.1.3.3. Registered Public Benefit Organizations, e.g. Trieste Daphne Lee, Adonai, Huis Servaas etc.

20.1.3.4. Registered Church Organizations.

20.1.4. An institution, who allows its outstanding debt to escalate to 60 days, will not be granted this incentive.

20.1.5. The cost associated with the other schemes, if introduced, will be reflected in annual budgets as additional expenditure, besides the point above.

21. Enquiries, Appeals and Service Complaints

The policy outlines a process for handling enquiries, appeals, and complaints, which is essential for ensuring fairness and transparency in service delivery.

20.1. Within its administration and financial ability, the Council will establish:

20.1.1. Central complaints/feedback office;

20.1.2. A centralized complaints database to enhance co-ordination of complaints, their speedy resolution, and effective communication with consumers.

20.1.3. Appropriate training for officials dealing with the public to enhance communications and service delivery; and

20.1.4. A communication mechanism to give Council feedback on the application of the policies on customer care and management, credit control and debt collection and other issues of concern.

20.1.5. If a consumer is convinced that his or her account is inaccurate, he or she can lodge a query with the Council for investigation of this account, and where necessary the relevant adjustments will be affected.

21.2. In the interim, the debtor must pay the average of the last three months' accounts where such history of the account is available. Where no such history is available, the debtor must pay without prejudice of rights an estimate provided by the Council before payment due date until the matter is resolved.

21.3. The relevant department will investigate and inform the debtor within one month of the outcome of the investigation.

21.4. Failure to make such agreed interim payment or payments will result in the consumer forming part of the normal credit control procedures.

21.5. A consumer may appeal against the finding of the Council or its authorized agent in terms of clause 20(2).

21.6. An appeal in terms of clause 20(6) must be made and lodged with the Council within 21 (twenty-one) days after the consumer became aware of the finding and must:

21.7. Set out the reasons for the appeal.

21.8. Pay any amount determined for the testing of a measuring device, if applicable.

22. Consumer Assistance Programmes

The policy outlines a process for Consumer Assistance Programs, which is essential for ensuring fairness and transparency in service delivery.

22.1. Water leakages

22.1.1. The consumer has the responsibility to control and monitor his/her water consumption to the property.

22.1.2. In cases of undetected water leakages on private property, the consumer pay for the normal water consumption as calculated by using the average consumption for three months prior to the leak, at the applicable sliding scale and that the "over-consumption" or "leak" be paid at a fixed charge based on the second category of the sliding scale of the water tariffs, for the months (maximum three) in question, or at the tariff as calculated

by the CFO at the time, subject to the provision of proof by the resident regarding:

22.1.2.1. The date on which the leak was first detected.

22.1.2.2. Steps taken by the resident to stop the leak.

22.1.2.3. The leak has actually stopped – investigation and confirmation by Council's official.

22.1.3. Following proof of the above, it should fall within the parameters of.

22.1.3.1. the leak being repaired within five working days of detection

22.1.3.2. the leak did not last for longer than three (3) months from start to end.

22.2. Rate Rebates

Subject to certain criteria, the municipal Council may grant rate rebates annually to certain categories of ratepayers in accordance to the Council's rates policy and by-law.

22.3. Arrangements and Extensions of Time for Payment

22.3.1. **Arrangements**

If a customer cannot pay his/her account with the Council, then the Council may enter into an extended term of payment with the customer according to the applicable category of the customer. Consumers who default on two payments in respect of the arrangement made, will be denied the privilege of continuing with the arrangement and the full amount becomes payable. The customer must:

22.3.1.1. Sign an acknowledgement of debt;

22.3.1.2. Sign a consent to judgement;

22.3.1.3. Make consumer aware that a judgement will be made against the consumer on ITC, should the consumer default. This is done to prevent the consumer from making more debt, whilst owing the municipality.

22.3.1.4. Provide a garnishee order/emolument order/stop order (if he or she is employed);

22.3.1.5. Acknowledge that interest will be charged at the prescribed rate should the arrangement be dishonoured;

22.3.1.6. Pay the current portion and the proposed arrangement amount of the account;

22.3.1.7. Sign an acknowledgement that, if the arrangements being negotiated are later defaulted on, that no further arrangements will be possible, and that disconnection / restriction of water and electricity will follow immediately, as will legal proceedings.

22.3.1.8. Only one arrangement may be concluded between the Council and the consumer debtor.

22.3.1.9. Acknowledge liability of all costs incurred.

22.3.1.10. Prove levels of income and make reasonable payment of arrears based on the ability to pay.

22.3.1.11. Interest on arrears in respect of all services and rates will be suspended whilst the debtor adheres to the conditions of the arrangement.

22.3.1.12. Consumers may make arrangements on behalf of the owner, but must then accept full liability for the outstanding amount of the owner and should provide Council with a letter, authorising the arrangement, from the owner or letting agency

22.3.1.13. Acknowledge and accept the following conditions with regards to debtors be applicable:

22.4. CATEGORIES OF DEBTORS

22.4.1. Interest on arrears in respect of all services and rates on arrangements will be suspended whilst the debtor adheres to the conditions of the arrangement, which must be paid promptly on the due date on a monthly basis. No new arrangements are allowed unless any previous arrangements have been paid in full or unless for

special reasons claimed. Should any arrangement default then the arrangement will be cancelled and the full outstanding amount will be payable.

22.4.2. Debts and arrangements to repay debts shall be treated holistically, but different repayment periods may be determined for different types of service, debtors, or areas within the general rule that repayment periods should be in sympathy with the instalments that the debtor can afford.

22.4.3. Consumers who are utilising electrical conventional meters, who default on their arrangements, may be enforced to install prepaid electrical or prepaid water meters at their own cost, when available. Council will install such meters and the costs be paid immediately by the consumers before reconnection / unrestricting.

22.4.4. Consumers should make arrangements for arrears payment in such a manner that he/she will be able to honour these arrangements for outstanding debt plus the monthly current amount which should be paid in full on the due date. The following guidelines are stipulated.

22.4.5. Any deviations on this policy may only made by the Chief Financial Officer or his designated officials.

22.5. SOCIAL ASSESSMENT

Debts and arrangements to repay debts shall be treated holistically, but different repayment periods may be determined for different types of service, debtors or areas within the general rule that repayment periods should be in sympathy with the instalments that the debtor can afford in order to settle the arrears over a reasonable period in terms of the Customer Care, Credit Control and Debt Collection Policy. Any deviations on this policy may only made by the Chief Financial Officer or his designated officials.

22.6. Household and Business Customers Arrangements

Household Arrangements

22.6.1. One of the key objectives of debt collection is to encourage customers to start paying their monthly accounts in full. In addition, it is also

necessary to ensure that arrear debt is addressed. The current average balances on customer accounts necessitate that innovative ideas be implemented to encourage customers to pay off their arrears. At the same time, it is also of utmost importance that regular payers not be discouraged through the implementation of any possible incentives.

22.6.2. The main aim of an agreement will be to promote full payment of the current account and to address the arrears on a consistent basis. At the date of the arrangement a minimum of 30% of the capital arrear debt must be paid immediately for residential customers". The Chief Financial Officer or his delegated person/s may approve the minimum amount less than 30%.

22.6.3. A customer must enter into a written agreement with the Municipality to repay any outstanding and due amount to the Municipality under the following conditions: -

22.6.3.1. The outstanding balance, costs and any interest thereon shall be paid in regular and consecutive monthly instalments as determined by Council.

22.6.3.2. The current monthly amount must be paid in full; and

22.6.3.3. The written agreement has to be signed on behalf of the Municipality by a duly authorised officer.

22.6.3.4. The agreement will be compliant with the requirements of the National Credit Act as amended where applicable.

22.6.4. In order to determine monthly instalments a comprehensive statement of assets and liabilities of the customer must be compiled by a treasury official. To ensure the continuous payment of such arrangement the amount determined must be affordable to the customer, taking into account that payment of the monthly current account is a prerequisite for concluding an arrangement.

22.6.5. During the time of the debt collection process, but before the debt is handed over to the attorneys a customer may enter into an arrangement to payoff arrear debt,

22.6.6. No arrangements will be entertained by the Municipality on debt that has been handed over for legal or debt collection. The Chief

Financial Officer or delegated person has the authority to approve an arrangement dependant on the circumstances.

22.6.7. The Municipality will entertain only one arrangement with a customer to pay off arrear debt. Failure to abide by the arrangement will result in that: -

22.6.7.1. the arrangement shall be terminated with immediate effect; and

22.6.7.2. the outstanding balance shall immediately become due and payable;

22.6.8. The customer by signing the arrangement agreement to pay off arrear debt acknowledges the following: -

22.6.8.1. The debt is owed to the Municipality.

22.6.8.2. That on default of the arrangement agreement, interest on arrears will be charged on the amount due, electricity supply will be disconnected to the property of the customer or the customer will be blocked from the purchase of electricity or water on the prepayment system, and legal proceedings may be instituted to collect the debt.

22.6.8.3. Any costs, which include collection costs, charges, disbursements and legal costs relating to any of the debt collection methods applied to collect the debt may only be recovered from the defaulting customer within the provisions of the NCA.

22.6.8.4. The municipality may at its own discretion request less amounts for arrangements for financially struggling households and to be approved by the CFO.

22.6.8.5. Payslips or proof of income will be required for making arrangement.

22.7. Business Arrangements

22.7.1. At the date of the arrangement a minimum of 50% of the arrear debt must be paid immediately and any variance on the minimum shall only be approved by the Chief Financial Officer or his delegate

22.7.2. The balance of the debt which includes the capital amount and interest must be paid over a 6 to 12 month period provided payments are made monthly by the due date. Only the Chief Financial Officer or delegated person may approve any extension on this arrangement.

22.7.3. The total monthly instalment must include the current monthly charges plus the amount to pay off arrear debt.

22.7.4. No arrangements will be considered by the Municipality on a debt that has been handed over for legal collection (litigation).

22.7.5. Failure to maintain the arrangement will result in interest being levied and full debt collection being implemented, with no possibility of a reprieve.

22.7.6. Any arrangement outside of the foregoing must be approved by the Chief Financial Officer or appointed delegate.

22.7.7. The municipality may at its own discretion request less amount for arrangements for financially struggling businesses and to be approved by the CFO.

22.7.8. Three months bank statement or proof of income will be required for arrangements.

22.8. Schools / Hospitals / Government

No school, hospital, or Government Department may arrange to pay off his or her outstanding debt or if otherwise approved only by the Chief Financial Officer / Deputy Director Finance or Municipal Manager.

22.9. Sport and Social Clubs

Sport & Social Clubs	20% of arrear amount plus current account as down payment. Balance over maximum of 3 months.

22.10. Churches and Religious Institutions

The arrangement amount plus the current amount to be paid promptly in full on a monthly basis.

Churches & Religious Institutions	20% of arrear amount plus current account as down payment. Balance over maximum of 6 months.

22.11. ACCOUNT HOLDERS UNDER ADMINISTRATION

Where a person has been placed under administration, the following procedures will be followed:

22.11.1. The debt as at the date of the administration court order, will be placed on hold, and collected in terms of the court order by the administrator's dividend.

22.11.2. The administrator is to open a new account on behalf of the debtor, with a new deposit No account is to be opened/operated in the debtor's name as the debtor is not entitled to accumulate debt (refer to section 74S of the Magistrates Courts Act 32 of 1944 as amended).

22.11.3. The administrator may not give the person who has been placed under administration permission to open an account.

22.11.4. Until this new account is opened, the debtor is to be placed on limited services levels. The consumer will be compelled to install a prepaid electricity meter at own cost, should one not already be in place. The Council will be entitled to recover the cost of the basic services by means of purchases made on the prepaid meter.

22.11.5. Should there be any default on the current account the supply of services is to be limited or terminated and the administrator handed over for the collection of this debt.

22.12. INDIGENTS

22.12.1. Debtors, who qualify and become registered as indigent, will have their arrears written off as per Councils Indigent Policy.

Should it be established that a recipient of indigent relief has supplied the Council with false information or not informed the Council of a change in circumstances within the household:

22.12.1.1. The indigent support will be stopped.

22.12.1.2. The recipient may be liable for the repayment of all indigent support received for the period involved, which amount will be debited against the consumers account.

22.12.1.3. Normal credit control in accordance with the Council's Credit Control and Debt Collection Policy will apply.

22.12.1.4. Criminal charges may be instituted against the account holder for supplying false information.

22.12.2. Arrangements

Should an Indigent person fall into arrears and credit control actions have been taken against the consumer, the down payment and instalment will be calculated according to the person's income. The calculations will be done at 5% of the monthly income as a down payment and instalment. Indigents who are not employed must pay a minimum down payment of R150 and the instalment calculated as affordable.

22.13. COUNCILLORS AND MUNICIPAL EMPLOYEES

22.13.1. In accordance with section 10 of schedule 1, 12A and schedule 2.10 of the Municipal Systems Act 32 of 2000 as amended, a staff member and councillor of a municipality may not be in arrears to the municipality for rates and services charges and the municipality may deduct any arrear amounts from a staff members' salary after this period, which will not exceed more than 25% of the person's net salary

22.13.2. All existing staff and Councillors who have not entered into an agreement to pay arrears must do so within thirty days of the approval of this policy by Council.

22.13.3. All staff members joining the Municipality must within thirty days sign an agreement to pay arrears which must be prearranged by the Human Resources Section

22.13.4. All agreements with Councillors will be calculated according to point 22.6. above, but must not exceed the expiry date of the term of office of the councillor

22.13.5. Salary deductions in terms of section 10 of schedule 1, 12 A and schedule 2.10 of the Municipal Systems Act 32 of 2000 as

amended, will be implemented on all staff members and councillors with arrears on their account, irrespective of whether they enter into an arrangement or not.

22.13.6. Any employees upon their appointment to a higher post or annual increase of salary who have signed a Credit Authority, shall increase their instalments on the Credit Authority in accordance with their new salary increase.

22.14. PROPERTY MANAGEMENT LEASES

22.14.1. The procedure for the recovery of arrears on leases is that the Council would pursue the debt, in accordance with the terms of the specific lease contract, and any policy related thereto, as determined by the Council from time to time, until all avenues are exhausted.

22.14.2. The Council may attach the rental of tenants or any other payments due to owners who are in arrears with their Municipal accounts.

22.15. ACCOUNTS HANDED OVER TO ATTORNEYS / DEBT COLLECTORS

22.15.1. Consumers that are currently handed over to an attorney/debt collector are not allowed to accumulate any new arrears, nor ask for any extension or arrangement on his current account. That all normal accounts of which a portion are handed over for the recovery by an attorney, may be blocked on the system for further extension/arrangements.

22.15.2. Consumers who have been handed over to an attorney/debt collector and their current accounts are up to date, may be blocked to buy prepaid services, if the handed over accounts are not being serviced

22.15.3. Only upon motivation or under special conditions, may the Chief Financial Officer or delegated official, deviate in this regard

22.16. NEW TENANTS - OWNER ARREARS

22.16.1. Where it is found that the Owner is in arrears and a new tenant is to occupy the premises, the new tenant may, with the owner's approval, agree in writing as per agreement, to pay the services and arrears account. At least 50% of the monthly rental of the tenant is to be paid to Council until the arrears has been paid up.

22.16.2. If an amount due for rates levied in respect of a property is unpaid by the owner of the property after the date determined in terms of the Municipal Property Rates Act, as amended, the Council may recover the amount in whole or any part thereof from a tenant or occupier of the property, despite any contractual obligation to the contrary on the tenant or occupier: Provided that such tenant or occupier may be entitled to deduct such amount recovered from the rent payable to the owner.

22.17. EXTENSION FOR PAYMENTS

A Customer may apply for extension of time for payment of the current account on the Municipal Account by completing the applicable form.

22.17.1. Any consumer shall be entitled to apply for deferment of payment of 30% of the current account until the 15th of the following month: provided that no consumer shall be granted deferment of payment more than three times a year.

22.17.2. Any consumer who is unable to pay his/her account by due date, may apply before the due date for an extension until the 30th of the month in which the amount is due and payable. In such an event, the electricity supply shall only be discontinued in the event of the consumer not settling their account by the 30th, provided that this indulgence does not occur more than three times a year.

22.17.3. That no extension be granted to any consumer for his current account, who has been placed under administration or debt review, or any consumer who has already been handed over for debt collection in respect of arrears.

22.17.4. That pre-paid electricity may not be supplied to consumers who do not pay their current accounts and/or do not make arrangements for the payments of their arrears and the payment thereof.

An extension for payment granted in terms of this section, is subject to the Customer entering into the applicable Acknowledgment of Debt Agreement.

22.18 REBATES ON OTHER BASIC SERVICES (NOT ASSESMENT RATES)

Subject to certain criteria, the municipal Council may grant basic services rebates annually to the following categories of consumers. These categories of consumers be allocated according to the total income per household. (Residential households ONLY)

Consumers with a monthly earning of **R4 800 - R9 960 = 40%** of basics subsidized

Consumers with a monthly earning of **R9 961- R12 960 = 30%** of basics subsidized

Consumers with a monthly earning of **R12 961- R14 960 = 20%** of basics subsidized

Consumers with a monthly earning of **R14 961- R16 960 = 10%** of basics subsidized

23. Disconnection/ Reconnection of Water and Electricity

The policy outlines a process for Disconnection / Reconnection of Services, which is essential for ensuring fairness and transparency in dealing with consumers in arrears.

23.1. Notices will be delivered to consumers who are in arrears at least 14 days before being disconnected and a late payment fee levied irrespective if they were disconnected or not.

23.2. Proof of payment must be brought to Council offices if paid at other institutions for reconnections.

23.3. Proof of payment after hours must be brought to the Finance offices if paid at other institutions the following day for reconnections.

23.4. Consumers who do not react to the notices may be disconnected between Monday and Thursday and a disconnection fee will be levied. No disconnection will be made after 12h00 on a Thursday, a day before a public holiday, or on weekends.

23.5. Where a cable has been removed, the consumer must pay all outstanding fees and a new application for services will have to be completed at council offices and the relevant deposit paid.

23.6. Consumers paying after hours will only be reconnected the next working day.

23.7. Consumers may not be disconnected after 16h00 on weekdays or on weekends or Public holidays

23.8. No disconnected consumer will be reconnected on weekends and public holidays, unless under special circumstances, at a special tariff as determined by Council.

24 Indigent Relief

The policy outlines a process for Indigent Relief, which is essential for ensuring fairness and transparency fulfilling the municipality's social responsibility, and complying with legal requirements to ensure access to basic services for all.

A basic level relief will be provided to qualifying households in terms of the provisions of the Indigent Relief Policy.

25. Subsidy Categories

The policy outlines a process for Subsidy Categories, which is essential for ensuring fairness and transparency.

25.1. Subject to the extent of the equitable share contribution received and affordability levels, Council may provide free of charge to Indigent

household consumers, the basic level of services as determined in the Indigent Policy

25.2. Further grants may be provided as determined from time to time in Council's policies and by-laws.

26. Consumer Categories

The policy outlines a process for Consumer Categories, which is essential for ensuring fairness and transparency. Categorizing consumers based on risk levels and applicable tariffs can help in tailoring credit control and debt collection processes, ensuring efficient resource allocation.

Consumers will be categorised according to specific classifications-based I on inter alia the type of entity, applicable tariffs and risk levels. Processes for credit control, debt collection, and customer care may differ from category to category, as deemed appropriate from time to time by the Municipal Manager.

CHAPTER 6

CREDIT CONTROL AND DEBT COLLECTION POLICY

27. Background

This section provides the scope of the policy, specifying its applicability to the City of Matlosana it sets the context for the policy's implementation.

This Customer Care, Credit Control & Debt Collection Policy is applicable to the City of Matlosana, which includes the entities of Klerksdorp, Jouberton, Alabama, Manzilpark, Sahkrol, Orkney, Kanana, Stilfontein, Khuma, Hartbeesfontein, and Tigane.

28. Credit Control Objectives

This outlines the objectives of credit control, aligning with the Act's emphasis on efficient financial management to ensure the sustainability of municipal services.

Credit control relates to the collection of cash from ratepayers, customers, and consumers of the various municipal services. Credit control under this definition would start once an account remains unpaid after a specified due date. In terms

of modern practices and approaches, credit control is more aptly defined as an avenue of last resort within the ambit of customer management. The customer management approach focuses on the clients' needs in a responsive and responsible manner, the objective being to encourage payment to prevent the need for enforcement.

29. Factors that Might Affect the Implementation of a Full Credit Control System

The policy highlights practical challenges that the City of Matlosana may face in implementing effective credit control systems.

29.1. Lack of technical capacity to implement credit control within council.

29.2. Lack of administrative capacity to implement credit control within council.

29.3. Lack of political support and commitment from Councillors.

29.4. Poor and inefficient accounting systems adopted by some municipalities resulting in inaccurate financial reports and incorrect statements.

29.5. Lack of financial resources throughout the payment collection system.

29.6. Insufficient customer pay points established by various councils.

29.7. Non-existence of a policy on indigents.

29.8. Incorrect meter readings.

29.9. Lack of a proper customer care section to resolve queries.

30. Credit Control Principles

This section outlines principles for credit control, emphasizing accountability, fairness, sustainability, and the separation of ability to pay from indigence. These principles align with the Act's requirements for transparency, fairness, and efficiency in financial management.

Credit control is the last step in ensuring payment for services rendered. Considering the level of unemployment and poverty in South Africa, the enforcement of payment for services will be ineffective if it is not based on acceptable principles and if the ability to pay is not separated from indigence. The following principles are applicable:

30.1. The Municipal Manager, who is entrusted with the determination and execution of credit control measures, must report to the Executive Mayor.

30.2. Enforcement and policymaking must be independent to ensure accountability.

30.3. Credit control measures must be understandable, uniform, fair, and consistently applied.

30.4. Credit control must be effective, efficient, and economical.

30.5. The measures must be sustainable in the long-term.

30.6. A proper indigent policy must be in place.

31. Necessity for Credit Control

This section highlights the importance of credit control in ensuring the financial sustainability of municipal services, aligning with the Act's emphasis on sound financial management for service delivery.

31.1. The operations required in order to effect service delivery to the community are controlled and funded by the Council's operating budget, which in turn is very dependent on the collection of all the budgeted income. Any shortfall between actual income and budgeted income will mean that expenditure will have to be reduced. This could result in the curtailment of services or lowering of standards.

31.2. A further point is that the infrastructure required for the provision of services is provided by capital expenditure, which is often provided by external financing (loans). Loans must be repaid together with interest for which provision must be made in the operating budget. In addition to these capital charges, maintenance, and operating costs of the newly acquired assets must be provided for in the operating budget. To meet all these costs, it is imperative that all budgeted income be collected.

31.3. Raising external finance (loans) could become a problem if lenders feel that there is a risk that the municipalities may default or delay repayments. A factor that will therefore be closely monitored is the level of non-payment for municipal services.

31.4. To maintain Councils creditworthiness and to counter the effects of non-payment, municipalities may build up necessary reserves or dedicate income

sources or assets as security for capital finance. The result is either slower or no service delivery or excessive reserving all of which are detrimental to ratepayers and consumers.

32. Debt Collection Responsibility of Council

The policy explicitly states that the Council must collect all money due and payable to it, in accordance with Section 96 of the MSA.

32.1. In terms of Section 96 of the Municipal Systems Act, No 32 of 2000, a Council:-

32.1.1. must collect all money that is due and payable to it,

32.1.2. For this purpose, must adopt, maintain, and implement a credit control and debt collection policy that is consistent with its rates and tariff policies and complies with the provisions of this Act.

32.2. Council recognizes the National Credit Act of 2005 as amended but cognizance must be taken of the following:

32.3. That arrears rates and interest does not fall under the National Credit Act of 2005 as amended.

32.4. That according to Section 4 of the National Credit Act of 2005, as amended, the Act applies to every credit agreement within the Republic except as stated in Section 4(6)(b)(ii)

32.5. Council may however take such applications into consideration and will consider such applications according to this policy but will not be obliged to accept them as a whole.

33. Contents of Policy

This section outlines the contents required by Section 97(1) of the MSA, including credit control procedures, debt collection procedures, provisions for indigent debtors, realistic targets, interest on arrears, extensions of time for payment, termination of services for non-payment, and other prescribed matters.

In terms of Section 97 (1) of the Municipal Systems Act, No 32 of 2000, as amended, a credit control and debt collection policy must provide for:

33.1. credit control procedures and mechanisms.

33.2. debt collection procedures and mechanisms.

33.3. provide for indigent debtors that is consistent with its rates and tariff policies and any national policy on indigents.

33.4. realistic targets consistent with: -

33.4.1.general recognized accounting practices and collection ratios.

And

33.4.2. the estimates of income set in the budget less an acceptable provision for bad debts.

33.5. interest on arrears, where appropriate.

33.6. extensions of time for payment of accounts.

33.7. termination of services or the restriction of the provision of services when Payments are in arrears.

33.8. matters relating to unauthorized consumption of services, theft and damages.

And

33.9. any other matters that may be prescribed by regulation in terms of section 104 of the Local Government: Municipal Systems Act. 32 of 2000 as amended.

34. Supervisory Authority

Supervisory authority responsibilities are outlined in accordance with Section 99 of the MSA, which includes overseeing the implementation of credit control policies and evaluating them for efficiency.

In terms of section 99 of the Municipal Systems Act, No 32 of 2000, as amended, a Council's or executive mayor as the supervisory authority must: -

34.1. Oversee and monitor: -

34.1.1. the implementation and enforcement of the Council's credit control and debt collection policy and any by-laws enacted in terms of section 98 of the Municipal Systems Act, No 32 of 2000, as amended; and

34.1.2. the performance of the municipal manager in implementing the policy and any by-laws.

34.2. When necessary, evaluate or review the policy and any by-laws, or the implementation of the policy and any such by-laws, to improve efficiency of its

credit control and debt collection mechanisms, processes and procedures; and

34.3. At such intervals as may be determined by the Council report to a meeting of the Council

35. Implementing Authority

Responsibilities of the implementing authority (Municipal Manager or service provider) are in line with Section 100 of the MSA, focusing on enforcement and reporting.

In terms of Section 100 of the Municipal System Act, No 32 of 2000, as amended, the municipal manager or service provider must: -

35.1. Implement and enforce the Council's Customers Care, Credit control and Debt Collection policy and any by-laws enacted in terms of Section 98of the Municipal Systems Act, No 32 of 2000, as amended;

35.2. in accordance with the Customer Care, Credit Control and Debt Collection policy and any such by-laws, establish effective administrative mechanisms, processes and procedures to collect money that is due and payable to the Council; and

35.3. At such intervals as may be determined by the Council report the prescribed particulars to a meeting of the supervisory authority referred to in Section 99.

36. Roles and Responsibilities

Roles and responsibilities of various stakeholders, including the Executive Mayor, Municipal Manager, and Councillor's, are aligned with Sections 99 and 100 of the MSA.

36.1. In terms of Section 99(a) of the Municipal Systems Act, No 32 of 2000, as amended, the Council's Executive Mayor must oversee and monitor the implementation and enforcement of the credit control and debt collection policy.

36.2. In terms of Section 99(b) of the Municipal Systems Act, No 32 of 2000, as amended, the Council's Executive Mayor must when necessary, evaluate or review the policy or the implementation of the policy in order

to improve efficiency of its credit control and debt collection mechanisms, processes and procedures.

36.3. In terms of Section 100(a), the Municipal Manager must implement and enforce the Council's Customer Care, Credit Control and Debt Collection policy.

36.4. In terms of Section 100 (c) of the Municipal Systems Act, as amended, No 32 of 2000, the Municipal Manager must at such intervals as may be determined by the Council report the prescribed particulars to a meeting of the executive committee.

36.5. The communication of the credit control and debt collection policy to the community is the joint responsibility of the Councillors, Municipal Manager and municipal officials.

36.6. In terms of Section 11 (c) of Schedule 1 of the Municipal Systems Act, No 32 of 2000, a Councillor may not obstruct or attempt to obstruct the Municipal Manager or any employee of the Council to implement and enforce the Council's credit control and debt collection policy.

37. Service Application and Agreements

Addresses consumer agreements, deposits, creditworthiness checks, debt consolidation, and debt collection measures, all relevant to revenue management as per MFMA Chapter 6.

37.1. All consumers of services will be required to sign an agreement governing the supply and cost of municipal services. The agreement for municipal services is attached as annexure "A".

37.2. All consumers shall pay a deposit as determined by Council, with the approval of the annual budget, which may be increased to twice the average three monthly consumption, by the Municipal Manager, or his designated official in the event of non-payment.

37.2.1. The copy of registration document from the deeds search will suffice as an Agreement for Municipal Services application form, whereby a deposit will be debited automatically, without the completion of the application form.

37.2.2. Where a property owner has paid a deposit on an account, which does not have metered electricity of water, their account, will be credited by Council and will not be refunded if it is an active account.

37.2.3. Where a property owner has an unpaid deposit on their current account, the deposit will be credited against any amount owing

37.3. Prior to signing these agreements, consumers will be entitled to receive the policy document of Council on request if requested.

37.4. On the signing of the agreement, consumers will receive a copy of the agreement for their records.

37.5. Consumers are responsible for costs of collection and interest in the event of delayed and/or non-payment.

37.6. Existing consumers of services may be required to sign new agreements as determined by the Municipal Manager from time to time.

37.7. If a consumer refuses to sign a new service agreement or pay the deposit as stipulated by Council, the Council may discontinue services until the necessary agreement has been signed or deposit been paid.

37.8 Transfers of ownership of a property will be implemented from date of registration at the Deeds Office. Property rates and basic charges will be transferred to a new owner's account and a deposit as determined by Council will be levied. If a new consumer account has not been opened, a list will be sent by the Rates Section to Connection & Termination and Credit Control sections to disconnect the services, except for vacant stands.

37.9. The consumer will also be held accountable for services already provided, costs incurred and any other costs associated with the collection of service fees and cost incurred.

37.10. All applicants for municipal services may be checked for creditworthiness including checking information from banks, credit bureaux, other local authorities, trade creditors, and employers and will be listed at an ITC company due to non-payment of their services

37.11. The municipality may –

37.11.1. Consolidate any separate accounts of any properties of persons liable for payments to the municipality;

37.11.2. Consolidate any sundry accounts with a consumers account if existing, of any persons liable for sundry payments and not paying their sundry account to the municipality

37.11.3. Should a sundry account holder not be a resident in the City of Matlosana jurisdiction and fail to pay their sundry account, then the account will be handed over for debt collection to an attorney.

37.11.4. Credit a payment by such a person against any account of that person;

And

37.11.5. Implement any of the debt collection and credit control measures provided for in this Chapter in relation to any arrears on any of the accounts of such a person and may terminate the services of such account.

37.11.6. The Municipality may–

37.11.6.1. consolidate any separate accounts of persons liable for payments to the Municipality;

37.11.6.2. credit a payment by such a person against ANY account of that person; and

37.11.6.3. implement any of the debt collection and credit control measures provided for in this Policy and the By-law in relation to any arrears on any of the accounts of such a person.

37.11.6.4. The Municipality's allocation of payment is not negotiable and the Consumer / ratepayer may not choose which account to pay.

37.11.6.5. Any amount paid by the Customer in excess of an existing debt may be held in credit for the Customer in anticipation of future rates and fees for Municipal services, and no interest will be payable on that amount.

37.11.6.6. Any amounts paid will be appropriated to the oldest debt first.

37.11.6.7. The basis on which part payments are allocated on an account which falls into arrears, falls within the internal processes

Subsection (37.10.1.) does not apply where there is a dispute between the municipality and a person referred to in that subsection concerning any specific amount claimed by the municipality from that person. Therefore, the liability for payments not disputed is not suspended.

38. DISSOLVING OF TENANT ACCOUNTS

It aligns with the principle that property owners are ultimately responsible for municipal service payments, as outlined in Section 62 of the Municipal Systems Act.

38.1. The Council will only register accounts for accounts holders who are the owners of a property. No accounts will be registered for tenant account holders and the onus will be on the owner/agent to ensure that the monthly service and rates accounts are paid.

38.2. All existing tenant accounts will be phased out in terms of a phasing out plan as follows:

38.2.1. All current existing tenant accounts will be kept as is, until the contract is terminated by the tenant/owner/agent or may be consolidated as over an extended period.

38.2.2. Should a tenant fall into arrears with more than 90 days, then the account may be terminated and all services will be charged against the owners account.

38.2.3. Council will only transfer service amounts and will write back all interest charged, warning fees, disconnection fees, and legal costs, should Council be unable to link the tenant at an address where they are the owner within the Matlosana jurisdiction to which the debt can be consolidated

38.2.4. Should an arrears closed tenant account have debt which exceeds 1,095 days (3 years) and cannot be linked to an account on Councils financial system, then the debt may be written off with approval of the Council only.

38.3. The Council may at its discretion upon application from the relevant authority/owner, allow for the opening of tenant accounts in relation to the following circumstances, but the owner will still be held liable for the outstanding amount owing for services owed by the tenant:

38.3.1. Tenants who are bona fide registered indigents in terms of the Indigent Relief Policy

38.3.2. Business tenants accounts

38.3.3. Government tenant accounts

38.3.4. Flats

38.3.5. Any other special circumstances

39. Right of Access to Premises

This section aligns with the council's authority to access premises for meter reading, inspections, and maintenance, as outlined in Section 96 of the Municipal Systems Act.

39.1. The owner and or occupier of property is to allow an authorised Representative of the Council access at all reasonable hours to the property in order to read, inspect, install or repair any meter or service connection for reticulation, or to disconnect, stop or restrict, or reconnect, the provision of any service.

39.2. The owner is responsible for all the cost associated with the relocation of a meter if satisfactory access is not possible and must be undertaken by the owner at own cost.

39.3. If a person should fail to comply with the provisions set out in clause 8.5 & 39.2, the Council or its authorised representative may by written notice require such person to restore access, or relocate the meter to the boundary at his/her own expense within a specified period.

39.4. Should the consumer not comply with the written request within the specified period, then Council will do the relocation of the meters without prior notice and recover the cost from such person by means of debiting the consumers account, which must be paid immediately.

39.5. No access to the meter, In the event of the municipality not being able to gain access to a meter for two (2) consecutive meter readings, the customer shall be issued with a notice to restore access. Failure to comply with the written request, the customers services will be discontinued in respect of the premises to which that meter relates.

40. Enforcement Mechanisms

These provisions align with the council's authority to enforce payment for services, including the suspension or disconnection of services for non-payment, as outlined in Section 118 of the Municipal Systems Act.

40.1. Interest can be raised as a charge on all accounts not paid by the due date.

40.2. Consumers who are in arrears with their municipal account and who have not arranged with Council will have their supply of electricity and water, and other municipal services, suspended, restricted or disconnected.

40.3. Services in respect of household consumers must be paid on/or before the 10th of every month. The consumer may be notified by means of an SMS or notice after the 10th of a month and if the account has not been paid, the electricity services may be suspended and the water services may be restricted after 14 days' notice without further notice.

40.4. Before the supply of services is restored the outstanding municipal services account must be paid in full or an arrangement be made with the Implementing Authority to settle the account in full. Only one (1) arrangement will be concluded between the City Council and the consumer in the settling of the arrear debt. Additional arrangements may only be made once the preceding arrangement has been paid in full

40.5. An Acknowledgement of Debt and consent to judgement must be completed with the arrangement that was concluded with the City Council for the paying off of arrear debts. Copies will be handed to the client on request.

40.6. By mutual agreement between the City Council and the consumer, debit orders can be completed for the monthly payment on all amounts that are owed to the City Council. If the arrangement (first arrangement) is dishonoured, the full balance will immediately become payable. The City Council will not conclude any further arrangements with the consumer concerned on the account.

40.7. No interest will be charged on an arrangement, if the consumer honours the arrangement and the arrears are repaid in full within the agreed period.

Should the arrangement instalment amounts fall into arrears, then interest at a rate of 15%, will be levied on the instalments.

40.8. Upon the liquidation of arrears, or the conclusion of acceptable arrangements for term payment, the service will be reconnected as soon as conveniently possible.

40.9. The cost of the warning late payment fee, restriction or disconnection, and the reconnection, will be determined by tariffs approved by Council and will be payable by the consumer.

40.10. The deposit of any defaulter will be adjusted and brought into line with relevant policies of Council according to section 37.2. of this policy

41. Theft and Fraud

These provisions align with the council's authority to prosecute illegal connections, tampering, and theft of services, as outlined in various sections of the Municipal Systems Act and the MFMA.

41.1. Any person (natural or juristic) found to be illegally connected or reconnected to municipal services, tampering with meters, the reticulation network or any other supply equipment or committing any unauthorised act associated with the supply of municipal services, or supplying electricity to a nearby property form their premises, as well as theft of and damage to Council property, will be prosecuted.

41.2. The Municipal Manager will immediately terminate the supply of services to a consumer should such conduct as outlined above be detected and a fine issued according to the Electrical and Water Departments tariffs. The fine must be paid once off or an arrangement made to pay off the fine within 6 months, with the understanding that the 1st payment of the arrangement of the fine must be paid immediately together with the current account. This arrangement is only applicable for households or flats.

41.3. The total bill owing, including interest and collection fees, assessment of unauthorised consumption, discontinuation and reconnection fees, and increased deposits as determined by the Municipal Manager, if applicable, will be due and payable before any reconnection can be sanctioned or if as mentioned in point 35.2. above

41.4. The Municipal Manager will maintain monitoring systems in order to identify consumers who are undertaking such illegal actions.

41.5. Council reserves the right to lay criminal charges and/or to take any other legal action against both vandals and thieves.

41.6. Council will reward "whistle blowers" who report the tampering of meters and reconnection of disconnected / restricted meters as follows:

41.6.1. A reward of R300 in respect of electricity installations will be paid where the culprit has been issued with a fine by the Electrical Department

41.6.2. A reward of R300 in respect of water installations will be paid where the culprit has been issued with a fine by the Water Department

41.6.3. The community must be informed of such rewards by means of notices in the media and at all pay points and other notice boards of Council.

41.6.4. The identity of the Whistle blower will be kept strictly confidential, and any person found in contravention of this matter will be dealt with accordingly

41.7. The Electrical Department has further concluded extensive research on the different types of consumers, and the types of metering systems implemented by the Council and has compiled the following penalties which will be imposed to eradicate the tampering of single and three phase meters which have resulted in high energy losses.

Consumers utilising electrical conventional meters, who are found tampering on a regular basis, may be enforced to install prepaid electrical meters at their own cost. Council will install such meters and levy the costs against the consumers account. This action will be enforced upon by the recommendation of the Electrical Division

41.7.1. **Households:**

41.7.1.1. Prepaid Meters

41.7.1.1.1. Electricity switched off and applicable fine issued;

41.7.1.1.2. Owner to re-apply for split meter installation and to be allocated at cost of the owner, according to Council's specifications, alternatively the owner to reapply for a new conventional meter to be re-allocated at erf boundary at cost of the owner according to Council's specifications in relevance with the electrical distribution network;

41.7.1.1.3. Power remains off until a reconnection fee and applicable fine has been paid, and the installation of a new split meter or conventional meter has been approved and installed at the owners cost;

41.7.1.1.4. Existing pre-paid meter to be handed over to Council;

41.7.1.2. Conventional Meters

41.7.1.2.1. Electricity switched off and applicable fine issued;

41.7.1.2.2. Owner to re-apply for a new conventional meter to be re-allocated erf boundary at cost of the owner according to Council's specifications in relevance with the electrical distribution network;

41.7.1.2.3. Power remains off until a reconnection fee and applicable fine has been paid, and the installation of a new conventional meter has been approved and installed at the owners cost;

41.7.1.2.4. Existing conventional meter to be handed over to Council;

41.7.1.3. Flats (one owner / multiple flats)

41.7.1.3.1. Electricity switched off and applicable fine issued;

41.7.1.3.2. Owner to install new bulk meter to be re-allocated erf boundary at cost of the owner according to Council's specifications in relevance with the electrical distribution network;

41.7.1.3.3. Power remains off until a reconnection fee and applicable fine has been paid, and the installation of a new bulk meter has been approved and installed at the owners cost;

41.7.1.3.4. Existing pre-paid and conventional meters to be handed over to Council;

41.7.2. **Business / Bulk / Industrial Consumers**

41.7.2.1. Electricity switched off and applicable fine issued;

41.7.2.2. Owner to install new electronic bulk meter at own cost on the erf boundary or in high voltage switchgear at the supply point, according to Council's specifications;

41.7.2.3. Power remains off until a reconnection fee and applicable fine has been paid, and the installation of a new electronic bulk meter has been approved and installed at the owners cost;

41.7.2.4. The fines for tampering and installation of meters for the abovementioned will be as approved by the Electrical Department

42. Consumer screening and securities

These provisions align with the council's authority to assess creditworthiness, require deposits, and manage accounts, as outlined in Sections 96 and 98 of the Municipal Systems Act.

42.1. All applicants for municipal services may be checked for creditworthiness including banking details and information from credit bureaus, other local authorities, trade creditors, and employers.

42.2. Deposits will be required, and may vary according to the risk. A minimum deposit will be payable equal to twice the average monthly consumption of the past 3 months with / or a minimum amount as determined annually according to the tariff schedule from time to time.

42.3. At the discretion of the municipal manager or representative, deposits can be increased to a maximum of three months average consumption when the account falls into arrears after the current deposit has been confiscated to cover the outstanding debt

42.4. Deposits can vary according to the credit-worthiness or service or user category of the applicant.

42.5. New consumer deposits for business and industrial consumers may be reassessed three (3) months after the initial deposit date.

42.6. In cases, where financial constraints are experienced with the payment of deposits for houses and flats, the situation be revisited to accommodate for the making of arrangements to pay the deposit in two or three equal instalments.

42.7. The Council does not pay any interest on consumer deposits.

42.8. On the termination of the agreement, the amount of the deposit, less any outstanding amount due to the Council, will be refunded to the consumer.

42.9. On the termination of the agreement the consumer must ensure that all outstanding monies, including arrangements and debt collection handovers are paid

42.10. On the termination of the agreement, arrangements and debt collection handovers must be cancelled.

42.11. Should all outstanding amounts on the relevant account / property not be paid in full, then the account will be handed over for debt collection for the full outstanding amount

43. Persons and Business Who Tender to the Council

These provisions align with the council's authority to set conditions for tendering, including requirements related to municipal account payments, as outlined in Section 33 of the Municipal Supply Chain Management Regulations.

The Procurement Policy and Tender Conditions of the Council will include the following:

43.1. When inviting tenders for the provision of services or delivery of goods, potential contractors may submit tenders subject to a condition that consideration and evaluation thereof will necessitate that the tenderers obtain from the Council a certificate stating that all relevant municipal accounts owing by the tenderers and/or its directors, owners or partners have been paid or that suitable arrangements (which include the right to set off in the event of non-compliance) have been made for payment of any arrears.

43.2. A condition allowing the Council to deduct any moneys owing to the Council to be paid by the contractor.

44. Debt Management – Credit Control and Debt Collection

These provisions align with the council's authority to implement procedures for debt collection and write-off, as outlined in Sections 96 and 97 of the Municipal Systems Act and Section 65 of the MFMA.

DELEGATION OF DUTIES

44.1. To provide procedures and mechanisms to collect all the monies due and payable to Council arising out of the supply of services and annual levies, in order to ensure financial sustainability and delivery of municipal services in the interest of the community.

44.2. Criteria for irrecoverable debt - Debt will only be considered as irrecoverable if it complies with the criteria as stipulated in the Councils Irrecoverable Bad Debt Policy:

44.3. Notwithstanding the above, the Council or its authorised officials will be under no obligation to write-off any particular debt and will always retain the sole discretion to do so.

44.4. Any debt under the amount of R10,000.00 which is dealt with in point 44.2 above, which is older than 90 days and is irrecoverable, may be written off by the Chief Financial Officer or by his/her delegated officials without any submission to Council.

44.5. The municipality shall be entitled to reverse any amount written off as a bad debt where it is later found that an account holder has misrepresented (whether intentional or negligent) any information whatsoever in order to motivate such write-off of debt.

44.6. The municipality shall be entitled to effect the write back immediately against the account holder's municipal account upon noting the fraud or misrepresentation.

44.7. The municipality may write back any amount previously written off on behalf of an account holder if the account holder at any time has a credit balance reflected against any of his/her municipal accounts and requests a refund from the municipality for such credit balance. The write back principle will apply to all other account holders, including indigent account holders.

45. Personal contact

This section aligns with the council's efforts to communicate with debtors and provide information on payment options, as outlined in Section 96 of the Municipal Systems Act.

Telephonic contact, agents calling on clients:

45.1. Council will endeavour, within the constraints of affordability, to make personal, electronic or telephonic contact with all arrear debtors to encourage their payment, and to inform them of their arrears state, their rights (if any) to conclude arrangements or to indigence subsidies, other related matters and will provide information on how and where to access such arrangements or subsidies.

45.2. Such contact is not a right for debtors not to pay and disconnection of services and other collection proceedings may continue, in the absence of such contact for whatever reason.

46. Legal Process / Use of Attorneys / Use of Credit Bureaus / Debt

These provisions align with the council's authority to engage in legal processes and use external service providers for debt collection, as outlined in Sections 96 and 118 of the Municipal Systems Act and Section 65 of the MFMA.

Collectors

46.1. The Municipal Manager or delegated officials may, when a debtor is in arrears, commence legal process against that debtor, which process could involve warnings, final demands, disconnections, restrictions, summonses, judgements, garnishee orders and as a last resort, sale in execution of property.

46.2. The Municipal Manager or delegated officials will exercise strict control over this process, to ensure accuracy and legality within it, and will require regular reports on progress from outside parties, be they attorneys or any other collection agents appointed by Council.

46.3. The Council will establish procedures and codes of conduct where external service providers have been appointed to collect outstanding arrears from debtors, through means of service level agreements.

46.4. Garnishee orders, in the case of employed debtors, are preferred to sales in execution, but both are part of Council's system of debt collection procedures.

46.5. All steps in the customer care and credit control procedure will be recorded for Council's records and for the information of the debtor.

46.6. Individual debtor accounts are protected and are not the subject of public information. However, Council may release debtor information to credit bureaus.

46.7. The Council may consider the cost effectiveness of the legal process and will receive reports on relevant matters.

46.8. The Council may consider the use of agents as service providers and innovative debt collection methods and products. Cost effectiveness, the willingness of agents to work under appropriate codes of conduct and the

success of such agents and products will be part of the agreement Council might conclude with such agents or service providers; and will be closely monitored by Council

46.9. Appropriate measures will be taken to inform consumers what the responsibilities of service providers will be regarding Customer Care, Credit Control and Debt Collection.

46.10. Once a consumer has been handed over for collection of his/her arrear account, arrangements or extension of time for payment, must be made directly with the appointed attorneys or any other collection agents.

47. Rates clearance

The policy states that Council will withhold property transfer until rates and service charges are paid and a rates clearance certificate is obtained. This aligns with the requirement of Section 118(1) of the Municipal Systems Act

On the sale of any property in the municipal jurisdiction, Council will withhold the transfer until all rates and service charges in connections with a property are paid by withholding a rates clearance certificate. Systems to be used to process Rates Clearance applications are Manual applications, Lexis Rates Clearance and E4 Clearance system.

47.1. In the case of Rates Clearance Application, the applications will be processed within fourteen (14) days or earlier.

47.2. Clearance certificates will be issued within 14 working days after required monies have been receipted.

47.3. The transfer of ownership will be done within 8 weeks from date of registration depending on the period the Deeds office takes to update the registration on their system.

47.4. Valuation Certificates will be issued immediately upon receipt of the fee charged.

47.5. Should any other costs arise due to an error on Councils side, Council is entitled to recover the costs if the debt has not prescribed from the seller.

The Information and addresses 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 purchaser changes it.

47.5.1. A person liable for a rate must furnish the municipality with an address where correspondence can be directed to.

47.5.2. A person is liable for payment of a property rates whether or not that person has received a written account in, if a person has not received a written account, that person must make the necessary inquiries from the municipality.

47.5.3. Council will not be held liable or responsible for accounts being delivered to the wrong address. It is the owners and transferring attorney's obligation to ensure that the correct postal address OR email is supplied.

47.6. The Information and addresses 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 purchaser changes it.

47.6.1. A person liable for a rate must furnish the municipality with an address where correspondence can be directed to.

47.6.2. A person is liable for payment of a rate whether or not that person has received a written account in, If a person has not received a written account, that person must make the necessary inquiries from the municipality.

47.6.3. Council will not be held liable or responsible for accounts being delivered to the wrong address. It is the owners and transferring attorney's obligation to ensure that the correct postal address OR email is supplied.

47.7. The new owner may be held liable post transfer, should the application not record the correct meter numbers on the property.

47.8. The Municipality reserves the right to follow any of the legal mechanisms available to it, in order to recover the balance of the debt, including, lodging an urgent application to interdict the sale of the property until the debt is paid in full. All Collection Charges incurred in pursuing recovery of arrears, shall be levied against the debtor's account.

47.9. Where an application has been made for a revenue clearance certificate, in respect of a property on which unauthorised development has taken place, or unauthorised /illegal activities have been conducted, the application will

not be processed further, until such time as the Municipality has re-assessed the valuation of the property.

47.6. In terms of Section 118(1) of the Local Government: Municipal Systems Act as amended, a registrar of deeds may not register the transfer of the property, except on producing that registrar of deeds of prescribed certificate issued by the municipality and which certifies that all amounts that became due in connection with the property for municipal service fees, surcharges on fees, property rates and other municipal taxes, levies and duties during the two years preceding the date of application for the certificate have been fully paid.

An assessment in terms of S118 (1) of the Systems Act as amended, will only be issued on request by a Conveyancer. In terms of Section 118(3), an amount due for municipal service fees, surcharges on fees, property rates and other municipal taxes, levies and duties are a charge upon the property in connection with which the amount is owing.

The Municipality shall exercise its rights to recover such debt as guided by the law on the application of section 118 of the Systems Act as amended. The Rates Clearance Certificate shall be endorsed with the balance owing as a charge against the property, in order to bring to the attention of the seller, buyer and conveyancer. The onus is upon the conveyancer to advise his or her clients accordingly.

The seller may be requested to provide the Council with payment or a bank guarantee or undertaking for the balance of the arrear amount, within 5 days from date of undertaking, failing which Council will be left with no alternative than to enforce the charge against the property and to halt the impending transfer, by obtaining an interdict against the transfer, on an urgent basis. The Seller/Property Owner will be held responsible for the costs in respect of such an application for an interdict.

47.10 In terms of Section 118(1) of the Local Government: Municipal Systems Act as amended, a registrar of deeds may not register the transfer of the

property, except on production to that registrar of deeds of a prescribed certificate issued by the municipality and which certifies that all amounts that became due in connection with the property for municipal service fees, surcharges on fees, property rates and other municipal taxes, levies and duties during the two years preceding the date of application for the certificate have been fully paid.

An assessment in terms of S118 (1) of the Systems Act as amended, will only be issued on request by a Conveyancer. In terms of Section 118(3), an amount due for municipal service fees, surcharges on fees, property rates and other municipal taxes, levies and duties are a charge upon the property in connection with which the amount is owing.

The Municipality shall exercise its rights to recover such debt as guided by the law on the application of section 118 of the Systems Act as amended. The Rates Clearance Certificate shall be endorsed with the balance owing as a charge against the property, in order to bring to the attention of the seller, buyer and conveyancer. The onus is upon the conveyancer to advise his or her clients accordingly.

The seller may be requested to provide the Council with payment or a bank guarantee **or undertaking** for the balance of the arrear amount, within 5 days from date of undertaking, failing which Council will be left with no alternative than to enforce the charge against the property and to halt the impending transfer, by obtaining an interdict against the transfer, on an urgent basis. The Seller/Property Owner will be held responsible for the costs in respect of such an application for an interdict.

47.11. Undertakings will **ONLY** be accepted in the following situations:

47.11.1. Transfer of ownership which involves - late estate from one party to the other where funds are not available.

47.11.2. Insolvency - transfer from one party to another where funds are not available.

47.11.3. Transfer of ownership where a housing subsidy is applicable.

47.11.4. Where special permission is given by the Municipal Manager or delegate

The attorney must pay all monies due to Council after registration date and receipt of subsidy. Any attorney, who defaults, will be reported to the relevant authority and be barred from transacting with Council.

48. Cost of Collection

The policy states that costs of legal processes are for the debtor's account, which is consistent with the principle of cost recovery and financial management under the MFMA.

All costs of legal process's, including interest, service discontinuation costs, debt collection and costs associated with customer care or credit control, wherever applicable, are for the account of the debtor or unless otherwise specified.

49. The Pre-Payment Meter System

The policy outlines procedures for using pre-payment meters for electricity and managing arrears, which ensures efficient revenue collection and compliance with financial regulations.

The Council will use its pre-payment system to:

49.1. link the provision of electricity by the Council to a "pre-payment" system comprising, first, a pre-payment of electricity kWh and;

49.2. liaise and recover payments in respect of arrear municipal taxes and other municipal levies, tariffs and duties in respect of services such as water, refuse removal, sanitation and sewage.

49.3. to enforce satisfactory recovery of arrears by implementing a percentage payment ratio: which will mean that a 80 percentage of a payment will be allocated towards arrears that is 60 days in arrears and a 20 percentage will be allowed for electricity.

49.4. the implementation of clause 49.2 of this paragraph does not exempt the consumer from normal credit control procedures if he/she falls behind with his / her current charges.

49.5. a consumer can convert from a conventional electricity meter to a prepaid installation at a cost (which includes the pre-paid meter and installation costs) as determined by Council, as well as credit in respect of the used meter in cash. Alternatively, the consumer can repay the cost, interest free, in equal instalments over a period of *three (3)* months to the Council. In the event of the amount not being paid within the *three* months, further electricity coupons will not be issued to the relevant consumer.

49.6. The installation of pre-paid meters, with the written permission of the owner, is encouraged but those debtors, whose electricity supply has been disconnected three times for non-payment, will be compelled to install a pre-paid meter before the supply is reconnected. All energy dispensers are installed at the owner or tenant's expense.

49.7. Council may implement a blocking system whereby consumers who are in arrears will not be able to purchase prepaid electricity until the arrears has been paid in full or arrangements made to pay off the arrears in terms of this policy

50. Abandonment of Claims

This section outlines circumstances where debt collection procedures may be terminated, aligning with the provisions of Section 109(2) of the Municipal Systems Act.

50.1. The Municipal Manager must ensure that all avenues are utilised to collect the Council's debt from arrear debtors.

50.2. Circumstances whereby a municipal Council may validate the termination of debt collection procedures as contemplated in section 109(2) of the Local Government Municipal Systems Act of 200, as amended, are as follows:

50.2.1. The insolvency of the debtor, whose estate has insufficient funds.

50.2.2. A balance being too small to recover, for economic reasons considering the cost of recovery.

50.2.3. Where a consumer or groups of consumers are unable to pay for services rendered.

50.3. The Municipal Manager must maintain audit trials in such instances; document the reasons for the abandonment of the actions or claims in respect of debts.

51. Code of Conduct

The policy mandates that officials adhere to the codes of conduct outlined in the Municipal Systems Act, ensuring ethical behavior and professionalism. Per Schedule 1 & 2 of the Municipal Systems Act (Act 32 of 2000)

51.1. All municipal officials shall treat all debtors with dignity and respect at all times. Employees shall execute their duties in an honest and transparent manner whilst protecting the confidentiality of information in accordance with the Promotion of Access to Information Act No.2 of 2000 as amended.

51.2. All councillors and officials shall conduct themselves according to the "Codes of Conduct" for councillors and municipal staff members as contained in Schedule 1& 2 of the Municipal Systems Act 32 of 2000 as amended. Councillors pledge support for implementation of policy and by-laws, and undertake to ensure that their own accounts are always fully and timeously paid.

52. RESPONSIBILITY FOR AMOUNTS DUE

This section outlines the legal obligation of property owners to pay municipal debts, consistent with Section 118(3) of the Municipal Systems Act.

52.1. In terms of Municipal Systems Act 32 of 2000, as amended, Section 118 (3) of the Act, an amount due for municipal service fees, surcharge on fees, property rates and other municipal taxes, levies and duties is a charge upon the property in connection with which the amount is owing and enjoys preference over any mortgage bond registered against the property.

52.2. Accordingly, all such Municipal debts shall be payable by the owner of such property without prejudice to any claim which the Municipality may have against any other person.

52.3. The Municipality reserves the right to cancel a contract with the customer in default and register the owner only for services on the property.

52.4. No new services will be permitted on a property until debts on the property are paid, or suitable arrangements made to pay such debts.

52.5. Where more than one person owns the property, each such person shall be liable jointly and respectively, the one paying the other to be absolved, for all Municipal debts charged on the property.

52.6. Except for property rates, owners shall be held jointly and respectively liable, the one paying the other to be absolved, with their tenants who are registered as customers, for debts on their property.

52.7. Refuse removal shall form part of the property debt, payable by the owner of the property.

52.8. Directors of Companies, members of Close Corporations and Trustees of Trusts shall sign personal surety ships with the Municipality when opening service accounts. If they are unable to sign the personal surety then a deposit equivalent to twice the usual deposit shall apply.

52.9. For so long as a tenant or an occupier occupies a property in respect of which arrears are owing, or an agent acts for an owner in respect of whose property arrears are owing, then the Municipality may recover from such tenant, occupier or agent such moneys as are owing by the tenant, occupier or agent to the owner, as payment of the arrears owing by such owner.

52.10. The Municipality may recover the amount in whole or in part despite any contractual obligation to the contrary on the tenant/occupier/agent.

52.11. The amount the Municipality may recover from the tenant, occupier or agent is limited to the amount of the rent or other money due and payable, but not yet paid by the tenant, occupier or agent.

52.12. Should the tenant, occupier, and/or agent refuse to pay as above, to the Municipality, the services of the tenant, occupier and /or agent may be disconnected.

52.13. Should any dispute arise as to the *specified* amount owing according to section 83 of this policy, the customer shall pay all amounts that are not subject to the dispute.

52.14. Pre-paid meters shall not be installed until all outstanding debt has been paid in full, subject to clause hereto, unless an arrangement has been made in accordance with this policy

52.15. The owner of the property will be held liable for any tampering with the electricity metering equipment or the water metering equipment on the property by the owner or tenants, as well as charges that arise there, from that might occur If a meter was found to be registering incorrectly or tampered with, corrections will be done for a period not exceeding 24 months retrospectively based on a three months' average consumption.

53. QUERIES, VERIFIFICATIONS, OBJECTIONS OR DISPUTES

The policy provides procedures for handling queries, objections, and disputes, ensuring transparency and accountability in billing and dispute resolution processes, in line with Sections 102(2) and 102(1)(c) of the Municipal Systems Act.

53. QUERY OR VERIFY

Should the debtor not agree with an account, a written query must be lodged as follows.

53.1. Where a tenant wishes to apply for a special reading, a permission letter from the owner must be attached.

53.2. In this sub-item to query or verify an account refers to the instance when a debtor queries any specific amount or any content contained in any account as rendered by the City of Matlosana to that personas per the process contained herein;

53.3. any query can be raised orally in person at the enquiry specialists, Finance office of the City of Matlosana or by way of correspondence.

53.4. when a debtor queries an account such debtor must furnish full personal particulars including any acceptable means of identification, all account numbers held with the COM, direct contact telephone numbers, fax numbers, postal and e-mail addresses and any other relevant particulars required by the COM;

53.5 a debtor may be represented by a duly appointed nominee or agent; and such nominee or agent shall, upon request, produce sufficient proof of such appointment;

53.6... all queries shall be acknowledged and dealt with as promptly and efficiently as possible by the COM; and

53.6.1. where required an outcome shall be conveyed to the debtor; and

53.6.2. where an account query has arisen, the amount queried shall not be subject to debt collection by the City until the query has been resolved and the outcome has been communicated to all parties, where relevant; the following monthly account not queried must be paid by the debtor on a monthly basis until the query is resolved and finalised. The query must be in writing to the Municipality.

53.7. the Municipal Manager may suspend any debt collection action, pending the outcome of any query;

53.8. notwithstanding any query on any account the account must still be paid, in terms of the provisions contained in this policy, once any queries have been resolved, where relevant; or

53.8.1. subject to any other legislation, payment must be based on the normal average of past accounts rendered until the query is resolved by the City Manager; and

53.8.2. that portion of the account which is not subject to the query must still be paid; and

53.9. should a debtor not be satisfied with the outcome of the query, a debtor may lodge an objection

53.10. the onus will be on the debtor to ensure that a written acknowledgement of receipt is received for any correspondence lodged with the Municipality; and

53.11. the onus will be on the debtor to ensure that a suitable response to any query is received. It should be noted that the query must be in writing and the client is expected by the Municipality to make payments on the monthly basis until the query is finalised.

53.12. All the disputes and queries to be resolved within 3 to 6 months.

53.13. Forms will be made available as per the client request.

54. OBJECTION

54.1. Should the debtor not agree with the outcomes of the query/verification, a written objection must be lodged. (Note that a query/verification must be lodged first)

54.2. In this sub-item, an "objection" refers to the instance when a debtor disputes any specific amount claimed by the Municipality from that person.

54.3. Where an objection has been lodged, sub-item (2) of section 102 (2) of the Municipal Systems Act 32 of 2000, as amended, will apply.

54.4. Where a tenant wishes to apply for a special reading, a permission letter from the owner must be attached.

54.5. when a debtor objects to an account, such debtor must furnish full personal particulars including any acceptable means of identification, all account numbers held with the COM, direct contact telephone numbers, fax numbers, postal and e-mail addresses and any other relevant particulars required by the COM;

54.5.1. a debtor may be represented by a duly appointed nominee or agent; and such nominee or agent shall, upon request, produce a letter of authority;

54.5.2. all objections shall be acknowledged and dealt with as promptly and efficiently as possible by the COM; and where required an outcome shall be conveyed to the debtor; and

54.5.3. where an objection has been lodged, the amount objected to shall not be subject to debt collection by the City until the objection has been resolved and the outcome has been communicated to all parties, where relevant;

54.6. the Municipal Manager may suspend any debt collection action, pending the outcome of any objection;

54.6.1. notwithstanding any objection on any account the account must still be paid, in terms of the provisions contained in this policy, once any objection have been resolved, where relevant; or subject to any other legislation, payment must be based on the normal average of past accounts rendered until the objection is resolved by the Municipal Manager; and

54.6.2. that portion of the account which is not subject to the objection must still be paid; and

54.7. Should a debtor not be satisfied with the outcome of the objection, a debtor may refer a 'dispute'.

54.8. the onus will be on the debtor to ensure that a written acknowledgement of receipt is received for any correspondence lodged with the Municipality; and the onus will be on the debtor to ensure that a suitable response to any objection is received

55. DISPUTE

The policy provides procedures for handling queries, objections, and disputes, ensuring transparency and accountability in billing and dispute resolution processes, in line with Sections 102(2) and 102(1)(c) of the Municipal Systems Act.

55.1. Should the debtor not agree with the outcomes of the objection, a dispute may be referred. (Note that a query/verification & objection should be lodged first)

55.2. In this sub-item a "dispute" refers to the instance when a debtor disputes any specific mount claimed by the Municipality from that person.

55.3. Where the dispute process has been implemented in terms of sub-item (2), section 102 (2) of the Systems Act as amended will be applicable;

55.4. Council will immediately address the contents of the dispute letter, and our refrain to do so should not be interpreted as an acknowledgement of the correctness of the contents thereof. Our rights in this regard are herewith expressly reserved.

55.5. Regarding the contents of the aforementioned the following:

55.5.1. The "dispute" envisaged in the [provisions of section 102(2) of the Local Government: Municipal Systems Act, Act 32 of 2000, as amended (hereafter the "System Act") is limited to a dispute concerning a *"...specific amount claimed by the municipality from that person"* and the basis for the rate payer's/consumer's objection thereto. If an item is properly identified and a dispute properly raised, debt collection and credit control measures cannot be implemented on *that specific item* because of the provisions of the sub-section.

55.5.2. As such, the "dispute" which is the consumer is endeavouring to declare by means of their letter, is a *valid dispute, or is not a valid dispute* as contemplated in terms of section 102(2) of the Systems Act as amended.

55.6. Where there is a legitimate dispute on an account the following actions are not allowed:

55.6.1. Council is not allowed to consolidate the account with another account;

55.6.2. Council is not allowed to cross credit on the account;

55.6.3. Council is not allowed to implement any credit control measures by the means of: cutting, restricting on the *newly created* dispute account.

55.6.4. Council may however implement credit control measures by the means of: cutting, restricting on the main account of the consumer, should the main account fall into arrears

55.7. A "dispute account" with a *unique* number will be created whereas the current account as mentioned above should remain up-to-date. In the event where the current account falls in arrears, section 102(1)(c) of the Systems Act as amended and reads thus, "implement any of the debt collection and credit control measures provided for in relation to any arrears on any of the accounts of such a person."

55.8. Upon the resolving of the "dispute account" all corrections, if any exist, will be processed and the remainder thereof fully paid. The outcome hereof be communicated to the consumer as soon as possible.

55.9. The official dispute form is hereby attached which must be used for the lodging of disputes

55.9.1. No dispute shall be deemed to have been lodged unless it was submitted in writing on the prescribed form.

55.9.2. No dispute will be registered verbally whether in person or telephonically.

DISPUTE IN TERMS OF SECTION 95(f) READ TOGETHER WITH SECTION 102(2) OF THE LOCAL GOVERNMENT: MUNICIPAL SYSTEMS ACT, 2000 (ACT 32 of 2000) AS AMENDED

Unique number:..... Date:.....
(For Office use only)

Sections 95(f) and 102 of the Local Government: Municipal Systems Act. 2000 (Act 32 of 2000), as amended, provide as follows:

95 Customer care and management

In relation to the levying of rates and other taxes by a municipality and the charging of fees for municipal services, a Municipality must, within its financial and administrative capacity –

*(f) Provide accessible mechanisms for those persons to **query of verify accounts and metered consumption** and appeal procedures, which allow such persons to **receive prompt redress for inaccurate accounts.***

102 Accounts

(1) A 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 Chapter in relation to any arrears on any of the accounts of such a person.

*(2) Subsection (1) does not apply where there is a dispute between the municipality and a person referred to in that Subsection concerning any **specific amount claimed by the municipality from that person.***

Therefore, the person referred to hereunder requests that the following dispute be registered with the City of Matlosana and that the decision be made known to the complainant within 45 working days from date that the dispute was lodged.

A. PARTICULARS OF COMPLAINANT

Account number:.....

Owner/Tenant:.....

1. Full Names:.....

.....

2. Physical Address:

.....

.....

.....

.....

3. Postal Address:

.....

.....

.....

.....

4. Telephone Numbers:

Work:..... Home:.....

Cellular phone:..... Other (contact number):.....

Email address:.....

The Municipality may elect any one or more of the addresses above to which it can forward its decision and if it is sent by normal mail, it will be deemed to have come to the knowledge of the complainant within 14 (fourteen) days after it has been dispatched and if sent by email, within 48 (forty-eight) hours after it was sent electronically. The onus will be on the complainant to ensure that he/she receives a written acknowledgement of the dispute.

B. NATURE OF THE DISPUTE

The complainant must give a full description of the amount/s involved and the nature of the dispute as **well as** the detailed reason or reasons in support of the dispute. Any documentation and/or proof in support of **the** dispute/query/verification must be attached hereto. If the proof consists of a photograph, the said photograph must clearly show the date, time and meter number. If the request is for the verification of an account or meter, the complainant must state this.

DETAILED DESCRIPTION OF THE DISPUTE

Amount being disputed: R.....**Dispute in terms of:**.....
(Water, Electricity or other: please specify)

Reason/s:.....

.....

.....

.....

.....

.....

.....

.....

.....

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.....

C. ACKNOWLEDGEMENT

The complainant hereby acknowledges that:

1. No dispute shall be deemed to have been lodged unless it was submitted in writing on the prescribed form. No dispute will be registered verbally whether in person or telephonically.
2. The submission of this dispute does not absolve the complainant of any commitments towards the City of Matlosana
3. No debt collection and credit control measures will be taken pertaining to the disputed amount.
4. Other levies on the account, which do not form part of the disputed amount, are still payable and **are not** included in the extension for payment.
5. If the complainant fails to effect payment of those levies on the account, which do not form **part** of the disputed amount, the City of Matlosana will have the right to implement any of its debt collection and credit control measures and may resolve in the disconnection of services.
6. In the interim, the complainant remains liable and must pay to the City of Matlosana the average of the last 3(three) months accounts pertaining to the dispute item where the history of the complaint's account is available. Where no such history is available, the complainant remains liable for the payment of an estimated amount as prescribed by the City of Matlosana, the payment for which the complainant will be liable until the matter has been resolved.
7. The City of Matlosana will provide the complainant with a written acknowledgement of receipt of the dispute and inform the complainant in writing of the outcome of the investigation within 45 working days.
8. Any adjustments to the complainant's account will be done in a reasonable time.
9. It is the complainant's responsibility to make sure that the City of Matlosana and/or an authorized representative of the Council is allowed access at all reasonable hours, to the property to read, inspect, install, or repair any meter or service connection. All meters must be clean and accessible.
10. The complainant is responsible for all costs associated with the relocation of a meter if satisfactory access is not possible and/or provided.
11. If it is found that there is no basis for the dispute then the complainant will be levied with any costs pertaining to the execution of the investigation.
12. The Council's authorized official's decision is final and will result in the immediate implementation of any debt collection and credit control measures provided for in the Customer Care, Credit Control and Debt Collection Policy after the complainant is provided with the outcome of the dispute.
13. The same amount will not again be defined as a dispute and will not be reconsidered as the subject of a dispute.
14. If the complainant is not satisfied with the outcome of the dispute he/she may under protest pay the amount in dispute and redress his/her action to the court of law.

Note: The unique number mentioned above must be quoted in all correspondence with the City of Matlosana.

D. INFORMATION REGARDING DISPUTES

All information regarding disputes can be forwarded to the following officials:

Chief Financial Officer
Postal address: PO Box 99, Klerksdorp, 2570
Physical address: Mayibuye building, C/O Bram Fischer & Emily Hobhouse Street, Klerksdorp, 2570
Telephone number: (018) 487 8300, Email address: finance@klerksdorp.org

.....
Signature Complainant

Acknowledgement of receipt

....
Name and Surname Signature

(Please ensure that the consumer gets a copy of the dispute for reference purposes)

CITY OF MATLOSANA PO Box 99 • Klerksdorp • Tel: 018 487 8000 (office hours) • Cashier hours: 07:45 – 15:30 (Mondays to Fridays)

AGREEMENT FOR MUNICIPAL SERVICES
Note: Please complete in print and delete whichever is not applicable

ACCOUNT NO:

RECEIPT NO:

A: DECLARATION BY CONSUMER

USAGE TYPE:
❑ Domestic ❑Business ❑Industrial

CONSUMER TYPE:
❑ Individual ❑cc ❑Partner ❑(Pty) Ltd ❑Trust

5. FAMILY MEMBER (b)

Surname:
Full Names:
ID Number:
Tel no: _____
Cell no: _____

B. APPLICATION FOR SERVICES

KINDLY SUPPLY
❑Electricity ❑Water ❑Sewerage ❑Refuse
Electricity - ❑Single ❑3 Phase electricity ❑Prepaid

Deposit Amount payable - _____

AS FROM: D D M M C C Y Y

1. APPLICANT

Surname
Full Names:
I.D. Number:
Tel No (w): Tel.(h):
Cell phone
Email: Alt. Email

2. SPOUSE

Surname:
Full Names:
ID Number: Cell no:
Tel no: (w)

3. PREVIOUS RESIDENTIAL ADDRESS

Street Address:

Town:
Termination date:

4. VEHICLE DETAILS

Registration Number:
Make:

REFER TO REVERSE FOR CONDITIONS OF AGREEMENT

6. EMPLOYER (If self-employed - name of business)

Employer:
Employer Address:
Town:

7. BUSINESS / INDUSTRIAL

Registered company/cc name:
Registration no:
Registered Address:
Trading Name:
VAT Registration no:
Person Responsible:
Cell no:
ID number:
Business Tel no:
Person's Cell no:

8. POSTAL DELIVERY INFORMATION

Postal address:
Town: Postal Code:

9. METER READINGS – For office use only

Application		Readings:
E		
W		

Discontinuation		*Readings*
E		
W		

AT THE FOLLOWING ADDRESS:

Name of Flat:
Number:
Street Address:

Erf Number:

C: DISCONTINUATION OF SERVICES

Address at which service is to be discontinued

Postal code

KINDLY DISCONTINUE THE:
❑Electricity ❑Water ❑Sewerage ❑Refuse

AT THE ABOVE ADDRESS AS ON: D D M M C C Y Y

AND REFUND DEPOSIT, LESS ANY AMOUNT OWING TO:
Postal Address:
Email address:
Bank Details:
Bank:
Branch:
Account number:
Date:
Signature:

D: CONDITIONS OF AGREEMENT

Documents to be produced/submitted

1. Identification Document Must Be Produced
2. In Case Of Tenant; Copy Of Lease Agreement Or Letter From Owner Must Be Submitted
3. In Case Of Close Corporation:

(i) Cc 2 Document Submitted

(ii) Resolution Submitted

4 In Case Of Company

(i) Company Articles of Incorporation Submitted

(ii) Resolution Submitted

Definitions

The headings of the clauses in this Agreement are for the purpose of convenience and reference only and shall not be used in the interpretation of nor modify nor amplify the terms of this Agreement nor any clause hereof.

"Consumer" shall mean the person indicated as "applicant" on the front page of this agreement irrespective of whether he/she/it or someone else actually consumed or use the service or not.

"Council" shall mean the City of Matlosana.

"Domicilium" shall mean the chosen address where notices must be delivered.

All other words shall bear the normal meaning of such word.

Authorization

I guarantee that I am duly authorized by the Applicant to apply for the supply of this/these services and to sign the application form and this agreement. I hereby admit that I am liable, and hold myself bound to for the due and proper payment of any amounts due to the Council and which arises as a result of the supply and provision of the services by the Council, should it be found that I signed this agreement without proper authorization.

Conditions for the Supply and Provision.

1. The supply and provision of and payment for the service/s shall be subject to and governed by the Law of SA, By-laws of the Council and Policies adopted from time to time by the Council and which specifically govern or stand in relationship to the provision of the services.
2. For purpose of this agreement I acknowledge that I/we read and understand the contents of the relevant By-laws and Policies which was made available to me by the Council on request.
3. That I/we was/were afforded the opportunity to read and study the paragraph 1 mentioned By-laws and Policies but expressly waived the right to do so and understand the consequences of my decision. *(delete paragraph not applicable)
4. That if I/we as a consumers who are utilising electrical and water conventional meters, default on my/our arrangements, agree I/we may be enforced to install a prepaid electrical or water meters at our own cost and that Council will install such meters and levy the costs against my/our consumers account, or will pay it once off immediately

Jurisdiction

Without prejudice to the rights of the Council, at its option, to institute proceedings in any other court having jurisdiction, the Council and the Consumer hereby consent in terms of Section 45 of the Magistrate Courts Act, 1944, Act 32 of 1944, as amended to the Council taking legal action for the enforcement of any rights under or arising from this agreement in a Magistrates Court which has jurisdiction in respect of the Consumer in terms of Section 28(1) of the Magistrates Court Act,1944, notwithstanding the above will the parties have the right to approach the supreme court.

Payment for services

The Consumer undertakes to pay for services consumed before or on the date indicated on the monthly statement delivered by the Council to the Consumer at the postal address of the Consumer on the front page of this agreement.

Direct Payments

Direct payments or electronic payments can be made into the bank account of the City of Matlosana, ABSA Bank, Klerksdorp, Account no. 0100010017 6, branch code 632005. The consumer must state the account number as reference on the deposit slip, together with a breakdown of the amount and be faxed to the Council at (018) 464 2318 without delay. Four (4) official business days must be allowed for processing.

Waiver

The Debtor hereby expressly renounces the benefits of the non-*reason or profound cause of the existence of the debt*, the *cases where there is an element of bookkeeping or accounting calculation is involved*, the revision of accounts, no value recorded and, if there is more than one debtor, the *debtor is jointly or separately liable for the debt* or the *creditor obtains the right to first act against the guarantor before the main debtor is excused. I also agree to the terms as stated in clause 3.17 of the Councils Customer Care, Credit Control, and Debt Collection Policy.*

Domicilium

The Consumer chooses as *the address where notices must be delivered*, the address indicated as street address on the front page of this agreement. The Council as *sender of notices* chooses, Civic Centre, Bram Fischer Street Klerksdorp.

Notices

Every notice to be given by one party to the other in terms of this Agreement shall be in writing and shall be delivered by hand, or posted by prepaid registered post, in which case it shall irrefutably be deemed to have been given and such other party shall be deemed to have been informed of the contents of the notice on the fifth (5th) business day after posting.

Change of Address and or Information

The Consumer expressly undertake to inform the Council within 3 (days) after such occurrence -

1. Of any change of any address indicated on the front page of this agreement.
2. Of the change of any particulars or personal circumstances indicated on the front page of this agreement.

Discontinuation of Service -The Consumer specifically agrees to inform the Council immediately in writing when the service is no longer required and specifically accept responsibility for the payment of services consumed as a result of any failure to inform the Council that the service is no longer required

CONCLUSION

Overall, the Credit Control and Debt Collection Policy demonstrates a comprehensive understanding of the legal framework and requirements set forth by the Municipal Systems Act and the Municipal Finance Management Act, with clear provisions for effective revenue management and debt collection practices. The policy acknowledges the National Credit Act of 2005 but clarifies its scope about municipal debt collection. The policy seems to address various aspects of customer care, billing, and financial management, which are essential for compliance with the Municipal Systems Act and MFMA Chapter 5 requirements.

PROPOSED