

uMNGENI MUNICIPALITY



DRAFT BUDGET POLICIES 2024-2025

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1. BACKGROUND

In terms of the Municipal Finance Management Act, No. 56 of 2003, Chapter 4 on Municipal Budgets, Subsection (16) states that the Council of a municipality must for each financial year, approve an annual budget for the municipality before the commencement of that financial year. According to subsection (2) of the Act concerned, in order to comply with subsection (1), the Mayor of the municipality must table the draft annual budget at a Council meeting at least 90 days before the start of the budget year. This policy must be read, analyzed, explained, interpreted, implemented and understood against this legislative background. The budget plays a critical role in an attempt to realize diverse community needs. Central to the formulation of a municipal budget, is that the governments macroeconomic and fiscal policy fundamentals must be taken into account. In brief, the conceptualization and the operationalization of the budget must be located within the national government's policy framework.

National Treasury issued Government Gazette No. 37577, Municipal Regulations on Standard Chart of Accounts, which is effective 01 July 2017. Application of Regulations is to all municipalities and municipal entities. No exemption or transitional provisions from the Regulation for the application of mSCOA to municipalities or municipal entities is allowed.

The policy must also indicate how the Virements process is to be managed within the municipality so as to enable the tracking and reporting of funding shifts.

This policy must also give guidance on the implementation of the mSCOA just for the compliance with the mSCOA Regulation and the Circulars.

2. DEFINITIONS

Accounting Officer	Means a person appointed in terms of section 82(1) (a) or (b) of the Municipal Structures Act
Allocation	Means a municipality's share of the local government's equitable share referred to in section 214(1) (a) of the Constitution
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 is approved by a municipal council
Municipal Council	Means the council of a municipality referred to in section 18 of the structures Act
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
Budget-related Policy	Means a policy of a municipality affecting or affected by the annual budget of the municipality, including: -the tariffs policy, which the municipality must adopt in terms of section 74 of the Municipal Systems Act -the rates policy which the municipality must adopt in terms of legislation regulating municipal property rates -the credit control and debt collection policy, which the municipality must adopt in terms of section 96 of the Municipal Systems Act
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
Councilor	Means a member of a Municipal Council
Creditors	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
Financial Recovery Plan	Means a plan prepared in terms of section 141 of the MFMA
Financial Statements	Means statements consisting of at least: -a statement of financial position -a statement of financial performance -a cash-flow statement -any other statements that may be prescribed -any notes to these statements
Financial Year	Means a twelve month period commencing on 1 July and ending on 30 June each year
Fruitless and Wasteful Expenditure	Means an expenditure that was made in vain and would have been avoided had reasonable care been exercised
Irregular Expenditure	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 170 MFMA.

" Investment, in relation to funds of a Municipality	The placing of Municipality deposit funds with a financial institution 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 Systems Act
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)
Long-term Debt	Means debt repayable over a period exceeding one year
Mayor Means	the Councillor elected as the Mayor of the municipality in terms of section 55 of the Municipal Structures Act
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 dematerialized 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)
Municipality	" When referred to as a corporate body, means a municipality as described in section 2 of the Municipal Systems Act 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)
Municipal Service	Has the meaning assigned to it in section 1 of the Municipal Systems Act (refer to the MSA for definition)
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	an employee of a municipality or municipal entity Means a person seconded to a municipality or municipal entity to work as a member of the staff of the municipality or municipal entity means a person contracted by a municipality or municipal entity to work as a member of the staff of the municipality or municipal entity otherwise than as an employee
Overspending Means	In relation to the budget of a municipality, 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.
Past Financial Year	Means the financial year preceding the current year
Service Delivery and Budget Implementation Plan	Means a detailed plan approved by the Mayor of a municipality in terms of section 53(l)(c)(ii) of the MFMA for implementing the municipality's delivery of municipal services and its annual budget, and which must indicate: -projections for each month of(i) revenue to be collected, by source; and (ii) operational and capital expenditure, by vote -service delivery targets and performance indicators for each quarter -any other matters that may be prescribed, and includes any revisions of such plan by - the Mayor in terms of section 54(l) (c) of the MFMA
Short-term Debt	" Means debt repayable over a period not exceeding one year
Standards of generally recognized Accounting Practice	Means an accounting practice complying with standards applicable to municipalities or municipal entities as determined by the Accounting Standards Board

Unauthorized Expenditure	<p>Means any expenditure incurred by a municipality otherwise than in accordance with section 15 or 11(3) of the MFMA, and includes:</p> <ul style="list-style-type: none"> - overspending of the total amount appropriated in the municipality's approved budget -overspending of the total amount appropriated for a vote in the approved budget - expenditure from a vote unrelated to the department or functional area covered by the vote -expenditure of money
Virement	<p>Means transfer of funds between functions / votes</p> <p>Vote Means 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 which specifies the total amount that is appropriated for the purposes of the department or functional area concerned.</p>
Municipal Standard Chart of Accounts (mSCOA)	<p>The standard chart of accounts consists of the coding of items used for classification, budgeting, recording and reporting of revenue and expenditure within the local government sphere contributing to whole of government reporting.</p> <p>mSCOA prescribes the method (the how) and format (the look) that municipalities and their entities should use to record and classify all expenditure (capital and operating), revenue, assets, liabilities, equity, policy outcomes and legislative reporting.</p>
Quarter	<p>Quarter Means any of the following periods in a financial year:</p> <ul style="list-style-type: none"> -1 July to 30 September -1 October to 31 December -1 January to 31 March -1 April to 30 June
Seven segments	<ol style="list-style-type: none"> 1. Project (allocates the expenditure to a project, capital and operating) 2. Function (similar to vote and sub vote, core vs non-core functions) 3. Item: Assets, Liabilities and Net assets; Expenditure; Revenue; Gains and Losses 4. Fund (which funding source is utilised for expenditure transactions) 5. Regional Indicator (which region is benefiting from the service) 6. Costing (secondary transaction – focus on services) 7. Municipal Standard Classification – No standardisation (address differentiation in function allocation)

3. OBJECTIVE

The objective of the budget policy is to set out:

- The principles which the municipality will follow in preparing each Medium Term Revenue and Expenditure Framework budget;
- The responsibilities of the Mayor, the Accounting Officer, the Chief Financial Officer and other Senior Managers in compiling the budget;
- To establish and maintain procedures to ensure adherence to uMngeni Municipality's IDP review and budget processes.
- The introduction of any Adjustments Budgets;
- Unforeseen and unavoidable expenditure.

The objective of the mSCOA regulations is to:

Provide a National Standard for uniform recording and classification of municipal budget and financial information at a transactional level by providing a Standardized Chart of Accounts: - aligned to budget formats and accounting standards; - enable uniform information sets across the whole of government to better inform national policy coordination and reporting, benchmarking and performance measurement.

4. 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.
- uMngeni Municipality shall prepare three-year budget (medium term revenue and expenditure framework (MTREF) and that will be reviewed annually and approved by Council.
- The MTREF budget must at all times be within the framework of the Municipal Integrated Development Plan.

5. BUDGET PREPARATION PROCESS

5.1 Formulation of the budget

- The Accounting Officer with the assistance of the Chief Financial Officer and the Manager 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.
- The Mayor shall table the Budget and IDP process plan to Council by 31 August each year for approval (10 months before the start of the next budget year).
- 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.
- The 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).
- The Chief Financial Officer and senior managers undertake the technical preparation of the budget.
- The budget must be in the prescribed format, and must be divided into capital and operating budget.
- The budget must reflect the realistically expected revenues by major source for the budget year concerned.
- The expenses reflected in the budget must be divided into terms.
- 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.
- The Chief Financial Officer shall ensure that the cost of indigent relief is separately reflected in the appropriate votes as income foregone and/or as per MFMA Circular requirements issued by National Treasury from time-to-time.

5.2 mSCOA Budget:

Comprises seven (7) segments that are to be complied with on a transaction (posting) level. No further breakdown is required subsequent to transaction posting. All these seven segments are IDP driven.

5.2.1 Project Segment

- The project segment is linked to the IDP of the municipality. Due to the IDP being a 5-year plan, the need for a project segment was identified.
- The accumulation of project-related transactions in a single posting-level account results in a classification not relating to “what is bought”.
- The Project Segment distinguishes projects according to the nature of the expense whether it is capital or an operational expense.

5.2.2 Function Segment

- The Function Segment is the location within the mSCOA for creating the “vote” structure standardized for all municipalities.
- This does not replicate the current vote structure, but indicates what function is being performed.

5.2.3 Item Segment

- The item segment relates to elements stemming from the Statement of Financial Performance and the Statement of Financial Position.
- For mSCOA purposes these comprise of 4 sub-categories i.e. Revenue, Expenditure; Gains and Losses and Assets, Liabilities and Net Assets.

5.3.4 Funding Segment

- The funding segment applies to the different sources of funding relevant to the varying transaction types.
- It is broken into 6 sub-categories:
 - Revenue
 - Commercial Services
 - Transfers and Subsidies
 - Borrowing
 - Cash Backed Reserves
 - Non-funding Transactions

5.2.5 Regional Indicator

- The regional indicator is location driven.
- This is broken into 3 sub-categories:
 - Administrative or Head Office (incl. Satellite Offices)
 - Wards (specific to municipality)
 - Whole of the municipality

5.2.6 Costing Segment

- The Costing segment provides for the classification of indirect (secondary) costs that do not directly attribute to the output and are sometimes referred to as activity based recoveries, for example labour, vehicle, plant and equipment, internal service charges (internal billings), and departmental charges for example office rental, audit fees and procurement.
- Indirect cost (secondary cost) is initially recorded as primary cost within the “Item “segment and funded according to the indicator selected in the “Fund” segment. The costing indicator within the “costing” Segment provides for the redistribution of these primary costs between functions (no change in the funding source), together with indicators provided in the “Cost” segment. The “Project” segment provides the classification link to these indicators and specific projects.
- The purpose for including this segment in SCOA is to provide for the recording of full cost reflection for at least the four core municipal functions being electricity, water, waste water and waste management services, as a minimum requirement (for now).

5.2.7 Municipal Standard Classification

- Non-Standardised segment. “Against which organisational vote or sub-vote should the transaction be recorded”?
- This segment contains the “votes” set-up by the municipality based on the organizational structure in place for the municipality. The “vote” structure needs to be aligned to the municipality’s organizational structure.
- Municipal revenue, operating and capital expenditure are then classified in terms of each of these votes. This means it is possible to present the operating surplus or deficit for each vote, along with information on the proposed capital budget. If a municipality delivers services within a particular vote structure these tables enable, useful performance information based on the vote structure.

5.3 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.

5.4 Approval of the budget

The Municipality uses the Incremental Budgeting Method

- (a) 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).
- (b) The Council resolution must contain budget policies and performance measures be adopted.
- (c) 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.
- (d) The budget tabled to Council for approval shall include the following supporting documents:
 - draft resolutions approving the budget and levying property rates, other taxes and tariffs for the financial year concerned;
 - draft resolutions;
 - measurable performance objectives for each budget vote, taking into account the municipality's IDP;
 - the projected cash flows for the financial year by revenue sources and expenditure votes;
 - any proposed amendments to the IDP;
 - any proposed amendments to the budget-related policies;
 - the cost to the municipality of the salaries, allowances and other benefits of its political Office Bearers and other Councilors, the Accounting Officer, the Chief Financial Officer, and other Senior Managers;
 - particulars of any proposed allocations or grants to other municipalities, municipal entities, external mechanisms assisting the municipality in service delivery, other organs of state, and organizations such as Non-Governmental Organizations, welfare institutions and so on;

- particulars of the municipality's investments; and
- various information regarding municipal entities under the shared or sole control of the municipality.

5.4 Publication of the budget

- (a) Within 10 working days after the draft annual budget has been tabled, the BTO Manager must post the budget and other budget-related documentation on the municipal website, so that it is accessible to the public as well as send hard copies to the National and Provincial Treasury.
- (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.

5.5 Service Delivery and Budget Implementation Plan (SDBIP)

- (a) The 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:
 - Monthly projections of revenue to be collected for each source;
 - Monthly projections of expenditure (operating and capital) and revenue for each vote;
 - Quarterly projections of service delivery targets and performance indicators for each vote;
 - Ward information for expenditure and service delivery;
 - Detailed capital works plan broken down by ward over three years

6. CAPITAL BUDGET

- (a) Expenditure of a project shall be included in the capital budget if it meets the asset definition i.e. if it results in an asset being acquired or created and has a useful life in excess of one year.
- (b) Vehicle replacement must be accompanied by a Council Resolution. The budget for vehicles shall distinguish between replacement and new vehicles. No globular amounts shall be budgeted for vehicle acquisition.
- (c) A municipality may spend money on a capital project only if the money for the project has been appropriated in the capital budget.

- (d) The envisaged sources of funding for the capital budget must be properly considered and the Council must be satisfied that this or her funding is available and has not been committed for other purposes.
- (e) Before approving a capital project, the Council must consider:
- the projected cost of the project over all the ensuing financial years until the project becomes operational,
 - future operational costs and any revenues, which may arise in respect of such project, including the likely future impact on operating budget (i.e. on property rates and service tariffs).
 - the impact on the present and future operating budgets of the municipality in relation to finance charges to be incurred on external loans,
 - depreciation of fixed assets,
 - maintenance of fixed assets, and
 - any other ordinary operational expenses associated with any item on such capital budget.
 - Council shall approve the annual or adjustment capital budget only if it has been properly balanced and fully funded.
 - The capital expenditure shall be funded from the following sources:

6.1 Revenue or Surplus

- If any project is to be financed from revenue this or her financing must be included in the cash budget to raise sufficient cash for the expenditure.
- If the project is to be financed from surplus there must be sufficient cash available at time of execution of the project.

6.2 External Loans

- External loans can be raised only if it is linked to the financing of an asset;
- A capital project to be financed from an external loan can only be included in the budget if the loan has been secured or if can be reasonably assumed as being secured;
- The loan redemption period should not exceed the estimated life Expectancy of the asset. If this or her happens the interest payable on the excess redemption period shall be declared as fruitless expenditure;
- Interest payable on external loans shall be included as a cost in the revenue budget;
- Finance charges relating to such loans shall be charged to or apportioned only between the departments or votes to which the projects relate.

6.3 Capital Replacement Reserve (CRR)

Council shall establish a CRR for the purpose of financing capital projects and the acquisition of assets. Such reserve shall be established from the following sources of revenue:

- Unappropriated cash-backed surpluses to the extent that such surpluses are not required for operational purposes;
- Interest on the investments of the CRR, appropriated in terms of the investments policy;
- Additional amounts appropriated as contributions in each annual or adjustments budget; and sale of land and profit or loss on the sale of assets.

Before any asset can be financed from the CRR the financing must be available within the reserve and available as cash as this or her fund must be cash backed;

If there is insufficient cash available to fund the CRR this or her reserve fund must then be adjusted to equal the available cash;

Transfers to the CRR must be budgeted for in the cash budget;

6.4 Grant Funding

(a) Non capital expenditure funded from grants

- must be budgeted for as part of the revenue budget;
- Expenditure must be reimbursed from the funding creditor and transferred to the operating and must be budgeted for as such.

(b) Capital expenditure must be budgeted for in the capital budget;

(c) Interest earned on investments of Conditional Grant

Funding shall be capitalized if the conditions state that interest should accumulate in the fund. If there is no condition stated the interest can then be allocated directly to the revenue accounts.

(d) Grant funding does not need to be cash backed but cash should be secured before spending can take place.

7. OPERATING BUDGET

(a) The municipality shall budget in each annual and adjustments budget for the contribution to:

- (i) Entitlement of officials as at 30 June of each financial year,

- provision for bad debts in accordance with its rates and tariffs policies
 - Depreciation and finance charges shall be charged to or apportioned only between the departments or to which the projects relate.
 - At least 8% of the operating budget component of each annual and adjustments budget shall be set aside for maintenance.
- (b) When considering the draft annual budget, Council shall consider the impact, which the proposed increases in rates and service tariffs will have on the monthly municipal accounts of households.
- (c) The impact of such increases shall be assessed on the basis of a fair sample of randomly selected accounts.
- (d) The operating budget shall reflect the impact of the capital component on:
- depreciation charges
 - repairs and maintenance expenses
 - interest payable on external borrowings
 - Other operating expenses.
- (e) The chief financial officer shall ensure that the cost of indigent relief is separately reflected in the appropriate votes.

8. FUNDING OF CAPITAL AND OPERATING BUDGET

The budget must be funded in terms of the Councils approved Funding and Reserves Policy.

- (a) The budget may be financed only from:
- Realistically expected revenues, based on current and previous collection levels;
 - cash-backed funds available from previous surpluses where such funds are not required for other purposes; and
 - Borrowed funds in respect of the capital budget only.

9. UNSPENT FUNDS / ROLLOVER 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 allow 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 submitted to National Treasury by 30 August and if approved it will be included in the adjustments budget.
- (e) Adjustments to the rolled over budget shall be done during the 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 Capital Replacement

Reserve 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.

10. BUDGET TRANSFERS AND VIREMENTS

- (a) Budget transfers within the same vote shall be recommended by the Manager of the department and approved by the Chief Financial Officer or such other senior delegated official in the Budget and Treasury Department.
- (b) Virements should not be permitted in relation to the revenue side of the budget
- (c) No budget transfers or virement shall be made to or from salaries except with the prior approval of the Chief Financial Officer in consultation with the Manager Corporate Services. The budget for personnel expenditure may not be increased without prior approval of the Chief Financial Officer.
- (d) 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);
- (e) In cases of emergency situations virements shall be submitted by the accounting officer to the Mayor for authorization and be reported by the Mayor to Council at its next meeting.
- (f) Savings on allocations earmarked for specific operating and capital projects may not be used for other purposes except with the approval of Council.

- (g) Virements from the capital budget to the operating budget should not be permitted; Virements should not result in adding 'new' projects to the Capital Budget department.
- (h) 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 of the amount appropriated under that main expenditure category.
- (i) Virements of conditional grant funds to purposes outside of that specified in the relevant conditional grant framework must not be permitted; and
- (j) Savings in an amount appropriated for capital expenditure may not be used to defray operational expenditure.
- (k) The entire Virement policy will be drafted in line with mSCOA when version 6.1 has been locked down by National Treasury.
- (l) 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 25 per cent of the budget may be moved to or from a vote, programme, project etc.)
- (j) No virements will be processed in the within the first three month of the Financial Year.

11. 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 Mayor, are aligned with the IDP, and comply with all budget-related policies, and shall make recommendations to the Mayor on the revision of the IDP and the budget-related policies where;
- (b) Council may revise its annual budget by means of an adjustments budget at most three times a year or as regulated.
- (c) The Accounting Officer must promptly adjust its budgeted revenues and expenses if a material under-collection of revenues arises or is apparent.
- (d) The Accounting Officer shall appropriate additional revenues, which have become available but only to revise or accelerate spending programmes already budgeted for, or any areas of critical importance identified by Council in compliance with Item 2 of Section 10.

- (e) The Council shall in such adjustments budget, and within the prescribed framework, confirm unforeseen and unavoidable expenses on the recommendation of the 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 Mayor shall table an adjustments budget. Adjustments budget shall be done at most three times a year after the end of each quarter and be submitted to Council taking the following into consideration:
- To adjust funding rolled over from the previous financial year as well as to include additional funding that has become available from external sources,
 - To take into account recommendations from the mid-year budget and performance report tabled to Council in January that affect the annual budget.
 - Final budget adjustment to adjust current year's budget in cases where there is a indication that there will be rolling over of funding to the next financial year.
- (h) An adjustments budget must contain all of the following: an explanation of how the adjustments affect the approved annual budget; appropriate motivations for material adjustments; and an explanation of the impact of any increased spending on the current and future annual budgets.
- (i) 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.
- (j) Municipal taxes and tariffs may not be increased during a financial year except if required in terms of a financial recovery plan.
- (k) Unauthorised expenses may be authorised in an adjustments budget.
- (l) In regard to unforeseen and unavoidable expenditure, the following apply: the Mayor may authorise such expenses in an emergency or other exceptional circumstances; the municipality may not exceed 3 % of the approved annual budget in respect of such unforeseen and unavoidable expenses; these expenses must be reported by the Mayor to the next Council meeting; the expenses must be appropriated in an adjustments budget; and Council must pass the adjustments budget within sixty days after the expenses were incurred.

12. BUDGET IMPLEMENTATION

12.1 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 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.

12.2 Reporting

12.2.1 Monthly budget statements

- (a) The accounting officer with the assistance of the Chief Financial Officer must, no later than ten working days after the end of each calendar month, submit to the 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.

This report must reflect the following:

- actual revenues per source, compared with budgeted revenues;
- actual expenses per vote, compared with budgeted expenses;
- actual capital expenditure per vote, compared with budgeted expenses;
- actual borrowings, compared with the borrowings envisaged to fund the capital budget;
- the amount of allocations received, compared with the budgeted amount;
- actual expenses against allocations, but excluding expenses in respect of the equitable share;
- explanations of any material variances between the actual revenues and expenses as indicated above and the projected revenues by source and expenses by vote as set out in the service delivery and budget implementation plan;
- the remedial or corrective steps to be taken to ensure that the relevant projections remain within the approved or revised budget; and
- Projections of the revenues and expenses for the remainder of the financial year, together with an indication of how and where the original projections have been revised.

- (b) The report to the National Treasury must be both in electronic format and a signed written document.

12.2.2 Quarterly Reports

- (a) The Mayor must submit to the Council within thirty days of the end of each quarter a report on the implementation of the budget and the financial state of affairs of the municipality.

12.2.3 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 Mayor by 31 January each year and to the Council, Provincial Treasury and National Treasury by 25 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.

13. CONCLUSION

The BTO Manager 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 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.

14. **POLICY IMPLEMENTATION**

This policy takes effect on the date on which it is adopted by the Council.

Policy adoption date	28 March 2024
Policy implementation date	01 July 2024
Next Review date	April 2025
Signed By..... Municipal Manager	Date.....

UMNGENI MUNICIPALITY DRAFT INVESTMENT AND CASH MANAGEMENT POLICY



DATE OF ADOPTION: 28 MARCH 2024

DATE OF IMPLEMENTATION: 1 JULY 2024

Introduction

As trustees of public funds, councilors and officials have an obligation to ensure that cash resources are managed as effectively, efficiently and economically as possible.

Council has a responsibility to invest public funds with great care and are accountable to the community in this regard.

Legislation must be adhered to at all times. Where this policy is contrary to legislation, legislation will override this policy. It is explicit responsibility of the Municipal Manager to bring such conflicts to the attention of the Council immediately he or she is aware of such conflicts and to propose changes to this Policy to eliminate such conflicts.

1. Definitions

Chief financial officer means an officer of a municipality designated by the Municipal Manager to be administratively in charge of the budgetary and treasury functions.

Councilor means a member of a municipal council.

Current liabilities are –

- Creditors;
- Bank overdrafts and
- Short-term portion of long-term liabilities

Investments are funds not immediately required for the defraying of expenses and invested at approved financial institutions.

Municipal manager means a person appointed in terms of section 82 of the Municipal Structures Act, 1998 (Act 117 of 1998) as the head of the municipality's administration;

Municipal stock means the stock certificate issued by the municipality as a proof of a long-term fixed period loan of which the capital is repayable at the end of the period. Interest is payable at predetermined intervals at a fixed rate.

Negotiable certificate means a loan certificate that is tradeable on the capital market.

Net current assets is the difference between current assets and current liabilities where current assets are-

- Debtors;
- Cash;
- Stock; and
- The short-term portion of long-term debtors.

Public funds mean all monies received by the municipality to perform the functions allocated to them.

Security means a lien, pledge, mortgage, cession or other form of collateral intended to secure the interest of a creditor.

Short-term portion of long-term debtors refers to the capital installments of long-term debtors due and in arrears in the current financial year.

Short-term portion of long-term liabilities refers to the capital repayment of long-term loans due in the current financial year.

2. Objectives

The objectives of a cash and investment policy are:

- To manage the net current asset requirements of the municipality in such a manner that it will not tie up the municipality's scarce resources required to improve the quality of life of the citizens,
- To manage the financial affairs of the municipality in such a manner that sufficient cash resources are available to finance the capital and operating budgets of the municipality; and
- To gain the highest possible return on investments without unnecessary risk, during periods when excess funds are not being used.

3. Scope of the policy

The policy deals with:

- Responsibility/accountability.
- Management of net current assets.
- Investment ethics.
- Investment principles.
- General investment practices.
- Call and fixed deposits.
- Other external deposits.
- Control over investments.

4. Responsibility/Accountability

4.1 The Municipal Manager is the Accounting Officer of the municipality. He/she may delegate certain duties/tasks to the Chief Financial Officer, who would be accountable to him/her. The Municipal Manager is therefore accountable for all transactions entered into by his designates.

4.2 The Chief Financial Officer is responsible, in terms of his/her delegate authority, for establishing systems, procedures, processes and training and awareness programmes to ensure efficient and effective management of net current assets banking and cash management. Sound management includes the following:

- Collecting revenue when it is due and banking it promptly;
- Making payments, including transfers to other levels of government and non-government entities, no earlier than necessary, with due regard for efficient, effective and economical programme delivery and the creditor's normal terms for account payments;
- Avoiding pre-payment for goods or services (i.e. payments in advance of the receipt of goods or services), unless required by the contractual arrangements with the supplier;
- Accepting discounts to effect early payment only when the payment has been included in the monthly cash flow estimates provided to the relevant treasury;
- Pursuing debtors with appropriate sensitivity and rigour to ensure that amounts

receivable by the municipality are collected and banked promptly;

- Accurately forecasting the institution's cash flow requirements;
- Timing the inflow and outflow of cash;
- Recognising the time value of money, i.e. economically, efficiently, and effectively managing cash;
- Taking any other action that avoids locking up money unnecessarily and inefficiently, such as managing inventories to the minimum level necessary for efficient and effective programme delivery, and selling surplus or under utilised assets; and
- Avoiding bank overdrafts.

4.3 The overall responsibility of investments lies on the Municipal Manager. However the day to day handling of investments may be delegated to the Head of Department responsible for finance.

5. Management of Net Current Assets

5.1 Debtor Collections:

5.1.1 The municipal council must set a target for debt collection based on the performance of the Municipal Manager during the last financial year. The target must be expressed as a percentage of potential income and/or the turn- over rate of debtors.

5.1.2 All funds due to the council must be collected timeously and banked on a daily basis. Large sums of money received must be deposited into the bank account on the same day that payments are received.

5.1.3 All monies owing to the council must be correctly reflected in the debtors system.

5.1.4 Extension for payment of rate and service charges must only be given in exceptional circumstances.

5.1.5 Moneys collected by some other agency on behalf of the council shall be paid over to the council or deposited in the bank account of the council in a manner prescribed by the Municipal Manager (Daily deposits are preferable).

5.1.6 The receipt of all monies collected by the council shall be acknowledged forthwith by the issue of a numbered official receipt.

5.2 Receipt of Payments

5.2.1 Receipt of money over the counter:

- Every amount of payment received by a cashier or other officer responsible for the receipt of money shall be acknowledged at once by the issue of a numbered official receipt or cash ticket; and
- Every receipt form, which is cancelled, will be reattached, in the correct place, in the receipt book. Where computer generated receipts are used, the original receipt must be filed for audit purposes.

5.2.2 Receipt of Money by Post:

- When money (including postal orders and cheques) is received with the council's mail, the Registry Clerk shall record all payment remittances as and when received in the cheque register in the presence of a witness. Post-dated cheques received in the council's mail must also be recorded in the cheque register. The cheque register shall be regarded as the register of remittances received by post;
- The cheque register together with all remittances received must be sent to a designated official in the finance section;
- The designated official on receipt of the cheque register together with the remittances will code all remittances and submit it to the cashier for receipting;
- The cashier will receipt all remittances and issue official receipts to the designated official;
- The designated official will record all receipts in the cheque register and return same to registry. The Registry Clerk must ensure that all receipts are recorded in the cheque register;
- All documents relating to remittances received in the mail must be filed for audit purposes;
- A separate register for post-dated cheques will be maintained by the Cashier and all postdated cheques must be stored safely in the registry strongroom; and
- The Cashier will ensure that all postdated cheques, which become due, are promptly receipted and recorded in the postdated cheque register.

5.3 Management of Inventory (Stock)

5.3.1 Cash management must be improved by seeing that adequate stock control is exerted over all goods kept in stock.

5.3.2 Minimum and maximum stock levels, reordering procedures, turnover rate of stock items must be reviewed quarterly to ensure that funds are not unnecessary tied up in

stock.

5.3.3 A stock register, reflecting the under mentioned detail must be kept and updated daily;

- Item description;
- Stores code number;
- Transaction date;
- Goods received –
 - Goods delivery note number;
 - Number of items received; and
 - Value of items received.
- Goods issued
 - Requisition number; and
 - Number of items issued.
- Balance of items in stock.

5.3.4 Stock counts must be affected monthly and an annual report reflecting stock shortage and surpluses must be submitted to council on the 30 June of each financial year. All surpluses and shortages must be explained by the accountable head of departments.

5.4 Management of cash

5.4.1 The cash holding of the municipality must be kept at the minimum level required to finance the day to day operations of the municipality. For this purpose a daily, weekly, monthly and annual cashflow forecasts are required.

5.4.2 Sufficient provision must be made to the payment of:

- Salaries;
- Bulk purchases of water and electricity;
- General expenditure;
- Capital cost (Interest and redemption);
- Maintenance; and
- Payment to creditors involved in capital projects.

5.5 Payment of Creditors

5.5.1 Due to the high bank charges with regard to cheque payments, it is essential to limit the payment of creditors to one payment per creditor per month. Should the facility be available, payments should be done by electronic transfer - subject to strict control

measures.

5.5.2 Proper consideration must be given to the conditions of credit terms of payment offered:

- If discounts are offered for early settlement they must be properly considered and utilised.

5.5.3 Credit statements must be reconciled monthly.

5.5.4 Payments must only occur on receipt of an official order, certified goods received note and official company invoice.

5.6 Management of bank overdraft

5.6.1 A bank overdraft may only be obtained in anticipation of a positive income stream or to finance capital projects in anticipation of an approved capital grant or long-term levy.

5.6.2 The bank overdraft must be repaid at the end of the financial year.

5.6.3 The council can only approve a bank overdraft on the submission of a cash flow statement indicating the anticipated income stream or a certificate stating the approved grant or long-term loan.

6. Investment Instruments

6.1 The Minister of Provincial and Local Government may with the concurrence of the Minister of Finance by notice in the Gazette determine instruments or investments other than those referred to below in which Municipality may invest:

- Deposits with banks registered in terms of the Banks Act, 1990 (Act No. 94 of 1990);
- Securities issued by the National Government;
- A municipality's own stock or similar type of debt;
- Internal funds of a municipality which have been established in terms of a law to pool money available to the municipality and to employ such money for the granting of loans or advances to departments within a municipality, to finance capital expenditure;
- Bankers, acceptance certificates or negotiable certificates of deposits of banks;
- Long term securities offered by insurance companies in order to meet the redemption fund requirements of municipalities; and

- Any other instruments or investments in which a municipality was under a law permitted to invest before the commencement of the Local Government Transition Act, 1996: Provided that such instruments shall not extend beyond the date of maturity or redemption thereof.

6.2 Cash Flow Estimates

- 6.2.1 Before money can be invested, the Chief Financial Officer or his/her delegate must determine whether there will be surplus funds available during the term of the investment. He/she must fix the term of the investment.
- 6.2.2 In order to be able to make investments for any fixed term, it is essential that cash flow estimates be drawn up.
- 6.2.3 Provision must be made in the cash flow estimates for the operating and capital requirements of the municipalities.
- 6.2.4 The operating requirements must include provisions for:
- Monthly salary payments;
 - Bulk purchases of electricity and water;
 - Interest on long term loans;
 - Maintenance of assets;
 - General expenditure (payments to current creditors); and
 - Expected daily and monthly incomes.
- 6.2.5 From time to time the council will have surplus funds available which are not needed immediately and which could be invested. Depending on circumstances some funds could be invested for a long term whilst others would only be short-term investments. Surplus funds in the current account may also be invested for short periods (days).
- Long term investments should be made with an institution of minimum BBB rating (where BBB refers to lower risk institutions);
 - Short term investments should be made with an institution of minimum B rating (where B refers to higher risk institutions);
 - Not more than 20% of available funds should be placed with a single institution; and
 - The amount should not exceed 10% of the relevant institution's shareholder's funds (Capital and Reserves).

The most recent rating of the banking institutions be consulted prior to investments

being made.

7. Investment Ethics

The following ethics must apply when dealing with financial institutions and other interested parties.

7.1 The Municipal Manager or his/her delegate will be responsible for the investment of funds, and he/she has to steer clear of outside interference, regardless of whether such interference comes from individual councilors, agents or any other institution.

7.2 Council may at its discretion employ the use of specialist advisors to provide advice on investments from time to time. Specialist advisors are not entitled to commission. Furthermore, specialist advisors may not directly invest funds on behalf of Council. All investments must be made by the Municipal Manager or the official to whom responsibility to made investments has been delegated.

7.3 Under no circumstances may he/she be forced or bribed into making an investment. No member of staff may accept any gift unless that gift can be deemed so small that it would not have an influence on his/her work or was not intended to do so and can merely be seen as goodwill. A certificate in respect of the gift should be furnished to the council. The gift should not be in lieu of a commission.

The Chief Financial Officer or his/her delegate must act according to their discretion and must report any serious cases of payment in kind or gifts, to the council. Excessive gifts and hospitality should however be avoided.

7.4 Interest rates offered should never be divulged to another institution.

8. Investment Principles

8.1 Exposure to a single institution:

Money, especially large sums of money, must be invested with more than one institution, in order to limit risk exposure of the council. Not more than 20% of the available funds should be placed with a single institution.

8.2 Risk and Return

It can be accepted as a general rule that the larger the return, the greater the risk.

8.3 Borrowing money for reinvestment

The council may not borrow money for reinvestment, as this would mean interest rates would have to be estimated in advance, which can be seen as speculation with public funds.

8.4 Registered Financial Institutions

If the Chief Financial Officer or his/her delegate invests with financial institutions, he/she must ensure that such institutions are registered in terms of the Banks Act 94 of 1990 and that they are approved financial institutions - as approved by the Reserve Bank, from time to time.

8.5 Growth-related Investments

When making investments, the Chief Financial Officer or his/her delegate must guarantee that at least the capital amount invested is safe, and must exercise due diligence in this regard.

9. General Investment Practice

9.1 General

After determining whether there is cash available for investment and fixing the maximum term of investment, the Chief Financial Officer or his/her delegate must consider the way in which the investment is to be made. As rates can vary according to money market perceptions with regard to the terms of investment, quotations must be requested telephonically, within term limitations, and these must be set out on a schedule.

9.2 Commission Certificate

The Auditor-General requires the financial institution, where the investment is made, to issue a certificate for each investment made. This certificate must state that no commission has, nor will, be paid to any agent or third party, or to any person nominated by the agent or third party.

9.3 Reports

9.3.1 The council must be given a monthly report on all investments.

9.3.2 A municipality must within 30 days after an investment with currency of 2 months or longer has been made, publish in a local newspaper in circulation within its area of jurisdiction, full details of any investments so made.

9.4 Cash in the Bank

Where money is kept in current accounts, it would be possible to bargain for more beneficial rates with regards to deposits, for instance call deposits. Fixed term deposits can increase these rates. The most important factor is that the cash in the current account must be kept to an absolute minimum.

9.5 Creditworthiness

When investments are placed with smaller registered institutions, the Chief Financial Officer or his/her delegate has to see to it that the municipality is not exposed to too much risk. He/she has to ensure that the creditworthiness and performance of the institution are to his/her satisfaction, before investing money in the institution. The Chief Financial Officer or his/her delegate is entitled to information from which the creditworthiness of financial institutions can be determined. This must be obtained and analysed annually.

10. Call and Fixed Deposits

10.1 Quotations should be obtained from a minimum of three financial institutions, bearing in mind the limits of the term of which it is intended to invest the funds. Should one of the institutions offer a better rate for a term, other than what the Municipality had in mind, the other institutions which were approached, should also be asked to fix a rate for that long a term.

10.2 It is acceptable to ask for quotations telephonically, as rates generally change on a regular basis and time is a determining factor when investments are made. The person responsible for requesting quotations from institutions must record the following:

10.2.1 Name of institution;

10.2.2 Name of person quoting rates;

10.2.3 Period of the investment;

10.2.4 Relevant terms; and

10.2.5 Other facts i.e. are interest payable monthly or on maturation date.

Once a quote has been accepted written confirmation of the details must be obtained from the financial institution.

10.3 Once the required number of quotes has been obtained, a decision must be taken regarding the best terms offered and the institution with which funds are going to be invested. The best offer must under normal circumstances be accepted, with thorough consideration of investment principles. No attempt must be made to make institutions compete with each other as far as their rates and terms are concerned.

If institutions have been asked for a quotation with regard to a specific package, the institution must be requested to give the best rate in their quotation. They must also be informed that, once the quotation has been given, no further bargaining or discussions will be entered into in that regard.

10.4 The above procedure must be followed for all investments.

10.5 The Chief Financial Officer or his/her delegate must make sure that the investment document received is a genuine document, issued by an approved institution, and the investment capital must only be paid over to the institution with which it is to be invested and not to an agent.

11. Other External Deposits

Other investment possibilities, which are subject to the applicable legislation and are available to the council, include debentures and other securities of the state as well as other municipalities or statutory bodies in the Republic, instituted under and in terms of any law. With regard to such investments, the principles and practices set out above must apply.

12. Control over Investments

12.1 An investment register should be kept of all investments made. The following facts

must be indicated:

- 12.1.1 Name of institution,
- 12.1.2 Capital invested,
- 12.1.3 Date invested,
- 12.1.4 Interest rate,
- 12.1.5 Maturation date,
- 12.1.6 Interest received,
- 12.1.7 Capital repaid; and
- 12.1.8 Balance invested.

The investment register and accounting records must be reconciled on a monthly basis.

- 12.2 The investment register must be examined on a fortnightly basis to identify investments falling due within the next two weeks. It must then be established as what to do with the funds, bearing in mind the cash flow requirements.
- 12.3 Interest, correctly calculated, must be received timeously, together with any distributable capital. The Chief Financial Officer or his/her delegate must check that the interest is calculated correctly.
- 12.4 Investment documents and certificates must be safeguarded in a fire resistant safe, with dual custody. The following documents must be safeguarded:
 - 12.4.1 Fixed deposit letter or investment certificate,
 - 12.4.2 Receipt for capital invested,
 - 12.4.3 Copy of electronic transfer or cheque requisition,
 - 12.4.4 Excel schedule of comparative investment figures,
 - 12.4.5 Commission certificate indicating no commission was paid on the investment; and
 - 12.4.6 Interest rate quoted.
- 12.5 The Chief Financial Officer or his/her delegate is responsible for ensuring that the invested funds are secure and, should there be a measure of risk, that such risk be rated realistically.

uMNGENI MUNICIPALITY

DRAFT DEBT COLLECTION AND CREDIT CONTROL POLICY



DATE OF ADOPTION: 28 MARCH 2024

DATE OF IMPLEMENTATION: 1 JULY 2024

Objectives

The objectives of the policy are to:

- Provide a framework within which the municipality can exercise its executive and legislative authority with regards to credit control and debt collection;
- Ensure that all monies due and payable to the municipality are collected
- Set realistic targets for debt collection processes;
- Outline credit control and debt collection policy procedures and mechanisms; and
- Provide a framework to link the municipal budget to:
 - Indigent support; and
 - Tariff policies.

Principles

- The administrative integrity of the municipality must be maintained at all costs. The democratically elected (councilors) are responsible for policy-making, while it is the responsibility of the municipal manager to execute these policies.
- All customers must complete an official application form formally requesting the municipality to provide services.
- A copy of the application form, conditions of service provision and extracts of the relevant council's credit control and debt collection policy and by-laws must be handed to every customer during application.
- Billing is to be accurate, timeous and understandable.
- The customer is entitled to reasonable access to pay-points and to a variety of reliable payment methods.
- The customer is entitled to an efficient, effective and reasonable response to queries / appeals, and should suffer no disadvantage during the processing of a reasonable query / appeal.
- Enforcement of payment must be prompt, consistent and effective.

- Fraud/criminality will lead to loss of rights and heavy penalties and/or public prosecution.
- Incentives may be used in collection procedures.
- The collection process must be cost-effective.
- Collection “Best Practices” must be pursued.
- Results must be regularly and efficiently reported.
- Application forms will be used to categorise customers and to determine whether the customer qualifies for indigent support, pre-payment or credit meters.
- Customer care principles should be maintained and performed during the implementation of the Debt collection and Credit control policy.
- There must be legal cause between the municipality and its customer and customer debt must arise out of a legal framework and must be legally collectable.
- Indigent households will be identified and supported. Welfare is to be separated from tariff and credit control issues and will be supported by appropriate and affordable policies and practices. Indigent support will be introduced within council’s financial ability.
- Targets for performance in both customer service and debt collection will be set up and pursued and remedies implemented for non-performance.

Duties and Functions of Council

- To approve a budget consistent with the needs of communities, ratepayers and residents.
- To impose rates and taxes and to determine service charges, fees and penalties to finance the budget.
- To provide sufficient funds to give access to basic services for the poor.¹

¹ Preferably, the total equitable share should be set aside for this purpose. If this amount is not enough, an additional sustainable provision must be made, according to the municipality's financial ability.

² The bad debt provision should at least reflect the increase in debtors during the previous financial year. The amount provided for can only be reduced by the amount provided for working capital.

- To provide for a bad debt provision, in line with the payment record of the community, ratepayers and residents, as reflected in the financial statements of the municipality.²
- To set an improvement target for debt collection, in line with acceptable accounting ratios and the ability of the Municipal Manager.³
- To approve a reporting framework for credit control and debt collection.⁴
- To consider and approve by-laws to give effect to the Council's policy.
- To monitor the performance of the Executive Committee and Municipal Manager regarding debt collection and credit control.
- To revise the budget should Council's targets for debt collection and credit control not be met.
- To take disciplinary action against councilors, officials and agents who do not execute council policies and by-laws.⁵
- To delegate the required authorities to monitor and execute the debt collection and credit control policy to the Executive Committee and Municipal Manager respectively.
- To provide sufficient capacity in the Finance Department for debt collection and credit control.
- To ensure collective efforts to perform debt collection and credit control implemented by all councilors and administration.

3.1 Duties and functions of Executive Committee

- To ensure that Council's budget, cash flow and targets for the debt collection are met and executed in terms of the policy and relevant by-laws¹.

³ A realistic target would be to improve on the previous year's result by 5% - 10%. The target should be reviewed every year until the turnover rate of debtors is between 45-56 days.

⁴ See Section 3.4.

⁵ Including credit control and debt collection

Section 99 of the Local Government: Municipal Systems Act, 2000 provides that the executive committee must –

(a) Oversee and monitor -

¹ (i) The implementation and enforcement of the municipality's credit control and debt collection policy and any by-laws enacted in terms of section 98; and

- To monitor the performance of the Municipal Manager in implementing the policy and by-laws².
- To review and evaluate the policy and by-laws in order to improve the efficiency of Council's debt collection and credit control procedures, mechanisms and processes³.
- To report to Council⁴ on implementation of debt collection and credit control policy.

3.2 *Duties and functions of the Municipal Manager*

- To implement good customer care management.
- To implement council's debt collection and credit control policy.
- To install and maintain an appropriate accounting system.
- To bill customers accurately.
- To demand payment on due dates.
- To raise penalties for defaults.
- To appropriate payments received.
- To collect outstanding debt.
- To implement "Best Practices".
- To provide different payment methods.
- To determine debt collection and credit control measures.
- To determine work procedures for public relations, arrangements, disconnections of services, summonses, attachments of assets, sales in execution, write-off of debts, sundry debtors and legal processes.
- To appoint firm/s of attorneys or debt collectors to complete the legal process (i.e. attachment and sale in execution of assets, emolument attachment orders etc.).
- To set performance targets for staff.

² (ii) The performance of the municipal manager in implementing the policy and any by-laws.

³ (b) When necessary, evaluate or review the policy and any by-law, or the implementation of the policy or such by-laws, in order to improve efficiency of its credit control and debt collection mechanisms, processes and procedures; and

⁴ (c) At such intervals as may be determined by the Council report to a meeting of the Council, except when the Council itself performs the duties mentioned in paragraph (a) and (b).

- To appoint staff to execute council's policy and by-laws in accordance with council's staff policy.
- To delegate certain functions to Heads of Departments.
- To determine standard operating procedures (SOP) for debt collection and credit control.
- To report to the Executive Committee.

3.3 *Duties and functions of Communities, ratepayers and residents*

- To fulfil certain responsibilities, as brought about by the privilege and or right to use and enjoy public facilities and municipal services.
- To pay service fees, rates on property and other taxes, levies and duties imposed by the municipality.
- To observe the mechanisms and processes of the municipality in exercising their rights.
- To allow municipal officials reasonable access to their property to execute municipal functions.
- To comply with the by-laws and other legislation of the municipality.
- To refrain from tampering with municipal services and property.

3.4 *Duties and functions of Ward Councillors and Political parties*

- To hold regular ward meetings where debt collection and credit control will be standing item.
- To adhere to and convey council policies to residents and ratepayers.
- To adhere to council's code of conduct for councilors.

POLICY PRINCIPLES

Customer Care and Management Policy⁵

¹ Section 95(a) of the Local Government: Municipal Systems Act, 2000 provides that a municipality must, within its financial and administrative capacity, establish a sound customer management system that aims to create a positive and reciprocal relationship between persons liable for payments and the municipality.

4.1 Communication and feedback

4.1.1 The municipality will, within its financial and administrative capacity, conduct an annual process of compiling its budget which will include:

- a) A first budget meeting, during the budget process, wherein Council will consider budget priorities, principles and a budget framework.
- b) Public meetings will then be called, to invite at least the following: political parties; ratepayers and civic organisations; chambers of business and organised labour; the general public and other interested parties, at which the budget priorities, principles and framework will be outlined and debated.
- c) Needs identification workshops will be conducted in all wards as part of the IDP Review process, the objects of which will be:
 - i) To identify all the needs of the wards that are legitimately in the area of responsibility of the council.
 - ii) To involve the community in prioritising these needs.
 - iii) To involve the community in Council's planning, and to provide the community with much basic information as to what Council does and what other levels of government do.
 - iv) To inform the community of the levels of payment and non-payment in that ward, and to devise strategies in that regard.
- d) A technical workshop, which will marry the results of the first budget meeting, the public meetings, and the need identification workshops with Council's Integrated Development Plan.
- e) Thereafter Council's draft Capital and Operating budgets, informed by the above processes, will be tabled by the Mayor in no later than 31 March of every year.
- f) Thereafter a final budget will be considered by Council for approval before or on 31 May of every year.

4.1.3 Council's Customer Care and Management, and Debt Collection Policy, will be made available to general publication and on specific request, and will also be available at Council's cash collection points.

4.1.4 Council will endeavor to distribute a regular newsletter, which will give prominence to customer care and debt issues.

4.1.5 Ward councilors will be required to hold regular ward meetings, at which customer care and debt issues will be given prominence. The press will be encouraged to give prominence to Council's Customer Care and Debt issues, and will be invited to Council meetings where these are discussed.

4.1.6 Council aims to establish:

- a) A central complaints/feedback office;
- b) A centralized complaints database to enhance co-ordination of complaints, their speedy resolution and effective communication with customers;
- c) Appropriate training for officials dealing with the public to enhance communications and service delivery; and
- d) A communication mechanism to give council feedback on service, debt and other issues of concern.

4.2 Service application and a4.2.1 All customers of services will be required to sign an agreement governing the supply of and cost of municipal services. Owners may not allow a tenant to sign an agreement with the municipality. All applications for services to be done by the owner and held in the name of the owner.

4.2.1 Prior to signing this agreement, owners will be entitled to receive the policy document of the Council on request.

4.2.2 On the signing of the agreement, owners will receive a copy thereof.

4.2.3 Within a specified period (in the agreement) of change of ownership, meters will be read and an account emailed or sent via mms.

4.2.5 In the agreement, customers will acknowledge liability for costs of collection, and interest and penalties, in the event of delayed payment.

4.3 Customer screening and securities

4.3.1 All applicants for municipal services will be checked for credit-worthiness including checking information from banks, credit bureau, local authorities, trade creditors, and employers.

4.3.2 Security deposits either in cash or any other security acceptable to the municipality will be accepted and may vary according to the risk. A minimum deposit of the equivalent of three months average consumption will be taken.

- 4.3.3 Deposits can be increased by the municipality at any time at the sole discretion of the municipality to a maximum of three and a half months consumption, subject to 30 days' notice being given.
- 4.3.4 Deposits can vary according to the credit-worthiness or legal category of the applicant subject to paragraph 4.3.
- 4.3.5 The municipality will not pay any interest on deposits.
- 4.3.6 On the termination of the agreement the amount of the deposit less any outstanding amount due to the municipality will be refunded to the consumer.

4.4 *Accounts and billing*⁶

- 4.4.1 Customers will receive an understandable and accurate bill from the municipality, which bill will consolidate all service costs for that property.
- 4.4.2 Electricity Accounts will be produced in accordance with the meter reading cycle and due dates are linked to the statement date.
- 4.4.3 Accounts will be rendered monthly in cycles of approximately 30 days at the address last recorded with the municipality or its authorised agent.
- 4.4.4 It is the client's responsibility to ensure timeous payment in the event of accounts not received.
- 4.4.5 Settlement or due date is the last working day of each month in respect of services and rates accounts.
- 4.4.6 Where an account is not settled in full, any lesser amount tendered and accepted shall not be deemed to be in final settlement of such an account.
- 4.4.7 Where any payment made to the municipality or its authorised agent by negotiable instrument is later dishonored by the bank, the municipality or its authorised agent:
 - (a) May recover the total bank charges incurred relating to dishonored negotiable instruments against the account of the customer.
 - (b) Shall regard such an event as default on payment.
- 4.4.8 The municipality or its authorised agent must, if administratively possible, issue a duplicate account to a customer on request.

⁶ Section 95 (d) of the Local Government: Municipal Systems Act, 2000 provides that a municipality must, within its financial and administrative capacity take reasonable steps to ensure that the consumption of services has to be measured through accurate and verifiable metering systems.

4.5 Metering⁷

- 4.5.1 The municipality will endeavor, within practical and financial limits, to provide meters to every paying client for all metered services.
- 4.5.2 Customers are allowed and encourage to take photos of their meter readings and send to the municipality on monthly basis.
- 4.5.3 All meters will be read monthly, if at all possible. If the meter is not read monthly the council will average the consumption for the preceding three months.
- 4.5.4 Customers are entitled to request verification of meter readings and accuracy within reason, but may be held liable for the cost thereof.
- 4.5.4 Customers will be informed of meter replacement.
- 4.5.5 If a service is metered but it cannot be read due to financial and human resource constraints or circumstances out of the control of the municipality or its authorised agent, and the customer is charged for an average consumption the account following the reading of the metered consumption must articulate the difference between the actual consumption and the average consumption, and the resulting credit or debit adjustments.

4.6 Right of access to premises

- 4.6.1 The owner and or occupier of premises must give an authorised representative of the municipality access at all reasonable hours to the premises 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 service⁸.
- 4.6.2 The owner accepts the cost of relocating a meter if satisfactory access is not possible.
- 4.6.3 If a person contravenes 4.6.1 the municipality or its authorised agent may:
 - (a) By written notice require such person to restore access at his/her own expense within a specified period.
 - (b) If it is the opinion that the situation is a matter of urgency, without prior notice restore access and recover the cost from such person.

⁷ Section 95 (e) provides that a municipality must ensure that persons liable for payments receive regular and accurate accounts that indicate the basis for calculating the amount due.

⁸ Section 101 provides that the occupier of premises in a municipality must give an authorised representative of the municipality access at all reasonable hours to the premises in order to read, inspect, install or repair any meter or service connection for reticulation, or to disconnect stop or restrict the provision of any service.

4.7 *Payment facilities / methods, stop orders and debit orders*

- 4.7.1 The municipality will operate and maintain suitable banking and cash facilities which will be accessible to all users.
- 4.7.2 The municipality will, at its discretion allocate a payment between service debts – a debtor who has overdue debt may not specify that the payment is for a specific portion of the account.
- 4.7.3 The municipality may, with the consent of a customer, approach an employer to secure a debit or stop order arrangement.
- 4.7.4 The customer will acknowledge, in the customer agreements that the use of customer agents in the transmission of payments to the municipality is at the risk of the customer – also for the transfer time of the payment.

4.8 *Enquiries, appeals and service complaints*

- 4.8.1 If a customer is convinced that his or her account is inaccurate, he or she can query an account the municipality shall be provide an opportunity to discuss and explain the query with the customer.
- 4.8.2 If the customer is still not satisfied after the query has been explained then the recalculation shall be performed on request⁹.
- 4.8.3 In the interim the debtor must pay the average of the last three months account where history of the account is available. Where no such history is available the debtor is to pay an estimate provided by the municipality before payment due date until the matter is resolved.
- 4.8.4 The relevant department will investigate and inform the debtor within one month.
- 4.8.5 Failure to make such agreed interim payment or payments will make the customer liable for disconnection.
- 4.8.6 A customer may query the finding of the municipality or its authorised agent in terms of 4.8.3. If the customer is still not satisfied may lodge an appeal to the municipality
- 4.8.7 An appeal and request in terms of 4.8.5 must be made and lodged with the municipality within 21 (twenty-one) days after the customer became aware of the finding referred to in 4.8.3 and must:

⁹ Section 95 (f) of the Local Government: Municipal Systems Act, 2000 provides that a municipality must provide accessible mechanisms for those persons to query or verify accounts and metered consumption, and appeal procedures which allow such persons to receive prompt redress for inaccurate accounts.

- (a) Set out the reasons for the appeal.
- (b) Be accompanied by any security determined for the testing of a measuring device if applicable.

4.9 Business who tender to the Municipality

4.9.1 The Procurement Policy and Tender Conditions include the following:

- i) When inviting tenders for the provision of services or delivery of goods, potential contractors may submit tenders subject to a condition that consideration and evaluation thereof will necessitate that the tenderer obtain from the municipality a certificate stating that all relevant municipal accounts owing by the tenderer 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.
- ii) A municipal account to mean any municipal service charge, tax or other fees, fines and penalties, due in terms of a contract or approved tariff or rate, which is outstanding after the due date normally appearing on the consolidated account or overdue in terms of the contract or any other due date that has passed.
- iii) Tender conditions contain a condition allowing the municipality to deduct moneys owing to the municipality from contract payments in terms of a reasonable arrangement with the debtor.

4.10 Incentives for prompt payment

4.10.1 The municipality may provide incentives to encourage early payments and reward good payers from time to time.

4.10.2 Such incentive schemes, if introduced, will be reflected in annual budgets as additional expenditure.

4.11 Customer assistance programmes

4.11.1 The customer has the responsibility to control and monitor his / her electricity consumption.

4.11.2 **Rates rebates**

4.11.2.1 Properties used exclusively for residential purposes may qualify for a rebated rate determined annually by Council through its Rates Policy.

4.11.2.2 A rate rebate may be granted to social pensioners or the receiver of a State disability grant as determined by Council from time to time. To qualify for the concession the following criteria will apply: Application must be made each year and reach the Chief Financial Officer *on or before 31 July*. If the application is received after 31 July of the year the rebate will only be applicable from the month following the application. The applicant must be the registered owner of the property and should not sub-let any portion of the dwelling or take in boarders and used solely for residential purposes. The applicant should not own any other property. The property must be readily accessible to municipal staff for the purpose of carrying out of inspections.

4.11.3 **Arrangements for settlements**

4.11.3.1 If a customer cannot pay his/her account with the municipality then the municipality may enter into an extended term of payment with the customer. He/she must:

- i. Sign an acknowledgement of debt;
- ii. Sign a consent to judgement;
- iii. Provide a garnishee order/emolument order/stop order (if he or she is in employment);
- iv. Acknowledge that interest will be charged at the prescribed rate;
- v. Pay the current portion of the account in cash or other payment methods that should be cleared instantly; and
- vi. Sign an acknowledgement that, if the arrangements that are being negotiated later defaulted on, that no further arrangements will be possible and that the restriction of services as prescribed, that is provided by the uMngeni Municipality or by another municipality or organ of state through a service delivery agreement, will immediately follow, as will legal proceedings.

4.11.3.2 Customers with electricity arrears must agree to the conversion to a prepayment meter, if and when implemented the cost of which, and the arrears total, will be paid off either by

- i. adding it to the arrears bill and repaying it over the agreed period; or

- ii. adding it as a surcharge to the prepaid electricity cost and repaying it with each purchase of electricity until the debt is liquidated.
- 4.11.3.3 Council reserves the right to raise the deposit/security requirement in accordance with paragraph 4.3 of debtors who seek arrangements.
- 4.11.4 **Rates by instalments**
- 4.11.4.1 Customers will pay the property rates account monthly, over 12 months with the first payment due on or before 30 August of every year and the final instalment due on 31 July of every year.
- 4.11.5 **Indigent support**
- 4.11.5.1 Qualifying households: A household, which has a total income of all occupants over 18 years of age, two times of state pension income, qualifies as an indigent household in terms of this subsidy.
- 4.11.5.2 Funding of subsidy. The source of funding of the Indigent subsidy is that portion of the equitable share contribution to the municipality made from the national government's fiscus and as provided for in the budget. In exceptional circumstances this can be supplemented from other revenues.
- 4.11.5.3 Subsidy is to be refuse removal, electricity and assessment rates. A policy guideline is to attempt to get the subsidy to cover free refuse removal, free basic electricity and assessment rates with respect to Indigent Support.
- 4.11.5.5 Electricity will be subsidised, and households for indigent support must convert to prepayment electricity meters. Free electricity of 200kwh per month will be supplied to qualifying consumers.

Debt Collection Policy

5.1 *Enforcement Mechanisms*

5.1.1 Interruption of service¹⁰

- 5.1.1.1 Customers who are in arrears with their municipal account and who have not made arrangements with the council will have their supply of electricity and other municipal services, suspended or disconnected.

¹⁰ Section 97 (g) of the Local Government: Municipality Systems Act, 2000 provides that a credit control and debt collection policy must provide for termination of services or the restriction of the provision of services when payments are in arrears.

- 5.1.1.2 The disconnection of electricity services may happen when the municipal account is 7(seven) days overdue.
- 5.1.1.3 Council reserves the right to deny or restrict the sale of electricity to customers who are in arrears with their rates or other municipal charges.
- 5.1.1.4 Upon the liquidation of arrears, or the conclusion of arrangements for term payment, the service will be reconnected as soon as conveniently possible.
- 5.1.1.5 The cost of the restriction or disconnection, and the reconnection, will be determined by tariffs agreed by Council, and will be payable by the customer.

5.1.2 **Interest and penalties**

- 5.1.2.1 Interest will be raised as a charge on all accounts not paid by the due date in accordance with applicable legislation.¹¹

5.1.3 **Personal contact**

- 5.1.3.1 Telephonic contact

- 5.1.3.2 Agents calling on clients

- 5.1.3.2.1 Council will endeavor, within the constraints of affordability, to make personal or telephonic contact with all arrear debtors to encourage their payment, and to inform them of their arrears, and their rights (if any) to conclude arrangements or to indigent subsidies, and other related matters, and will provide information on how and where to access such arrangements or subsidies.

- 5.1.3.2.2 The municipality shall maintain a schedule of debtors with large amounts outstanding (the cut-off amount will be agreed by Council) and will maintain intensive contact with these debtors as in 4.11.3.1.

- 5.1.3.2.3 Such contact is not a right for debtors that debtors enjoy – disconnection of services and other collection proceedings will continue in the absence of such contact for whatever reason.

5.1.4 **Legal Process, use of Attorneys, Debt Collectors and use of credit bureaus**

- 5.1.4.1 Council may, when a debtor is in arrears, commence with a legal process against that debtor, which could involve final demands, summonses, court trials, judgements, garnishee orders and/or sales in execution of property.

¹¹ Section 97 (e) of the Local Government: Municipal Systems Act, 2000 provides that a credit control and debt collection policy must provide for interest on arrears, where appropriate.

- 5.1.4.2 Council 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 are attorneys or any other collection agents appointed by council.
- 5.1.4.3 Council will establish procedures and codes of conduct with these outside parties.
- 5.1.4.4 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.
- 5.1.4.5 All steps in the debt collection procedure will be recorded for Council's records and for the information of the debtor.
- 5.1.4.6 All costs of this process are for the account of the debtor.
- 5.1.4.7 Individual debtor accounts are protected and are not the subject of public information. However, Council may release debtor information to credit bureaus. This release will be in writing and this situation will be included in Council's agreement with its customers.
- 5.1.4.8 Council may consider the cost effectiveness of this process, and will receive reports on relevant matters, including cost effectiveness.
- 5.1.4.9 Council may consider the use of agents, and innovative debt collection methods and products. Cost effectiveness, the willingness of agents to work under appropriate codes of conduct and the success of such agents and products will be part of the agreement Council might conclude with such agents or product vendors; and will be closely monitored by Council
- 5.1.4.10 Customers will be informed of the powers and duties of such agents and their responsibilities including their responsibility to observe agreed codes of conduct.
- 5.1.4.11 Any agreement concluded with an agent or product vendor shall include a clause whereby breaches of the code of conduct by the agent or vendor will see the contract terminated.

5.2 Theft and Fraud

- 5.2.1 Any person (natural or juristic) found to be illegally connected or reconnected to municipal services, tampering with meters, reticulation network or any other supply equipment or committing any unauthorised service associated with the supply of municipal services, as well as theft and damage to Council property, will be prosecuted and/or liable for penalties as determined from time to time ¹².

¹² Section 97 (h) of the Local Government: Municipal Systems Act, 2000 provides that a credit control and debt collection policy must provide for matters relating to unauthorised consumption of services theft and damages.

- 5.2.2 Council will immediately terminate the supply of services to a customer should such conduct as outlined above be detected.
- 5.2.3 The total bill owing, including penalties, assessment of unauthorised consumption and discontinuation and reconnection fees, and increased deposits as determined by Council if applicable, becomes due and payable before any reconnection can be sanctioned.
- 5.2.4 Council will maintain monitoring systems and teams to detect and survey customers who are undertaking such illegal actions.
- 5.2.5 Council may distinguish in its penalties between cases of vandalism and cases of theft.
- 5.2.6 Subsequent acts of tampering will lead to penalties and deposits increasing in quantum.
- 5.2.7 Council reserves the right to criminal charges and to take any other legal action against both vandals and thieves.
- 5.2.8 Any person failing to provide information or providing false information to the municipality may face immediate disconnection.

5.3 Cost of collection

- 5.3.1 All costs of legal process, including interest, penalties, service discontinuation costs and legal costs associated with debt collection are for the account of the debtor and should reflect at least the cost of the particular action.

5.4 Abandonment

- 5.4.1 The Municipal Manager must ensure that all avenues are utilized to collect the municipality's debt.
- 5.4.2 There are some circumstances that allow for the valid termination of debt collection procedures:
- i. The insolvency of the debtor, whose estate has insufficient funds.
 - ii. A balance being too small to recover, for economic reasons considering the cost of recovery.
- 5.4.3 The municipality will maintain audit trails in such an instance, and document the reasons for the abandonment of the debt.

5.5 **Rates clearance**

- 5.5.1 On the sale of any property in the municipal jurisdiction, Council will withhold the transfer until all rates and service charges are paid by withholding a rates clearance certificate¹.
- 5.5.2 The register owner of the property should they wish to transfer or sell their property they should make sure the building plans are up to date so that the transfer will not be delayed,
- 5.5.3 No rate clearance will be issued without building plans submitted to the Municipality.

Performance Evaluation

6.1 **Income Collection Targets**

Council to create targets that include:

- i. Reduction in present monthly increase in debtors in line with performance agreements determined by council.

6.2 **Customer Service Targets**

Council to create targets that would include:

- i. Response time to customer queries i.e. within five days
- ii. Date of first account delivery to new customers.
- iii. Reconnection time lapse.
- iv. Meter reading cycle.

6.3 **Administrative Performance**

Council to create targets that will include:

- i. Cost efficiency of debt collection.
- ii. Enforcement mechanism ratios.

- 6.4 Council will create a mechanism wherein these targets are assessed; Council's performance is evaluated and remedial steps taken.

¹ Section 118 of the Local Government: Municipal Systems Act, 2000 provides that a registrar of deeds or other registration officer of immovable property, may not register the transfer of property, except on production of a certificate by the municipality that all amounts due to the municipality during the two years preceding have been fully paid.

Reporting to Council

- 7.1. The Chief Financial Officer shall report monthly to the Municipal Manager in a suitable format to enable the Municipal Manager to report to Council. The Chief Financial Officer report shall report on:
- i. Cash flow information for the capital and operating accounts, and combined situation, showing Council's actual performance against its cash flow budgets.
 - ii. Cash collection statistics, showing high-level debt recovery information (numbers of customers; enquires; default arrangements; growth or reduction of arrear debtors; ideally divided into wards, business (commerce and industry) domestic, state, institutional and other such divisions.
 - iii. Performance of all areas against targets agreed to in item 6 of this debt collection policy document.
 - iv. Council's ongoing income and expenditure statements, comparing both billed income and cash receipt income, against ongoing expenditure in both the capital and operating accounts.
- 7.2. If in the opinion of the Chief Financial Officer, council will not achieve monetary value the income projected in the annual budget as approved by Council, the Chief Financial Officer will report this with motivation to the Municipal Manager who will, if he/she agrees with the Chief Financial Officer, immediately move for a revision of the budget according to realistically realisable income levels.

uMNGENI MUNICIPALITY

DRAFT HUMAN RESOURCE TRAINING AND DEVELOPMENT POLICY



DATE OF ADOPTION: 28 MARCH 2024

DATE OF IMPLEMENTATION: 1 JULY 2024

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INTRODUCTION

The Human Resource Training and Development function is one of the most important tools of skill development in any organisation that strives for an efficient and effective workforce. The responsibility for training and development needs special attention within the municipality to ensure that employees and perspective employees are competent and motivated. Competent and motivated employees are an asset to any organisation, but this does not happen naturally. Effective training and development is necessary to achieve the level of skills and knowledge required to perform required tasks.

Training is not a separate activity that can be limited to the Human Resource Training and Development section only. To be more effective, it has to be connected to all role players in an attempt to achieve a well-trained and developed community.

This Human Resource Training and Development Policy should comply with provisions contained in the following Acts not limited to:

- Skills Development Act, 1998
- Skills Development Levy Act, 1999
- Labour Relations Act, 1995

DEFINITIONS

Human Resource Training and Development (HRTD):	Process whereby people acquire the necessary knowledge and skills to perform delegated tasks.
Municipal Employee	An employee of the municipality. A person whom it is the intention of the municipality to appoint as its employee upon completion of training provided by, paid for or arranged by the municipality.
Training activities	All planned and intended which enable or assist an employee or prospective employee to improve their knowledge and skills in order to perform delegated tasks more effectively and efficiently.
Financial Assistance	Monetary support that is given to a prospective or municipal employee to undergo education, training or development in the form of bursaries, financial assistance and/or leave.

PURPOSE OF THE POLICIES

The purpose of the policy framework is to transform Human Resources Training and Development within uMngeni Municipality into a dynamic, need and out-come based proactive instrument. Through this policy, HRTD will be capable of playing a strategic role in transforming the municipality by providing effective, efficient and cost-effective service delivery that is essential to the well-being of the municipality and our customers. To ensure that the municipality is served by professional, competent, productive employees who will have, through continuous improvement in skills and attitude facilitated by the Training Division, distinguish themselves of being capable of delivering high quality services to all people in an endeavor to achieve the municipal strategic objectives. The policy seeks to develop a workplace skills plan that will serve as a guide to address Training and Development issues. It will have a link between employee needs, the municipality and environment in order for employees to reach their desired level of job satisfaction through performance and the municipal objectives. This policy will seek to allow everyone in the municipality access to learning (training) according to the Skills Development Act.

SECTION A

4. THE WORKPLACE SKILLS PLAN POLICY

The workplace skills plan should include the following information.

- Number of people employed by the municipality in terms of occupations and race.
- The strategic priorities for skills development
- The breakdown of the education and training needed to achieve the priorities identified which include proposed training interventions, estimated costs, and specified job types and whether interventions will be conducted by external training providers or mentorship.
- Training and education needed to ensure the development of business and employees.
- Information regarding employment equity.
- Criteria to determine the beneficiaries in all occupational categories for each financial year

4.1 PURPOSE OF THE WORKPLACE SKILLS PLAN

The construction of a workplace skill plan impacts on a number of vital areas, namely:

- Management and employees start to discuss skills in the workplace, in line with the strategic Plan of the municipality.
- Gaps and shortfalls in skills required are identified and discussed in a positive way.
- Management starts to share their departmental goals with their employees, who in turn start to understand and commit to the process of achieving them.
- The municipality will uncover talents and skills they did not know they had.

- The Identification of scarce skills resources e.g. Engineers, Technical and Financial staff.

4.2 IMPLEMENTATION STRATEGY

The strategy will include the following:

- Assessment of the skills required in delivering the strategic plan of the municipality.
- Assessment of the municipality's existing Training and Development capacity.
- Providing training and education for employees at all levels in the municipality.
- Developing a mentoring and coaching system to address skills shortages in the municipality.
- Developing a plan for succession in key and strategic positions.
- Develop and facilitate career pathing in the municipality.
- Assessment of level of skills to all employees and preference be given to previously disadvantaged employees.

4.3 CO-ORDINATION

- The HR Training and Development section shall structure a Training program\ business plan according to the prioritized needs.
- HR Training and Development section shall coordinate the attendance of courses offered locally or in the province of KwaZulu/Natal
- The training program must be job related and aligned with the council objectives (IDP Strategy).
- HR Training and Development section shall coordinate and monitor attendance of courses and workshop and supervisors will send the nomination to the HRTD section.
- All General Managers will identify the incumbent to be sent for training as per the agreed criteria in their department and submit names to the General Manager: Corporate Services.

4.4 HRTD FACILITATOR'S ROLE

- To facilitate the formulation, development, implementation of the municipal Human Resource Training and Development Policy in line with the Provincial and National Training Policies on Training and Development.
- Conduct Training needs analysis, skills audit and research on training approaches
- Administer a bursary scheme for serving personnel and prospective employees,
- Provide information and advice to employees and managers on training and development matters.
- Co-ordinate and plan training and development activities in the municipality
- Co-ordinate the evaluation of training across the municipality to suit both our internal incumbents in the workplace and external target groups e.g. emerging contractors.

4.5. RESPONSIBILITIES

4.5.1. INDIVIDUAL:

Training is the responsibility of an individual. All officials in the municipality shall be made aware that they are responsible to make an effort for self-development and utilize the opportunity afforded to them.

4.5.2. GENERAL MANAGERS

All general managers and managers at all level shall provide training opportunities for the employees under their supervision. They shall also be responsible for encouraging and ensuring that training and development within their department is in accordance with the training plan of the municipality.

4.5.3. HUMAN RESOURCES TRAINING AND DEVELOPMENT FACILITATOR

- Identify competencies needed by staff members to perform their duties to the standard required.
- Conduct training needs analysis.
- Develop training programmes suitable for the identified needs.
- Co-ordination/Facilitation of the programmes.
- Ensuring that learning is readily transferred to the workforce.
- Ensuring that the outcomes of the training and development programmes are evaluated.
- Provide structured training processes that will ensure every staff member's work performance is maximized and potential is fully developed.
- Monitor bursary holders progress and report to the General Manager Corporate Services
- Facilitate the appointment of mentors who will communicate with the Institutions and assist the student with studies.

4.5.4 GENERAL MANAGER: CORPORATE SERVICES

- The General Manager: Corporate Services shall be responsible for the establishment of the Skills Development Forum.
- The General Manager: Corporate Services shall budget for Training in accordance with section 30 of the Skills Development Act, of 1999 (Act No 97 of 1998), thus ensuring that sufficient funds are available for the training of all employees at all grades.
- Facilitate the permanent appointment of a Skills Development Facilitator.

4.6 ESTABLISHMENT OF SKILLS DEVELOPMENT FORUM

The General Manager: Corporate Services shall be responsible for the establishment of the municipal Skills Development Forum.

- Each component of employment from all occupational categories/ levels shall be represented
- Organized labour shall be represented.
- Corporate Services Committee council representatives shall also be members of this Forum which includes the Mayor and the Speaker.

4.7. FUNCTION OF THE SKILLS DEVELOPMENT FORUM

The function of this Forum is to:

- ensure that training strategies at the operational level are designed, delivered and monitored in a consultative, participative, transparent and equitable way,
- communicate information about training policy and programmes to all staff members.
- help align training policy with the expressed needs of the municipality and employees.
- monitor the relevance and impact of Education and Training programmes to actual work situations and performance improvements.

4.8. SCHEDULE FOR SKILLS DEVELOPMENT FORUM MEETINGS

The Skills Development Forum shall meet quarterly to discuss the issues of concern.

4.9. MONITORING AND EVALUATION

Human Resource Training and Development section shall be the frontrunner in terms of monitoring and evaluation.

It shall be the policy of the municipality to continuously improve the mechanisms for monitoring and evaluation of training. General Managers, Managers and all staff members should play an important part in ensuring Value for Money in all training efforts.

For all courses / Workshops/ Conferences or Seminars, all attendees must give a report back to Municipal Management Committee (MANCO) when required to do so.

There should be no authorization of training in any department without the knowledge of the Training and Development section. This is done for monitoring and reporting purposes.



SECTION B

5. BURSARY: POLICY

5.1 PURPOSE

The aim of this policy is to provide monetary assistance with regards to study, training or research that will contribute to the work of the uMngeni municipality
To afford selected applicants the opportunity of equipping themselves in a formally structured way on the basis of identified requirements in the interest of the Council with knowledge and skills in order to cope with present and future allocated duties.

5.2. DEFINITIONS

Student: refers to a person who studies or who enrolled for a course / instruction in a college or university.

Institution: refers to any higher education or further education institution, deemed to be established or declared as such registered as a public Higher Education or Further Education Institution by the Director-General of the National Department of Education.

National Qualification Framework: means the National Qualifications Framework approved by the Minister for the registration of national standards and qualifications.

Qualification: means a the formal recognition of the achievement of the required number and range of credits and such other requirements at a specific levels of the National Qualifications Framework as may be determined by the relevant bodies registered for such purpose by the South African Qualification Authority

5.3. CRITERIA FOR AWARDING A BURSARY

- Academic ability required for the proposed field of study [Minimum requirement for admission].
- Preference shall be given to those who have completed at least one year at tertiary level. (Full Time) and or those already admitted to enroll in to the recognised educational institution.
- Relevance of the course to the municipality.
- Preferably scarce skills. E.g. Engineers technical skills and financial especially post matriculant
- Preference should be given to previously disadvantage who are residence within uMngeni Municipality.
- Bursary holders are expected to serve a particular period with the municipality after completion of their studies in terms of the pre-signed contract.

5.4. BURSARY HOLDERS

Successful applicants shall be required to enter into an agreement with the Council before any payment can be made to an institution.

A confirmation letter of payment shall be issued at the beginning of each year to progressing students.

The contents of a contract shall be strictly adhered to.

5.5. BURSARY AMOUNT

The Bursary amount will depend on the availability of funds in each financial year.

Full-Time Study

Tuition and registration fee	100%
Boarding & lodging	100%

Prescribed study material(s) will be purchased by the municipality of which it will remain as municipal property for future reference.

No provision for transport

5.6. EXEMPTION FROM SERVICE OBLIGATION

A bursary holder shall be appointed as an intern upon completion of studies when there is no vacancy in the municipality.

5.7. EXPERIENTIAL / IN SERVICE TRAINING

Student will be required to undertake practical on the field of study within any department of the municipality. *(sentence to be rephrased)*

5.8. GENERAL OBLIGATION

- Students shall only register for the course that the bursary was awarded for.
- No applicant /student shall be allowed to change institution without the prior approval of the municipality.
- Bursary holders are obliged to serve on completion of their studies for a period determined by the pre-signed contract. Failing which the bursary holder shall pay back all expenses incurred.
- Closing date of bursary applications will be the 31 of December every year.
- The municipality has no obligation to appoint a bursary holder whom has completed his/her studies; however the municipality will assist where possible in this regard.
- A student who has failed a particular course / courses shall repeat such course at his/her own expense.
- A student who discontinued or fails to complete his/her studies will have to make representation to Management Committee as to his/her failure or discontinuation with his/her studies of which decision will have to be taken regarding repayment of expenses incurred by the municipality.
- It is the responsibility of a student who de-register to inform the HRTD section within seven (7) days after de-registration. The bursary holder shall be liable for de-registration costs.
- No student shall be allowed to enter into another contract, which contradicts the contractual obligation of the existing one.
- Students shall apply through completing the application forms, which will be available in the Human Resource Development section, the forms must be submitted to the Human Resources Development upon completion.
- It is the duty of the applicant to gain admission at a recognized & accredited institution and an admission letter should accompany the application forms.
- If the applicant is already studying, the contract has to be renewed every year. When renewing the contract a progress report /statement of results issued by the institution in question must be attached and the form must be submitted in January of each year before the re-opening of an institution.
- The General Manager Corporate Services shall issue a confirmation letter if all requirements mentioned above are met.

5.9. MONITORING AND SUPPORT

- The General Manager Corporate Services shall establish links with the institution where students pursue their studies and make arrangement for support and guidance to be given to students in receipt of bursaries.

- Communication with the institution shall be on a regular and systematic basis.
- To set up monitoring, a procedure which ensures that the municipality become aware of problems encountered by the students and can address those problems where possible.
- The General Manager Corporate Services shall report to the Municipal Manager on the progress of a student in receipt of a bursary. The monitoring and support system will apply to all bursary holders.



SECTION C

6. STUDY ASSISTANCE SCHEME: POLICY

6.1. Purpose

The purpose of this policy is to promote the principle of life-long learning, by encouraging employees to take responsibility for their own education and skills development where this will add value to their performance towards the achievement of uMngeni Municipality's Integrated Development Plan.

6.2. Definition

Employee - refers to a person permanently employed by the Municipality excluding section 57 and contractual employees as per the Municipal Systems Act 32 of 2000, as amended.

Non permanent employee - refer to those workers who are employed to work for less than 24 hours per month, or those workers engaged to work for not more than 3 continuous months.

Institution - refers to any higher education or further education institution, deemed to be established or declared as such registered as a public Higher Education or Further Education Institution by the Director-General of the National Department of Education.

National Qualification Framework - means the National Qualifications Framework approved by the Minister for the registration of national standards and qualifications.

Qualification - means a the formal recognition of the achievement of the required number and range of credits and such other requirements at a specific levels of the National Qualifications Framework as may be determined by the relevant bodies registered for such purpose by the South African Qualification Authority.

Tuition fee - means a payment for tutorials and /or instruction towards studies.

Official vehicle - means a vehicle that is administered and maintained by the Municipality.

6.3. Monetary Assistance

- Financial Assistance for studies undertaken by employee shall not exceed the amount of R 7 000.00 depending on the institutional fee.
- Study Material, re-writing examination and any charges in respect of penalties or additional amounts shall be borne by the employee.

6.4. Selection Criteria

The applicant must meet the following criteria:

- Be an employee with six (6) months minimum service period with the Municipality
- Must produce proof of acceptance from recognised institution or meet the course requirements.
- Employees studying towards a qualification (unit standard based) with minimum duration of 6 (six) months.

Financial assistance for study will be prioritized for approval if there is a legislative requirement for the applicant to possess the intended qualification in his/her current position or where the intended qualification will satisfy a critical skills shortage within the municipality or local government sector.

6.5. Status of the Institution

Educational institution must meet the following criteria:

- institution must be accredited in terms of the Council of Higher Education.
- cost, course content and location will be considered in determining the appropriate institution
- Municipal Manager, General Manager: Corporate Services, in consultation with Human Resources Development Section will have the final decision on the institution.

6.6. Processes and Procedures

The following principles will guide the Municipality in managing the programme:

- General Manager: Corporate Services in conjunction with Human Resources Development will advertise through notice boards for employees to apply during the first week of the year (January) and for the second semester it will be the last week of May.
- Application forms will be obtainable from Human Resources Development section.
- Applicants must submit their application forms together with all relevant information required to General Manager: Corporate Services or via the Human Resources Development Officer. Applications will be obtainable from General Managers of all Departments.
- Application forms shall be noted by the supervisor then referred to the Head of Department to comment and support.
- General Manager Corporate Services, Human Resources Development Officer may recommend to the Municipal Manager to approve the application.
- Human Resources Development Officer shall notify all applicants with regards to approval and non-approval applications
- Once the approval is obtained, the employee shall enter into written contract with municipality represented by the Municipal Manager.

6.7 Monitoring and Evaluation

Human Resources Development Officer will be responsible for ensuring that timeous payments are made directly to the institutions.

Employees shall be expected to submit relevant examination or assessment results to Human Resources Development Officer for each year or semester of study not later than 3 months after writing examinations.

Should the results be unavailable at that time, a letter from the institution to that effect should be submitted.

Employees receiving study assistance shall attend all required examinations/tests/assignments timeously as required by the institution.

Human Resources Development Officer must keep records of all results submitted by the employee.

6.8. Conditions and Terms of Contract

The employee shall be required to work for the period equivalent to the duration of the course as it will be covered in the contract agreement

Should an employee at any time before completing the work- back period referred to in clause 8 and for any reason leave the Municipality's service, he/she shall repay to the Municipality the whole amount paid by it in respect of the course.

The Council may at any time suspend/cancel any further payments if it is established or determined that the employee concerned has not made adequate progress towards his or her field of study or has abandoned his or her studies or has been guilty of misconduct in terms of the Council's relevant Conditions of Services.

In the event of an employee abandoning his or her studies at any time before completion of the course, the employee shall refund to the Municipality the whole amount in monthly installments. (referred to clause 5 of the agreement)

For the purpose of attending lectures at the institution, the employee shall be permitted to be absent from duty during working hours for not more than eight (8) hours per week.

Employees who are granted financial assistance in terms of this Scheme shall be entitled to one (1) day study leave for preparation per examination, and a further one (1) day for actual day of writing of an examination, subject to prior proof of the relevant examination time-table, being provided to the applicant's immediate supervisor, and proof of attendance at each examination being provided to the applicant's immediate supervisor the first working day following the examination.

There will be no financial recognition for passing or on completion of a course /qualification.

6.9. Interpretation

In the event that any differences may arise relative to the interpretation of this Policy and Agreement, no employees shall be precluded from referring such matter in terms of Grievance Procedures.

Any amendments to this Policy and Agreement, shall be binding upon any employee who has been or is to be granted financial assistance in terms of the agreement. This will apply from the effective date of such amendment, notwithstanding the date of signature by such employee on application.

No amendments to this Policy and Agreement shall be valid or binding until proposed amendments have been approved by Council. This policy is reviewable.

SECTION D

7. LEARNERSHIPS: POLICY

7.1. LEARNERSHIP LEARNERS

Successful applicants shall enter into an agreement with the municipality and the service provider before Learning can take place.

All parties shall strictly follow the content of the agreement.

7.2. ROLES AND RESPONSIBILITIES

The overall supervision of Learnership will be the responsibility of the General Manager of every department and shall include:

- Develop a project plan
- Develop learner recruitment and selection procedures.
- Conduct the recruitment and selection process.
- Induct learners on the Learnership.
- Identify learners and monitor their progress.
- Identify mentors and coaches.

7.3. MONITORING AND EVALUATION

- The municipality shall make the workplace learning available for learners.
- The municipality shall make accommodation and resources available for workplace learning.
- The Human Resource Training and Development section shall report to the General Manager and the HRD Committee on the progress of each learner.

7.4. CONCLUSION

The Objectives envisaged are all achievable and practical. This policy is subject to amendment from time to time.

uMNGENI MUNICIPALITY

DRAFT INDIGENT POLICY



DATE OF ADOPTION: 28 MARCH 2024

DATE OF IMPLEMENTATION: 01 JULY 2024

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1. PURPOSE

The purpose of this policy is to ensure that registered indigent households have access to a basket of basic municipal services.

2. BACKGROUND

The provision of free basic social services by local government is part of the broader social agenda and anti-poverty strategy of the South African government.

The government at all levels has a constitutional obligation to take measures towards the realization of the social and economic rights of all people as contained in the Bill of Rights. These rights include, inter alia health care, water, education, housing, food, social security and the environment.

Section 27 of the South African Constitution, 1996 (Act 108 of 1996) stipulates that:

2.1 Everyone has the right to have access to –

- a) Health care services, including reproductive health care*
- b) Sufficient food and water; and*
- c) Social security, including, if they are unable to support themselves and their dependants, appropriate social assistance.*

The state must take reasonable legislative and other measures, within its available resources, to achieve the progressive realisation of these rights.

Local Government, as the third sphere of Government, therefore has a Constitutional duty to assist the National and Provincial spheres of Government in the realisation of the above mentioned rights.

3. DEFINITIONS

Basic Municipal Services

Basic Municipal Services means a municipal service that is necessary to ensure an acceptable and reasonable quality of life that is not provided, would endanger public health or safety or the environment. For the purposes of this policy “Basic Municipal Services” refers to the following services supplied and subsidised by uMngeni Municipality:

Electricity

Refuse Removal

Burials

uMngeni Municipality and Finance Department

Child headed households

Child headed households for the purposes of this policy refers to households headed by a person under the age of 21 years but with an income made provision for in Clause 6 of this policy

Child headed household under guardianship

Child headed household under guardianship for the purpose of this policy refers to those exceptional cases where a guardian is appointed for the household but who does not have to:

- reside on the property
- be a registered indigent
- reside in the boundaries of uMngeni

House owner

House owner for the purposes of this policy refers to:

- a) Registered owner or Title Deed holder
- b) A person appointed by a competent court of law as a responsible person to take care of all the affairs of the deceased.

Indigent Household

Any household of which the members are South African citizens / permanent resident and tenants who are also South African Citizens, who due to a number of economic or social factors are unable to pay for Municipal services.

Indigent Burial / Cremation

Indigent burial / cremation refers to any burial / cremation of an indigent (in terms of this policy), motivated by a ward councillor, excluding a pauper.

Minor

A person who has not attained the legal age of majority and, thus, has restricted or no legal capacity.

Registered Indigent Household

Registered Indigent household for purposes of this policy refers to those households who have met the indigent registration criteria.

Social Package

Social Package for the purposes of this policy will include basic municipal services (as defined in this policy) as well as rental and property rates

Suspended:

To stop or to cause to be active either temporarily or permanently

Tenant

Tenant in terms of this policy refers to a person residing in a property and who has a formal lease agreement with the uMngeni Municipality and the property is used for housing purposes.

Written off:

A cancellation of an item in account books

4. LEGISLATIVE FRAMEWORK

- 4.1 The provision of free basic social services by local government is part of the broader social agenda and anti-poverty strategy of government.
- 4.2 Government at all levels has a constitutional obligation to take measures towards the realisation of the social and economic rights of all people as contained in the Bill of Rights. These rights include, inter alia, health care, water, education, housing, food, social security and the environment.
- 4.3 In terms of section 27 of the **South African Constitution Act, 1996 (Act 108 of 1996)**
 - (1) Everyone has the right to have access to:
 - (a) Health care services, including reproductive health care
 - (b) Sufficient food and water; and
 - (c) Social security, including, if they are unable to support themselves and their dependents, appropriate social assistance.
 - (2) The state must take reasonable legislative and other measures, within its available resources, to achieve the progressive realization of these rights

- 4.4 The review, approval and application of the uMngeni Municipality's Indigent Policy is part of the reasonable measures, within available resources, taken by the Municipality in pursuance of the said constitutional obligations.
- 4.5 In terms of the provision in the **Municipal Systems Act, 2000 (Act 32 of 2000)** the Municipality must exercise its legislative or executive authority to provide municipal services and to act in the best interest of the local community within its available resources.
- 4.6 The aforementioned should therefore not be viewed in isolation of other measures, such as social grants, free primary health care, housing, promotion of small, micro and medium enterprises, etc. Taken by other spheres of government as part of an integrated national poverty alleviation strategy.
- 4.7 Section 97(1)(c) of the **Municipal Systems Act, 2000 (Act 32 of 2000)** states that a Municipality must provide in its debt collection and credit control policy for indigent debtors which provisions must be consistent with its rates and tariff policies and any national policy on indigents.
- 4.8 Indigent debtors or the poorest of the poor should have access to basic services in terms of the South African Constitution.
- 4.9 Indigent debtors are not able to fully meet their obligations for services consumed and property taxes on their monthly accounts.
- 4.10 The consumption of metered services by the indigent debtors must be maintained at manageable to increase affordability of services charges for them.
- 4.11 Tariffs for property tax and services must be made more affordable for the poor.
- 4.12 The poor are included in the household category of consumers, which category is responsible for the highest monthly escalation of arrear debt.
- 4.13 Applicants need to make full disclosure when application forms for indigent registration are completed and the collected information needs to be verified at all times.
- 4.14 Criteria for the identification of poor households must be clear and transparent.

5. FINANCING OF THE PROGRAMME

- 5.1 The Municipality must make provision on its annual Operating budget to subsidise the tariffs of registered indigent. Furthermore, it must make provision in its annual budget for indigent burials/cremations.
- 5.2 Registered Indigent households will receive a pre-determined quantity of electricity, free of charge on a monthly basis.
- 5.3 The arrears on services covered by the indigent programme may be written off against the provision of bad debt.

6. REGISTRATION CRITERIA

A residential household can only be registered as indigent if it meets all of the following criteria:

- 6.1 The gross monthly income of all the members of the household must be equal to R5000.00 as per the Credit control and Debt Collection policy clause 4.11.5.1
- 6.2 The applicant as well as any other members of the household does not own other fixed property than the one in which they reside,
- 6.3 The person / applicant applying on behalf of a household must be above the age of Twenty one (21) years, except if a child is appointed executorship by a court of law.
- 6.4 The person / applicant applying on behalf of a household must reside at that property except when applying on behalf of a child headed household.
- 6.5 The person / applicant applying should be the owner or tenant as defined in this policy except when applying on behalf of a child headed household
- 6.6 The person / applicant must be a South African Citizen.
- 6.7 A letter confirming the work status from Department of Labour must be accompanied with the application
- 6.8 In the case of old age pensioner the latter from SASSA confirming that he/she receive grant income must be accompany with the application

7. APPLICATION AND REGISTRATION PROCESS FOR SERVICES EXCLUDING BURIAL / CREMATION

- 7.1 Households who apply to be registered as indigent must complete an indigent application form at any designated uMngeni Municipality facility. Documentary proof as required in the application form will have to be submitted with the application form.
- 7.2 A database shall be kept by the uMngeni Municipality office of Chief Financial Officer which will be reviewed every six months.
- 7.3 The Finance department must explain the policy to applicants and ensure that they understand the content of the policy

8. RESPONSIBILITIES OF REGISTERED INDIGENT HOUSEHOLDS

- 8.1 The registered indigent must be willing to accept technical assistance offered by the Municipality to make her / his current monthly consumption of service more affordable through limiting services.
- 8.2 The applicant must be willing to accept the limited service.

- 8.3 The registered indigent must always ensure that her / his monthly consumption does not exceed the limited level of services in terms of this programme.
- 8.4 Should the situation of the registered indigent household change the onus is on the household to inform the uMngeni Municipality immediately.
- 8.5 The status as an indigent must annually be confirmed by the indigent.
- 8.6 Refusal of a device to control consumption – the suspended debt will be re-instated and the household will be de-registered.
- 8.7 Reasonable care of the device. The registered household has a responsibility to report any tampering / vandalism to the device to the SAPS or uMngeni Municipality. If the tampering / vandalism are not reported the beneficiary will be held responsible.
- 8.8 The registered indigent household is responsible for the current account.

9. SOCIAL PACKAGE FOR REGISTERED INDIGENTS

- 9.1 **100% rebate on the first R135 000.00 of the value of the property**
- 9.2 **Free basic services:** Registered indigent households will receive a pre-determined quantity of electricity of 200 (Two hundred)kwh , free of charge monthly. These quantities and the concomitant cost, as well as any other free basic services, will be determined annually by Council.
- 9.3 **Service delivery benefits:** The municipality will take reasonable precaution within its means to ensure the minimization of loss or wastage of services at indigent households by installing a pre-payment type electricity meter free of charge. The Chief Financial Officer of the Municipality will initiate a program, whereby consumers whose monthly consumption of services increases above the average of the pre-determined quantity, will be notified of this fact in writing to enable the consumer to take the required steps to reduce the consumption either by repairing faulty internal systems or reducing wastage. This information will be forwarded to the Finance Department.
- 9.4 **Arrears of indigent households:** The credit control and debt collection actions will be suspended upon approval of a household as indigent, but current monthly accounts must be paid every month. Arrears of registered indigents will, upon recommendation by the Chief financial Officer be suspended. Applications must be processed and finalized within 3 months from the date of application.
- 9.5 **Rental arrears of Registered Indigent Households:** When a tenant with a valid lease agreement with the uMngeni Municipality is registered on the indigent register, his / her rental arrears will be suspended. The monthly rent should then be calculated at 25% of the family income or the Full Cost

Recovery rental of that specific Housing Scheme depending on which one is the lowest. The minimum rental that will be considered is 25% of one government pension. Where service accounts and assessment rates form part of rental accounts these tenants are also allowed to register on the Indigent Register to receive the above benefit.

9.6 Burial / Cremation Benefits:

- 9.6.1 The municipality will bear the costs of the funeral of indigent persons. No relative or friends of the deceased will have any claim whatsoever against the municipality for cost incurred by them. All applications for indigent burial are to be endorsed by the ward Councillor before the benefit can be extended to the family.
- 9.6.2 The family or relative of the deceased buried as an indigent will be allowed to erect a tombstone on the grave, at their own expense.
- 9.6.3 The next of kin will receive the reservation certificate and grave number upon request.
- 9.6.4 The deceased may be cremated upon request.
- 9.6.5 Family members can attend the burial according to their culture.
- 9.6.6 The family of the deceased can only arrange the funeral service with an undertaker designated by the municipality as tendered for in accordance with the provisions of the Supply Chain Management Policy.

10. AFFORDABILITY OF SERVICES

In an attempt to make services more affordable to indigent households, the following additional measures will be implemented:

10.1 Electricity

A 20 ampere circuit breaker will be installed to limit the usage of electricity and thereby lowering the levy of that service on the current account of those households who have not yet received a pre-payment meter. In order to recommend an ad hoc re-evaluation of the status of a registered household, a consistent consumption over any consecutive 3 months exceeding 300kwh of electricity per month will be used as a parameter to motivate such re-evaluation. Beneficiaries will receive 150kwh free per month for pre-paid only.

10.2 Refuse Removal Services

A free refuse removal service will be provided to all properties with a value of less than R130 000.00

10.3 Finance

No debt collection or credit control measures will be instituted against the indigent household for as long as consumption over and above the free use is paid in full.

10.3.1 Indigent consumers will not be exempt from interest and annual collection charges applicable to rates, based on the merits of each case and circumstance of the individual.

11. EXITING THE INDIGENT REGISTER

11.1 Registration as an indigent household is terminated under the following circumstances:

- 11.1.1 Upon the sale of the property.
- 11.1.2 If the registered indigent is no longer residing at the property and upon termination of the rental agreement.
- 11.1.3 When criteria for qualifying as indigent changes to the extent that approval no longer applies
- 11.1.4 If it is discovered, after approval, that the person / applicant applying on behalf of a household has supplied false information. This will also result in the household's municipal account being debited with all monies previously credited.
- 11.1.5 The re-evaluation of indigent status will be performed annually and registration will be terminated if it is found that the financial status of the registered indigent household or family has changed to such an extent that it warrants such termination.
- 11.1.6 The re-evaluation of indigent status will be done annually to determine if the household is still indigent.
- 11.1.7 When the registered indigent moves out of the property on which she / he is residing to another property within the boundary of the uMngeni Municipality.

11.2 Ad hoc Evaluation

Ad hoc evaluation will be undertaken on all registered indigent households exceeding the consumption levels.

11.3 Integrated Exit Programme

The Finance Department must develop and implement an Exit Programme for registered indigents.

12. Re-registration of Indigent Households

Households may apply and be considered for re-registration from the Finance Department.

13. REQUEST FOR INDIGENT BURIAL / CREMATION ASSISTANCE

Any member or family of a registered indigent who applies for indigent burial / cremation assistance will be required to submit the following documents as proof:

- 13.1 Applicant's Identity document SA green barcoded ID
- 13.2 Deceased's Identity document SA green barcoded ID
- 13.3 Deceased's birth certificate
- 13.4 Death certificate of the deceased
- 13.5 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.
- 13.6 Confirmation letter from Ward Councillor
- 13.7 Applicants for indigent burial/cremation, do not have to be registered indigents at the time, but may register as indigents when the support is required.

14. INDIGENT BURIAL / CREMATION

- 14.1 All requests for indigent burial / cremation will be referred to and considered by the Finance Department.
- 14.2 Burial will be conducted as and when required.
- 14.3 Burial and cremation arrangements will be concluded according to specifications determined by the Council, who will appoint service providers.
- 14.4 The contracted funeral undertaker will bury the deceased closest to the area of residence of the deceased, but within the boundaries of the uMngeni Municipality.

15. PENALTY

The uMngeni Municipality has the right to claim back all benefits granted in terms of this policy, should it become apparent that registration was based on fraudulent conducts and false information by the applicant. This will still apply even after the indigent's status has been terminated.

Also attached is an Application Form for Indigent Support which will form part of the Indigent Policy.



uMngeni Municipality
Application for indigent support
Sworn Declaration/Affirmation

To: uMngeni Municipality
Cnr Dick and Somme streets
Howick
3290

Attention: The Municipal Manager

I the undersigned (insert full name) _____
Do hereby in terms of the Council's Indigent Policy, make application for indigent support.

Only if you reply "YES" to each of the questions in A to G below, you need to complete the rest of these application forms.

Questions:

No:	Question	YES	NO
A	Is your property used predominately as a private residence?		
B	Are you the registered owner of the property or an occupant of a child headed household registered in the name of your deceased parent/s?		
C	The gross monthly income of all the members of the household must be equal to R 5000,00 as per the Credit control and Debt Collection policy clause 4.11.5.1		
D	Do you only own one (1) immovable property in the Republic of South Africa?		
E	Are you, the applicant, and a full-time occupant of the property?		
F	If you already have a pre paid installed, reply YES. If not, have you completed the application form for conversion to a PPM meter, attached hereto and must a 20amp Mcb		

The following information must be furnished:

Applicant's particulars:

Municipal Account No.					
Erf No.					
Address of Property					
Surname					
First Name(s)					
Date of Birth					
Residential Address					
Postal Address					
Identity Number		Home Tel No.		Cell	
Name of Employer					
Employer's Address					
Work Tel No		Total number of people living on the property *			

* Details of all occupants at the property, for which this application is being made:

Initials and surname	Relationship to account holder	I.D Number	Gross monthly income	Source of Income	Employed		Proof of income	
					Y	N	Y	N
Total gross monthly income R								

Copies of certified documentation required to register:

If employed:-

- RSA identity book;
- Latest salary/wage payslip or a letter from an employer confirming income;
- An affidavit of a person who is self employed, that indicates the income earned;
- Proof of receipt of disability grant, maintenance grant or pension.
- A bank statement for the last three(3) months;

If unemployed-

- RSA identity book;
- A sworn affidavit confirming unemployment and a declaration that there is no other source of income;

Occupants under eighteen (18)-

- RSA identity book , copy of a birth certificate or an affidavit Declaration by applicant:

I, the undersigned,

(Insert all first names and surname) hereby certify that:

- I do not own any other immovable property in the Republic of South Africa;
- I will immediately inform the Municipal Manager, in writing, should there be any change in my status, that disqualifies me as an indigent;
- I agree that if I have misrepresented myself with the qualifying criteria, in order to benefit from Council's indigent relief. I would be committing an offence and all benefits that have been received in terms of the indigent relief, will be reversed. Any amounts due, will be for my account and I will be subject to normal debt collection procedures.
- All information furnished by me on this form, is to the best of my knowledge, true and correct;
- I agree that in order to qualify for the benefit as set out in the Indigent Policy, an electricity prepayment meter and must be installed.
- The Council may conduct any investigation to confirm any of the information provided by me and hereby agree to any on site visit, by any Municipal Official;
- I accept that this application, if successful, will only be valid for 12 months from date of approval and the onus will be on me to re-apply by the expiry date;

h) I acknowledge that if my application is successful, the Council will suspend any debt collection action for 12 months from that date, or until I no longer qualify as an indigent, whichever date occurs first.

Signature of Applicant

Date

I CERTIFY THAT THE APPLICANT HAS ACKNOWLEDGED THAT HE/SHE KNOWS AND UNDERSTANDS THE CONTENTS OF THE ABOVE DECLARATION WHICH WAS SWORN TO/TRULY AFFIRMED BEFORE ME

Date - / /

COMMISSIONER OF OATH
(Official Stamp and Signature)
OFFICE RECEIVING THE APPLICATION:

	OFFICIAL'S FULL NAME (print)	DATE	SIGNATURE
All information and documentation supplied			
Please insert the Notification Number		DATE	

FOR OFFICE USE ONLY

	OFFICIAL'S FULL NAME (print)	DATE	SIGNATURE
All information and documentation supplied			
Recommended			
Approval by authorised official of Debt Management			
Not approved			
If not approved reasons to be supplied:			
	OFFICIAL'S FULL NAME (print)	DATE	SIGNATURE
Letter advising applicant of outcome: (Attach copy to application form)			

REASONS FOR WITHDRAWAL:

FOR OFFICIAL USE ONLY

After approval and if withdrawn, then reasons for such withdrawal are to be supplied here:			
	OFFICIAL'S FULL NAME (print)	DATE	SIGNATURE
Recommend withdrawal			
Approval for withdrawal			
Letter advising applicant of withdrawal: (Attach copy to application form)			

DRAFT METHODOLOGY FOR THE IMPAIRMENT OF RECEIVABLES POLICY



Date of Adoption: 28 MARCH 2024

Date of Implementation: 1 JULY 2024

1. PURPOSE

The purpose of this document is:

- To set out a methodology for the impairment of receivables in line with Generally Recognised Accounting Practice;
- To ensure that the estimated allowance provided for impairment of receivables in the financial statements, is adequate and appropriately supported; and
- Ensure that receivables disclosed in the financial statements are stated at amounts that are deemed collectable.

2. SCOPE

The methodology is applicable to all receivables measured at amortised cost, or cost, specifically receivables from exchange transactions as well as receivables from non-exchange transactions.

3. APPLICABLE ACCOUNTING STANDARDS

GRAP 104, Financial Instruments, indicates the requirements for subsequent measurement and impairment of financial assets carried at amortised cost.

In accordance with GRAP 104.46, “all financial assets measured at amortised cost, or cost, are subject to an impairment review”.

GRAP 104.57 further indicates that “an entity shall assess at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. If any such evidence exists, the entity shall apply paragraphs .61 to .63 (for financial assets carried at amortised cost) and paragraph .64 (for financial assets carried at cost) to determine the amount of any impairment loss”.

GRAP 104.58 requires that “a financial asset or a group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a loss event) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated”.

GRAP 104.61 further indicates “if there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset’s original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset shall be reduced either directly or through the use of an allowance account. The amount of the loss shall be recognised in surplus or deficit”.

GRAP 104.62 states that “an entity first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant (see paragraph .58). If an entity determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment”.

GRAP 104.63 indicates “If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor’s credit rating), the previously recognized impairment loss shall be reversed either directly or by adjusting an allowance account. The reversal shall not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal shall be recognized in surplus or deficit”.

4. METHODOLOGY

4.1 Timing of assessment

The municipality will assess at the end of each reporting date whether there is objective evidence that a receivable account or group of receivable accounts is impaired. The last day of each financial year is the reporting date for the municipality, being 30 June.

4.2 Evidence of impairment

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

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

Any one of the following events is considered to provide objective evidence that a receivable account or group of receivable accounts could be impaired:

- A debtor that has been placed under or applied for liquidation or sequestration;
- Debtors where the last payment date by the customer was before 31 March of the current financial year;
- Accounts handed over to debt collectors and/or power of attorney;
- All accounts indicated as in-active accounts on the system;
- When a formal arrangement is made on arrears debt, and the debtor has defaulted on this arrangement for a period in excess of 30 days during the financial year;
- When accounts have been formally presented to the CFO for consideration for write off; and
- All accounts with balances outstanding for longer than ninety (90) days as these accounts are considered to be past due.

4.3 Calculation and recognition of impairment loss

4.3.1 Receivables from Exchange and Non-Exchange Transactions, excluding traffic fine receivables:

The municipality will assess all receivables from exchange and non-exchange transactions, with the exception of traffic fine receivables, for both individual receivable impairment as well as collective group impairment.

STEP 1: Individual receivable impairment

Individual receivable impairment shall identify individual receivable accounts that meet any one of the following criteria:

- A debtor that has been placed under or applied for liquidation or sequestration;
- Debtors where the last payment date by the customer was before 31 March of the current financial year;
- Accounts handed over to debt collectors and/or power of attorney;
- All accounts indicated as in-active accounts on the system;
- When a formal arrangement is made on arrears debt, and the debtor has defaulted on this arrangement for a period in excess of 30 days during the financial year; and
- When accounts have been formally presented to the CFO for consideration for write off

The individual debtors that meet the above mentioned criteria, will be considered for an impairment value of 100% of the outstanding debt due as at the reporting date.

STEP 2: Group receivable impairment

A group assessment of receivables shall further be conducted on the remaining receivables taking into account the following criteria:

- All accounts with balances outstanding for longer than ninety (90) days as these accounts are considered to be past due.

The remaining receivables considered for group impairment shall be:

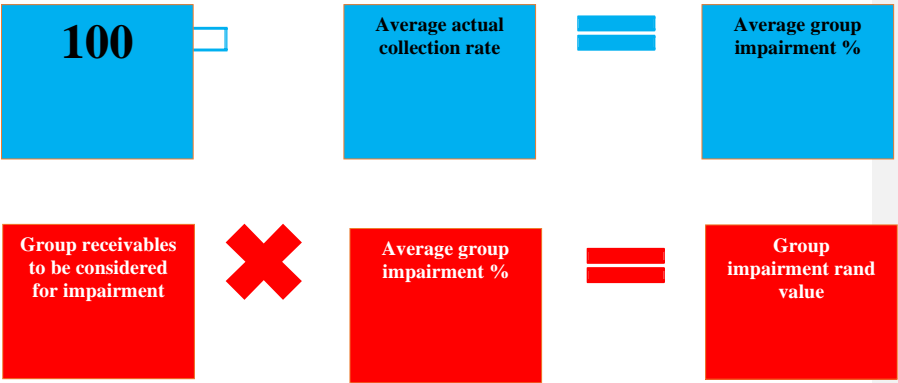


An actual collection rate for the financial year shall be calculated for each group category and subcategory of receivables as follows:



An average actual collection rate for each group category and sub-group category of receivables, taking into account the actual collection rates for the previous five financial years, as a minimum, shall be calculated.

The group impairment rand value for each group category and sub-group category of receivables shall be calculated as follows:



4.3.2. Traffic Fine Receivables:

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 recognised as revenue when the fine is issued. Revenue from fines shall be recognised 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 issued amount, less any discounts and withdrawals made during the financial year.

The municipality will assess traffic fine receivables, for both individual receivable impairment as well as collective group impairment.

Step 1: Individual impairment

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.

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 cancelled after 18 months if no summons has been issued.

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 executed within two years, it should also be cancelled.

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

- 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
- 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.

Step 2: Group impairment

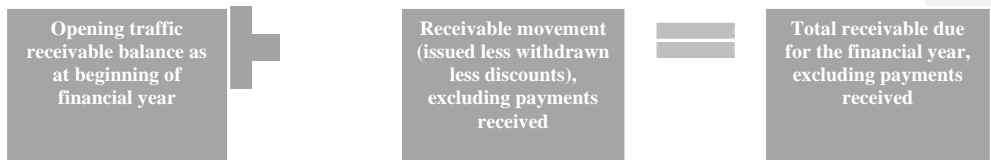
A group assessment of receivables shall further be conducted on the remaining traffic fine receivables taking into account the following criteria:

- All fines with balances outstanding beyond the due date for payment.

The remaining receivables considered for group impairment shall be:

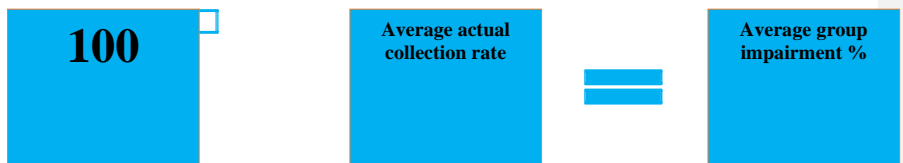


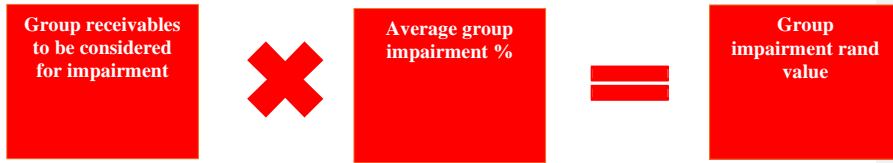
An actual collection rate for the financial year shall be calculated for traffic fine receivables as follows:



An average actual collection rate for traffic fine receivables, taking into account the actual collection rates for the previous five financial years, as a minimum, shall be calculated.

The group impairment rand value for traffic fine receivables shall be calculated as follows:





uMNGENI MUNICIPALITY

**DRAFT ORGANISATIONAL
PERFORMANCE MANAGEMENT
POLICY**



Date of Adoption: 28 MARCH 2024

Date of Implementation: 01 JULY 2024

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Glossary of terms

- KPA - Key Performance Area
- KPI - Key Performance Indicator
- PA - Performance Agreements
- PMS - Performance Management System
- PDA - Personal Development Plan

1. INTRODUCTION

- 1.1 A complete institutional performance management system must incorporate a comprehensive staff performance management system. The strategic objectives of the Institution are interpreted and delivered in concrete terms by the employees of the uMngeni Municipality.

2. SCOPE OF APPLICATION

This policy is applicable to all permanent employees of uMngeni Municipality, including fixed-term contract employees.

3. PURPOSE

The Performance Management System (PMS) policy is aimed at:

- 3.1 Providing guidelines on the effective implementation and maintenance of a single and uniform performance management process within uMngeni Municipality;
- 3.2 Ensuring that every employee's output is measured in terms of quality and quantity, thereby improving uMngeni Municipality's overall performance and service delivery;
- 3.3 Ensuring that individual employee performance is evaluated fairly and objectively;
- 3.4 Ensuring that categories of performance that exceed expectations are organised, and;
- 3.5 Also ensuring that categories of performance that does not meet expectations are managed.

4. POLICY PRINCIPLES

The following fundamental principles form the basis for the understanding and successful implementation and management of the process:

- 4.1 The performance management process shall be directly linked to the organisation's strategic plan, and therefore provide for the translation of the strategic plan into focus areas;
- 4.2 Although performance is the responsibility of both the manager and the employee, it shall be driven from top leadership;
- 4.3 Recognition for excellent performance shall be made in both non-monetary forms and monetary forms. Non-financial rewards shall be as a principle be encouraged;

- 4.4 Individual performance shall be evaluated in the context of job profiles/performance agreements as signed;
- 4.5 Performance Management shall be managed in accordance with the Labour Relations Act and the relevant collective agreements;
- 4.6 The organisation shall manage performance in a consultative, supportive, non-discriminatory and non-punitive manner;
- 4.7 Employees who do not sign performance agreements will not qualify for the performance bonus; and
- 4.8 In order to qualify for granting of a performance bonus, an employee must complete a continuous period of at least twelve months on his/her salary level on 31 March of every year. Employees who are already six month in a position will qualify for a pro rata bonus.

5. LEGAL FRAMEWORK FOR PERFORMANCE MANAGEMENT SYSTEM

- 5.1 Skills Development Act, 97 of 1998
- 5.2 The Labour Relations Act, 66 of 1995
- 5.3 Employment Equity Act, 55 of 1998
- 5.4 Chapter 6 of the MSA 32 of 2000
- 5.5 Chapter 8 Section 72 of the MFMA 56 of 2003
- 5.6 Municipal Performance Management Regulations for Municipal Managers and Managers Directly Accountable to the Municipal Managers of 2006
- 5.7 MFMA Circular No. 13
- 5.8 Framework for Managing Programme Performance Information
- 5.9 Treasury Regulations, 2001

6. DEFINITIONS

6.1 Performance Management and Development System (PMDS):

An authoritative framework for managing employee performance, which includes the policy framework as well as the framework relating to all aspects and elements in the performance cycle, including performance planning, and agreement, individual development planning, performance monitoring, review and control; performance evaluation and moderation; and management of the outcomes of evaluation.

- 6.2 **Performance Management:** A process of agreeing on outputs (results), Key Performance Indicators (KPI)'s and performance measures that relate to uMngeni Municipality's business objectives. This process will also include regular reviews of performance, corrective action and a final evaluation.
- 6.3 **Performance Agreement (PA):** A document agreed upon and signed by the employee and supervisor, which reflects the outputs expected, the performance standards that will apply and measures to assess/evaluate performance.
- 6.4 **Performance Cycle:** A twelve (12) month period for which performance is planned, managed and evaluated. It is aligned to the same period as **seda's** business plan i.e. 1st April to 31st March of the following year.
- 6.5 **Objectives:** These are concise statements, which express the strategic intentions of the **seda**; shows the desired results that are planned to be achieved.
- 6.6 **Key Performance Area (KPA) :** These are the broad performance areas. They indicate what areas one should focus on in order to achieve outcomes and outputs; refers to an area of the job that is critical to making an effective contribution to the organizational goals.
- 6.7 **Weighting:** What is the importance/impact of the Key Performance Area (KPA) towards achieving the strategic objective of uMngeni Municipality.
- 6.8 **Key Activities:**
- 6.9 **Outputs:** The visible products of the effort that turn inputs into tangible results i.e. products and/or services).
- 6.10 **Performance Standards/Measure:** What is the mutually acceptable level of achievement (quality, quantity, cost, delivery on time, innovation, safety, speed, dependability) in each of the agreed outputs.
- 6.11 **Key Performance Indicators (KPI's):** These spell out in clear, measurable language what will be used to measure success for each Key Performance Area (KPA).
- 6.12 **Target:** A short term goal to be achieved.
- 6.13 **Means of Verification (MoV):** The process of verifying that the performance provided substantiates achievement against the key performance indicators and targets.
- 6.14 **Performance Review:** Regular (at least quarterly) formal discussions between supervisors and employees to monitor and report progress, to resolve problems and to adjust work plans/targets during the annual performance cycle.
- 6.15 **Personal Development Plan:** A requirement of the performance agreement whereby the important competency and other developmental needs of the employee are documented, together with the means by which these needs are to be satisfied and which includes time lines and accountabilities.
- 6.16 **Rating:** A score for the achievement of an objective or output or an attribute e.g. leadership.
- 6.17 **Performance Bonus:** Financial reward granted to an employee in recognition of sustained performance that is significantly above expectations and is rated as in terms of the rating scale. In order to qualify for granting of a performance bonus, an employee must complete a continuous period of at least twelve

months on his/her salary level on 30 June of every year. Employees who are already six months in a position will qualify for a pro rata bonus.

7. OBJECTIVES OF THE POLICY

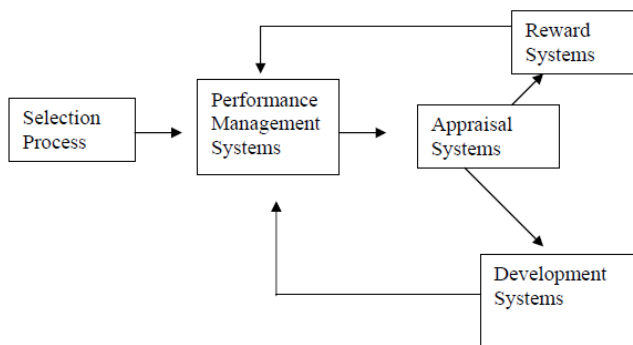
- 7.1 To establish a management tool which shall give direction regarding day to day Council operations in quantifiable and measurable terms;
- 7.2 To provide mechanisms by which employee performance shall be improved through a series of conventionally accepted remedial strategies; and
- 7.3 To put in place a comprehensive management procedure which shall provide a palatable route for the demotion, promotion, redeployment or even cancellation of the contract of employment of employees.

8. APPLICATION OF THE POLICY

- 8.1 To all managers as defined in Section 57 (2) (a) of the Municipal Systems Act, No. 32 of 2000 and Municipal Performance Management Regulations for Municipal Managers and Managers Directly Accountable to the Municipal Managers of 2006;
- 8.2 To all employees of uMngeni Municipality who are in full time employment; and
- 8.3 To all fixed term contract employees of the uMngeni Municipality.

9. SELECTION VIS A VIS PMS DICHOTOMY

9.1 The Human Resources Cycle



- 9.2 **The important lesson from the above chart is that the selection function in Human Resources Management is about getting the right people and performance management is about getting the people right.**

10. KEY POLICY GUIDELINES

- 10.1 The uMngeni Local Municipality scorecard shall set out uMngeni wide objectives and performance indicators of the Municipality.
- 10.2 The Municipal Manager shall take overall accountability for the delivery of the agreed performance indicators and shall account to the Mayor at agreed intervals.
- 10.3 The Municipal Manager shall, in turn delegate responsibility and accountability to the:-
 - 10.3.1 Heads of Departments/General Managers/Strategic Manager.
- 10.4 Heads of Departments/Strategic Manager/General Managers shall in turn, conclude accountability agreements with their respective subordinates and the delegation process shall be cascaded down to all levels within each Department.

11. Guiding principles for setting staff performance indicators

- 11.1 Indicators shall be clearly focused and stated unambiguously to ensure that employees know precisely what is expected of them;
- 11.2 Indicators shall by definition contain a unit of measurement. Indicators shall be valid and relevant and measure what is intended to be measured; and
- 11.3 Indicators shall be simple and easy to communicate to the relevant employee.

12. Performance Management Strategy

- 12.1 Council shall put in place systems, processes and methods of managing employee performance both at individual and at team levels.
- 12.2 Council's strategic goals and objectives shall be understood by all and translated into individual and group objectives and work plans. The process shall be as follows:-

12.2.1 Performance Planning;

- 12.2.1.1 Definition and delineation of duties and clarification of roles;
- 12.2.1.2 Setting of objectives and performance standards; and
- 12.2.1.3 Action plans for the achievement of targets and setting of dates for formal reviews.

12.2.2 Performance Monitoring and Support

- 12.2.2.1 Leadership.

- 12.2.2.2.1 Every incumbent shall be accountable to someone and the latter shall have a duty to provide leadership and direction.
- 12.2.2.2.2 Regular interaction, guidance and possible coaching in certain Instances are some of the important elements which shall form part of the performance monitoring and support strategy.

12.2.3 Performance Evaluation

The following principles are important:-

- 12.2.3.1 Leadership shall share the vision, educate and train employees on the process;
- 12.2.3.2 Both leadership and employees shall understand, accept and own the system to ensure its success;
- 12.2.3.3 Central to the success of the system is a culture that accepts positive behaviour change and the philosophy of continuous improvement;
- 12.2.3.4 Employees shall be quite clear about their individual or team specific objectives and standards, and about how performance shall be evaluated and achievements measured and what rewards or sanctions shall be applied;
- 12.2.4 Council's performance evaluation modus operandi shall have, as its main objective, reinforcement and corrective action. It shall therefore provide an opportunity for the following aspects to be considered:-
 - 12.2.4.1 Rewards (performance related increases, incentives, recognition and promotion);
 - 12.2.4.2 Training and development;
 - 12.2.4.3 Motivation;
 - 12.2.4.4 Counselling;
 - 12.2.4.5 Coaching; and
 - 12.2.4.6 Discipline.
- And, as the way forward:-
 - 12.2.4.7 Set new goals and targets;
 - 12.2.4.8 Set new milestones and reviews;
 - 12.2.4.9 Discuss incentives; and
 - 12.2.4.10 Decide on new training and development plans.

12.2.5 Performance Contracts

12.2.5.1 Council's performance contracts shall be concluded after careful study of job profiles and clear understanding of the key responsibilities for the individual incumbent. Departmental scorecards and accountability agreements shall form the basis of the contracts. Central to the contracts shall be four (4) elements listed hereunder:-

12.2.5.1.1 Performance Planning

Based on the job description there shall be:-

- 12.2.5.1.1 Agreed key performance areas (KPA's);
- 12.2.5.1.2 Agreed key performance indicators (KPI's);
- 12.2.5.1.3 A description of contracted standards of performance and relative weightings; and
- 12.2.5.1.3 Acceptance and signing of agreed KPA's and KPI'S.

12.2.5.1.2 Performance Review

Based on the contracted standards of performance and relative weightings performance review shall entail:-

- 12.2.5.1.2.1 A description of the contracted standard and an agreement on actual performance;
- 12.2.5.1.2.2 Rating of performance and allocation of measurements, e.g. points or symbols (ABC etc.);
- 12.2.5.1.2.3 Acceptance of evaluation and signature; and
- 12.2.5.1.2.4 Agreement on appropriate reward, recognition or remedial process.

12.2.5.1.3 Training and Development

Training and development needs emanating from the performance review process shall be determined;

- 12.2.5.1.1 Action plans aimed at re-enforcing appropriate behavior and/or discouraging inappropriate conduct shall be discussed and agreed upon; and
- 12.2.5.1.2 A new agreement shall be signed.

12.2.5.1.4 Exit/Termination/Cancellation clause

There are many reasons which may give rise to termination/cancellation of the employment relationship or contract as the case may be. But for purposes of this policy Council shall classify terminations/cancellation of contracts of employment under two (2) categories namely:-

- 12.2.5.1.4.1 Blameworthiness of the contracted employee;

12.2.5.1.4.2 Non-blameworthiness of the contracted employee;

12.2.5.1.4.3 In the case of the former the incumbent shall forfeit the balance of his/her term of office as a penalty this aspect shall be incorporated in the contract; and

12.2.5.1.4.4 In the case of the latter the incumbent shall have his/her contracted term fully paid out to him/her as a separation package (this aspect shall be incorporated in the contract).

uMNGENI MUNICIPALITY

DRAFT MUNICIPAL SOCIAL / RENTAL HOUSING POLICY



Date of Adoption: 28 MARCH 2024

Date of Implementation: 1 JULY 2024

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BACKGROUND

uMngeni Municipality's Head Quarters/Office is located in the Midlands Region of the Province of KwaZulu-Natal, in the town of Howick, twenty six (26) kilometers from Pietermaritzburg and the Highway (N3) goes through uMngeni Municipal area in a South to North direction and vis-a-vis from the Capital City of KwaZulu-Natal, the City of Choice to Gauteng.

Social Housing Development has been identified by uMngeni Municipality as the type of Housing development that the Municipality needs to embark on with an intention of addressing among other challenges, the housing backlog, a rapidly increasing rental housing demand within uMngeni Municipal area. UMngeni Municipality is currently in ownership of two blocks of flats, i.e. Allemans and Grays Court which are right in the middle of the town of Howick and are being rented out to various people. The two blocks of flats consist of forty flats comprising of one, two and three bedroomed flats.

UMngeni Municipality established its Housing Component in 2003 and the component inherited a waiting list with approximately two hundred and thirty people who were patiently waiting for someone to vacate so that they could also get a chance of getting accommodation. This was a very hopeless situation, however, people had no choice as some of the people who were on the waiting list were working in Howick and they therefore had to get a place to rent in Howick.

There was also an inexplicable scarcity of private rental housing accommodation in Howick as a town and in the whole of uMngeni Municipal area. The situation briefly elucidated above highlights the fact that rental housing accommodation demand in uMngeni Municipal area has even increased beyond expectation thus putting a tremendous amount of pressure on the Municipality to expeditiously make the necessary arrangements and do preliminary work that has to be undertaken to address this need hence the Social Housing Policy is being developed by the Municipality as a starting point.

Three years ago the Municipality's Housing Section started to use a computer software program called '*The Housing Demand Data Base*' to capture the particulars for all the potential housing beneficiaries within uMngeni Municipal area with an intention of continuously updating records in respect of the housing demand within the Municipal area. The data base is increasing and growing every day as not a single day passes by without new applicants bringing in their application forms requesting to be added to the housing data base. The statistics show that two among ten people visiting the housing office every day are people that need rental accommodation.

The situation has apparently been exacerbated by the fact that uMngeni Municipality is experiencing an unprecedented rapid growth in respect of tourism, residential and industrial development. UMngeni Municipality has become a favorable tourism destination for various holiday makers from within the Province of KwaZulu-Natal and the whole of South Africa as

well as internationally. This again is a contributing factor to an increased demand for Social Housing within uMngeni Municipal area.

The obvious reality in the realization and the demand for Social/Rental Housing Projects within uMngeni Municipal area and in the wider urban realm, is believed to be a defensible point of departure for directing and even creating Social housing policy. The fact of the matter is that, social housing is a critical subject related to the reality of formal housing and the number of people that are to be accommodated therein which is alarmingly increasing and requiring urgent attention before it escalates further.

CHAPTER ONE

1. INTRODUCTION

1.1. Concept of Social Housing

For uMngeni Municipality, the social housing concept is not an entirely new concept. As highlighted above, uMngeni Municipality owns two blocks of rental housing accommodation in the form of flats. Nevertheless, it has been established that the rental accommodation that the Municipality has, is not sufficient to address the need for this kind of accommodation within uMngeni Municipality. The delivery of more rental housing units to accommodate the people who have been on the Municipality's rental housing waiting list will require the Municipality to consider public/private partnerships.

Public/private partnerships seem to be the only route that can fast-track the delivery of social/rental housing because neither public nor private sectors on their own are able to address, let alone resolve, the challenges and problems associated with the provision of social/rental housing.

UMngeni Municipality has identified certain restructuring zones within its area of jurisdiction as per the requirement by the Social Housing Policy, 2006. When these restructuring zones were identified, it was taken into cognizance that they also have to be close to job opportunities and various amenities that the people will require to ensure sustainability of the social housing projects to be undertaken on those zones.

1.2. Policy Objectives

The objectives of this Social Housing Policy for uMngeni Municipality are as follows;

- 1.2.1. To address the housing backlog in the uMngeni municipal area
- 1.2.2. To ensure that housing beneficiaries are given a choice in respect of the housing types that will suite their life styles and requirements

- 1.2.3. To facilitate the development and rejuvenation of the town of Howick through social housing development
- 1.2.4. uMngeni Municipality also intends to facilitate the institution of a Social Housing Company that will be responsible for driving and championing social housing projects within the Municipal area through the social housing policy
- 1.2.5. This policy seeks to address the imbalances of the past which were a result of the promulgation of policies under the apartheid regime that granted specifically located land for racial segregation as such policies were also determining the urban landscape.
- 1.2.6. The acceptance of this policy by uMngeni Municipality's EXCO will enable the Municipality and other role-players in the social housing sector to work co-operatively towards improving and upgrading the municipal infrastructure in the identified restructuring zones so that new social housing projects have easy access to services as per Chapter 2, section 5 (iii) of the Social Housing Policy,2006.
- 1.2.7. To ensure access to funding for social housing development is not interrupted by a lack of policy framework within the municipal structure/municipality
- 1.2.8. The policy is intended to create an enabling environment for the Municipality to enter into performance agreements with social housing institutions that will be responsible for the overall management of social housing stock within uMngeni Municipality.

CHAPTER TWO

2. SOCIAL HOUSING ENVIRONMENT

2.1. POLICY CONTEXT

After an analysis of the Housing situation and demand undertaken by uMngeni Municipality's Housing Unit it became apparent that the Municipality's Social Housing Policy will have to be aligned to the National social Housing Policy as the objectives of these two spheres of government i.e. National and Local, in respect of social housing are similar. In accordance with the National Social Housing Policy the main objective for the promulgation of the social housing policy include inter-alia the;

Identification of restructuring zones by the Municipality, chapter 2 (3) (f) of the Social Housing Bill. After having identified the need for the construction of more rental/social housing stock within uMngeni Municipal area, uMngeni Municipality identified a number of restructuring zones to accommodate the demand referred to in this paragraph.

- (i) Facilitation of the institution of a Social Housing Company/institution to operate within uMngeni Municipality's area is being investigated and the Municipality through its Housing component and other relevant Departments within the Municipality are gathering data in preparation for the establishment of such a company.

2.2. Legislation

- 2.2.1. uMngeni Municipality has scrutinized almost all relevant pieces of legislation and strategic plans applicable in housing development in general and ultimately concluded that some sort of contextualized policy intervention at a Municipal level is a necessity as that will ensure proper implementation of social housing projects within uMngeni Municipal area.

The relevant pieces of legislation referred to herein above include;

- (i) Housing Policy, Act 107 of 1997 which vividly outlines responsibilities of various government spheres in relation to housing delivery and it also spells out the qualification criteria that is applicable across the board.
- (ii) The National Social Housing Policy clarifies the general principles, roles and responsibilities for various government spheres and social housing institutions involved in social housing development in Chapter 2 (2) (3) (4) (5) and (6) respectively.
Therefore, in respect of the roles and responsibilities as well as the general principles as alluded to above in (iii) hereof, the Municipality has a responsibility to ensure the creation of an enabling environment within which social housing is to be undertaken to ensure sustainability of all social housing projects that the Municipality plans to implement in accordance with its IDP.

- (iii) The KwaZulu-Natal Provincial Housing Policy of 1998 highlights the commitment of the Provincial Department of Housing to render financial and other forms of support to Municipalities that want to implement projects as identified in their IDP's
- (iv) uMngeni Municipality's Integrated Development Plan has identified a number of housing development projects which have to be undertaken to eradicate slums and provide more reliable and safe houses to its residents. Among those projects are the social/rental housing projects some of which have to be delivered before the year 2015.
- (v) uMngeni Municipality's Spatial Development Framework as well as the Municipality's Land Use Management System have also been utilized by the Municipality as the correct tools for the identification of more expedient and well located pieces of land where social housing's projects sustainability can be ensured.
- (vi) uMngeni Municipality's Housing Development Sector Plan clearly identifies and gives detailed information pertaining to possible, potential and active housing projects within the Municipal area. This kind of information available in the Municipal Housing Sector Plan can assist in establishing the real housing needs for the potential beneficiaries identified in each of the projects referred to herein.
- (vii) The Rental Housing Act, Act 50 of 1999 defines the responsibility of all three spheres of government pertaining to the Rental/Social Housing sector to ensure that proper regulatory mechanisms are in place for compliance therewith by all role-players involved in social housing. UMngeni Municipality must therefore ensure adherence thereto by social housing companies operating within its area of jurisdiction.
- (viii) The KwaZulu-Natal Provincial Housing Development Plan gives an indication of the budget allocated/required in respect of each housing development programme, e.g. Project Linked Subsidy, Individual Subsidy, Institutional Subsidy, Consolidation Subsidy, etc. for the whole province.

uMngeni Municipality has a responsibility to peruse the Provincial Housing Development Plan to ensure timeous prioritization and the alignment of all its housing projects therewith, thereby avoiding a situation where some of the projects can't acquire funding as a result of a lack of relevant information and poor planning.

The Municipal Social Housing Policy is therefore legislatively aligned to the above pieces of legislation to ensure uninterrupted housing development within uMngeni Municipality.

CHAPTER THREE

3. CURRENT SITUATION

- 3.1. The current social/rental housing situation within uMngeni municipal area is as follows;
- (i) uMngeni Municipality has two blocks of flats i.e. Allemans Court and Greys Court. Refer to the 2nd paragraph hereof under the caption, **BACKGROUND** for information about the flats referred to herein.
 - (ii) The two blocks of flats are apparently not sufficient to satisfy and meet the demand for the rental housing accommodation within uMngeni Municipal area at the present moment.
 - (iii) The current social housing situation and the shortage of social/rental housing accommodation is compelling uMngeni Municipality to hasten the process of gathering information pertaining to the packaging of the social housing project for the initial 100 units.
 - (iv) The current demographical situation reveals that the population of uMngeni Municipality is standing at approximately 78 000 people and this number is rapidly increasing. The number of people requiring rental / social housing accommodation is alarmingly increasing due to an inexplicable tourism and industrial developments taking place within uMngeni Municipal area as highlighted herein earlier on.
 - (v) This social/rental housing policy is applicable and relevant to the current housing situation in the uMngeni municipal area and it will be subjected to changes and amendments on an ongoing basis as and when the situation changes.
 - (vi) uMngeni Municipality must have a Rental Housing Information office which will operate independently from the social housing company/institution as it will be dealing mostly with disagreements, misunderstanding and disputes among the SHC/I and tenants.
 - (vii) People from farms and rural communities next to Howick are migrating to Howick in numbers to be closer to job opportunities. The migration patterns within uMngeni Municipal area will drastically influence and consequently increase the social housing demand.
 - (viii) The Municipality will apparently have to be ready for this and put measures in place to deal with it timeously before the situation gets out of control.
 - (ix) The Municipality is currently working tirelessly to eradicate two major slum settlements which are in the two industrial nodes of Howick. The owners of the factories next to the two informal settlements are planning to extend their operations and this will apparently lead to the creation of more employment

opportunities thereby increasing the number of people who will need rental housing accommodation.

- (x) The current housing situation in uMngeni Municipality is unique as there are many people falling within the income group/category from R8 000.00 to R30 000.00 who also need rental housing accommodation. This group is not accommodated in both the current National and Provincial Social Housing Policies and this poses a major problem for uMngeni Municipality as many of these people normally come to the Municipality for assistance as there is scarcity of private rental housing accommodation in Howick and in the whole of uMngeni Municipality.
- (xi) uMngeni Municipality has therefore resolved to accommodate those people who need rental accommodation but cannot qualify for the government subsidy due to their income that falls outside of the income levels and categories accommodated by the current national housing subsidy system and policies.
- (xii) uMngeni Municipality's Housing Component shall consolidate the old rental housing waiting list which consisted of approximately five hundred (500) applicants with the current housing demand data base which has about two hundred rental/social housing applicants excluding other housing programmes under various housing subsidy mechanisms. This indicates that the total social/rental housing demand is currently standing at approximately **700** people still to be housed and the same number of social housing units to be constructed.
- (xiii) The total low-income housing backlog within uMngeni Municipality is estimated at approximately **8 600** housing units. This figure is again exclusive of the figure estimated under social housing. Both figures are increasing on a daily basis.
- (xiv) The capturing of new applications to the municipality's housing demand data base system is an ongoing process as there are wards within the municipal area that have not yet been satisfactorily attended to in respect of the delivery of low-income housing yet the need thereof has already been identified and confirmed.

uMngeni Municipality is therefore, through its computerized housing demand data base system operated and managed by the Housing Component aiming at collecting data to get at least a 98% accurate information in respect of the actual housing backlog within its area of jurisdiction.

uMngeni Municipality will, within the next ten years endeavor to reach out and deliver low-income housing projects to all municipal wards where the need has been identified as highlighted in (xiv) above. The availability of this information will enable uMngeni Municipality to plan and budget properly for all its housing projects.

CHAPTER FOUR

4. FUTURE HOUSING DEMAND

- 4.1. In the previous chapter it has been indicated that there is a potential for rapid economic growth within uMngeni Municipality due to the industrial and tourism development taking place and this is going to impact on the local demographics and ultimately to the social housing demand within the municipal area.
- 4.2. The rate at which the local economy grows will undoubtedly result in more job opportunities being created and the number of people who will migrate to town will also increase.
- 4.3. It is anticipated that by the year twenty twelve (2012), the number of social housing demand will have increased by **68,6%** which is equivalent to approximately **480** people compared to the current situation.
- 4.4. There is a possibility for the above percentage and number to double what is being prognosticated it will be in the next five years and this will very much be influenced by local economic development trends within uMngeni municipal area during the same period.
- 4.5. uMngeni Municipality must therefore ensure that the current social housing demand is addressed within the next five years, i.e. between the years **2008 & 2012**.
- 4.6. A demand for various housing development typologies within uMngeni municipal area is very high with social/rental housing topping the list followed by the gap/affordable housing market. The gap market refers to the income group between **R3 501.00 - R12 500**. The low income housing development within uMngeni Municipal area is well on track even though there is a backlog. The backlog referred to herein in respect of low income housing development is gratifactorily dealt with as there is currently three major low income housing projects that are being packaged with one of them nearing approval stage. These projects will go a long way in addressing the backlog and in hastening a complete eradication of slums within uMngeni Municipal area.
- 4.7. Nevertheless, there is very little happening to address the backlog in the gap/affordable housing market. This market is unable to access government's low income housing grants and they also cannot afford to buy properties in areas where upmarket residential properties' development is undertaken as their income is less than the minimum salary required to qualify to purchase properties in such developments. Furthermore, there is a serious shortage of social/rental housing accommodation within uMngeni Municipal area where some of the people from this group could be temporarily accommodated.
- 4.8. Therefore, the Municipality must identify more restructuring zones in Howick itself as there are pieces of land that have been identified in the Municipality's IDP for the financial year 2007/2008, **page 102, item 16.3** under the topic "**Possible Future Residential**", paragraph 3 which can be used to deal with the disjointed development

in Howick and simultaneously deal with the densification of certain areas within the town of Howick.

4.9. Social/Rental Housing development can be undertaken as part of the densification programme of the inner city of Howick.

4.10. The Municipality must also consider the affordable housing development in the area of Hilton on the pieces of land identified through the IDP planning processes, page 102, item 16.3 (*2007/2008 IDP*).

CHAPTER FIVE

5. CONSTRAINTS ON THE WAY TO SOCIAL HOUSING

5.1. CONSTRAINTS WITHIN THE UMNGENI MUNICIPALITY AND ITS HOUSING UNIT

- (i) There is no sufficient staff that have knowledge and vivid comprehension of the social housing concept within the Housing Unit and in the Municipality as a whole.
- (ii) Lack of capacity within the housing unit, number of staff in particular.
- (iii) Delays on the timeous delivery of social housing units to address the current social housing backlog due to financial constraints within the Municipality.
- (iv) Compilation of the terms of reference for the establishment of uMngeni Housing Company.

5.2. EXTERNAL CONSTRAINTS AFFECTING THE HOUSING UNIT

5.2.1. External constraints affecting the operation of uMngeni Municipality's Housing Component are as follows;

- (i) Establishment of uMngeni Housing Company/Association and the procedure to be followed.
- (ii) Funding for the implementation of the proposed social housing project within uMngeni Municipal area.
- (iii) uMngeni Municipality is a Medium Capacity Municipality and a Metro/Uncity and in accordance with the Social Housing Policy, uMngeni does not qualify for the social housing capital grant which is the most significant grant funding to implement a successful social housing project.
- (iv) Necessity to capacitate the available Municipal Housing staff on various aspects of social housing vs time constraints.
- (v) Unavailability of relevant skills training programmes to capacitate potential social housing employees in preparation for the operation phase on completion of the first social housing project.
- (vi) Payment of salaries for the staff employed by the SHC during its infant phase.
- (vii) Teething problems of the SHC that could eventually affect the tenants.
- (viii) Temporary secondment of Housing personnel to the new SHC to get the ball rolling will be impossible due to the shortage of staff and the lack of relevant skills and knowledge among staff.
- (ix) The funding that can be acquired from the Department of Housing (DoH) through the institutional subsidy mechanism does not even make up 40% of the total funding required to finance a green field social housing project.
There is of course a big difference if the project to be undertaken is a brown field type of social housing development as the DoH funding can almost finish such a project depending on the size of a project and the extent of the remedial work to be undertaken.
- (x) Building the capacity of the social housing company after its institution is not a simple task as it requires financial stability which the newly instituted SHC might not have.

CHAPTER SIX

6. HOUSING DELIVERY GOALS

6.1. Vision

The Vision of uMngeni Municipality's Housing Component in respect of Social and other Housing development programmes is:

Co-operatively delivering good quality housing to the people thereby ensuring happy housing consumers through participatory, educative, empowering and transparent housing delivery processes and programmes.

6.2. Mission

The mission statement that uMngeni Municipality's Housing Section has created for housing delivery programmes within the municipal area is:

uMngeni Municipality's Housing Section will strive for and ensure both qualitative and quantitative housing delivery through community inclusion during all housing projects' implementation, capacitate and empower housing consumers through housing consumer education various skills development programmes to ensure sustainable human settlements within uMngeni Municipal area.

6.2. Objectives and Goals

The objectives and goals of uMngeni Municipality's Housing Section in respect of social housing and other types of housing development are:

6.2.1. Objectives

The main housing delivery objectives for uMngeni Municipality are as follows;

- (i) Encouragement of the adoption of inclusionary housing development strategy within uMngeni Municipality to ensure an acceptable standard of services for all residents of uMngeni Municipality more especially in social and in affordable housing projects.
- (ii) Creation of an enabling environment for willing housing role-players to emancipatively participate in formulating strategies that will ensure speedy social housing delivery within uMngeni Municipal area.
- (iii) Clear identification and reservation of land expedient for social housing development in Howick for restructuring and densification of the Howick inner city.
- (iv) Devise strategies to boost evidity shown by uMngeni Municipality's small business entrepreneurs in developing their businesses to encourage various economic activities in Howick and other urban areas surrounding Howick.
- (v) Provision of safe, secured and habitable social housing units to the housing consumers within uMngeni Municipal area.
- (vi) Encourage cross-sectoral theme/inter-sectoral and inter-departmental co-operation within the Municipality and with other role-players outside of the Municipality i.e. at a District, Provincial and National government levels

including with non-governmental organizations to ensure a holistic approach towards housing development.

6.2.2. Goals

The following goals will be instrumental in realizing the objectives set out in 6.2.1 above;

- (i) uMngeni Municipality will put out an advertisement and invite proposals for the initiation of the social housing development process including but not limited to the formation of a SHC.
- (ii) To package a first social housing project of **200 units** and secure funding for the implementation thereof through an inclusionary housing delivery system for various income categories to cross-subsidize each other within the next five years to ensure development sustainability.
- (iii) To start the necessary land preparatory and land assemble processes on the identified restructuring zones in preparation for the implementation of social housing projects with immediate effect.
- (iv) To align the delivery of housing with the development of other community amenities and facilities

CHAPTER SEVEN

7. HOUSING DELIVERY STRATEGY

7.1. Actions to be taken

- (i) uMngeni Municipality will formally establish uMngeni Social Housing Company and ensure that it gets all the resources that it requires to function properly.
- (ii) The SHC will forward funding applications to various funding organizations and financial institutions as well as to the DoH to secure development funds for the project.
- (iii) The Municipality will provide the SHC with the information in respect of the existing services where social housing is to be undertaken to know what services are available and whether they will need to be upgraded.
- (iv) Collect data pertaining to the available community facilities and establish if it will be necessary to build more or only rehabilitation and the upgrading of some of them will be required.
- (v) Establish the proximity of such amenities to the project to ensure easy accessibility thereof by the project beneficiaries.
- (vi) Investigate the possibility and feasibility of transferring the existing housing stock to the SHC and look at the possible hindrances.
- (vii) uMngeni Municipality will provide land for the implementation of the proposed social housing development.

7.2. FINANCIAL IMPLICATIONS

- 7.2.1 For the SHC to properly manage the institution and operate successfully, the Municipality will have to financially support the SHC for at least two consecutive years for operational costs not less than R150 000.00 per annum.

- 7.2.2. The Municipality might also have to pay the staff working for the SHC.
- 7.2.3. The Municipality must also assist the SHC to upgrade and install or gain access to municipal bulk infrastructure in the designated restructuring zone, and to the extent permitted under the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003), and the Local Government's Municipal Systems Act, 2000.
- 7.2.4. It has been highlighted earlier on in this policy that uMngeni Municipality is a Medium Capacity Municipality and will therefore encounter some difficulties to access and acquire the government social housing capital grant under the current policy arrangements as this grant is currently rendered to Metropolitan Councils as part of the roll-out strategy or pilot project.
- 7.2.5. Therefore this means that uMngeni municipality will have to contribute immensely towards funding the activities of the SHC to be instituted during its infant stages until this institution acquires financial stability.

CHAPTER EIGHT

8. RESPONSIBILITIES OF OTHER STAKEHOLDERS

8.1. Responsibilities of Stakeholders

As contemplated in the National Social Housing Act of 2006, the responsibilities of other stakeholders which involve among others,

- 8.1.1. The Social Housing Regulatory Authority,
- 8.1.2. National Housing Finance Corporation and
- 8.1.3. Financial Institutions (Banks)

8.1.1. THE SOCIAL HOUSING REGULATORY COUNCIL

The Social Housing Regulatory Authority is established in terms of Chapter 3, Section (7), (8) and (9) of the Social Housing Policy of 2006 as a juristic person. The responsibilities of the Social Housing Regulatory Authority in respect of social housing are as follows;

- (i) Provision of advisory services to the Minister on new developments in the social housing sector.
- (ii) Render assistance in the process of the designation of restructuring zones
- (iii) Facilitation and promotion of social housing programmes.
- (iv) Maintenance of a register of social housing companies/institutions with the prescribed details which is open for inspection by the public at the premises of the regulatory Authority during normal business hours against payment of the prescribed fee and annually provide a copy thereof to Treasury and the Department of Housing.

8.1.2. THE NATIONAL HOUSING FINANCE CORPORATION

The National Housing Finance Corporation is an organization that was established in terms of the National Housing Act of 1997, Act 107 of 1997 and its responsibilities are as follows;

- (i) Facilitation of the provision of access to guarantees for loan funding from financial institutions
- (ii) Provision of access to loan funding
- (iii) Making available to the Regulatory Authority when requested any financial information to enable it to assess the institutional health and financial sustainability of social housing institutions/companies.
- (iv) Exploration and supporting of mechanisms aimed at facilitating public funding for social housing.

8.1.3. FINANCIAL INSTITUTION(S) BANKS

The main responsibility of financial institutions pertaining to social housing is;

- (I) To render financial assistance in the form of loans to various housing companies/institutions for the implementation of social housing projects.

8.2. RELATIONSHIP BETWEEN THE MUNICIPALITY AND SHC/I(s)

- 8.2.1. After the institution of a Social Housing Company/Institution, uMngeni municipality must establish and strengthen its relationship with the SHC/I by formally entering into a performance agreement with the SHC/I.
- 8.2.2. The SHC/I must deliver as per the performance agreement entered into between the two parties, i.e. the Municipality and the SHI/C.
- 8.2.3. The Municipality must assist the SHC/I during its inception by providing it with funds for operation.
- 8.2.4. The Municipality must provide the SHC/I with data collected by the Municipality prior to the institution of the SHC/I in respect of the demand for social housing and all applications captured in the Municipal Housing Demand Data Base.
- 8.2.5. The Social Housing Company must provide the Municipality with quarterly reports pertaining to all its activities, problems and challenges encountered during the execution of its functions.

CHAPTER NINE

9. MONTHLY RENTALS, MONITORING AND EVALUATION

9.1. Monthly Rentals

- 9.1.1. The monthly rentals in respect of uMngeni Municipality's employees earning between R3 501 and R19 000 00 shall be 8.5% of their monthly gross income. However, if the rental exceeds the amount(s) specified in clause/item 9.1.4. hereof, rental will then be charged as per item/clause 9.1.4 i.e. on a per bedroom basis.
- 9.1.2. uMngeni Municipal employees earning more than R20 000 per month shall pay a market related rental or alternatively clause 9.1.4 hereof will also be applied where necessary.
- 9.1.3. Members of the public not in the employ of uMngeni Municipality earning between R3 5001 and R 10 000 per month applying for rental housing accommodation shall pay 22% of their monthly gross income as their monthly rent. However, if the rental exceeds the amount(s) specified in clause/item 9.1.4. hereof, rental will then be charged as per item/clause 9.1.4 i.e. on a per bedroom basis.

- 9.1.4. Members of the public not employed by uMngeni Municipality earning over R10 000 per month shall pay a market related rental or will be charged rental based on the number of bed/rooms the apartment/flat has starting from a minimum amount of R1 200 for a one bedroomed flat, R1 600.00 for a two bedroomed flat and R2 000.00 for a three bedroomed apartment. The rate payable for each apartment will be determined by the level at which the apartment is, eg. Ground/1st level, 2nd level and 3rd level respectively depending on the number of levels that the block of flats has.
- 9.1.5. The above rates do not include water and electricity payments.
- 9.1.6. It must be noted that the above rates shall only apply on the existing municipal housing stock, i.e. Allemans and Greys Court.
- 9.1.7. In the case of social/rental housing stock still to be built, rentals to be charged therein can only be decided after gathering all information pertaining to the total costs incurred for the entire project. Various National Government policies will also have an impact on the determination of rental to be paid in the new social housing projects. The policies referred to above include;
- (i) The National Housing Policy, Act 107 of 1997,
 - (ii) The Rental Housing Act, Act 50 of 1999 and
 - (iii) The Social Housing Policy of 1996
- 9.1.8. The Social Housing Company/Institution (SHC/I) will also play a pivotal role in working out/coming up with the formula to be utilized in calculating rentals to be charged in respect of new social housing projects.

9.2. Monitoring and Evaluation

9.2.1. Monitoring

- (i) The Social Housing Policy itself needs to be integrated into the IDP of uMngeni Municipality immediately after it has been approved and adopted by Council.
- (ii) A final confirmation of all the identified restructuring zones within uMngeni municipal area where the Municipality plans to undertake social housing projects will now have to be done as all identified social housing projects will also have to be incorporated into the Municipality's IDP to make it easy for the Municipality to access funding from various funding sources.
- (iii) uMngeni Municipality must devise specific implementation and monitoring plans to be utilized during the implementation of social housing projects and such plans must be structured in such a way that they facilitate and simplify the monitoring process for social housing projects. Putting monitoring plans in place is of utmost significance as it is the only way with which the municipality and the SHC/I can control delivery of social housing projects within its area of jurisdiction.
- (iv) To ensure proper monitoring and implementation of social housing, a social housing champion must be identified within the Municipality's Housing Component or any other Department which may have officials with a vivid comprehension of the housing processes with specific emphasis and reference on social housing processes.
- (v) The Housing Champion will assist to timeously identify and detect various hindrances that could interfere with the development programme and intervene before the occurrence of any damage that could jeopardize the entire project's activities more especially those that could be on the critical path at that time.
- (vi) A Project Steering Committee (PSC) must also be formed immediately after the approval of the first project to take the responsibility of driving that particular

social housing development to ensure that the project is not derailed as a consequence of a lack of proper structures that should steer the project towards the right direction to achieve the intended goals and objectives.

- (vii) Ongoing/continuous monitoring of social housing projects will be done through the On-Site Project Steering Committee's monthly meetings, quarterly project progress report to be submitted to the Municipality by the SHC/I and Annual Project reports to be submitted by the SHC/I.

9.2.2. Evaluation

9.2.2.1. The effectiveness of the Municipal Social Housing Policy and the success of social housing projects implemented within uMngeni Municipal area will be evaluated and assessed in the following manner;

- (i) Information pertaining to the number of social housing units delivered in a five year period will be collected and measured against and compared to the original number of units that had to be delivered in accordance with the Municipality's housing delivery plan.
- (ii) The success of the SHC/I in effectively managing the delivered social housing stock will be measured by asking the tenants questions relating to the quality of the units, the overall management of the complex by the SHC/I to the gratification of the tenants.
- (iii) Half Yearly audits in respect of the payment of rentals will be undertaken to establish if all the tenants are timeously paying their rent and whether those that are in arrears have made the necessary arrangements to repay their debts.
- (iv) Corrective measures and actions to be taken will be deliberated at the annual general meeting of the SHC/I and its partners in respect of the identified necessity to amend this policy or to introduce certain controls in the implementation of social housing projects to ensure sustainability of this kind of housing development.
- (v) This policy will be amended as and when required to be expedient to the current housing needs of uMngeni Municipality's residents.

10. SHORT TITLE AND COMMENCEMENT

This Policy is called uMngeni Municipal Social Housing Policy of 2007 and it will be effective immediately on the date of its adoption by uMngeni Municipality's Full Council.

Date of Adoption by Council:

MUNICIPAL MANAGER'S SIGNATURE:.....

MUNICIPAL MANAGER'S FULL NAME:

CHAIRPERSON OF THE COUNCIL: SIGNATURE:.....

CHAIRPERSON'S FULL NAME :.....

uMNGENI MUNICIPALITY

DRAFT TARIFF POLICY



Date of Adoption: 28 MARCH 2024

Date of Implementation: 1 JULY 2024

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TARIFFS POLICY

1. DEFINITIONS

“Systems Act” means Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000).

2. INTRODUCTION

A tariff policy must be compiled, adopted and implemented in terms of Section 74 of the Systems Act, 2000, such policy to cover, among other things, the levying of fees for municipal services provided by the municipality itself or by way of service delivery agreements.

“The Tariffs Policy has been compiled taking into account, where applicable, the guidelines set out in Section 74”

In setting its annual tariffs the Council shall at all times take due cognisance of the tariffs applicable elsewhere in the economic region, and of the impact which its own tariffs may have on local economic development.

3. PRINCIPLES

Service tariffs imposed by the local municipality shall not be viewed as taxes, and therefore the ability of the relevant consumer or user of the services to which such tariffs relate, shall not be considered as a relevant criterion (except in the case of the indigency relief measures approved by the municipality from time to time).

The municipality shall ensure that its tariffs are uniformly and fairly applied throughout the municipal region.

Tariffs for the two major services rendered by the municipality, namely:

- Electricity
- Refuse removal

shall as far as possible recover the expenses associated with the rendering of each service concerned. The tariff which a particular consumer or user pays shall therefore be directly related to the standard of service received and the quantity of the particular service used or consumed.

The municipality shall, as far as circumstances reasonably permit, ensure that the tariffs levied in respect of the foregoing services ensure self-sustainability.

The municipality shall develop, approve and at least annually review an indigent support programme for the municipal area.

In line with the principles embodied in the Constitution and in other legislation pertaining to local government, the municipality may differentiate between different categories of users and consumers in regard to the tariffs which it levies. Such differentiation shall, however, at all times be reasonable, and shall be fully disclosed in each annual budget.

The municipality's tariff policy shall be transparent, and the extent to which there is cross-subsidization between categories of consumers or users shall be evident to all consumers or users of the service in question.

The municipality further undertakes to ensure that its tariffs shall be easily explainable and understood by all consumers affected by the tariff policy concerned.

The municipality also undertakes to render its services cost effectively in order to ensure the best possible cost of service delivery.

In the case of the directly measurable service, namely electricity, the consumption of such service shall be properly metered by the municipality, and meters shall be read, wherever circumstances reasonably permit, on a monthly basis. The charges levied on consumers shall be proportionate to the quantity of the service which they consume. In addition, the municipality shall levy monthly availability charges for the service concerned, and these charges shall be fixed for each type of property as determined in accordance with the detailed policies set out below. Generally, consumers of electricity shall therefore pay two charges: one, relatively minor, which is unrelated to the volume of consumption and is levied because of the availability of the service concerned; and another directly related to the consumption of the service in question.

In considering the costing of its electricity service, the municipality shall take due cognizance of the high capital cost of establishing and expanding such service, and of the resultant high fixed costs, as opposed to variable costs of operating the service. The municipality therefore undertakes to plan the management and expansion of the service carefully in order to ensure that both current and reasonably expected future demands are adequately catered for, and that demand levels which fluctuate significantly over shorter periods are also met. This may mean that the services operate at less than full capacity at various periods, and the costs of such surplus capacity must also be covered in the tariffs which are annually levied.

In adopting what is fundamentally a two-part tariff structure, namely a fixed availability charge coupled with a charge based on consumption, the municipality believes that it is properly attending to the demands which both future expansion and variable demand cycles and other fluctuations will make on service delivery.

It is therefore accepted that part of the municipality's tariff policy for electricity services will be to ensure that those consumers who are mainly responsible for peak demand, and therefore for the incurring by the municipality of the associated demand charges from Eskom, will have to bear the costs associated with these charges. To this end the municipality shall therefore install demand meters to measure the maximum demand of such consumers during certain periods. Such consumers shall

therefore pay the relevant demand charge as well as a service charge directly related to their actual consumption of electricity during the relevant metering period.

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

In order to determine the tariffs which must be charged for the supply of the two major services, the municipality shall identify all the costs of operation of the undertakings concerned, including specifically the following:-

- Cost of bulk purchases in the case of electricity.
- Distribution costs, including distribution losses in the case of electricity.
- Depreciation and finance charges.
- Maintenance of infrastructure and other fixed assets.
- Administration and service costs, including:-
 - service charges levied by other departments such as finance, human resources and legal services;
 - reasonable general overheads, such as the costs associated with the office of the municipal manager;
 - adequate contributions to the provisions for bad debts and obsolescence of stock;
 - all other ordinary operating expenses associated with the service concerned including, in the case of the electricity service, the cost of providing street lighting in the municipal area (note: the costs of the democratic process in the municipality – that is, all expenses associated with the political structures of the municipality – shall form part of the expenses to be financed from property rates and general revenues, and shall not be included in the costing of the major services of the municipality).
- The intended surplus to be generated for the financial year, such surplus to be applied:-
 - as an appropriation to capital reserves; and/or
 - Generally in relief of rates and general services.

The municipality shall provide the first 100kWh (one hundred) of electricity per month free of charge to consumers who are on a 20amp pre-paid meter.

5. **ELECTRICITY**

The various categories of electricity consumers, as set out below, shall be charged at the applicable tariffs, as approved by the council in each annual budget.

Tariff adjustments shall be effective from 1 July each year. All accounts rendered from 1 July each year shall be calculated on the applicable tariff as at 1 July irrespective of the meter reading date.

Categories of consumption and charges shall be as follows:-

- With the single exception of registered indigents, all electricity consumers shall be billed for their electricity consumption at the tariff applicable to the category in which the particular consumer falls.
- All pre-paid consumers of the municipality who are registered as indigents with the municipality and are on a prepaid meter shall receive free the first 200kWh (Two hundred) of electricity consumed per month.
- Domestic consumers will be limited to a 60-amp MCB to qualify for the reduced basic charge. If a higher MCB is requested these consumers will be charged the same basic charge as commercial and industrial consumers.
- All domestic electricity consumers other than registered indigents and consumers using prepaid meters per month shall additionally be billed a basic charge per meter installed.
- All commercial, industrial and other non-domestic properties shall additionally be billed a monthly basic charge per meter installed and, where applicable, a demand charge appropriate to their respective levels of consumption.

6. REFUSE REMOVAL

All residential properties with a maximum valuation of R 135 000 (one hundred and thirty five thousand) will receive free refuse removal services whilst all other residential properties will be charged a basic fee to be reviewed annually during the budget process.

All other properties, such as commercial and state institutions will be charged a monthly fee determined annually during the budget process.

The monthly refuse removal charge will be charged against the owner's account.

All future applications must be from the owner.

7. OTHER TARIFFS, LEVIES AND CHARGES

All other tariffs shall be standardized within the municipal region.

All other tariffs shall be approved by the council in each annual budget, and may, when deemed appropriate by the council, be subsidized by property rates and general

revenues *inter alia*, particularly when the tariffs will prove uneconomical when charged to cover the cost of the service concerned, or when the cost cannot accurately be determined, or when the tariff is designed purely to regulate rather than finance the use of the particular service or amenity.

All other tariffs over which the municipality has full control shall annually be adjusted at least in line with the prevailing consumer price index, unless there are compelling reasons why such adjustment should not be effected.

Other tariffs shall include inter-alia the following:-

- ❖ Cemetery fees
- ❖ Housing rentals
- ❖ Library fees (e.g. membership fees, fines, lost books, lost membership cards)
- ❖ Rentals for the use of municipal premises
- ❖ Rentals for the use of municipal sports grounds
- ❖ Rentals for the lease of municipal property
- ❖ Building plan fees
- ❖ Advertising sign fees
- ❖ Plastic bag sales
- ❖ Refuse bin sales
- ❖ Cleaning of stands
- ❖ Photostat copies
- ❖ Rates clearance certificates
- ❖ Property valuation certificates
- ❖ Electricity: disconnection and reconnection fees
- ❖ Electricity tampering of meter fees
- ❖ Electricity testing of meters
- ❖ Electricity: new connection fees
- ❖ Penalty and other charges in terms of the Credit Control and Debt Collection Policy
- ❖ Supply of information
- ❖ Garden refuse removal
- ❖ Licence fees (drivers, learner licence and roadworthy).
- ❖ Swimming pool fees
- ❖ Pound fees
- ❖ Taxi Rank and Rank Permits
- ❖ Wayleave charges
- ❖ Landfill site fees
- ❖ Or any other tariff charges as detailed on Tariff register

The details of how each tariff is levied will be on the rates tariff document which is also made available to the public as it is advertised in the relevant newspapers and on the official municipal website.

uMNGENI MUNICIPALITY

DRAFT FUNDING & RESERVES POLICY



Date of Adoption: 28 MARCH 2024

Date of Implementation: 1 JULY 2024

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Version: Final

Date: 28 MARCH 2024

Summary: This document describes the Funding and Reserves Policy that will be applicable to the municipality, detailed.

Date of Implementation: 1 JULY 2024

FUNDING AND RESERVE POLICY

1. INTRODUCTION AND OBJECTIVE

The Council sets as objective a long term financially sustainable municipality with acceptable levels of service delivery to the community.

This policy aims to set standards and guidelines towards ensuring financial viability over both the short- and long term and includes funding as well as reserves requirements.

2. SECTION A: FUNDING POLICY

2.1 LEGISLATIVE REQUIREMENTS

In terms of Sections 18 and 19 of the Municipal Finance Management Act (Act No 56 of 2003) (MFMA), an annual budget may only be funded from:

- Realistically anticipated revenues to be collected;
- Cash backed accumulated funds from previous years' surpluses not committed for other purposes, and
- Borrowed funds, but only for capital projects.

Furthermore, spending on a capital project may only be commenced once the funding sources have been considered, are available and have not been committed for other purposes.

The requirements of the MFMA are therefore clear in that the budget must be cash — funded i.e. cash receipts inclusive of prior cash surpluses must equal or be more than cash paid.

In determining whether the budget is actually cash funded and in addition ensuring long term financial sustainability, the municipality will use analytical processes, including those specified by National Treasury from time to time.

2.2 STANDARD OF CARE

Each functionary in the budgeting and accounting process must do so with judgment and care, under the prevailing circumstances, as a person of prudence, discretion and intelligence would exercise to the management of his or her own finances with the primary objective of ensuring that the objectives of this policy are achieved.

2.3 STATEMENT OF INTENT

The municipality will not pass a budget which is not cash — funded or where any of the indicators as listed in this document are negative, unless acceptable reasons can be provided for non-compliance, provided that the requirements of the MFMA must at all times be adhered to.

2.4 CASH MANAGEMENT

Cash must be managed in terms of the municipality's Cash Management and Investment Policy.

2.5 DEBT MANAGEMENT

Debt must be managed in terms of the municipality's Debt Management Policy, together with any requirements in this policy.

2.6 FUNDING THE OPERATING BUDGET

2.6.1 INTRODUCTION

The municipality's objective is that the user of municipal resources must pay for such usage in the period it occurs.

The municipality however, recognises the plight of the poor, and in line with national and provincial objectives, the municipality commits itself to subsidised services to the poor. This will necessitate cross subsidisation in tariffs to be calculated in the budget process.

2.6.2 GENERAL PRINCIPLE WHEN COMPILING THE OPERATING BUDGET

The following specific principles apply when compiling the budget:

- a) The budget must be cash — funded, i.e. revenue and expenditure projections must be realistic and the provision for impairment of receivables must be calculated on proven recovery rates;
- b) Growth parameters must be realistic and be based on historic patterns adjusted for current reliable information;
- c) Tariff adjustments must be fair, taking into consideration general inflation indicators as well as the geographic region's ability to pay;

Revenue from Government Grants and Subsidies must be in accordance with the amounts promulgated in the Division of Revenue Act, proven provincial transfers and any possible transfers to or from other municipalities.

For the purpose of the Cash flow budget any National or Provincial grants that have been re-appropriated for roll—over purposes must be excluded from the

calculation as it must be included in changes in Cash and Cash Equivalents and Payables.

Furthermore, in the budget the total grants recognised as revenue must equal the total expected expenditure from grants, inclusive of capital expenditure and VAT as per directive given in MFMA circular 48.

- d) Projected revenue from services charges must be reflected as net (all billing less revenue foregone, which is free basic services, discounts and rebates).
- e) Projected revenue from property rates must include all rates to be levied, but rebates and discounts must be budgeted for as either revenue foregone or a grant, as per directive in MFMA Budget Circular 51, depending on the conditions of the exemption, rebate or reduction.

For the purpose of the Cash flow Budget all rebates and discounts must be deducted from the projected revenue.

- f) Only changes in fair values related to cash may be included in the cash flow budget. Changes to unamortised discount must be included in the Operating Budget but excluded in the cash flow budget.
- g) Employee related costs include contributions to non-current and current employee benefits. It is acknowledged that the non-current benefits' requirements are well above the initial cash capabilities of the municipality, and it is therefore determined that provision for the short term portion of employee benefits, as well as an operating surplus calculated at 5% of the prior year balance of the long—term benefits, be included in the operating budget, in order to build sufficient cash for these requirements. The cash portion of the employee benefits must be accounted for in an "Employee Benefits Reserve".
- h) Depreciation must be fully budgeted for in the operating budget. In order to ensure a sufficient accumulation of cash for the replacement of Property, Plant and Equipment and Intangible Assets, the amount of depreciation on assets funded from own sources, excluding assets funded from grants, public contributions and external loans must be reflected as a surplus on the cash flow budget.
- i) Contributions to provisions (non-current and current) do not form part of the cash flow. It is however, necessary to provide for an increase in cash resources in order to comply with the conditions of the provision at the time when it is needed.

It is therefore a requirement that the contribution to current provisions, as well as 20% of the prior year balance of the non-current provision, is budgeted as cash surpluses until the necessary funding level is obtained.

2.7 FUNDING THE CAPITAL BUDGET

2.7.1 INTRODUCTION

The municipality's objective is to maintain, through proper maintenance and replacement measures, existing levels of service and to improve and implement services which are neglected or non-existent.

In order to achieve this objective the municipality must annually, within financial means, budget for the replacement of redundant assets as well as new assets.

2.7.2 FUNDING SOURCES FOR CAPITAL EXPENDITURE

The capital budget can be funded by way of own contributions, grants, public contributions as well as external loans.

Own Contributions

The capital budget financed from own contributions must primarily be funded from the Capital Replacement Reserve.

Notwithstanding the above the capital budget or portions thereof may also be funded from surplus cash. The allocations of the funding sources from own contributions are determined during the budget process.

Grants (Including Public Contributions)

Grants for capital expenditure have become a common practice, especially in order to extend service delivery to previously disadvantaged areas. While such grants are welcomed, care should also be taken that unusual grant funding does not place an unreasonable burden on the residents for future maintenance costs which may be higher than their ability to pay.

It is therefore determined that the accounting officer must evaluate the long term effect of unusual capital grants on future tariffs, and if deemed necessary, report on such to Council.

It is furthermore determined that the depreciation charges on assets financed from grants and donations must not have a negative effect on tariffs charged to the users of such assets. The Accounting Officer must put such accounting measures in place to comply with this requirement, to a reasonable extent.

External Loans

The municipality may only raise loans in accordance with its Debt Management Policy.

The Accounting Officer must also put such accounting measures in place to ensure that no unspent portions of loans are utilised for operating purposes.

For budgeting purposes any difference between proposed capital spending from loans and proposed loans raised must be included in the cash surplus for the year.

2.8 FUNDING COMPLIANCE MEASUREMENT

2.8.1 INTRODUCTION

The municipality wants to ensure that the budget or adjustments budget complies with the requirements of the MFMA and this policy. For this purpose a set of indicators must be used as part of the budget process and be submitted with the budget.

These indicators include all the indicators as recommended by National Treasury as well as reconciliations according to this policy. Any additional indicators recommended by National Treasury in future must also be taken into account, as well as any additional reconciliation items as either determined by the Council or the Accounting Officer.

If any of the indicators are negative during the compilation or approval process of the budget, the budget may not be approved until all the indicators provide a positive return, unless any negative indicators can be reasonably explained and future budget projections address the turn-around of these indicators to within acceptable levels.

2.8.2 CASH AND CASH EQUIVALENTS AND INVESTMENTS

A positive Cash and Cash Equivalents position throughout the year is crucial. In addition, the forecasted cash position at year-end must at least be the amount as calculated in the Reconciliation of Cash Requirements as determined by this policy and attached to this policy as Appendix "A".

2.8.3 CASH PLUS INVESTMENTS LESS APPLICATION OF FUNDS

The overall cash position of the municipality must be sufficient to include:

- unspent conditional grants;
- unspent conditional public contributions;
- unspent borrowings;
- vat due to SARS;
- secured investments;
- the cash portion of statutory funds such as the Housing Development Fund;
- other working capital requirements; and
- In addition, it must be sufficient to back reserves as approved by the municipality and the portions of provisions as indicated elsewhere in this policy.

2.8.4 MONTHLY AVERAGE PAYMENT COVERED BY CASH AND CASH EQUIVALENTS ("CASH COVERAGE")

This indicator shows the level of risk should the municipality experience financial stress.

2.8.5 SURPLUS/DEFICIT EXCLUDING DEPRECIATION OFFSETS

It is almost certain that the operating budget, which includes depreciation charges on assets funded by grants and public contributions, as well as on revalued assets, will result in a deficit.

As determined elsewhere in this policy it is not the intention that the users of the assets funded from grants, public contributions and revaluations must be burdened with tariff increases to provide for such depreciation charges. In order to ensure a “balanced” budget but excluding such depreciation charges, the depreciation charges may be offset against the net surplus / deficit.

Should the budget result in a deficit after the offsetting, the budget will be deemed unfunded and must be revised.

2.8.6 PROPERTY RATES/SERVICE CHARGE REVENUE PERCENTAGE INCREASE LESS MACRO INFLATION TARGET

The intention of this indicator is to ensure that tariff increases are in line with macro-economic targets, but also to ensure that revenue increases for the expected growth in the geographic area is realistically calculated.

The formula to be used is as follows:

	DESCRIPTION	PROPERTY RATES	SERVICE CHARGES	TOTAL
A	Revenue of budget year	R XX	R XX	R XX
B	Less: Revenue of prior year	R XX	R XX	R XX
C	=Revenue increase/decrease	R XX	R XX	R XX
D	% Increase/(Decrease)	C/B %	C/B %	C/B %
E	Less: Upper limit of macro Inflation target	%	%	%
F	=Growth in excess of inflation target	%	%	%
G	Less: Expected growth %	%	%	%
H	=Increase attributed to tariff Increase above macro inflation target	%	%	%

In the event that the percentage in (h) above is greater than zero, a proper motivation must accompany the budget at submission, or the budget must be revised.

2.8.7 CASH COLLECTION % RATE

The object of the indicator is to establish whether the projected cash to be collected is realistic and complies with section 18 of the MFMA.

The collection rate for calculating the provision for impairment of receivables must be based on past and present experience. Past experience refers to the collection rates of

the prior years and present experience refers to the collection rate of the current financial year as from 1 July.

It is not permissible to project a collection rate higher than the rate currently being obtained, even if the municipality recently approved a debt collection policy or implemented additional debt collection measures. Any improvement in collection rates during the budget year may be appropriated in an Adjustment Budget.

2.8.8 DEBT IMPAIRMENT EXPENSE AS A PERCENTAGE OF BILLABLE REVENUE

This indicator provides information whether the contribution to the provision for impairment of receivables is adequate. In theory it should be equal to the difference between 100% and the cash collection rate, but other factors such as past performance might have an influence on it. Any difference, however, must be motivated in the budget report.

2.8.9 CAPITAL PAYMENTS AS A PERCENTAGE OF CAPITAL EXPENDITURE

This indicator provides information as to the timing for payments on capital projects and utilising allowed payment terms.

2.8.10 BORROWING AS A PERCENTAGE OF CAPITAL EXPENDITURE EXCLUDING GRANTS AND CONTRIBUTIONS

This indicator provides information as to compliance with the MFMA in determining borrowing needs. The Accounting Officer must ensure compliance with the Municipality's Debt Management Policy.

2.8.11 GRANTS REVENUE AS A PERCENTAGE OF GRANTS AVAILABLE

The percentage should never be less than 100% and the recognition of expected unspent grants at the current year-end as revenue in the next financial year must be substantiated in a report.

2.8.12 CONSUMER DEBTORS CHANGE (CURRENT AND NON - CURRENT)

The object of the indicator is to determine whether budgeted reductions in outstanding debtors are realistic.

An unacceptable high increase in either current or non-current debtors' balances should be investigated and acted upon.

2.8.13 REPAIRS AND MAINTENANCE EXPENDITURE LEVEL

It is of utmost importance that the municipality's Property Plant and Equipment be maintained properly, in order to ensure sustainable service delivery. The budget should allocate sufficient resources to maintain assets and care should be exercised

not to allow a declining maintenance program in order to fund other less important expenditure requirements.

Similarly, if the maintenance requirements become excessive, it could indicate that a capital renewal strategy should be implemented or reviewed.

As a general benchmark the maintenance budget should be between 4% and 8% of the value of assets.

2.8.14 ASSET RENEWAL/REHABILITATION EXPENDITURE LEVEL

This indicator supports further the indicator for repairs and maintenance.

The Accounting Officer must, as part of the capital budget, indicate whether each project is a new asset or a replacement/renewal asset in order to determine whether the renewal program is sufficient or needs revision.

2.8.15 FINANCIAL PERFORMANCE BUDGET

Although it is not a legal requirement that the financial performance budget should balance, it only makes management sense that it should balance.

A number of line-items influence the net result of the financial performance budget.

It includes capital grant revenue, depreciation charges including those where assets were funded from grants and public contributions, unamortised discounts and gains/losses on the disposal of Property Plant and Equipment. These items need to be taken into consideration in order to establish if the operating budget is realistic and credible.

2.8.16 FINANCIAL POSITION BUDGET

This indicator provides an overall view of the projected financial position over the periods of the Medium Term Expenditure framework, including movements in inventory and payables.

2.8.17 CASH FLOW BUDGET

A positive cash flow is a good indicator of a balanced budget, as well as the ability of the municipality to meet its future commitments.

The cash flow budget, however, does not include those items such as contributions to the provisions described elsewhere in this policy, the effect of depreciation charges etc, and care must be taken not to let a projected positive cash inflow lead to additional expenditure requests, without taking the requirements of those items into consideration.

3. SECTION B: RESERVES POLICY

3.1 INTRODUCTION

Fund accounting historically formed a huge part of municipal finance in the IMFO standards.

Since the municipality changed to General Recognised Accounting Practices (GRAP), fund accounting is no more allowed.

The municipality, however, recognises the importance of providing to the municipality itself, as well as its creditors, financiers, staff, and general public a measure of protection for future losses, as well as providing the necessary cash resources for future capital replacements and other current and non-current liabilities.

This policy aims to provide for such measure of protection by creating certain reserves.

3.2 LEGAL REQUIREMENTS

There are no specific legal requirements for the creation of reserves, except for the Housing Development Fund. The GRAP Standards itself also do not provide for reserves.

However, the GRAP “Framework for the Preparation and Presentation of Financial Statements” states in paragraph 91 that such reserves may be created, but “Fund Accounting” is not allowed and any such reserves must be a “legal” reserve, i.e. created by law or Council Resolution.

3.3 TYPES OF RESERVES

Reserves can be classified into two main categories being “cash funded reserves” and “non-cash funded reserves”.

3.3.1 CASH FUNDED RESERVES

In order to provide for sufficient cash resources for future expenditure, the municipality hereby approves the establishment of the following reserves:

(a) **Capital Replacement Reserve (CRR)**

The CRR is to be utilised for future capital expenditure from own funds and may not be used for maintenance- or other operating expenditure.

The CRR must be cash-backed and the Accounting Officer is hereby delegated to determine the contribution to the CRR during the compilation of the annual financial statements.

(a) **Employee benefits reserve**

The aim of the reserve is to ensure sufficient cash resources are available for the future payment of employee benefits.

The contributions to the reserve must be made in accordance with the directives set in this Funding Policy.

(c) **Non-current provisions reserve**

The aim of this reserve is to ensure sufficient cash resources are available for the future payment of non-current provisions. The contributions to the reserve must be made in accordance with the directives set in the Funding Policy.

(d) **Valuation reserve**

The aim of this reserve is to ensure sufficient cash resources are available to undertake a General Valuation as per the Municipal Property Rates Act. The contribution to this reserve should be approximately 25% of the anticipated cost of the General Valuation and the Accounting Officer is hereby delegated to determine this amount annually during the compilation of the Annual Financial Statements.

(e) **Other statutory reserves**

It may be necessary to create reserves prescribed by law, such as the Housing Development Fund. The Accounting Officer must create such reserves according to the directives in the relevant laws.

3.3.2 NON-CASH FUNDED RESERVES

It might be necessary to create non - cash funded reserves for a variety of reasons, including GRAP requirements. The Accounting Officer must create any reserves prescribed by the accounting standards, such as the Revaluation Reserve, if required.

The Accounting Officer is hereby delegated and may also in the discretion of the Accounting Officer, create reserves for future depreciation offsetting, in the absence of a standard similar to IAS 20.

3.4 ACCOUNTING FOR RESERVES

3.4.1 REVALUATION RESERVE

The accounting for the Revaluation Reserve must be done in accordance with the requirements of GRAP 17.

3.4.2 OTHER RESERVES

The accounting for all other reserves must be processed through the Statement of Financial Performance. The required transfer to or from the reserves must be

processed in the Statement of Net Assets to or from the accumulated surplus. It is a condition of GRAP and this policy that no transactions may be directly appropriated against these reserves.

4. SECTION C: REVIEW OF THE POLICY

This Funding and Reserves Policy is the only policy of the municipality and replaces any past policies in this regard. Any revision of the policy must be approved by the Municipal Council.

Whenever the Minister of Finance or the National Treasury or the Auditor - General requests changes to the policy by way of legislation, changes to GRAP or otherwise, it must be reviewed and submitted for consideration by the Council on an annual basis. Such submission must be accompanied with a full description of the reasons for the change to the policy.

APPENDIX A

RECONCILIATION OF CASH REQUIREMENTS

Cash flow from operating activities	R XX
Add: Depreciation from own funds	R XX
Add: Contribution to current provisions	R XX
Add: 20% of prior year non — current provisions balance	R XX
Add: 5% of prior year non — current employee benefits balance	R XX
Add: Contribution to Valuation reserve	R XX
Add: Unspent conditional grants	R XX
Add: Unspent public contributions	R XX
Add: Unspent borrowings	R XX
Add: VAT due to SARS	R XX
Add: Secured investments	R XX
Add: Cash portion of Statutory Reserves	R XX
Add: Working Capital Requirements	R XX
= Minimum Cash Surplus Requirements for the year	R XX

uMNGENI MUNICIPALITY



DRAFT REVENUE ENHANCEMENT STRATEGY

Date of Adoption: 28 MARCH 2024

Date of Implementation: 1 JULY 2024

INTRODUCTION:

Section 64 of the Municipal Finance Management Act prescribes the management of Revenue.

The collection of the consumer charges is of vital importance in determining the going-concern status of the municipality. For the municipality to ensure sustainability of service delivery and infrastructure development, it needs a healthy cash-flow.

It is key that the municipality must have a credible, fair and transparent mechanism in its endeavors to increase/improve revenue collection from debtors.

2. STRATEGIES FOR REVENUE ENHANCEMENT AND COLLECTION

2.1 Updating the indigent register

As a priority, the indigent registration process must be re-opened with the clear framework and evaluation criteria, as per the approved indigent policy, to ensure that only qualifying debtors are subsidized. This process must be properly communicated and administratively, the municipality must be able to handle and process the new applications effectively and efficiently. It is also imperative that all applications will only be valid for the current financial year and those consumers renew their registration on an annual basis.

The indigent registration process and its verification will be championed by the Finance Department.

When updating the indigent register, the Finance Portfolio Head, Ward Councilors and the community at large will be expected to participate.

Ways to be executed:

- Once a year the finance department will be required to go out to complete the indigent application form.
- All application forms received must be verified by the finance department, and it must have the following information: identity documents and proof of income (social grants to be included) for all the household members.
- Indigent forms must be in both official languages, IsiZulu and English.
- Although at the beginning of each financial year, a new indigent register must be uploaded onto the system and the old version removed, applications may be submitted during the year.

2.2 IDENTIFICATION OF INACTIVE ACCOUNTS:

Inactive accounts must be identified, and chances of recovery be assessed.

Ways to be Executed:

- The Corporate services Department will submit all lease agreements to the Billing Section on a quarterly basis, whether new or expired.

- Finance department is to update the tenants list with the lease agreement attached to it on a quarterly basis.
- The Municipality must work in conjunction with SAMRAS to identify incorrect account numbers.

2.3 CLEARANCE CERTIFICATE

A procedure manual for the issuing of the rates clearance certificates must be documented and implemented. This will ensure that all possible debt is identified before the rates clearance is issued. Revenue is lost when rates a clearance certificate is issued before a reconciliation between the current debt and the debt handed over to the attorneys and debt collectors.

This function will be the responsibility of the rates section in the Finance Department.

2.4 WRITING OFF OF BAD DEBTS

Bad debt write offs must be considered in terms of cost benefit; when it becomes too costly to recover and the chances of collecting the debt are slim, a write off should be considered. It is proposed that a committee be established comprising of management, ward and portfolio councilors and the debt collection supervisor. Time value of money is very important because the older (90 days plus) the debt becomes, the more difficult and costly it becomes to collect. Irrecoverable debt must be well defined to ensure that recommendations for write off are consistent, accurate, properly motivated and authorized.

Ways to be executed:

- An indigent register must be compiled
- Attorneys are to report on all debts which have not been recovered or irrecoverable

2.5 INTERNAL CONTROLS

Collections are about strategy and negotiation. -

Ways to be executed

- Settlement arrangements must not exceed six months, for outstanding debts of up to R120 000.00 (one hundred and twenty thousand rand).
- Settlement arrangements of debts in excess of R120 000.00 must be negotiated by management.
- All settlement arrangements are in addition to the payment of the current charges.
- For every settlement arrangement made, a consent to judgement must be signed by the debtor and a *domicilium executandi* included to allow for ease of service of legal process should the debtor default.
- Interest and penalties may be waived, if the customer agrees to settle the amount in full, in one instalment.
- A correct bank account must be given to customer and quote the correct reference

- Customer rates account number must be used as a reference.

2.6 MANAGEMENT OF CUSTOMER DATA BASE

- Updating consumer information e.g., telephone numbers, ID numbers, email address etc.
- Profiling/ Classification of Debtors;
- Identifying prescribed debts and irrecoverable debts for write off,
- Identifying material debt for immediate collection;
- Revisit consumer application forms to ascertain additional information.
- The correctness of the interface between the valuation roll and the billing system is essential for the management of the data base.

2.7 TRAINING AND MENTORING OF STAFF / INTERNAL CALL CENTRE

Setting up and Training on Systematic Debt Collection and Credit Control Procedures, Processes, Legislation, Customer Care and Guidelines in line with approved policies. Training and capacity building is an area that has been neglected and has accounted for low morale.

Ways to be executed

- Staff must be trained through a registered service provider
- Policies and Act which are in place must be made available to the credit control

2.8 HANDED OVER DEBT TO ATTORNEYS

The panel of attorneys need to thoroughly collect all monies owed to the municipality by rate payers, if necessary they must enforce payments by summons, warranty of execution etc. The credit control unit must check and verify all debts handed over to attorneys whether are correct and legitimate.

Ways to be executed

- Credit control must check all debtor before they hand them over to attorneys for collection
- A deeds search must be used as a source of verifying the owner before handing over
- Property Value, Tariffs, Category must be thoroughly checked
- A query from the debt collectors should be attended by the relevant incumbent to increase collection.

3. EXPENDITURE MANAGEMENT:

As important as Revenue Management, is Expenditure Management which is also prescribed per Section 65 of the Municipal Finance Management Act.

In respect of Cash Outflow (Expenditure side) the following is also critical because how you

spend is just as important as collecting revenue.

Responsible spending is important and the following, inter alia, are some of the questions to be considered:

- Is the expense budgeted?
- Does the expense provide value for money?
- Is the expense necessary?
- Is the expense to the benefit of the wider community?
- Would the expense, if not incurred create a health hazard or threaten lives?
- Is the expense a statutory requirement?
- Is it a funded mandate?
- Is there a contractual commitment?
- Is the expense income-generating?
- Is the expense the best option?

The following areas must be well managed and in certain areas, improved:

- Ensure accurate payments, e.g. no overpayments, deduction of discounts.
- Reconciling of Creditors' Accounts.
- Avoid payments before due date.
- Ensure value-for-money in spending.
- Strict Budgetary Control / Fiscal Discipline.
- Better returns on Investments without compromising safety of investments.
- More competitive prices / bidding.
- Supply Chain Management Policy adherence.

5. OTHER INITIATIVES:

- Letters of appreciation for good payers and possible incentives.
- Economic/Skills Profiling of Indigent Debtors to offer work to redeem debts instead of future write off.
- Interest Write-off Incentive for non-indigent debtors (excluding Government, councilors and Staff)
- Mayors' letter to consumers / rate payers informing them about Income and Expenditure of Municipalities and their responsibility to pay. Motivating consumers to pay and thanking those who are paying promptly.
- Newsletters will also be initiated in order to communicate with our clients and thereby improving the image of the municipality. Projects and other achievements will also be communicated to the public. Businesses could advertise in the newsletter to cover (at least partly) our newsletter and account rendering costs.
- Investigation/Audit of all Assessment Rates Accounts based on Land Value only as some property owners are not being charged for improvements. Valuator to expedite process.
- VAT and Creditor's Audit to recover unclaimed / underclaimed VAT and overpaid Creditors.

6. COMMUNICATION STRATEGY

The success of the revenue enhancement programme is based on three pillars, namely political and administrative buy-in, accurate data and effective communication. The development of a communication strategy is to ensure that roles, responsibilities and tasks are properly coordinated and managed. The communication strategy is focused on the revenue enhancement programme and the services that flow from it. The strategy must be incorporated into the municipalities existing communication programme with its stakeholders. This strategy does not replace existing communication methods and practices, but rather complements it.

6.1 The communication strategy will involve the number of stakeholder for information sharing.

The main stakeholders of the municipality have been classified into five main groups, namely residential consumers, management, council, government departments and the business community.

The various stakeholders have different information needs. The challenge in addressing their needs is to ensure that the right information is available at the right time for each stakeholder.

The objective of information sharing is also to gain specific action or decisions from each stakeholder. When information is given to management it is mainly two reasons; to inform and to obtain decisions. The same principle applies to most of the other stakeholders except for residents and for businesses. In this instance we want to communicate plans, programmes, decision of council and matters that can or will affect them. The approach here is to select the right platform, media and intervals.

The communication channels to be used will therefore differ between the stakeholders. Communication channels will range from public meetings, ward committee meetings, management and council meetings, newsletters, flyers, articles in the local newspapers, publications in journals, national magazines, radio talk shows and even television coverage can be done. Strategies will also be employed to create an interest in the articles to be submitted.

6.2 Key stakeholders and the ways of communication

(a) Consumers

Information collection and dissemination

- Information on the revenue enhancement programme
- Informing them about the credit control, debt collection and indigent support programmes
- Information regarding the importance of paying services
- Information regarding actions to be instituted against non-payment and defaulting clients
- Information of consumer complaints and feedback from public on how to improve services and client relation

Communication Channels

Local media, where on a fortnightly basis an article is published in the local newspapers.

- Newsletters and flyers are circulated before collection drives start to encourage

consumers to come in and make arrangements / pay their accounts.

- Monthly a notice can be printed on the municipal account with different messages.
- Attendance at ward committee meetings where consumer complaints and suggestions are heard and attended to. This platform must also be used to communicate the importance of paying municipal accounts and actions to be taken against defaulters.

Programme

- Articles must be drafted for publication in the above mentioned newspapers.
- Dates for ward committee meetings to be obtained to present the objective and roll out of the revenue enhancement programme. Once dates obtained the consortium and municipal management should be present at these meetings.
- Flyers to be issued with the monthly accounts–flyers to inform consumers to come to municipality if they don't receive accounts, incorrect accounts and to make arrangements to pay account.

(b) Management

Information collection and dissemination

- Information on the revenue enhancement programme.
- Information about other programmes and support mechanisms. This will assist with Coordination and integration of initiatives.
- Information of consumer complaints and feedback from the public on how to improve services and client relations.
- Information for management decisions to fast track the implementation and to unblock bottle necks

Communication Channels

- Project Steering Committee that meet/ sits monthly.
- Management Meetings on a monthly basis.
- Attendance of ward committee meetings, local businesses, meetings with government departments, other stakeholders where issues affecting the revenue enhancement programme is discussed
- Radio interviews

Programme

- Project Steering Committee meetings should be held every second week, dates to be determined.
- Dates for ward committee meetings to be obtained to present the objective and roll out of the revenue enhancement programme. Once dates obtained the consortium and Municipal Management should be present at these meetings.
- Radio Interview accompanied by Senior Politicians.

UMNGENI MUNICIPALITY DRAFT URBAN IMPROVEMENT PLAN POLICY



Date of Adoption: 28 MARCH 2024

Date of Implementation: 1 JULY 2024

uMngeni Municipality UIP Policy

This policy section o be read in conjunction with the Rates Policy (section 40) and the UIP Policy Guidelines, set out hereunder;

1. DEFINITIONS

In this UIP policy, words or expressions bear the meaning assigned to them, and unless the context indicates otherwise;

- “additional rate“ means an additional rate as contemplated in section 19(1)(c) and 22(1)(b) of the Municipal Property Rates Act and in section 12(2) of this policy;
- “applicant” means any owner who makes an application for the determination of a urban improvement project in accordance with the provisions of Chapter 1, or if a management body is established in terms of section 10 any reference to “the Applicant.” means the management body;
- “business plan" include a motivation report, implementation plan and term budget as contemplated in section 6 of the policy;
- "CFO" means the Chief Financial Officer of uMngeni Municipality, or his or her nominee;
- “Companies Act” means the Companies Act, 2008 (Act No. 71 of 2008);
- "Council" means Council of uMngeni Municipality;
- “implementation plan” means an implementation Plan as contemplated in section 22 of the Property Rates Act;
- “limited urban improvement project” means a limited urban improvement project approved by Council in terms of clause 9;
- “majority” means the majority of property owners as contemplated in section 22 of the Municipal Property Rates Act and as may be amplified in the Policy;
- “Management body“ means the management body of a urban improvement project to be established in accordance with the provisions of clause 11 of this policy ;
- "Owner" has the meaning assigned to it in section 1 of the Municipal Property Rates Act;
- “Policy” means the Policy for the determination of urban improvement projects, or any other policy adopted by the Council in relation to urban improvement projects, as in force from time to time;
- “Property Rates Act" means the Local Government Municipal Property Rates Act;

- “rateable property“ has the meaning assigned to it in section 1 of the Municipal Property Rates Act; and
- “urban improvement project" (UIP) means a urban improvement project approved by the Council in accordance with the provisions of section 22 of the Municipal Property Rates Act and clause 8 of this UIP policy.

2. INTERPRETATION

In the event of any conflict with the Afrikaans and isiZulu texts the English version prevails.

3. DETERMINATION OF URBAN IMPROVEMENT PROJECTS

The uMngeni Municipality may by resolution of Council determine urban improvement projects in accordance with the provisions of section 22 of the Municipal Property Rates Act.

4. APPLICATION

4.1. Any owner located within the area of jurisdiction of uMngeni Municipality and who owns property within the proposed urban improvement project. may lodge an application to the Council for the determination of an urban improvement project.

4.2. All costs incurred by the applicant in respect of the establishment of an urban improvement project be for his or her own account. provided that after implementation of the implementation the management body may reimburse the applicant for some or all of those related costs.

4.3. Any application contemplated in clause 4.1 must;

4.3.1. be in the format as determined by the Chief Financial Officer;

be submitted not more than nine months after the date on which the public meeting referred to in clause 5 is held. or ii a public meeting is held as provided for in clause 8.2, nine months after the date of the second public meeting;

4.3.2. be accompanied by;

4.3.3. the business plan;

the written consent of the majority, being sixty percent (60%) of the registered property owners of the community of proposed urban improvement project who will be liable for paying the additional rate; and the written consent of the majority of the members of the local community

in the proposed urban improvement project who will be liable for paying the additional rate; and payment of such fee as the Council may determine.

5. PUBLIC MEETINGS

5.1. An application for the determination of an urban improvement project must be preceded by the holding of a public meeting.

5.2. The purpose of the public meeting is to enable the applicant to consult with the property owners who will be liable for paying the additional rate within the proposed urban improvement project with regard to the proposed boundaries of the area and the improvement or upgrading of the area.

5.3. Prior to the holding of the public meeting, the applicant must –

5.3.1. give notice in a manner approved by the CFO in terms of this By-law to all property owners of rateable property, who will be liable for payment of the additional rate, of the applicants intention to apply for the determination of an urban improvement project; and

5.3.2. in the notice referred to in clause 5.3.1, give notice of a public meeting, which notice must;

5.3.2.1. state the purpose of such meeting; and

5.3.2.2. contain details of the place, date and time when such meeting is to be held.

5.3.2.3. The public meeting must be held not less than seven days and not more than 30 days after the date of the notice.

5.3.2.4. The public meeting must be held at such place, date and time as stated in the notice, provided that E it must be held at a place which is within the boundaries of the proposed special, area or a place within the immediate area that is easily accessible to the owners of the properties within the area.

The public meeting must be chaired by a suitable qualified and experienced person appointed by the CFO.

5.4. Interested persons, at the public meeting, must

5.4.1. be furnished with all the relevant information relating to the proposed urban improvement project, including the information to be set out in the business plan, and

5.4.2. be given an opportunity to ask questions, express their views and make representations.

6. BUSINESS PLAN

- 6.1. Any application for the establishment of an urban improvement project must include a motivation report, an implementation plan and a term budget covering the period commencing on 1 July of a year and ending on 30-June of the fifth year, or covering such lesser period as may be determined by the CFO.
- 6.2. If the motivation report of the implementation plan is materially amended, as determined by the CFO, after the public meeting referred to in clause 5 above, the applicant must call a second public meeting for the approval of the urban improvement project as amended.
- 6.3. The provision of clause 5, above, applies with the necessary changes to the second public meeting.

7. ADVERTISING OF APPLICATIONS AND OBJECTIONS

The applicant, within 14 days after the application is lodged in accordance with clause 4, or within such period which the CFO may approve, must; cause a notice of the application to be published in a manner approved by the CFO; and

- 7.1 Either before or up to seven days after the date of publication of the notice referred to in clause 7.1 given notice of the application to all owners within the proposed urban improvement project, who will be liable for payment of the additional rate such notice to be given by email or multimedia message (MMS), hand delivery or in any other manner approved or in writing by the CFO.
- 7.2. Every notice contemplated in terms of clause 7.1 must state that written objections to the determination of an urban improvement project or the provision of the business plan may be lodged with the Council by the date specified in the notice, which may not be less than 30 days after the date of publication in terms of clause 7.1.1, and must state where the documentation specified in clause 5, will be available for inspection.
- 7.3. Any owner of rateable property who will be liable for paying the additional rate may submit written objections to the determination of the urban improvement project, which objections must be received by the Council not later than the date stipulated in the notice referred to in clause 7.1.
- 7.4. An application and any objector to the application who owns property within the proposed urban improvement project may make oral representation. which will be recorded in writing, for submission to Council.

- 7.5. The application, including the business plan and all objections must be available for inspection at the offices of uMngeni Municipality and at a venue determined by the CFO within the proposed urban improvement project for a period referred to in clause 7.2.

8. DECISION

- 8.1. Alter the provisions of clauses 4 to 7 have been complied with, the Council, at a meeting of the Council held 90 days after the last date for the submission of objections in accordance with clause 7.2, must consider the application, and must-
- 8.1.1. determine an urban improvement project which must be implemented in accordance with the business plan, which includes the motivation report, implementation plan and term budget;
 - 8.1.2. determine an urban improvement project with such amendments or conditions as the Council considered to be in the public interest,
 - 8.1.3. determine an urban improvement project in respect of a limited area in terms of clause 9;
 - 8.1.4. refuse the application, in which event the Council must, within 30 days, furnish the applicant with written reasons for not approving the determination of an urban improvement project, or
 - 8.1.5. Refer the application to the applicant for amendments in such a manner as the Council may Direct.
- 8.2. If an application is refused by Council in accordance with the clause 8.1.4 or referred back to the applicant in accordance with the provisions of clause 8.1.5, the applicant may, within six months of the Council's decision re-apply to the Council for determination of the special rating area, provided that such re-application has been appropriately amended on light of the reasons for refusal or referral, as the case may be.
- 8.3. If the business plan is amended in any material respect at any time before the determination, the Council may require the application to be re-advertised in accordance with the provision of clause 7, with the necessary changes.

9. DETERMINATION OF A LIMITED URBAN IMPROVEMENT PROJECT

- 9.1. If an application in terms of clause 4, is not accompanied by the consent of the majority of the members of the local community in the proposed urban improvement project who will be liable for paying the additional rate in writing in

the whole proposed urban improvement project as required by clause 4.3.3, but the applicant can demonstrate to the satisfaction of the Council, that

- 9.1.1. There are such confirmations from owners or rateable properties in a limited geographical area within the proposed urban improvement project that would meet the requirements of clause 4.3.3 if they were to be applied to that area, and
- 9.1.2. The level of services to be provided will not be reduced and the budget will be reduced accordingly as a result of the provision of those services in the limited area alone, as compared to the provision of those services in the whole of the urban improvement project, then the Council may, subject to other requirements of this policy, determine a limited urban improvement project.

URBAN IMPROVEMENT PROJECTS, STRUCTURES AND FINANCES

10. COMMENCEMENT OF THE BUSINESS PLAN

- 10.1. Once the Council has approved the establishment of the urban improvement project, the business plan may only be implemented after the management body has been established in accordance with clause 11.

11. ESTABLISHMENT, COMPOSITION, POWERS, AND DUTIES OF THE MANAGEMENT BODY

- 11.1. The applicant must cause the establishment of a management body for the purposes of implementing the provisions of the business plan.
- 11.2. The management body must be a non-profit company with members as prescribed in Schedule 1, section 4(2) of the Companies Act.
- 11.3. uMngeni Municipality shall monitor compliance by the management body With The applicable provisions of this policy. any guidelines or policies adopted by uMngeni Municipality and any agreements entered into with the management body and uMngeni Municipality.
- 11.4. The Council must nominate the relevant ward councillors. and one other person as an alternate representative, to attend and participate. but not vote. at the meetings of the management body.

- 11.5. Any Councillor appointed by the Executive Committee –
- 11.5.1. does not have the powers and duties of directors of companies as set out in the Companies Act and the memorandum of incorporation of the management body;
 - 11.5.2. must be deemed to have vacated the position should she or he no longer serve as councillor, in which event she or he must be replaced; and
 - 11.5.3. may not chair the board of the management body or any committee or sub-committee of the board.
- 11.6. Employees of uMngeni Municipality may only serve as representatives of the Municipality on the management body if nominated to do so by the CFO in terms of clause 13.1.2 of this policy.
- 11.7. Within two months after the receipt of the first payment of the additional rate, the management body must begin carrying out the provisions of the implementation plan, as included in the business plan.
- 11.8. Within three months after its Annual General Meeting, the management body must provide the CFO with;
- 11.8.1. its audited financial statements for the immediately preceding year, and
 - 11.8.2. an annual report on its progress in carrying out the provisions of the business plan in the preceding year to improve and upgrade the urban improvement project.
- 11.9. Within two months after the Annual General Meeting, the management body must provide the Finance Portfolio Committee with —
- 11.9.1. its audited financial statements for the immediately preceding year, and
 - 11.9.2. an annual report on its progress in carrying out the provisions of the implementation plan in the preceding year to improve and upgrade the urban improvement project.

12. FINANCES

The financial year of the management body must coincide with the financial year of the Council.

- 12.1. Where an urban improvement project has been determined, the Council must levy in accordance with the provisions of the Property Rates Act, a property rate in addition to the rates that it already charged on the owners of rateable property in the urban improvement project for the purposes of realizing the business plan, provided that the Council may in terms of the Local Government Municipal Property Rates Act, 2004 (Act No. 6 of 2004), Rates Policy, Customer Care,

Credit Control and Debt Collection Policy, exempt or rebate the indigent," senior citizens, disabled persons or any other category or resident.

- 12.2. When determining the additional rate referred to in clause 12.2, the Council may give consideration to imposing differential additional rates on one or more of the categories set out in section 8 of the Property Rates Act.
- 12.3. The additional rate due in terms of this policy is a debt due to the Council and is payable and must be collected in the same manner as other property rates imposed by the Council.
- 12.4. The Council must, for purposes of carrying out the provisions of the business plan and subject to section 67 of the Local Government Municipal Finance Management Act, 2003 (Act No. 56 of 2000), make payment to the management body of an urban improvement project.
- 12.5. The payment contemplated in clause 12.5, is conditional upon the conclusion of a finance agreement to be entered into between Council and the relevant management body, and such agreement must regulate, among other things —
 - 12.5.1. the mechanisms and manner of payment; and
 - 12.5.2. terms of which payment to the relevant management body is to be made.
- 12.6. Subject to the provisions of its memorandum and articles of association and or founding documents, the management body is entitled to raise its own funds through commercial activities, donations and any other lawful means.

13. THE ROLE OF THE CFO

- 13.1. In addition to the other responsibilities and obligations of the CFO as set out elsewhere in this policy, the CFO must report quarterly to Council on the operations of the urban improvement project, and must—
 - 13.1.1. establish separate accounting and other record-keeping systems regarding the revenue generated by the additional rate and the improvement and upgrading of the urban improvement project; and
 - 13.1.2. monitor compliance with applicable legislation, this Policy, by
 - 13.1.2.1. receiving and considering the audited financial statements and reports regarding the carrying out of duties laid out in the business plan; and
 - 13.1.2.2. if she or he elects to do so, nominate representatives to attend and participate but not vote at meetings of the management body.

AMENDMENT TO THE BUSINESS PLAN AND EXTENSION OF THE URBAN IMPROVEMENT PROJECT TERM

14. AMENDMENT OF BUSINESS PLANS

- 14.1. A business plan, including the geographical boundaries of the urban improvement project, may be amended by Council on written application by the management body at any time after the formation of the urban improvement project.
- 14.2. The Council may approve an application for an amendment referred to in clause 14.1 where the Council considers it not likely to materially affect the rights or interest of any owner, provided that the Council may require the management body to cause a notice of the application for such amendments to be published as approved by the CFO.
- 14.3. The Council may only approve an amendment in terms of clause 14.1, with the changes required by the context, in accordance with the provisions of Chapter 1, which the Council considers is likely to;
 - 14.3.1. Materially affect the rights or interests of any person
 - 14.3.2. Affect the approved budget for the urban improvement project, or
 - 14.3.3. Change the boundaries of the urban improvement project.

15. EXTENSION OF URBAN IMPROVEMENT PROJECT TERM

- 15.1. A management body must, if it elects to extend the term of the Urban improvement project for a further period, on or before 1 September in the year before in which the business plan is due to terminate, submit an application to uMngeni Municipality for approval of the extension of the term of the business plan, provided that;
 - 15.1.1. the extension of the Urban improvement project term plan may only be approved by the Council in accordance with the provisions of clauses 1 to 9. with the changes required by the context, and the Council may, for good reason, on written application by the management body, exempt the management body from complying, or condone non-compliance, with any such provision; and
 - 15.1.2. the provisions of clause 14 apply to any amendment of the business plan, which has been extended in terms of this clause.

DISSOLUTION OF AN URBAN IMPROVEMENT PROJECT

16. DISSOLUTION AND WINDING UP

- 16.1. The Council may dissolve an urban improvement project;
 - 16.1.1. upon written application signed by the majority of owners within the boundaries of the urban improvement project who are liable for paying the additional rate; and
 - 16.1.2. for any good cause, after prior consultation by the CFO with the management body or the community.
- 16.2. Upon dissolution of the urban improvement project by the Council, any director, including the directors or alternate directors appointed by the Executive Committee, may cause the management body to be wound up in terms of the Companies Act.
- 16.3. Upon the winding up of a management body, the entire net value of the management body, including its net assets remaining after the satisfaction of all its liabilities, must be disposed of in terms of the relevant provisions of the Companies Act and the memorandum of incorporation of the management body

MISCELLANEOUS PROVISIONS

17. SHORT TITLE AND COMMENCEMENT

- 17.1. This policy forms part of and is to be read in conjunction with the uMngeni Municipality Rates Policy
- 17.2. This policy, as part of the uMngeni Municipality Rates Policy is called the uMngeni Municipality: Urban improvement Projects Policy, 2024 and commences on 1 July 2024.

URBAN IMPROVEMENT PROJECT (UIP): POLICY GUIDELINES

The UIP Policy is to provide for the establishment of urban improvement projects; to provide for additional rates; and to provide for matters incidental thereto, inter-alia.

- the institutional arrangements for urban improvement projects;
- the establishment principles;
- the information to be included in the business plan that must be submitted to the uMngeni Municipality in order to motivate a request for determination of a UIP rating percentage;
- the annual requirements for urban improvement projects;
- the amendment and extension of terms for urban improvement projects;
- the dissolution requirements that must be followed; and
- the financial arrangements.

FACTORS TO BE CONSIDERED WHEN DETERMINING AN URBAN IMPROVEMENT PROJECT

The Council will consider determining an urban improvement project where the requirements of section 22 of the Municipal Property Rates Act are complied with, provided that;

- the purpose of the urban improvement project is to allow an additional rate to be levied on property in the defined area to raise funds for improving or upgrading the area;
- the urban improvement project will not be used to reinforce existing inequities in the development of the area of jurisdiction of the uMngeni Municipality;
- the determination of the urban improvement project is consistent with the IDP;
- a residential urban improvement project means an area in which more than 40% (forty percent) of the rates base value consists of Residential Property as defined in the Municipalities Rates Policy.
- any residential urban improvement project must comply fully with the provisions of the UIP Policy, save that, with reference to the majority support, the applicant must provide written proof to the Council that owners of rateable property within the boundary of the urban improvement project who own not fewer than 60% (sixty percent) in number of such properties, approve the formation of the urban improvement project;
- any non-residential urban improvement project must comply fully with the provisions of the UIP Policy, save that, with reference to the majority support, the applicant must provide written proof to the Council that owners of rateable property within the boundary of the urban improvement project who own not fewer than 60% (sixty percent) in number of such properties, approve the formation of the urban improvement project;
- the procedural requirements of section 22 of the Municipal Property Rates Act as well as the UIP Policy, are complied with, including the community consultation requirement, as determined by the CFO;
- the proposed improvement or upgrade has been clearly and fully defined;
- the proposed improvement or upgrade can be clearly and logically linked to a geographical area, the boundaries of which can be clearly determined;
- there is evidence that it will be financially viable to use an urban improvement project to raise funds for the proposed improvement or upgrade; and
- the uMngeni Municipality is satisfied with the institutional arrangements proposed in respect of the urban improvement project.

INSTITUTIONAL ARRANGEMENTS

Section 22 of the Municipal Property Rates Act is not prescriptive as to the structural arrangements that need to be in place to administer a special rating area, (referred to as an urban improvement project by the uMngeni Municipality), provided that the uMngeni Municipality will support the structural arrangements, subject to the following provisions:

- the ratepayers within the urban improvement project must establish and participate in a steering committee to carry out planning, contracting, financial control and administrative functions within the urban improvement project, in order to manage and implement the services and upgrades;
- this structural arrangement does not entail ratepayers setting the additional rate, which under law can only be done by the Council;
- Councillors who are actively involved in pursuing and promoting the establishment of an urban improvement project must recuse themselves when Council considers the application for establishment of an urban improvement project;
- the functions of the structure include;
 - determining the funding required each year
 - appointing contractors to affect the improvements or upgrades; and
 - receiving the additional rate collected by the uMngeni Municipality and expending the funds in accordance with the approved business plan;
- before the uMngeni Municipality will consider allowing ratepayers in an urban improvement project to carry out administrative and other functions in relation to the area, the Steering Committee must establish a not-for-profit company (or NPC) in terms of the Companies Act for that purpose;
- the inaugural Memorandum of Incorporation of the NPC must be aligned with the prescribed format determined by the CFO; and any amendments thereto must be approved by the CFO;
- the NPC must be managed in terms of the Companies Act, and must comply with any other legislation as a result of the financial connection to Council;
- the NPC must have at least three directors, each with specific portfolios aligned with the business plan;
- the Council will appoint the appropriate number of ward councillors as directors to the board of the management body in accordance with clause 11.4 and 11.5 of the policy, provided that the directors appointed by the Council will not have the powers and duties

of Directors as set out in the Companies Act and the Memorandum of Incorporation of the management body;

- the NPC must give a written notice to all the affected property owners within the urban improvement project of the intention to hold a member's meeting within six months of the establishment of the NPC and thereafter an Annual General Meeting on the date stated in the notice by advertising in one regional daily newspaper and must also give notice in a local community newspaper to accommodate other official languages where applicable; and
- the purpose of the meetings referred above, will be to, amongst other items on the agenda
 - appoint directors, other than the directors appointed by the uMngeni Municipality;
 - amend the Memorandum of Incorporation of the NPC if required and with prior written consent of the CFO; and
 - approve the following year's budget and implementation plan.

ESTABLISHMENT PRINCIPLES OF AN URBAN IMPROVEMENT PROJECT

The following steps must be followed in establishing an urban improvement project:

- **during the initiation phase**
 - the applicant must form a steering committee that is representative of property owners within the proposed urban improvement project;
 - the Steering Committee must keep a comprehensive portfolio of evidence of the establishment process;
 - the Steering Committee must communicate with the CFO before commencing with the establishment process to ensure that the urban improvement project is the appropriate vehicle;
 - all documents relating to the establishment process must be approved by the CFO before circulating them to the public;
 - after the Steering Committee confirms in writing that it will engage in the pursuit of establishing an urban improvement project it must supply the uMngeni Municipality with a map depicting the boundaries of the urban improvement project;
 - the uMngeni Municipality must extract a property database, which the Steering Committee, with the assistance of the Municipality, must verify as correct; provided that any anomalies must be reported to the Municipality for remedial action;
 - all properties except municipal properties predominantly used for municipal purposes or properties exempted from paying property rates will form part of the property database of the proposed urban improvement project;
 - after the uMngeni Municipality has prepared a total arrears profile of the area and is satisfied with the outcome thereof, the Steering Committee may proceed with the establishment process;

- the Steering Committee must conduct an urban management survey (only one survey per property owner) of not less than 20% of properties in the database (proportional split in terms of the usage code is required), in addition to a random sample of people within the area, which is equal in number to not less than 5% of the properties in the database, provided that where a reduction in the number of survey forms is required it may be motivated for consideration by the CFO;
 - the Steering Committee must consult with the respective uMngeni Municipality Directorates regarding the current services provided and the levels thereof as well as the UIP anticipated services and levels thereof, and
 - the Steering Committee must compile a business plan in accordance with the provisions of clause 11 of the Policy;
- upon completion of the first phase, a public meeting must be convened and conducted in accordance with clause 5 of the policy;
 - the Applicant must obtain support for the urban improvement project, provided that –
 - support may only be obtained after the public meeting and on the consent, form provided by the uMngeni Municipality;
 - the consent form must include the name of the registered owner, Identity number, erf details, street address and if consent is authorised by the proxy, written details of the registered owner must be provided and contact details in the form of the telephone number and email addresses.
 - all support forms must be filed and cross-referenced to the property database making up the UIP area of operation, in order to verify the accuracy thereof.
 - any property owner that wants to object to the establishment of an urban improvement project or to the provisions of the business plan can do so by indicating it on the consent form, and the objector will be required to submit an objection letter once an application for the establishment of an urban improvement project is submitted to Council;
 - the application for the establishment of the urban improvement project must be submitted in terms of clause 11 of the UIP Policy, to the uMngeni Municipality, whereafter the application must be advertised in terms of clause 9.1 of the UIP Policy and also set a date for a second public meeting to occur not more than twenty days or less than seven days before the objection period closes, provided that the steering committee, prior to submitting the application, must establish a website that displays the following information:
 - the application letter;
 - the business plan;
 - the urban management perception report;
 - public meeting presentations and minutes;
 - the UIP Policy;

- UIP frequently asked questions;
 - all notices; and
 - blank consent and objection forms;
- **the urban improvement project application must be submitted by 30 September of the financial year preceding the establishment of the urban improvement project,** provided that the CFO may extend this date its property motivated request is received, depending on the ability of Council to accommodate the late application within the budget process;
 - **consents and objections will be considered only if they are submitted to Council by the last day specified in the application notice,** provided that;
 - property owners objecting to the establishment of an urban improvement project must do so in writing and include a motivation for their objection;
 - the steering committee must engage with all the objectors and provide them and Council with minutes of these meetings. whereafter objector will be allowed to respond to the minutes; and
 - any property owner who wants to make oral representations for submission to Council in terms of the clause in the policy will be assisted by an official to document this for inclusion in the report to be considered by Council; and

during the inaugural phase

- the process and appointment of all service providers must be communicated to the property owners on the NPC's website and in newsletters; and-
- the application form to become a member of the NPC must be available on the website;

BUSINESS PLAN

- the business plan must comprise of the following:
 - a motivation report that contains at least the following:
 - an introduction consisting of —
 - an executive summary of the improvement or upgrade proposed for the urban improvement project as set out in the business plan;
 - an explanation of how the proposed improvement or upgrade is linked to the geographical area of the proposed urban improvement project:
 - an explanation of why the proposed urban improvement project will reinforce existing inequities in the development of the uMngeni Municipality:
 - an explanation of how the urban improvement project, if determined, will be consistent with the IDP of the uMngeni Municipality; and

- an explanation of the institutional arrangements proposed in relation to the urban improvement project;
 - a Vision;
 - a Mission;
 - the Goals;
 - a diagram clearly indicating the boundaries of the proposed urban improvement project;
 - the proposed management structure, indicating the proposed composition of the urban improvement project board including the allocation of portfolios and operational arrangements;
 - the services contemplated in the urban improvement project and the service providers to be appointed as contemplated in the UIP Policy;
 - the financial impact, providing details regarding the calculation of the additional rate, and details of criteria to qualify for exemption from paying the additional rate (noting municipal properties or properties exempt from paying rates will not form part of the property database in terms of the UIP area);
 - a list of all rateable properties within the proposed urban improvement project, contact details of all property owners and the value of each property as set out in the Council's general valuation roll, provided that differentiation between categories of properties, as provided for in section 8 of the Municipal Property Rates Act, must be considered;
 - proof of the consent of the majority of the members of the local community in the proposed urban improvement project who will be liable for paying the additional rate;
 - proof of the notice of the public meeting or meetings contemplated in the policy;
 - minutes of the public meeting or meetings; and
 - the compilation dates.
- an implementation Plan that contains —
 - a schedule of goals to implement improvements or upgrades as per the motivation report;
 - milestones;
 - tasks per milestone;
 - start and finish dates per task;
 - assignment of responsibility per goal, milestone and task; and
 - performance indicators per milestone; and
 - a term budget for the proposed improvements or upgrades that addresses the following;
 - an annual budget per line item commencing on 1 July of the first year and ending on 30 June of the last year of the term; and

- a budget split for the provision of improvements or upgrades between the different categories of properties.

ANNUAL REQUIREMENTS

The NPC must;

- confirm the property database, which the Steering Committee must verify as correct or report anomalies to the uMngeni Municipality for remedial action;
- hold its Annual General Meeting before 31 December as per the requirements of its Memorandum of incorporation;
- within two months of the end of each financial year, provide the CFO with its Audited Financial Statements for the immediately preceding year;
- within three months after the Annual General Meeting, provide Council with its audited Financial Statements for the immediately preceding year and an Annual Report on its progress in carrying out the provisions of the Business Plan in the preceding year to improve and upgrade the Urban improvement project;
- submit an annual budget and implementation plan for comment by the CFO before approval at the Annual General Meeting, and ensure that –
 - the quantum of financial reserves is not less than two months of revenue received from the uMngeni Municipality in terms of the approved budget, unless such funds have been duly allocated to a project; and
- the implementation plan is aligned with the proposed budget, provided that the annual budget and implementation plan will be subject to approval by Council during the annual budget process of the uMngeni Municipality;
- by no later than 31 January of each year provide the CFO with a mid-year performance scorecard based on the activities set out in the implementation plan; and
- within one month after the Annual General Meeting provide the CFO with draft minutes of the Annual General Meeting to ensure compliance with the legal requirements.

AMENDMENT TO BOUNDARIES OR BUSINESS PLAN

- In the event that an NPC seeks to amend the boundaries of the urban improvement project or the business plan, the procedures contemplated in clause 14 of the policy must be followed and submitted by no later than 30 September of any specific year.
- The following factors must be addressed in any motivation to amend the boundaries of an urban improvement project or a business plan:

- an explanation of impact on costs, budget and implementation plan expectations;
 - cross subsidisation by existing members;
 - fairness and equity;
 - affordability and sustainability of the existing urban improvement project;
 - the intention of the legislation prescribing that all property owners must be allowed to participate in the formation of an urban improvement project;
 - priorities of the new area that may differ from the priorities of the existing urban improvement project; and
 - an arrears profile.
- The boundary changes may not affect the vested rights of existing property owners as per the Business Plan, and are subject to the following criteria:
 - obtaining by special resolution the support from existing NPC members at a member's meeting before the expansion is pursued;
 - determining the profile of the new total urban improvement project as it could change from non-residential to residential and vice versa;
 - obtaining the required majority support from the property owners in the new area only;
 - any geographical boundary changes must be contiguous with the geographical area of the existing urban improvement project; and
 - property owners in the new area must follow the establishment process as per the policy.

EXTENSION OF THE UIP TERM

- in the event that an NPC seeks to extend the term of the urban improvement project for a further period then the procedures contemplated clause 15 of the UIP Policy must be followed.

DISSOLUTION

- The urban improvement project may be dissolved by resolution of the Council in terms of clause 16 of the UIP Policy, whereafter the management body may be wound up in terms of the provisions of clause 16 of the UIP Policy and the Memorandum of Incorporation of the NPC.

FINANCIAL CONTROL

- The amount of any additional rate levied in an urban improvement project is determined by Council, and the additional rate imposed by the Council is a debt owing to the uMngeni Municipality and is payable and collected in the same manner as other property rates imposed by the Council.

- The NPC must submit an annual budget, as approved at an Annual or Special General Meeting, to the uMngeni Municipality by 1 March of each year, with appropriate motivation including an implementation plan for the next financial year, and the Council will consider the recommendation during its budget process.
- Before the uMngeni Municipality will transfer any additional rate collected to the NFC, the NPC and the uMngeni Municipality must conclude a written finance agreement regulating, at least the following:
 - the mechanisms and manner of payment;
 - how the additional rate is to be held by the NPC;
 - any parameters relating to expenditure; and
 - any obligations on the NPC to take out and maintain appropriate insurance.
- The CFO may request a forensic audit into the financial affairs of the NPC, and may convene a special board meeting, in the event that she or he deems it necessary.

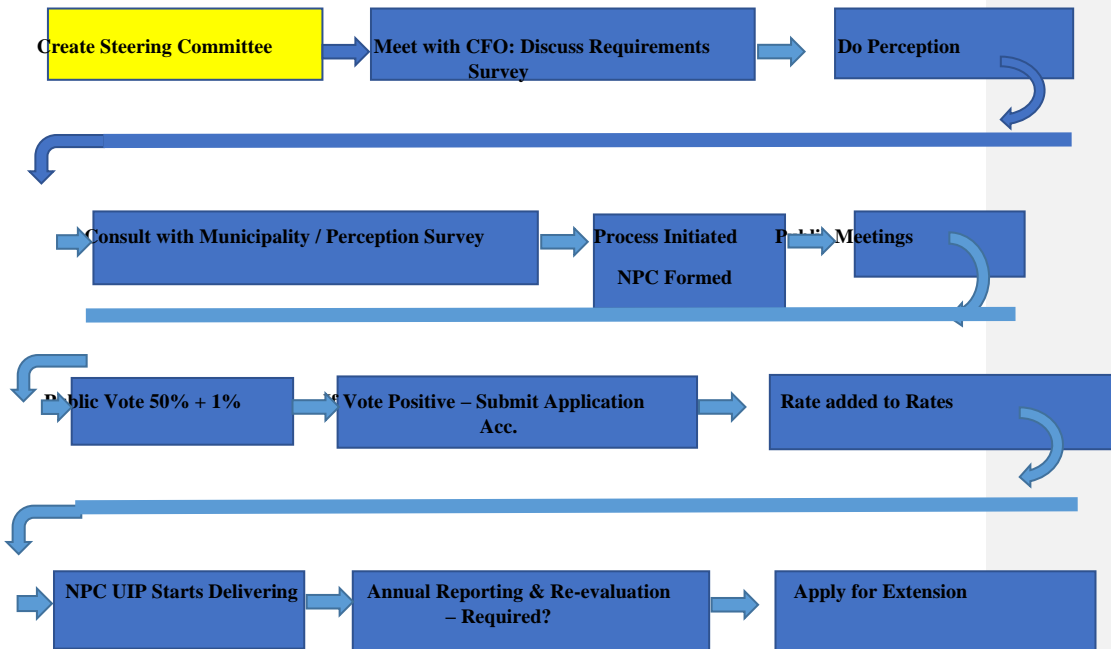
COSTS

- Unless otherwise agreed by the Municipal Manager or his or her nominees, the uMngeni Municipality will not be liable for any costs incurred by ratepayer within the relevant proposed urban improvement project in respect of the implementation of the steps set out in the UIP Policy.

COMMENCEMENT & REVIEW

- The Urban Improvement Project Policy of the uMngeni Municipality commences on 1 July 2024 and the policy and its implementation must be reviewed annually.

DIAGRAM: SUMMARY OF ESTABLISHING AND IMPLEMENTING AN URBAN IMPROVEMENT PROJECT





UMNGENI LOCAL MUNICIPALITY

DRAFT ASSET MANAGEMENT POLICY

Date of Adoption: 28 MARCH 2024

Date of Implementation: 1 JULY 2024

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Abbreviations

AM	Asset Management
AMS	Asset Management System
CFO	Chief Financial Officer
GIS	Geographical Information System
GRAP	Standards of Generally Recognised Accounting Practice
HR	Human Resource
IAM	Infrastructure Asset Management
IAMP	Infrastructure Asset Management Plan
AR	Asset Register
IAR	Infrastructure Asset Register
IAS	International Accounting Standards
IDP	Integrated Development Plan
MFMA	Municipal Finance Management Act
MTREF	Medium Term Revenue and Expenditure Framework
NT	National Treasury
OAG	Office of the Accountant General
LM	Local Municipality
O&M	Operation and Maintenance
SCMP	Supply Chain Management Policy

1. INTRODUCTION

The asset management policy is the overriding document that defines the asset management intent of uMngeni Municipality regarding the life cycle management of its asset portfolio. It is the document that provides guidance to both strategy and the implementation of strategy at the operational level.

The purpose of the Asset Management policy is to define uMngeni Municipality's vision and intent regarding all aspects of asset management. It is aimed at assisting Management and officials on Asset related issues and to ensure consistent, effective and efficient asset management principles.

VISION:

To ensure the effective and efficient process of decision-making, planning and control over the acquisition, use, safeguarding and disposal of uMngeni Local Municipality's assets to maximize their service delivery potential and benefits and to minimize their related risks and costs over their entire life.

STATEMENT:

The uMngeni Local Municipality believes that an Asset Management Policy is essential to ensure effective and efficient acquisition and utilization of public monies and accountability thereof is heavily dependent upon accurate recording and accounting.

AIM:

This policy will lay down broad guidelines for consistent, effective and efficient asset management principles of uMngeni Local Municipality.

The Municipal Systems Act, 2000 (MSA) section 2(d) specifically highlights the duty of municipalities to provide services in a manner that is sustainable, and the Municipal Finance Management Act (MFMA) requires municipalities to utilize and maintain their assets in an effective, efficient, economical and transparent manner. The MFMA specifically places responsibility for the management of municipal assets with the Accounting Officer (AO).

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.

In terms of Section 63(1)(a) of the MFMA the accounting is the custodian of municipal funds and assets and is responsible for the implementation of the asset management policy which regulate the acquisition, safeguarding and maintenance of all assets.

The Occupational Health and Safety Act requires the municipality to provide and maintain a safe and healthy working environment, and in particular, to keep its infrastructure assets safe.

2. OBJECTIVES

The objective of this Asset Management Policy is to ensure that the municipality:

- Has consistent application of asset management principles;
- Implements accrual accounting;
- Complies with MFMA, Treasury Regulations, GRAP and other related legislation;
- Secure, safeguards and controls the assets of the municipality and optimizes asset usage.
- Apply asset management practice in a consistent manner and in accordance with legal requirements and recognized good practice.
- Minimize the life-cycle cost of an asset, by considering all costs including; acquisition, maintenance, operational and disposal costs.
- Have the ability to communicate effectively with the public about balancing levels of services, risk, and funding and thus inform subsequent policy trade-offs and decisions.
- Extending the life of asset by maintenance, rehabilitation and replacement prioritization based on strong understanding of asset condition deterioration
- Improved emergency response
- Reduce capital expenditure and operational cost
- Meet service delivery requirements

3. DEFINITIONS

a) Assets

Are resources controlled by a municipality as a result of past events and from which future economic benefits or service potential are expected to flow to the municipality.

b) Asset Register

Is a record of information on each asset that supports the effective and technical management of the assets and meets statutory requirements.

c) Accounting Standards Board

Is required in terms of the Municipal Finance Management Act, Act no.1 of 1999 to

determine Generally Recognized Accounting Practice referred to as Standards of Generally Recognized Accounting Practice (GRAP). The ASB must determine GRAP for municipalities.

d) Asset Categories

These are:

1. Infrastructure Assets - are any assets that are part of a network or system.
 - They are specialized in nature and do not have alternative uses.
 - They are immovable and they may be subject to constraints on disposal.
 - Example: - roads, sewerage purification plants, water reticulation schemes and electricity and meets the criteria of GRAP 17
2. Heritage Assets - are culturally, environmentally and historically significant resources, i.e. works of art, historical buildings and monuments, archaeological sites, conservation areas and nature reserves and meets the criteria of GRAP103
3. Investment Properties - are properties that are acquired for economical and capital gains i.e. office, parks and underdeveloped land acquired for the purpose of resale in future years and meets the criteria of GRAP 16
4. Other Assets - are assets utilized in normal operations, i.e. plant and equipment, motor vehicles and furniture and fittings and meets the criteria of GRAP 17
5. Intangible assets - are identifiable non-monetary assets without physical substance and will meet the criteria of GRAP 31.
6. Leased assets – assets under the finance lease agreement and meets the criteria of GRAP 13.
7. Assets held for sale – are non-current assets that the municipality has decided to sell and meets the criteria of GRAP100.

e) Capitalization

Is the recognition of expenditure as an asset in the asset register. All assets with a life cycle of greater than one year are treated as capital assets and entered into an asset register from which reporting in the financial statement (specifically the Statement of Financial Position) is extracted.

f) Carrying amount

Is the amount at which an asset is recognized after deducting any accumulated depreciation and accumulated impairment losses.

g) 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 recognized in accordance with specific requirements of other Standards of Generally Recognized Accounting Practices (GRAP).

- h) Depreciation
Depreciation is the systematic allocation of the depreciable amount of an asset over its useful life.
- i) Depreciable amount
This is the cost of an asset, or other amount substituted for the cost less its residual value.
- j) Economic useful life
Economic life refers to the length of time an asset is expected to be useful to the municipality
- k) 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.
- l) Historical Value
This refers to the original cost of acquisition or construction.
- m) Impairment Loss
An impairment loss of cash – generating assets is the amount by which the carrying amount of an asset exceeds its recoverable amount.
An impairment loss of non - cash generating assets is the amount by which the carrying amount of an asset exceeds its recoverable service amount.
- n) Property, Plant and Equipment Are tangible assets that:
Are held for use in the production or supply of goods or services, for rental to others, or for other administrative purposes, and are expected to be used during more than one reporting period.
- o) Recoverable amount
Is the amount that the municipality expects to recover from the future use of an asset, including the residual value on disposal.
- p) Residual value
The residual value of an asset is the estimated amount that a municipality would currently obtain from disposal of the asset, after deducting the estimated cost of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

q) Remaining useful life

The remaining useful life (RUL) of a depreciable Property Plant and Equipment asset is the time remaining until an asset ceases to provide the required standard of performance or economic usefulness.

r) Replacement Value

The amount which is needed in current terms to replace a fixed asset.

s) Useful life

The useful life of an asset is either:

the period over which an asset is expected to be available for use by the municipality or
the number of production or similar units expected to be obtained from the asset by the municipality.

The Table of Useful Lives is provided in the MFMA Local Government Capital Asset Management Guideline (Refer to Annexure A). These should be used as a guide to the minimum useful lives only because actual asset lives experienced greatly exceed those recommended lives.

t) Contributed Assets

Means items received by the uMngeni Local Municipality in the form of a donation.

r) ACF – Asset custodian form

AT- Asset transfer form

DIR- Departmental inventory register
END-USER- is the person whom assets are located to

EEF- Employee Exit Form

4. STATUTORY AND REGULATORY FRAMEWORK

This policy must comply with all relevant legislative requirements including:

- The Constitution of the Republic of South Africa, 1996
- Municipal Structures Act, 1998
- Municipal Systems Act, 2000
- Division of Revenue Act (enacted annually) Municipal Finance Management Act No 56 of 2003

Also, this policy must comply with the standards specified by the Accounting Standards Board. The relevant currently recognized accounting standards include:

- GRAP 13 Leased Assets
- GRAP 16 Investment property
- GRAP 17 Property, plant or equipment

- GRAP 21 & 26 Impairment
- GRAP 31 Intangibles
- GRAP 100 Non-current Assets held for Sale and Discontinued Operations
- GRAP 103 Heritage Assets

5. RESPONSIBILITIES AND ACCOUNTABILITIES

The purpose of this section is to prescribe the responsibilities of the various functionaries within ULM

5.1 The Accounting Officer (Municipal Manager)

The responsibility for management of fixed assets lies with the Accounting Officer. While the performance of this function can be delegated to the Chief Financial Officer in the finance department, this delegation does not alleviate the responsibilities of the Accounting Officer. In terms of Section 63(1)(a-b) of the Municipal Finance Management Act, 2003 (MFMA), the Accounting Officer is responsible for the management of the fixed assets of the municipality including the safeguarding and the maintenance of those fixed assets and will need to ensure that all the fixed assets are adequately insured against loss, theft and damage of any nature.

The Accounting Officer (Municipal Manager) or his duly delegated representative is responsible to ensure implementation and compliance with the responsibilities prescribed in section 63 of the MFMA must ensure that:

- that the municipality has and maintains a management, accounting and information system that accounts for the assets of the municipality;
- that the municipality's assets are valued in accordance with standards of generally recognised accounting practice (GRAP); and
- that the municipality has and maintains a system of internal controls of assets, including a fixed asset register, as may be prescribed and that the HODs and their teams comply with this policy
- The Accounting Officer of the municipality is the principal custodian of the entire municipality's assets and is responsible for ensuring that this policy is effectively applied on adoption by Council.
- The AO is responsible for the preparation, in consultation with the Chief Financial Officer (CFO) and Heads of Department (Senior Official) (HOD), of procedures to effectively and efficiently apply this policy.
- The AO is therefore accountable for all transactions entered into by his/ her

delegates. However, the day-to-day handling of assets will be the responsibility of all officials in terms of delegated authority reduced in writing. The AO may delegate or otherwise assign responsibility for performing these functions but will remain accountable for ensuring these activities are performed. All delegations in terms of this policy must be recorded in writing.

- *In consultation with the asset managers, he/ she authorise the temporary or permanent transfer of a movable asset between departments as determined in the “Delegation of Authority to officials of the uMngeni Local Municipality”.*

5.2 The Chief Financial Officer (Director: Finance)

The Chief Financial Officer is responsible to the Municipal Manager to ensure that the financial investment in the municipality’s assets is safeguarded and maintained.

The Chief Financial Officer must take reasonable steps to ensure that:

- Appropriate systems of financial management and internal control are established and carried out diligently;
- The financial and other resources of the municipality are utilized effectively, efficiently, economically and transparently;
- Any unauthorized, irregular or fruitless or wasteful expenditure and losses resulting from criminal or negligent conduct are prevented;
- The systems, processes and registers required to substantiate the financial values of the municipality’s assets are maintained at standards sufficient to satisfy the requirements of Accounting Standards.
- Financial processes are established and maintained to ensure that the municipality’s financial resources are optimally utilized through an appropriate asset plan, budgeting, purchasing, maintenance and disposal decisions.
- The managers and asset champions are appropriately advised on the exercise of their powers and duties pertaining to the financial administration of assets;
- The policy and supporting procedures or guidelines are established, maintained and effectively communicated;
- The CFO shall be the fixed asset registrar of the municipality, and shall ensure that a complete, accurate and up-to-date computerised fixed asset register is maintained.
- No amendments, deletions or additions to the fixed asset register shall be made other

than by the CFO or by an official acting under the written instruction of the CFO.

- The CFO, in consultation with the AO and HODs, shall determine effective procedures for the recognition of existing and new assets.
- The CFO shall ensure that the classification of immovable assets adopted by the municipality complies with the statutory requirements.
- The CFO shall define the format of the fixed asset register in consultation with the AO and the HODs, and shall ensure that the format complies with the prevailing accounting standards and disclosure requirements.
- The CFO shall establish procedures to control the completeness and integrity of the asset register data.
- The CFO shall ensure proper application of the control procedures.
- The CFO shall ensure that depreciation charges are debited monthly and that the fixed asset register is reconciled with the general ledger.
- The Asset register administrator should update the fixed asset register with the information received, relating to the impairment, from the financial management system where the impairment journals have been processed.

5.3 Head of Departments (HOD's)

HODs are managers who report directly to the AO shall ensure that:

- The municipal resources assigned to them are utilized effectively, efficiently, economically and transparently;
- Procedures are adopted and implemented in conformity with this policy to produce reliable data to be input to the municipal fixed asset register;
- Any unauthorized, irregular or fruitless or wasteful utilisation, and losses resulting from criminal or negligent conduct, are prevented;
- The asset management, processes and controls can provide an accurate, reliable and up to date account of assets under their control;
- They can manage and justify that the asset management framework that include:
 - Asset Management plans,
 - IDP, budgets and SDBIP
 - Maintenance Plans

- Asset Risk Management Plans
 - Disposal decisions
 - Optimally achieve the municipality's strategic objectives; and
- Manage asset life-cycle transactions to ensure that they comply with the plans, legislative and municipal requirements.
 - HODs may delegate or otherwise assign responsibility for performing these functions but they shall remain accountable for ensuring these activities are performed.
 - Every HOD shall ensure that all assets under their control are correctly recognized as assets.

5.4 Finance Department: Asset Management Division

- Ensures that physical asset verification is performed annually to all departments to verify the assets on the asset register. The results of this verification must be reported to the CFO.
- Ensure that assets are capitalised correctly onto the fixed asset register.
- Will perform reconciliations between the asset register and the General Ledger on a monthly basis.
- Ensures adequate bar codes and equipment to exercise the function relating to assets control is available at all times.
- Will ensure that all audit queries are resolved in a timely manner.
- Dispose of asset in accordance with the SCM policy
- Handles the administrative functions with regards to the transfers received.

5.5 The responsibility of the Budget and Treasury

- Ensure that a clear description is provided with each project and the appropriate funding source is identified.
- Release capital funds only after receiving written authority and a clear and concise description of the item to be purchased.
- Ensure that any changes in the capital budget, with regards to funds transferred or project description changes are communicated to the Asset Management Division.

5.6 The Human Resources Management Department

The Human Resources Management Department shall ensure that no monies are paid out to the staff on termination of their service prior to receiving the relevant asset resignation form signed off by the relevant directorate- refer to Exit form.

6. CLASSIFICATION OF ASSETS

6.1 Fixed asset categories

- Property, plant and equipment (which is broken down into groups of assets of a similar nature or function in the municipality's operations) (GRAP 17);
- Intangible assets (GRAP 31);
- Heritage assets (GRAP 103);
- Non-current assets held for sale (GRAP100)
- Capital Finance Lease assets (GRAP 13); and
- Investment property (GRAP 16)

6.2 Class of Property Plant and Equipment

A class of Property Plant and Equipment is defined as a group of assets of a similar nature or function. The total balance of each class of assets is disclosed in the notes to the financial statements.

6.2.1 Property Plant and Equipment: Infrastructure

Infrastructure assets are immovable assets which are part of a network of similar assets that jointly provide service potential. These assets usually display some or all of the following characteristics:

- a) they are part of a system or network;
- b) they are specialised in nature and do not have alternative uses;
- c) they are immovable; and
- d) they may be subject to constraints on disposal.

Examples of infrastructure assets include road networks, sewer systems, water and power supply systems and communication networks.

6.2.2 Property Plant and Equipment: Land and Buildings

Buildings that are used for municipal operations such as administration buildings and rental stock or housing not held for capital gain.

6.2.3 Property Plant and Equipment: Community Assets

Community property is immovable assets contributing to the general well-being of the community, such as community halls and recreation facilities.

6.2.4 Property Plant and Equipment: Other Assets

Movable assets are by nature stand-alone assets which are not directly attached or associated with an item of immovable assets and are utilized in an enabling or assisting role on a day-to-day basis.

6.3 Heritage assets

Heritage assets are assets of cultural, environmental, historical, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations, such as monuments, nature reserves, and works of art.

The asset is accounted for as a heritage asset if, and only if, the definition of a heritage asset is met, and only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

If a significant portion is used for production, administrative purposes or supply of services or goods, the asset shall be accounted for in accordance with the Standard of GRAP on Property Plant and Equipment.

6.4 Investment property

Investment property is defined as property (land and/or a building, or part thereof) held (by the owner or the lessee under a finance lease) to earn rentals or capital appreciation, or both (rather than for use in the production or supply of goods or services or for administration purposes or sale in the ordinary course of operations). Examples of investment property are office parks that are rented out. There is no asset hierarchy for investment property; each functional item will be individually recorded.

Land held for a currently undetermined use is recognized as investment property until such time as the use of the land has been determined.

If property is developed for future use as an investment property, such property shall in every respect be accounted for as investment property.

6.5 Intangible assets

Identifiable non-monetary assets, without physical substance are intangible assets, for examples licenses or rights (such as water licenses), servitudes and software.

An asset meets the criterion of being identifiable in the definition of an intangible asset when it:

- a)* is separable, i.e. is capable of being separated or divided from the municipality and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability, or
- b)* arises from contractual rights (including rights arising from binding arrangements) or other legal rights (excluding rights granted by statute), regardless of whether those rights are transferable and separable from the municipality or from other rights and obligations.

6.6 Assets held under leases

Finance leases - is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. Title may or may not eventually be transferred.

The following are the elements of a finance lease:

- a) the lease transfers ownership of the asset to the lessee by the end of the lease term;
- b) the lessee has the option to purchase the asset at a price which is expected to be sufficiently lower than the fair value at the date the option becomes exercisable for it to be reasonably certain, at the inception of the lease, that the option will be exercised;
- c) the lease term is for the major part of the economic life of the asset even if title is not transferred;
- d) at the inception of the lease the present value of the minimum lease payments amounts to at least substantially all of the fair value of the leased asset;
- e) the leased assets are of a such a specialised nature that only the lessee can use them without major modifications; and
- f) the leased assets cannot easily be replaced by another asset

7. IDENTIFICATION OF ASSETS

The Municipal Manager shall ensure that the municipality maintains a fixed asset identification system which shall be operated in conjunction with its computerized fixed asset register and must ensure that identification is as follows:

7.1 Immovable asset coding

An asset coding system is how the municipality can uniquely identify each immovable asset (at the lowest level in the adopted asset hierarchy) to ensure that it can be accounted for on an individual basis.

7.2 Barcoding system

A barcoding system will be used for movable assets as how the municipality is able to uniquely identify each movable asset to ensure that it can be accounted for on an individual basis, which will also assist with the subsequent verification process of movable assets.

8. INITIAL RECOGNITION OF ASSETS

An item of asset will be recognized as an asset when:

- It is probable that future economic benefits or potential service delivery associated with the asset will flow to the municipality,
- The cost of the asset to the municipality can be measured reliably,
- The municipality has gained control over the asset,
- Irrespective of the cost, if the asset meets the recognition criteria it should be recognised as an asset
- The asset is expected to be used during more than one financial year.

All other acquisitions of property, plant and equipment that do not meet the recognition criteria will be expensed.

Finance lease assets is recognised at the higher of the net present value and fair value or preferable use of fair value as cost

Operating leases are those leases which do not fall within the scope of the above definition. Operating lease rentals are expensed as they become due. Assets held under operating leases are not accounted for in the asset registers of the municipality.

8.1 COMPONENTISATION OF MAJOR PORTIONS OF ASSETS SEPARATELY

- An Asset Controller may, with agreement with the Asset Manager, treat specified major components of an item of property plant or equipment as a separate asset for the purposes of this policy.
- These major components may be defined by its physical parameters (e.g. a reservoir roof) of its financial parameters (e.g. a road surface).
- In agreeing to these treatments, the Asset Manager must be satisfied that these components:
 - Have significantly a different useful life or usage pattern to the main asset,
 - Align with the asset management plans,
 - The benefits justify the costs of separate identification,
 - It is probable that future economic benefits or potential service delivery associated with the asset will flow to the municipality,
 - The cost of the asset to the municipality can be measured reliably,
 - The municipality has gained control over the asset,
 - The costs are above the recognition threshold, and

- The asset is expected to be used during more than one financial year.
- Once a major component is recognized as a separate asset, it may be acquired, depreciated and disposed of as if it were a separate asset.

9. MEASUREMENT AT INITIAL RECOGNITION

9.1 Measurement at recognition of Property plant and equipment

- An item of property, plant and equipment that qualifies for recognition as a non-current asset should be initially measured at its “cost of acquisition”.
- This “cost of acquisition” will include all costs required to bring the asset to the proper working condition and position for its intended use. These costs usually include the following:
 - Purchase costs (less any discounts given)
 - Delivery costs
 - Installation costs
 - Professional fees for architects and engineers
 - Import duties
 - Non-refundable taxes
 - Site development costs
 - Contractor fees

9.2 Measurement at recognition of investment property

- Investment property is measured at cost including transaction cost at initial recognition. However, where an investment property was acquired through a non-exchange transaction (i.e. where the investment property was acquired for no or nominal value), its cost is its fair value at the date of acquisition.
- If property is developed for future use as an investment property, such property shall in every respect be accounted for as investment property.

9.3 Measurement at recognition of intangible assets

Intangible assets are measured at cost at initial recognition. Where assets are acquired for no or nominal consideration, the cost is deemed to equal the fair value of the asset on the date acquired.

9.4 Measurement at recognition of heritage assets

Heritage assets is measured at cost at initial recognition. Where assets are acquired for no or nominal consideration, the cost is deemed to equal the fair value of the asset on the date acquired.

Where an asset regarded as heritage asset but does not meet the recognition criteria as it cannot be reliably measured the relevant and useful information about it shall be disclosed in the notes to the financial statements as follows:

- A description of the heritage asset or class of heritage assets.
- The reason why the heritage asset or class of heritage assets could not be measured reliably.
- On disposal of the heritage asset or class of heritage assets, the compensation received and the amount recognized in the statement of financial performance.

9.5 Measurement at recognition of finance leased assets

- At the commencement of a lease term, the municipality (the lessee) shall recognise a finance lease as an asset and liability in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease.
- The discount rate to be used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease contract, if this is practicable to determine; if not, the lessee's incremental borrowing rate shall be used.
- Any initial direct cost of the lessee is added to the amount recognized as an asset.

9.6 Measurement at recognition of inventory

- These Inventory assets will be recorded in a separate section of the asset register and maintained as required
- Inventories shall be measured at the lower of cost and net realizable value
- The cost of inventories shall comprise all costs of purchase, costs of development, costs of conversion and other costs incurred in bringing the inventories to their present location and condition

9.7 Measurement at recognition of donations or exchanges

Where an item of property plant and equipment is acquired at no cost, or for a nominal cost, it will be initially measured at its fair value as at the date of acquisition and included in the non-current asset register if the fair value is greater than the recognition threshold.

9.8 Exchanged Property Plant and Equipment Assets

- In cases where assets are exchanged, the cost is deemed to be the fair value of the acquired asset and the disposed asset is de-recognised.
- If the acquired asset is not measured at its fair value, its cost price is the carrying amount of the asset given up.

9.9 Fair value measurement

Fair value is defined as the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Market based evidence by appraisal can be used where there is an active and liquid market for assets (for example land and some types of plant and equipment).

In the case of specialised buildings (such as community buildings) and infrastructure where there is no such active and liquid market, a depreciated replacement cost (DRC) approach may be used to identify the fair value.

The appraisal of the fair value of assets is normally undertaken by a member of the valuation profession, who holds a recognised and relevant professional qualifications and appropriate knowledge and experience in valuation of the respective assets. Other expert can also undertake the revaluation if he/she has the requisite to undertake such an appraisal in accordance with the requirement of the GRAP standard.

9.10 Depreciated replacement cost

If no evidence is available to determine the market value in an active and liquid market of an item of property, the fair value of the item may be established by reference to other items with similar characteristics, in similar circumstances and location.

In many cases, the depreciated replacement cost of an asset can be established by reference to the buying price of a similar asset with similar remaining service potential in an active and liquid market.

In some cases, an asset's reproduction cost will be the best indicator of its replacement cost. For example, in the event of loss, a parliament building may be reproduced rather

than replaced with alternative accommodation because of its significance to the community.

9.11 Costs associated with heritage assets

Costs incurred to enhance or restore a heritage asset to preserve its indefinite useful life should be capitalised as part of the cost of the asset. Such costs should be recognised in the carrying amount of the heritage asset as incurred.

9.12 Changes in the existing decommissioning or restoration cost included in the cost of an item

Changes in the measurement of an existing decommissioning cost or restoration cost as a result of changes in the estimated timing or amount of the outflow of resources embodying economic benefits or service potential required to settle the obligation, should be treated as follows:

If the cost model is used –

- Changes in the liability will be added to or deducted from the cost of the related asset.
- If the amount deducted from the cost of the asset exceeds the carrying amount of the asset, the excess will be recognised immediately in surplus or deficit.
- If the adjustment results in an addition to the cost of an asset, the municipality should consider whether this is an indication that the carrying amount may not be recoverable. In this case the municipality would test the asset for impairment.

If the revaluation model is used -

- A decrease in the liability shall be credited to the revaluation surplus, except that it shall be recognised in the surplus or deficit to the extent that it reverses a revaluation deficit on the asset that was previously recognised in the surplus or deficit; and
- an increase in the liability shall be recognised in surplus or deficit, except that it shall be debited to the revaluation surplus to the extent that any credit balance may exist in the revaluation surplus in respect of asset.
- If the decrease in liability exceeds the carrying amount that would have been recognised if the asset has been carried under the cost model, the excess shall be recognised immediately in the surplus or deficit.
- If the change in liability is an indication that the asset may have to be revalued to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date. Any such revaluation shall be considered in determining the amounts to be taken to surplus or deficit and net assets as discussed above. If a revaluation is necessary, all assets of that class shall be revalued.
- The change in the revaluation surplus arising from the change in the liability shall be

separately identified and disclosed on the face of the statement of changes in net assets.

10. Reinstatement, maintenance and other expenses

10.1 Enhancement costs

Only expenses incurred in the following shall be capitalised:

- Enhancement of a fixed asset (in the form of improved or increased services or benefits flowing from the use of such asset)
- Material extension of the useful life

10.2 Maintenance costs

Expenses incurred in the maintenance or reinstatement of a fixed asset shall be considered as operating expenses

10.3 Expenses to bring the asset into operation

- Expenses to bring the fixed asset into operation will be capitalised as part of such fixed asset
- Such expenses may include the following costs:
 - Import duties
 - Forward cover
 - Transportation
 - Installation
 - Assembly
 - Commissioning

11. MEASUREMENT AFTER INITIAL RECOGNITION

11.1 Measurement after initial recognition of property plant and equipment

Subsequent to initial recognition as an asset, an item of property, plant and equipment should be carried at its cost less any accumulated depreciation and less accumulated impairment.

11.2 Measurement after initial recognition of investment property

Investment property is subsequently measured at cost less accumulated depreciation and less impairment.

11.3 Measurement after initial recognition of intangible assets

- Intangible assets are measured after recognition at cost less amortisation.
- An intangible asset with an indefinite useful life will not be amortised. Impairment testing shall be performed on these assets on an annual basis and whenever there is an indication that the assets might be impaired, comparing its recoverable amount with its carrying amount.

11.4 Measurement after initial recognition of heritage assets

- Heritage assets are measured at cost after recognition.
- If no original costs or fair values are available in the case of one or more or all heritage assets, the Chief Financial Officer may, if it is believed that the determination of a fair value for the assets in question will be a laborious or expensive undertaking, record such asset or assets in the fixed asset register without an indication of the costs or fair value concerned
- For balance sheet purposes, the existence of such Heritage Assets shall be disclosed by means of an appropriate note.
- Costs incurred to enhance or restore a heritage asset to preserve its indefinite useful life should be capitalised as part of the cost of the asset. Such costs should be recognized in the carrying amount of the heritage asset as incurred.

11.5 Measurement after initial recognition of finance leased assets

- Minimum lease payments shall be apportioned between the finance charge and the reduction of the outstanding liability.
- The finance charge shall be allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.
- Contingent rents shall be charged as expenses in the periods in which they are incurred
- A finance lease gives rise to a depreciation expense for depreciable assets as well as finance expense for each accounting period.
- The depreciation policy for depreciable leased assets shall be consistent with that for depreciable assets that are owned, and the depreciation recognised shall be calculated in accordance with the Standards of GRAP on Property, Plant and Equipment (GRAP 17) and Intangible Assets (GRAP 31).

- If there is no reasonable certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

11.6 Subsequent expenditure on property plant and equipment

- Subsequent expenditure relating to an item of property, plant and equipment that has already been recognized should be added to the carrying amount of the asset when it is probable that future economic benefits or potential service delivery, in excess of the originally assessed standard of performance of the existing asset, will flow to the municipality.
- All other expenditure should be recognized as an expense in the period in which it occurred.
- Before allowing the capitalization of subsequent expenditure, the Asset Manager must be satisfied that this expenditure significantly:
 - Increases the life of that asset beyond that stated in the asset register, or
 - Increases the quality of service that asset beyond the existing level of service, or
 - Increases the quantity of services that asset can provide, or
 - Reduces the future assessed costs of maintaining that asset.
- Expenditure that is proposed to be capitalized must also conform to recognition criteria for non-current assets and should also be appropriately included in the approved capital budget.
- Where it is desired to capitalise future component replacements, refurbishments or renewals, then please refer to the section on major components in this policy

11.7 Depreciation

- The depreciable amount of an item of property, plant or equipment should be allocated on a systematic basis over its useful life.
- uMngeni Local Municipality's depreciation method will be the straight-line method. Where assets useful lives have been reviewed and where assets have been impaired the depreciation method changes from straight-line method to diminishing balance method.

- Depreciation shall be calculated from the day the fixed asset is available for use (commissioning date). Depreciation of an asset ceases at the date that the asset is derecognised. Therefore, depreciation does not cease when the asset becomes idle or is retired from active use and held for disposal.
- If the cost of land includes the cost of site dismantlement, removal and restoration, the portion of the land asset is depreciated over the period of benefits or service potential obtained by incurring those costs. In some cases, the land itself may have a limited useful life, in which case it is depreciated in a manner that reflects the benefits or service potential to be derived from it.

11.8 Review of residual value and useful life

- An entity shall assess at each reporting date whether there is any indication that the entity's expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the entity shall revise the expected useful life and/or residual value accordingly. The change(s) shall be accounted for as a change in an accounting estimate in accordance with the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors (GRAP 3).
- This review should be done by the asset manager in conjunction with the impairment review and reviewed by the CFO.
- The residual value of an asset may increase to an amount equal to or greater than the asset's carrying amount. If it does, the asset's depreciation charge is zero unless and until its residual value subsequently decreases to an amount below the asset's carrying amount.

11.9 Impairment of assets

- The Municipality must at each reporting date where there is any indication that an asset may be impaired. If any such indicators exist, the municipality must estimate the recoverable service amount of the assets.
- In terms of the Standard of Generally Recognised Accounting Practices (GRAP 21 and 26), impairment is the loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss through depreciation or amortization.
- These losses may arise from physical damage or from internal or external factors such as not regularly performing maintenance or a decline in the asset's market value.

- After recognition as an asset, an item of property, plant and equipment shall be carried at its cost less any accumulated depreciation and any accumulated impairment losses.
- In terms of GRAP 17 to determine whether an item of property, plant and equipment is impaired, an entity applies GRAP 21 or GRAP 26, as appropriate. These Standards explains how an entity reviews the carrying amount of its assets, how it determines the recoverable amount or recoverable service amount of an asset and when it recognizes, or reverses the recognition of, an impairment loss.
- In terms of GRAP 21 an entity shall assess at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the entity shall estimate the recoverable service amount of the asset.
- GRAP 26 states that an entity shall assess at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the entity shall estimate the recoverable amount of the asset.
- In order to comply with the above, the process and methods as described below were carried out.

ASB FAQ

GRAP 21 or GRAP 26?

It must be noted that the assets (PPE and Heritage) are not considered to be cash generating assets.

“What is the difference between cash-generating assets and non-cash generating assets?”

Cash-generating assets are assets that are held with the primary objective of generating a commercial return. Assets will generate a commercial return when the entity intends to generate positive cash flows from the asset similar to a profit-orientated entity. Non-cash-generating assets are primarily held for service delivery purposes.”

Taking the above into consideration, and the fact that the primary objective of the municipality is on service delivery, it is determined that the municipality does not own any cash generating assets. As a result, only GRAP 21 is deemed to be applicable.

11.10 Impairment Indicators

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

11.10.1 External sources of information

- a) Cessation, or near cessation, of the demand or need for services provided by the

asset.

- b) Significant long-term changes with an adverse effect on the entity have taken place during the period or will take place in the near future, in the technological, legal or government policy environment in which the entity operates. the carrying amount of the net assets of the entity is more than its market capitalization;
- c) Market interest rates have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially; or

11.10.2 Internal sources of information

- a) Evidence is available of physical damage of an asset.
- b) Significant long-term changes with an adverse effect on the entity have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, or plans to dispose of an asset before the previously expected date.
- c) A halt in construction could indicate an impairment. Where construction is delayed or postponed to a specific date in the future, the project may be treated as work in progress and not considered as halted.
- d) Evidence is available from internal reporting that indicates that the service performance of an asset is, or will be, significantly worse than expected.”

11.10.3 Other indicators that an item of PPE has become impaired:

- a) The asset has been damaged.
- b) The asset has become technologically obsolete.
- c) The asset remains idle for a considerable period either prior to it being put into use or during its useful life.
- d) Land is purchased at market value and is to be utilized for subsidized housing developments, where the subsidy is less than the purchase price.

11.10.4 Impairment of projects under construction

In assessing whether a halt in construction would trigger an impairment test, it should be considered whether construction has simply been delayed or postponed, whether the

intention to resume construction in the near future or whether the construction work will not be completed in the foreseeable future.

Where construction is delayed or postponed to a specific future date, the project may be treated as work in progress and is not considered as halted.

11.10.5 Further detailed accounting treatment relating to impairment losses is outlined as follows in GRAP 17:

- a) The carrying amount (Book value) of an item or a group of identical items of property, plant and equipment should be reviewed periodically in order to assess whether or not the recoverable amount has declined below the carrying amount.
- b) Recoverable amount is the higher of a non-cash generating asset's net selling price and its value in use.
- c) When such a decline has occurred, the carrying amount should be reduced to the recoverable amount. The amount of the reduction should be recognized as an expense immediately.
- d) The recoverable amount of individual assets, or groups of identical assets, is determined separately and the carrying amount reduced to recoverable amount on an individual asset, or group of identical assets, basis.
- e) However, there may be circumstances when it may not be possible to assess the recoverable amount of an asset on this basis, for example when all of the plant and equipment in a sewerage purification work is used for the same purpose. In such circumstances, the carrying amount of each of the related assets is reduced in proportion to the overall decline in recoverable amount of the smallest grouping of assets for which it is possible to make an assessment of recoverable amount.

11.10.6 Procedure to identify, budget and account for impairment losses:

The following needs to be done to ensure that impairment losses that are identified by the above indicators are budgeted for during the operating budget cycle and are accounted for in the next financial year. The following steps will have to be performed during the operating budget cycle:

Asset Management Unit shall issue a memo to all directorates requesting them to confirm assets that:

- a) Are in a state of damage at the start of the operating budget cycle;
- b) Are technologically obsolete at the start of the operating budget cycle

- c) Have remained idle for a considerable period either prior to them being put into uses at the start of the operating budget cycle or during their useful life;

After concluding the verification and update of data the CFO will liaise with Asset Manager regarding findings and future budget plans

Any asset where an indicator has been identified should be tested,

11.10.7 Recoverable service amount

GRAP 21 paragraph 29 states:

In terms of GRAP the recoverable service amount is the higher of an asset’s fair value less costs to sell and its value in use.”

The fair values area estimated using the Depreciated Replacement Cost (DRC) method for the majority of the assets. Current Replacement Costs (CRC) are obtained from various sources which included the following:

- “An Industry Guide to Infrastructure Service Delivery Levels and Unit Costs” – Published by the Department of Corporate Governance & Traditional Affairs.
- “Guidelines for Infrastructure Asset Management in Local Government” – Published by the Department of Provincial and Local Government.
- “EDI Holdings Asset Listing and DRC Valuation Tool” – EDI.
- Various quotations and prices obtained the internet.

CPI indices are applied to convert the unit rates to reporting date

The asset’s value in use are determined based on the original cost/ value recognised in the fixed assets register. This value is discounted to take into account the condition of the asset.

The “Local Government Capital Asset Management Guideline as published by National Treasury is applied. In terms of the guide the assets would have the following percentages of their economic useful lives remaining based on the condition:

Condition	Percentage	Conditional Assessment Grading
Very Good	81 – 100%	5
Good	61 - 80%	4
Fair	41 - 60%	3
Poor	21 - 40%	2
Very Poor	1 - 20%	1

It is estimated that the assets in a poor condition will have approximately 31% of its useful life remaining and assets in a very poor condition will have approximately 10% of its useful lives remaining. This is applied to the original cost/ value of the asset to calculate the value in use.

The higher of the fair value or the value in use is applied to determine if assets required additional impairment losses to be recognised.

11.10.7 Reversing an impairment loss

- The municipality assess each year from the sources of information indicated above whether there is any indication that an impairment loss recognised in previous years may no longer exist or may have decreased.
- In such cases, the carrying amount is increased to its recoverable amount (provided it does not exceed the carrying amount that would have been determined had no impairment loss been recognised in prior periods).
- Any reversal of an impairment loss is recognised as a credit in surplus or deficit.

11.10.8 Disclosure requirements relating to impairment losses:

All material impairment losses need to be disclosed in the notes to the income statement as a separately disclosed item. They are normally disclosed as part of the note on the amounts that are included in the calculation of the Net Surplus or Deficit for the year.

11.11 De-recognition

- Assets are de-recognised on disposal or when no future economic benefits or service potential are expected from its use or disposal. Where assets exist that have reached the end of their useful life, yet they pose potential liabilities, the assets will not be de-recognised until the obligations under the potential liabilities have been settled.
- The gain or loss arising from de-recognition of an item of immovable assets is included in surplus or deficit when the item is de-recognised.
- Property Plant and Equipment that is associated with the provision of basic services cannot be disposed without the approval of Council.
- Disposal of assets should be at fair value. If payment for the item is deferred, the consideration received is recognised initially at the cash price equivalent (the total proceeds discounted to the present value as at the transaction date). The difference between the nominal amount of the consideration and the cash price equivalent is recognised as interest revenue.

11.11.1 Disposal Management System

- The municipality may not transfer ownership as a result of a sale or other transaction or otherwise permanently dispose of an asset needed to provide the minimum level of basic municipal services, unless such asset is obsolete or surplus to requirements or beyond a state of good repair or being replaced and provided that the delivery of the minimum level of basic municipal services must not be compromised as a result of the disposal of the asset.
- The decision that a specific asset is not needed to provide the minimum level of basic municipal services, may not be reversed by the municipality after that asset had been sold, transferred or otherwise disposed of.
- 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.
- The transfer of assets to another municipality, municipal entity, national department or provincial department is excluded from these provisions, provided such transfer is being done in accordance with a prescribed Capital Asset Transfer regulatory framework.
- Directors shall report in writing to the CFO by 30 April of each financial year on all fixed assets controlled or used by the directorate concerned which such Director wishes to alienate by public auction or public tender.
- The CFO shall thereafter consolidate the requests received from the various General Managers and shall promptly report such consolidated information to the council or the Municipal Manager of the municipality, as the case may be, recommending the process of alienation to be adopted.
- Once the fixed assets are alienated, the CFO shall de-recognize the asset from the accounting records and the fixed asset register.

11.11.2 Procedures

Any items declared obsolete or damaged will be handed in to the Finance department - Asset Management Division for safekeeping

- a) Municipality must ensure that assets are disposed of in terms of the SCM policy.
- b) It is the responsibility of each directorate to ensure that all such assets to be disposed

of are delivered to and received at the Finance Directorate - Asset Management Unit.

- c) Approval for the disposal of assets is considered by the Municipal Manager only after a recommendation has been obtained from the following persons:
- Vehicles and Plant: The General Manager: Technical/Corporate Services;
 - Computers: The General Manager: Corporate Services;
 - Other Items: General Managers within the different directorates.
- d) After the approval of the Municipal Manager and final approval of the Council has been obtained, any vehicle written off (disposed) must be deregistered in the name of the Municipality.
- e) All asset items lost, stolen or damaged must be reported to the Manager Expenditure by completing the AT form.
- f) All asset items lost or stolen also need to be reported to the SAPS by the relevant department.

An item of property, plant and equipment should be eliminated from the balance sheet on disposal or when the asset is permanently withdrawn from use and no future economic benefits or potential service delivery is expected from when it is disposed of.

Gains and losses arising from the retirement or disposal of an item of property, plant and equipment should be determined as the difference between the actual or estimated net disposal proceeds and the carrying amount of the asset, and should be recognized as revenue or expense in the income statement.

11.11.3 Loss, theft, destruction or impairment of fixed assets

General Manager's shall ensure that any incident of loss, theft, destruction, or material impairment of any fixed asset controlled or used by the end-user in question is reported within 10 days in writing to the Chief Financial Officer, to the internal auditor, and in cases of suspected theft or malicious damage.

It must also reported to the South African Police Service in order to obtain the case number for insurance claims.in case any loss or damaged asset as a result of negligent the end-user shall be liable for all costs incurred by the municipality to bring an asset to its normal use.

12. SAFEGUARDING OF ASSETS

12.1 Custody and Security

- All barcoded assets shall be tracked by physical location through the Asset Register.
- A physical asset verification process shall be performed every year and all departments will be verified simultaneously.
- During assets verification all assets listed should be presented by the end-user, failure to do so the responsible end-user will be held responsible and disciplinary actions will be launched.
- It is a responsibility of all assets end-users to safeguard municipal assets, if any asset is damaged or lost by the end-user, he/she must report in writing to the Head of Department Section within working hours and report the lost to the SAPS, failure to do so the end-user will be held responsible and disciplinary actions will be launched.
- The coordination of the process and verification of the assets will rest with the Asset control department and all departments are responsible to see that the assets under their control are available during the verification process.

12.2 Custodian

- Each employee using the municipal property/ assets to execute their task needs to sign an asset custodian form
- The form lists assets that are required or entrusted to the employee to perform his/her task, i.e. a brush cutter has to be allocated to brush cutter operator
- The immediate supervisor must sign the form and asset unit as evidence of transfer of custodianship
- The employee undertakes to use the assets responsibly and takes responsibility to safeguard the assets to best of his/ her ability.
- If there are discrepancies with the asset on file upon a verification the employee will be held accountable for unverified asset under their control.
- However, if the loss was reported and there is evidence to support the claim there, or evidence of an asset transfer can be provided, there will be no charge.

12.3 High Risk Fixes Assets

Assets that are listed below are asset that are excluded from the asset register but the processes below must be adhered to;

The requirements to manage high risk items by each asset manager include, but are not limited to:

- Assignment of such items to a specific asset user.
- Maintaining and updating of departmental attractive items (inventory) register.
- Regular stock takes to ensure that all attractive items are available for use and appropriately safeguarded.
- Submitting such registers to ad hoc audits carried out by the chief financial officer.
- Recording and subsequent reporting any disposal/loss of such items in accordance with the powers of delegation.

Attractive items:

- will not depreciate;
- will not be revalued;
- will not be impaired;
- will be recorded in the attractive items (inventory) register;
- will be treated in a similar fashion as an asset example, safeguarded, officially approved for disposal etc.; and will be budgeted for under a dedicated line budget

Exclusion list

- Plastic stackable chairs
- Staplers
- Punchers
- Telephones
- Pocket calculators
- Small heater and fan

12.4 Communication

- End-users are responsible to report any stolen or damage property to the Asset Management Department in writing and report the lost to the SAPS within 48 working hours and produce police report from the police station.
- All changes must be accurately recorded on the Asset Transfer forms and reported to the Asset Management Department within 48 working hours.
- Expenditure Manager shall inform the Assets Manager for any stolen or damaged assets claimed to the insurance within 10 days.
- Any discrepancies between the Asset Register and the physical inventory must be reconciled and motivated by the relevant departments where discrepancies were noted.

13. INSURANCE

- Assets are insured externally and coverage must be based on the loss probability analysis.
- All insurance claims must be assessed by an official, charged with the responsibility for the insurance of assets, to determine whether the damage to the assets can be recovered from possible third parties involved.
- *If assets are lost or damaged as a result of negligence of the official, the damage to the assets or loss can be recovered from the said official or excess must be paid by the official.*
- If the damage was caused by an identifiable third party, the third party will be held accountable and the CFO should compile a report advising the AO of the facts thereof and any possible further action.

13.1 PROCEDURES

- The Accounting Officer will ensure that all assets are properly insured in terms of the policy.
- Head of Departments (General managers) shall ensure that they understand the terms and conditions of Councils Insurance portfolio; insurable assets which is under their control and their values; and ensure sufficient cover. In this regard, the business unit shall undertake, at least on an annual basis, a review of the values on the fixed asset register.
- Asset end user Shall notify the CFO (via Expenditure and asset unit), without delay, of any new insurable asset, by providing the necessary invoices and supporting documentation.
- Shall notify the CFO (via the Expenditure unit), of any alteration in the existing insurable value which has arisen in connection with the business unit.
- All claims that fall below the excess limit shall be handled and finalised directly by the business unit and will not form part of the insurance register.
- Work-in-progress assets (WIP) are not covered in the Insurance Portfolio.

14. PROCEDURE WITH REGARD TO CONTRIBUTED ASSET

14.1 ASSETS Governance

- The authority to endorse and approve acceptance of assets contributed to the uMngeni Local Municipality vests with Council as such assets have an impact on future operational costs.

- A report including the fair value/cost price of the contributed asset as well as the financial implications of acceptance of the contributed asset must be submitted to Council, so that acceptance of the asset can be confirmed.

14.2 Procedures

- a) Once Council has approved the donation, the departments must:
- b) Notify the Finance Department of any assets contributed, by submitting the Council approved report including the cost/fair value of the contributed asset so that the asset can be recorded and capitalized at the appropriate value.

15. FINANCIAL MANAGEMENT

15.1 Pre-Acquisition Planning

Before a capital project is included in the draft municipal budget for approval, the CFO must prove that they have considered:

- The projected acquisition and implementation cost over all the financial years until the project is operational;
- The future operational costs and revenue on the project, including tax and tariff implications;
- The financial sustainability of the project over its economical life span including revenue generation and subsidization requirements;
- The physical and financial stewardship of the asset through all stages in its economical life span including acquisition, installation, maintenance, operations, disposal and rehabilitation; and
- The inclusion of the capital project in the Integrated Development Plans and future budgets.

The Chief Financial Officer is accountable to ensure that the Asset Managers receive all reasonable assistance, guidance and explanation to enable them to achieve their planning requirements.

15.2 Approval to acquire Property, Plant and Equipment:

Funds can only be invested with a capital project if:

- The funds have been appropriated in the capital budget;
- The project, including the total cost and funding sources, has been approved by the Council;
- Finance confirms that funding is available for that specific project and the Supply Chain Management prescripts/procedures have been adhered to.
- Any contract that will impose financial obligations more than two years beyond the budget year is appropriately disclosed.

15.3 The funding sources of Assets

Within the municipality's ongoing financial, legislative or administrative capacity, the Chief Financial Officer will establish and maintain the funding strategies that optimize the municipality's ability to achieve its Strategic Objectives as stated in the Integrated Development Plan.

3 main sources of finance are utilized to acquire Property Plant and Equipment for the municipality, namely:

- Internal funding.
- Grants, Subsidies and Public Contributions.

The sources of finance that may be utilized to finance assets are utilized in accordance with the provisions of S19 of the Municipal Finance Management Act.

16. CAPITALISATION OF ASSETS

- uMngeni Local Municipality does not capitalize an asset based on a capitalization cost threshold, but recognizes an asset when it complies with the definition of an asset as stipulated in GRAP 17 and the cost of the asset to the municipality can be measured reliably;
- Where an asset is acquired at no cost, or for a nominal cost, its cost is its fair value as at the date of acquisition.
- Completed projects will only be capitalized in the asset register on completion or finalization of the project.
- Projects to be completed over more than one financial year will be initially disclosed in the asset register and financial statements as "Work in Progress" thereafter only on completion the asset will be capitalized and depreciated.

- Assets will be recorded in the asset register continuously on completion thereof and bar-coded with an aluminium label where appropriate for identification.
- Only expenses incurred in the enhancement of a fixed asset (in the form of improved or increased services or benefits flowing from the use of such asset) or in the material extension of the useful operating life of a fixed asset shall be capitalized.
- Parts of some items of property, plant and equipment may require replacement at regular intervals. For example, a road may need resurfacing every few years, a furnace may require relining after a specified number of hours use, or aircraft interiors such as seats and galleys may require replacement several times during the life of the airframe. Items of property, plant and equipment may also be required to make a less frequently recurring replacement, such as replacing the interior walls of a building, or to make a non-recurring replacement. Under the recognition principle in an entity recognizes in the carrying amount of an item property, plant and equipment the cost replacing part of such an item when that cost is incurred if the recognition criteria are met. The carrying amount of those parts that are replaced is derecognized in accordance with the de-recognition provision of this Standard.

17. MAINTENANCE

17.1 Maintenance Strategy

Each department must develop a maintenance strategy that will ensure that the assets of UMngeni Local Municipality are maintained at an adequate operational level or standard by ensuring that all statutory, technical and operational objectives are achieved. This strategy must ensure that tangible assets under the custody and control of the relevant directors are properly maintained and repaired so that their possible maximum useful lives are realised.

17.2 Departments/End-user Responsibilities

Each Department/end-users is responsible for ensuring:

- i. That all tangible assets under their control are maintained in a good working condition. The departments must take adequate care that the working environments for the various assets are appropriate and suitable for such types of tangible assets.
- ii. That their assets are not misused or used for personal use or benefit.
- iii. That repair and maintenance costs incurred is reviewed and properly controlled.
- iv. The development of a maintenance program according to their operating budget

resources. The program must provide a schedule of the repairs and maintenance to be done. The program must also consist of planned and unplanned repairs and maintenance to be performed.

The following matrix will assist in distinguishing capital expenditure from maintenance expenditure:

CAPITAL EXPENDITURE	MAINTENANCE
Acquiring	Restoring an asset so that it can continue to be used for its intended purpose
Replacing an existing asset	Maintaining an asset so that it can be used for the period for which it was initially intended.
Enhancing an existing asset so that its use is expanded	
Further developing an existing asset so that its original useful life is extended.	

When assets are capitalized a distinction should be made on whether the new asset is purchased to replace an existing asset or whether it is a total new asset that is purchased.

18. INTERNAL CONTROL OVER ASSETS

18.1 Establishment and Management of the Financial Asset Register:

The Chief Financial Officer will establish and maintain the Asset Register containing key financial data on each item of Property, Plant or Equipment that satisfies the criterion for recognition as per the accounting standards.

Each Asset Manager is responsible to ensure that sufficient controls exist to substantiate the quantity, value, location and condition of all assets in the asset register.

18.2 Contents of the Fixed Asset Register

The fixed asset register shall be maintained in the format determined by the CFO, which format shall comply with the requirements of generally recognized accounting practice (GRAP) and any other accounting requirements which may be prescribed by Directors under whose control any fixed asset falls shall promptly provide CFO in writing with any

information required to compile the fixed asset change which may occur in respect of such information. Contents of the Financial Asset Register:
The details included in the Asset Register will include:

Data type	Land	Buildings	Movables	IP and intangible assets	AUC/ Infrastructure
Identification					
Unique identification number -Barcode	✓	✓	✓	✓	✓
Name –description	✓	✓	✓	✓	✓
Classification	✓	✓	✓	✓	✓
Descriptive data (make, model, serial number etc.)		✓	✓	✓	✓
Location (room, ward, building number)	✓	✓	✓	✓	✓
ERF/registration	✓	✓	✓	✓	✓
LPI code	✓				
Plans number		✓			
Title deed reference	✓				
Accountability					
Business unit	✓	✓	✓	✓	✓
Insurance reference		✓	✓	✓	✓
Custodian –responsible employee					
Performance					
Age		✓	✓	✓	✓
Condition		✓	✓	✓	✓
Remaining useful life		✓	✓	✓	✓
Expected useful life	✓	✓	✓	✓	✓
Criticality condition and usage	✓	✓	✓	✓	✓
Changes in RUL and residual values, date and reason		✓	✓	✓	✓
Accounting	✓	✓	✓	✓	✓
Historical cost	✓	✓	✓	✓	✓
Fair value/take on value /deemed cost	✓	✓	✓	✓	✓
Purchase date	✓	✓	✓	✓	✓
Invoice number	✓	✓	✓	✓	✓
Supplier name	✓	✓	✓	✓	✓
Cheque /payment number	✓	✓	✓	✓	✓
Order number	✓	✓	✓	✓	✓
Depreciation method	✓	✓	✓	✓	✓
Depreciation charge for the year	✓	✓	✓	✓	✓
Accumulated depreciation	✓	✓	✓	✓	✓
Impairment loss	✓	✓	✓	✓	✓
Accumulated impairment loss	✓	✓	✓	✓	✓
Carrying value	✓	✓	✓	✓	✓
Source of finance	✓	✓	✓	✓	✓

Disposals/write offs for the year	✓	✓	✓	✓	✓
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18.3 Items to be excluded from the Fixed Asset Register

The uMngeni Municipality has identified below items as deemed items that shall be expensed upon acquisition due to their nature, value, and susceptibility to breaking. These items are consumable in nature and should be excluded in the FAR.

To ensure efficiency in the administration of this policy, the items on the below exclusion list do not meet the definition of assets at the uMngeni municipality and will be expensed when purchased.

Banner
Calculators
Clock
Desk Letter Tray
Drills (light duty)
Office Fans (Not Industrial)
Fire Extinguisher
Flagpole
Plastic, Contrate and still drum waste bins
Heaters
Kettles
Computer Keyboard
Measuring Wheels
Mirror
Plastic Assets (Chairs , Tables etc.)
Pot plant
Weight Scale
Serving tray
Stationary – Punches
Stationary – Staplers
Tile Cutter (light duty)
TV Brackets

18.4 Internal Controls over the Financial Asset Registers

Controls around the asset register should be sufficient to provide an accurate, reliable and up to date account of assets controlled to the standards specified by the Chief Financial Officer and required by the Accounting Standards.

These controls will include the physical management and recording of all acquisition, assignments, transfers, losses and disposals of assigned assets as well as regular asset counts, and systems audits to confirm the adequacy of controls.

Transfers, Reallocation or Reassignment of Property, Plant or Equipment

- a) An Asset Manager retains management accountability and control for a particular asset until another Asset Manager in writing does accept responsibility for that asset, and the Chief Financial Officer endorses the transfer.
- b) The Asset Manager must advise the Chief Financial Officer on the prescribed form whenever an asset is permanently or temporarily reallocated or reassigned from one location to another.
- c) The form must be completed and signed by both the sender and receiver according to the Council's Delegation of Authority.
- d) The Manager Assets/Asset Controller will appropriately amend the Asset Register with all approved transfers.
- e) Assets must solely and exclusively be used for the purpose of the Council's business.

18.4 Verification of fixed assets

- a) Each General Manager shall at least once every financial year undertake a comprehensive verification of all immovable and movable assets controlled or used by the directorate concerned.
- b) Each General manager shall promptly and fully report in writing to the CFO in the format determined by the CFO with all relevant results of such fixed asset verification, provided that each such asset verification shall be undertaken and completed as closely as possible to the end of each financial year and that the resultant report shall be submitted to the CFO not later than 31 May of the year in question.

PROCEDURES

- a) All movable assets, where practicable, must have a visible bar code or unique asset marking as determined by the Chief Financial Officer.
- b) Annual verification of movable assets should be conducted by the assets end user under the direction of General Manager's. This procedure would enable the assets management unit to identify discrepancies and dispositions and properly investigate and record the transactions.
- c) The General managers shall co-ordinate and control regular physical checks, and all discrepancies are to be reported immediately to the Asset Management Unit.
- d) Registers must be kept for those assets allocated to staff members. The officials 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.

- e) Where an asset has been transferred to an employee but the transferring office has not completed the asset transfer form, responsibility will rest with the original Department (transferee) or the Department who signed the invoice.
- f) Any losses of and damage to equipment, excluding discrepancies at stocktaking of losses resulting from normal handling or reasonable wear and tear, shall be reported to the Asset Management Unit.
- g) Independent checks from asset records shall be conducted by Asset Management Unit to ensure that the assets physically exist, especially those that could be disposed of without a noticeable effect on operations.
- h) Yearly physical inspections of assets shall be performed by assets end-user to identify items which are damaged, not in use or are obsolete due to changed circumstances, to ensure that they are appropriately repaired, written off or disposed off.
- i) All newly acquired assets shall be received by the procurement section the delivered to Assets Management Unit then accompany the supplier to the end user where the assets will be bar-coded on dispatch to the persons who will be the custodians of the assets. Where this is not practicable, the acquired assets must be delivered to the section issuing the requisition and that section must notify the procurement section so that bar-coding or asset marking can be arranged.
- j) Delivery of assets by procurement staff must be to the person requiring the Asset and he/she will sign a form accepting responsibility for the asset.
- k) The Asset Manager may, on request of Chief Financial Officer, waive full physical verification and accept written confirmation from the General Manager of infrastructure assets being verified during the course of a financial period as part of routine and/or planned maintenance and/or physical inspections. Documentation in this regard must be kept by Infrastructure Assets Department and be available for inspection.
- l) Standard operating procedure on physical verification and condition assessment of movable assets has been developed to ensure that all asset holders understand the role they supposed to play when it comes to control and safeguarding of assets assigned to them.

18.5 Asset listings

- a) The Asset unit must submit each quarter for the financial year, asset listings of capitalised assets to office of the CFO.
- b) At all times these asset listings should indicate the assets in particular location and should be easily accessible.
- c) When employees get appointed or resign from any specific post the relevant asset listings must be verified and accordingly endorsed by the Asset Champions for the specific workplace.
- d) All changes on asset listing sheets must be reported in writing to the Accountant

Assets within 30 days of when change took place.

18.6 Assets Loss Control register

This register will be updated monthly and it contains information of all assets lost and damaged and the responsible person for such.

19. FINANCIAL DISCLOSURE

Assets must be disclosed in respect of each class of property, plant and equipment, in accordance with Generally Recognized Accounting Practice Standards.

20. ANNUAL REVIEW ON THE POLICY

This policy will be reviewed and updated annually or whenever legislative or accounting standards amendments significantly change the requirements pertaining to asset management in general and the administration of property, plant and equipment at a sooner event.

21. GENERAL

This policy does not overrule the requirement to comply with other policies like supply chain management, tendering or budget policies. The Chief Financial Officer will provide guidance or recommend an amendment to this policy to comply with the essence and understanding of the policies, regulations or legislation being conflicted.

22. COMMENCEMENT DATE

1 JULY 2024

23. ANNEXURE (FIXED ASSET ESTIMATED USEFUL LIVES)

asset Group	Asset Class	Asset type	life (years)	
			MIN	MAX
LAND	LAND	DEVELOPED LAND	0	0
LAND	LAND	UNDEVELOPED LAND	0	0
BUILDINGS	DWELLINGS	CARAVANS	5	10
BUILDINGS	DWELLINGS	CHILDREN'S HOMES	25	30
BUILDINGS	DWELLINGS	FOREIGN MISSION DWELLINGS	25	30
BUILDINGS	DWELLINGS	HOMES FOR THE AGED	25	30
BUILDINGS	DWELLINGS	HOSTELS	25	30
BUILDINGS	DWELLINGS	MILITARY PERSONNEL DWELLINGS	25	30
BUILDINGS	DWELLINGS	MOBILE HOMES	5	10
BUILDINGS	DWELLINGS	PLACES OF SAFETY	25	30
BUILDINGS	DWELLINGS	PRISONS AND REHABILITATION FACILITIES	25	30
BUILDINGS	DWELLINGS	RESIDENCES (PRESIDENTIAL, EMBASSIES)	25	30
BUILDINGS	DWELLINGS	RESIDENCES (PERSONNEL) INCL GARAGES AND PARKING	25	30
BUILDINGS	DWELLINGS	SECURE CARE CENTRES	25	30
BUILDINGS	DWELLINGS	RECREATIONAL / HOLIDAY ACCOMMODATION	25	30
BUILDINGS	DWELLINGS	RESIDENTIAL PERIMETER PROTECTION	10	25
BUILDINGS	NON RESIDENTIAL STRUCTURES	AIRPORT AND ASSOCIATED BUILDINGS	25	30
BUILDINGS	NON RESIDENTIAL STRUCTURES	BORDER AND CUSTOM CONTROL POINTS	25	30
BUILDINGS	NON RESIDENTIAL STRUCTURES	BUS TERMINALS	25	30
BUILDINGS	NON RESIDENTIAL STRUCTURES	BUS SHELTERS	10	15
BUILDINGS	NON RESIDENTIAL STRUCTURES	CIVIC THEATERS	25	30
BUILDINGS	NON RESIDENTIAL STRUCTURES	CLINICS AND COMMUNITY HEALTH FACILITIES	25	30
BUILDINGS	NON RESIDENTIAL STRUCTURES	COMMUNITY CENTRES AND PUBLIC ENTERTAINMENT BUILDINGS	25	30
BUILDINGS	NON RESIDENTIAL STRUCTURES	DRIVER AND VEHICLE TESTING CENTRES	25	30
BUILDINGS	NON RESIDENTIAL STRUCTURES	FIRE STATIONS	25	30
BUILDINGS	NON RESIDENTIAL STRUCTURES	FOREIGN MISSION OFFICES	25	30
BUILDINGS	NON RESIDENTIAL STRUCTURES	HOSPITALS AND AMBULANCE STATIONS	25	30
BUILDINGS	NON RESIDENTIAL STRUCTURES	INDUSTRIAL BUILDINGS	25	30
BUILDINGS	NON RESIDENTIAL STRUCTURES	LABORATORIES	25	30
BUILDINGS	NON RESIDENTIAL STRUCTURES	LIBRARIES	25	30
BUILDINGS	NON RESIDENTIAL STRUCTURES	MORTUARIES	25	30
BUILDINGS	NON RESIDENTIAL STRUCTURES	MUSEUMS AND ART GALLERIES	25	30
BUILDINGS	NON RESIDENTIAL STRUCTURES	OFFICE BUILDINGS (INCL AIR CONDITIONING SYSTEMS)	25	30
BUILDINGS	NON RESIDENTIAL STRUCTURES	PUBLIC PARKING (COVERED AND OPEN)	25	30

BUILDINGS	NON RESIDENTIAL STRUCTURES	POLICE STATIONS (AND ASSOCIATED BUILDINGS)	25	30
BUILDINGS	NON RESIDENTIAL STRUCTURES	RAILWAY AND ASSOCIATED BUILDINGS	25	30
BUILDINGS	NON RESIDENTIAL STRUCTURES	RESEARCH FACILITIES (INCLUDING WEATHER)	25	30
BUILDINGS	NON RESIDENTIAL STRUCTURES	STADIUMS	25	30
BUILDINGS	NON RESIDENTIAL STRUCTURES	TAXI RANKS	10	15
BUILDINGS	NON RESIDENTIAL STRUCTURES	UNIVERSITIES, COLLEGES, SCHOOLS	25	30
BUILDINGS	NON RESIDENTIAL STRUCTURES	WAREHOUSES (STORAGE FACILITIES INCLUDING DATA)	25	30
BUILDINGS	NON RESIDENTIAL STRUCTURES	SPORT AND RECREATIONAL FACILITIES (TENNIS COURTS, SOCCER FIELDS, ETC.)	25	30
BUILDINGS	NON RESIDENTIAL STRUCTURES	NON RESIDENTIAL PERIMETER PROTECTION	10	25
BUILDINGS	NON RESIDENTIAL STRUCTURES	ABLUTION / PUBLIC FACILITIES	25	30
BUILDINGS	NON RESIDENTIAL STRUCTURES	CAR PORTS	10	15
BUILDINGS	NON RESIDENTIAL STRUCTURES	WORKSHOPS / STORE ROOMS	25	30
BUILDINGS	NON RESIDENTIAL STRUCTURES	MARKETS / SHOPS	25	30
BUILDINGS	NON RESIDENTIAL STRUCTURES	STRUCTURES FOR AGRICULTURAL PURPOSES	25	30
BUILDINGS	NON RESIDENTIAL STRUCTURES	NURSERIES	25	30
BUILDINGS	NON RESIDENTIAL STRUCTURES	INTERNAL ROADS	10	20
OTHER STRUCTURES (INFRASTRUCTURE)	ELECTRICITY	COOLING TOWERS	25	30
OTHER STRUCTURES (INFRASTRUCTURE)	ELECTRICITY	MAINS	15	20
OTHER STRUCTURES (INFRASTRUCTURE)	ELECTRICITY	METERS PREPAID	10	20
OTHER STRUCTURES (INFRASTRUCTURE)	ELECTRICITY	METERS CREDIT	20	25
OTHER STRUCTURES (INFRASTRUCTURE)	ELECTRICITY	POWER STATIONS COAL	50	60
OTHER STRUCTURES (INFRASTRUCTURE)	ELECTRICITY	POWER STATIONS GAS	50	60
OTHER STRUCTURES (INFRASTRUCTURE)	ELECTRICITY	POWER STATIONS HYDRO	50	60
OTHER STRUCTURES (INFRASTRUCTURE)	ELECTRICITY	POWER STATIONS NUCLEAR	60	80
OTHER STRUCTURES (INFRASTRUCTURE)	ELECTRICITY	ELECTRICITY SUPPLY / RETICULATION	15	25
OTHER STRUCTURES (INFRASTRUCTURE)	ELECTRICITY	TRANSFORMERS	25	50
OTHER STRUCTURES (INFRASTRUCTURE)	ELECTRICITY	LINES UNDERGROUND	25	45
OTHER STRUCTURES (INFRASTRUCTURE)	ELECTRICITY	LINES OVERHEAD	20	30
OTHER STRUCTURES (INFRASTRUCTURE)	ELECTRICITY	CABLES	25	45
OTHER STRUCTURES (INFRASTRUCTURE)	ELECTRICITY	SUBSTATION SWITCHGEAR	20	30
OTHER STRUCTURES (INFRASTRUCTURE)	ELECTRICITY	SUBSTATION EQUIPMENT OUTDOOR	20	30
OTHER STRUCTURES (INFRASTRUCTURE)	ELECTRICITY	SUBSTATION EQUIPMENT GIS	15	30
OTHER STRUCTURES (INFRASTRUCTURE)	ELECTRICITY	SUBSTATION EQUIPMENT INDOOR	30	40

OTHER STRUCTURES (INFRASTRUCTURE)	ELECTRICITY	ELECTRICAL PANELS	3	5
OTHER STRUCTURES (INFRASTRUCTURE)	ELECTRICITY	TELEMETRY	7	15
OTHER STRUCTURES (INFRASTRUCTURE)	ELECTRICITY	ELECTRICITY PERIMETER PROTECTION	10	25
OTHER STRUCTURES (INFRASTRUCTURE)	ELECTRICITY	STRUCTURE FOR ELECTRICAL PURPOSE	20	35
OTHER STRUCTURES (INFRASTRUCTURE)	ELECTRICITY	HIGH MAST LIGHTS	10	15
OTHER STRUCTURES (INFRASTRUCTURE)	ELECTRICITY	RING MAIN UNIT	30	50
OTHER STRUCTURES (INFRASTRUCTURE)	ELECTRICITY	BUILDING FOR ELECTRICAL PURPOSE	20	30
OTHER STRUCTURES (INFRASTRUCTURE)	ELECTRICITY	MINI SUB STATION	20	30
OTHER STRUCTURES (INFRASTRUCTURE)	ROADS	BRIDGES VEHICLE CONCRETE	60	80
OTHER STRUCTURES (INFRASTRUCTURE)	ROADS	BRIDGES VEHICLE STEEL	40	50
OTHER STRUCTURES (INFRASTRUCTURE)	ROADS	BRIDGES VEHICLE TIMBER	25	40
OTHER STRUCTURES (INFRASTRUCTURE)	ROADS	BRIDGES PEDESTRIAN CONCRETE	60	80
OTHER STRUCTURES (INFRASTRUCTURE)	ROADS	BRIDGES PEDESTRIAN STEEL	40	50
OTHER STRUCTURES (INFRASTRUCTURE)	ROADS	BRIDGES PEDESTRIAN TIMBER	25	40
OTHER STRUCTURES (INFRASTRUCTURE)	ROADS	BRIDGES RAILWAY CONCRETE	60	80
OTHER STRUCTURES (INFRASTRUCTURE)	ROADS	BRIDGES RAILWAY STEEL	40	50
OTHER STRUCTURES (INFRASTRUCTURE)	ROADS	BRIDGES RAILWAY TIMBER	25	40
OTHER STRUCTURES (INFRASTRUCTURE)	ROADS	BRIDGES REINFORCED RETAINING WALLS EARTH	10	15
OTHER STRUCTURES (INFRASTRUCTURE)	ROADS	BRIDGES REINFORCED RETAINING WALLS CONCRETE	25	30
OTHER STRUCTURES (INFRASTRUCTURE)	ROADS	BRIDGES EXPANSION AND CONSTRUCTION JOINTS	15	20
OTHER STRUCTURES (INFRASTRUCTURE)	ROADS	STORM WATER CULVERTS	25	40
OTHER STRUCTURES (INFRASTRUCTURE)	ROADS	STORM WATER CULVERTS CONCRETE	40	60
OTHER STRUCTURES (INFRASTRUCTURE)	ROADS	STORM WATER CULVERTS ARCO	25	40
OTHER STRUCTURES (INFRASTRUCTURE)	ROADS	STORM WATER DRAINS EARTHWORKS	80	100
OTHER STRUCTURES (INFRASTRUCTURE)	ROADS	STORM WATER DRAINS CONCRETE LINING	25	50
OTHER STRUCTURES (INFRASTRUCTURE)	ROADS	STORM WATER STOP BANKS	40	50
OTHER STRUCTURES (INFRASTRUCTURE)	ROADS	STORM WATER PIPES	25	50
OTHER STRUCTURES (INFRASTRUCTURE)	ROADS	STORM WATER COASTAL STRUCTURE	20	40
OTHER STRUCTURES (INFRASTRUCTURE)	ROADS	STORM WATER COASTAL PIERS	60	80
OTHER STRUCTURES (INFRASTRUCTURE)	ROADS	STORM WATER COASTAL OUTFALLS	60	80
OTHER STRUCTURES (INFRASTRUCTURE)	ROADS	ROADS KERB AND CHANNELS	40	50
OTHER STRUCTURES (INFRASTRUCTURE)	ROADS	ROADS MUNICIPAL ASPHALT SURFACE	10	20
OTHER STRUCTURES (INFRASTRUCTURE)	ROADS	ROADS MUNICIPAL ASPHALT BASIS/STRUCTURE	30	50

OTHER STRUCTURES (INFRASTRUCTURE)	ROADS	ROADS MUNICIPAL CONCRETE SURFACE	10	30
OTHER STRUCTURES (INFRASTRUCTURE)	ROADS	ROADS MUNICIPAL CONCRETE BASIS/STRUCTURE	30	50
OTHER STRUCTURES (INFRASTRUCTURE)	ROADS	ROADS MUNICIPAL GRAVEL SURFACE	3	10
OTHER STRUCTURES (INFRASTRUCTURE)	ROADS	ROADS NATIONAL ASPHALT SURFACE	10	20
OTHER STRUCTURES (INFRASTRUCTURE)	ROADS	ROADS NATIONAL ASPHALT BASIS/STRUCTURE	30	50
OTHER STRUCTURES (INFRASTRUCTURE)	ROADS	ROADS NATIONAL CONCRETE SURFACE	10	30
OTHER STRUCTURES (INFRASTRUCTURE)	ROADS	ROADS NATIONAL CONCRETE BASIS/STRUCTURE	30	50
OTHER STRUCTURES (INFRASTRUCTURE)	ROADS	ROADS NATIONAL GRAVEL SURFACE	3	10
OTHER STRUCTURES (INFRASTRUCTURE)	ROADS	ROADS PROVINCIAL ASPHALT SURFACE	10	20
OTHER STRUCTURES (INFRASTRUCTURE)	ROADS	ROADS PROVINCIAL ASPHALT BASIS/STRUCTURE	30	50
OTHER STRUCTURES (INFRASTRUCTURE)	ROADS	ROADS PROVINCIAL CONCRETE SURFACE	10	30
OTHER STRUCTURES (INFRASTRUCTURE)	ROADS	ROADS PROVINCIAL CONCRETE BASIS/STRUCTURE	30	50
OTHER STRUCTURES (INFRASTRUCTURE)	ROADS	ROADS PROVINCIAL GRAVEL SURFACE	3	10
OTHER STRUCTURES (INFRASTRUCTURE)	ROADS	ROADS CRASH BARRIERS	10	30
OTHER STRUCTURES (INFRASTRUCTURE)	ROADS	ROADS RETAINING WALLS	30	60
OTHER STRUCTURES (INFRASTRUCTURE)	ROADS	ROADS OVERLOAD CONTROL CENTRES	15	20
OTHER STRUCTURES (INFRASTRUCTURE)	ROADS	ROADS OVERLOAD ELECTRONIC HARDWARE	10	15
OTHER STRUCTURES (INFRASTRUCTURE)	ROADS	ROADS OVERLOAD EQUIPMENT OTHER	10	20
OTHER STRUCTURES (INFRASTRUCTURE)	ROADS	ROADS PEDESTRIAN FOOTPATHS	15	30
OTHER STRUCTURES (INFRASTRUCTURE)	ROADS	ROADS STREET LIGHTING	25	40
OTHER STRUCTURES (INFRASTRUCTURE)	ROADS	ROADS SUBWAYS	40	50
OTHER STRUCTURES (INFRASTRUCTURE)	ROADS	ROADS TRAFFIC ISLANDS	40	50
OTHER STRUCTURES (INFRASTRUCTURE)	ROADS	ROADS TRAFFIC LIGHTS	15	20
OTHER STRUCTURES (INFRASTRUCTURE)	ROADS	ROADS TRAFFIC LIGHTS COASTAL	10	15
OTHER STRUCTURES (INFRASTRUCTURE)	ROADS	ROADS TRAFFIC SIGNS	5	15
OTHER STRUCTURES (INFRASTRUCTURE)	ROADS	ROADS TOLL ROAD PLAZAS	20	30
OTHER STRUCTURES (INFRASTRUCTURE)	ROADS	ROADS PAVED SURFACE	20	30
OTHER STRUCTURES (INFRASTRUCTURE)	ROADS	ROADS PAVED BASIS/STRUCTURE	20	30
OTHER STRUCTURES (INFRASTRUCTURE)	ROADS	ROAD CALMING MEASURES	20	30
OTHER STRUCTURES (INFRASTRUCTURE)	ROADS	ROAD PERIMETER PROTECTION	15	20
OTHER STRUCTURES (INFRASTRUCTURE)	ROADS	ROAD RESERVES	0	0
OTHER STRUCTURES (INFRASTRUCTURE)	ROADS	ATTENUATION PONDS	20	25
OTHER STRUCTURES (INFRASTRUCTURE)	ROADS	PARKING METERS	20	30

OTHER STRUCTURES (INFRASTRUCTURE)	SOLID WASTE DISPOSAL	COLLECTION VEHICLES	5	10
OTHER STRUCTURES (INFRASTRUCTURE)	SOLID WASTE DISPOSAL	COLLECTION CONTAINERS / BINS	10	15
OTHER STRUCTURES (INFRASTRUCTURE)	SOLID WASTE DISPOSAL	TRANSFER STATIONS AND PROCESSING FACILITIES STRUCTURE	30	55
OTHER STRUCTURES (INFRASTRUCTURE)	SOLID WASTE DISPOSAL	TRANSFER STATIONS AND PROCESSING FACILITIES ELECTRICAL	15	40
OTHER STRUCTURES (INFRASTRUCTURE)	SOLID WASTE DISPOSAL	TRANSFER STATIONS AND PROCESSING FACILITIES MECHANICAL	15	40
OTHER STRUCTURES (INFRASTRUCTURE)	SOLID WASTE DISPOSAL	TRANSFER STATIONS AND PROCESSING FACILITIES PERIMETER PROTECTION	10	25
OTHER STRUCTURES (INFRASTRUCTURE)	SOLID WASTE DISPOSAL	LANDFILL SITE EARTHMOVING AND COMPACTION EQUIPMENT	10	15
OTHER STRUCTURES (INFRASTRUCTURE)	SOLID WASTE DISPOSAL	LANDFILL SITE PREPARATION	0	0
OTHER STRUCTURES (INFRASTRUCTURE)	SOLID WASTE DISPOSAL	LANDFILL SITE STRUCTURE	30	55
OTHER STRUCTURES (INFRASTRUCTURE)	SOLID WASTE DISPOSAL	LANDFILL SITE WEIGHBRIDGE MECHANICAL	15	40
OTHER STRUCTURES (INFRASTRUCTURE)	SOLID WASTE DISPOSAL	LANDFILL SITE WEIGHBRIDGE ELECTRICAL	15	40
OTHER STRUCTURES (INFRASTRUCTURE)	SOLID WASTE DISPOSAL	LANDFILL SITE PERIMETER PROTECTION	10	25
OTHER STRUCTURES (INFRASTRUCTURE)	SOLID WASTE DISPOSAL	COST TO REHABILITATE		6
OTHER STRUCTURES (INFRASTRUCTURE)	CEMETERIES	CEMETERIES	25	30
OTHER STRUCTURES (INFRASTRUCTURE)	CEMETERIES	CEMETERIES PERIMETER PROTECTION	10	25
OTHER STRUCTURES (INFRASTRUCTURE)	CEMETERIES	CEMETERIES ABLUTION / PUBLIC FACILITIES	25	30
OTHER STRUCTURES (INFRASTRUCTURE)	CEMETERIES	CEMETERIES WORKSHOPS / STORE ROOMS	25	30
OTHER	MACHINERY AND EQUIPMENT	AUDIOVISUAL EQUIPMENT	5	10
OTHER	MACHINERY AND EQUIPMENT	BUILDING AIR CONDITIONING SYSTEMS	10	15
OTHER	MACHINERY AND EQUIPMENT	CELLULAR PHONES	0	2
OTHER	MACHINERY AND EQUIPMENT	CELLULAR ROUTERS	3	
OTHER	MACHINERY AND EQUIPMENT	DOMESTIC EQUIPMENT (NON KITCHEN APPLIANCES)	3	5
OTHER	MACHINERY AND EQUIPMENT	ELECTRIC WIRE AND POWER DISTRIBUTION EQUIPMENT (COMPRESSORS / GENERATORS)	5	7
OTHER	MACHINERY AND EQUIPMENT	EMERGENCY / RESCUE EQUIPMENT	5	10
OTHER	MACHINERY AND EQUIPMENT	ELEVATOR SYSTEMS	15	20
OTHER	MACHINERY AND EQUIPMENT	FARM / AGRICULTURAL EQUIPMENT	5	15
OTHER	MACHINERY AND EQUIPMENT	FIRE FIGHTING EQUIPMENT	3	5
OTHER	MACHINERY AND EQUIPMENT	GARDENING EQUIPMENT	2	4
OTHER	MACHINERY AND EQUIPMENT	IRRIGATION EQUIPMENT	10	15
OTHER	MACHINERY AND EQUIPMENT	KITCHEN APPLIANCES	5	10
OTHER	MACHINERY AND EQUIPMENT	LABORATORY EQUIPMENT AGRICULTURAL	5	7
OTHER	MACHINERY AND EQUIPMENT	LABORATORY EQUIPMENT MEDICAL TESTING	5	7
OTHER	MACHINERY AND EQUIPMENT	LABORATORY EQUIPMENT ROADS AND TRANSPORT	5	7
OTHER	MACHINERY AND EQUIPMENT	LAUNDRY EQUIPMENT AND INDUSTRIAL SEWING MACHINES	10	15
OTHER	MACHINERY AND EQUIPMENT	LEARNING, TRAINING SUPPORT AND LIBRARY MATERIAL	5	10
OTHER	MACHINERY AND EQUIPMENT	MACHINES FOR METALLURGY	5	10
OTHER	MACHINERY AND EQUIPMENT	MACHINES FOR MINING AND QUARRYING	5	10

OTHER	MACHINERY AND EQUIPMENT	MACHINES FOR TEXTILE PRODUCTION	10	15
OTHER	MACHINERY AND EQUIPMENT	MEDICAL AND ALLIED EQUIPMENT	5	10
OTHER	MACHINERY AND EQUIPMENT	MUSIC INSTRUMENTS	10	15
OTHER	MACHINERY AND EQUIPMENT	PHOTOGRAPHIC EQUIPMENT	5	7
OTHER	MACHINERY AND EQUIPMENT	PUMPS, PLUMBING, PURIFICATION AND SANITATION EQUIPMENT	5	10
OTHER	MACHINERY AND EQUIPMENT	RADIO EQUIPMENT	5	7
OTHER	MACHINERY AND EQUIPMENT	ROAD CONSTRUCTION AND MAINTENANCE EQUIPMENT	10	15
OTHER	MACHINERY AND EQUIPMENT	SADDLES AND OTHER TACK	5	7
OTHER	MACHINERY AND EQUIPMENT	SECURITY EQUIPMENT/ - SYSTEMS / - MATERIAL FIXED	3	5
OTHER	MACHINERY AND EQUIPMENT	SECURITY EQUIPMENT/ - SYSTEMS / - MATERIAL MOVABLE	3	5
OTHER	MACHINERY AND EQUIPMENT	SHIP AND MARINE EQUIPMENT	5	10
OTHER	MACHINERY AND EQUIPMENT	SPORT AND RECREATIONAL EQUIPMENT	5	10
OTHER	MACHINERY AND EQUIPMENT	SURVEY EQUIPMENT	5	7
OTHER	MACHINERY AND EQUIPMENT	TELECOMMUNICATION EQUIPMENT	3	5
OTHER	MACHINERY AND EQUIPMENT	TENTS, FLAGS AND ACCESSORIES	5	10
OTHER	MACHINERY AND EQUIPMENT	WOODWORKING MACHINERY AND EQUIPMENT	5	10
OTHER	MACHINERY AND EQUIPMENT	WORKSHOP EQUIPMENT AND LOOSE TOOLS FIXED	5	10
OTHER	MACHINERY AND EQUIPMENT	WORKSHOP EQUIPMENT AND LOOSE TOOLS MOVABLE	3	5
OTHER	FURNITURE AND OFFICE EQUIPMENT	ADVERTISING BOARDS	3	5
OTHER	FURNITURE AND OFFICE EQUIPMENT	AIR CONDITIONERS INDIVIDUAL FIXED AND MOVABLE	3	5
OTHER	FURNITURE AND OFFICE EQUIPMENT	CUTLERY AND CROCKERY	5	10
OTHER	FURNITURE AND OFFICE EQUIPMENT	DOMESTIC AND HOSTEL FURNITURE	10	15
OTHER	FURNITURE AND OFFICE EQUIPMENT	LINEN AND SOFT FURNISHING	5	10
OTHER	FURNITURE AND OFFICE EQUIPMENT	OFFICE EQUIPMENT INCLUDING FAX MACHINES	5	7
OTHER	FURNITURE AND OFFICE EQUIPMENT	OFFICE FURNITURE	5	7
OTHER	FURNITURE AND OFFICE EQUIPMENT	PAINTINGS SCULPTURES ORNAMENTS	5	10
OTHER	COMPUTER EQUIPMENT	COMPUTER HARDWARE INCLUDING OPERATING SYSTEMS	3	5
OTHER	COMPUTER EQUIPMENT	COMPUTER NETWORKS	5	10
OTHER	TRANSPORT ASSETS	AIRCRAFT	10	15
OTHER	TRANSPORT ASSETS	AIRCRAFT ENGINES	5	7
OTHER	TRANSPORT ASSETS	AIRPORT TRANSPORT EQUIPMENT	10	15
OTHER	TRANSPORT ASSETS	BUSSES	10	15
OTHER	TRANSPORT ASSETS	CYCLES	4	7
OTHER	TRANSPORT ASSETS	EMERGENCY VEHICLES	5	10
OTHER	TRANSPORT ASSETS	MOBILE CLINICS	10	15
OTHER	TRANSPORT ASSETS	MOTOR VEHICLES	4	7
OTHER	TRANSPORT ASSETS	RAILWAY ROLLING STOCK	10	15
OTHER	TRANSPORT ASSETS	SHIPS	15	20
OTHER	TRANSPORT ASSETS	SHIPS ENGINES	5	7

OTHER	TRANSPORT ASSETS	TRAILERS AND ACCESSORIES	5	10
OTHER	TRANSPORT ASSETS	TRUCKS	5	7
HERITAGE ASSETS	HERITAGE ASSETS	AREAS OF LAND OF HISTORIC OR SPECIFIC SIGNIFICANCE	0	
HERITAGE ASSETS	HERITAGE ASSETS	CULTURALLY SIGNIFICANT BUILDINGS	0	
HERITAGE ASSETS	HERITAGE ASSETS	NATIONAL MONUMENTS	0	
HERITAGE ASSETS	HERITAGE ASSETS	NATIONAL PARKS / RESERVES	0	
HERITAGE ASSETS	HERITAGE ASSETS	PAINTINGS	0	
HERITAGE ASSETS	HERITAGE ASSETS	SCULPTURES / STATUES	0	
HERITAGE ASSETS	HERITAGE ASSETS	MUNICIPAL JEWELLERY	0	0
HERITAGE ASSETS	HERITAGE ASSETS	WORKS OF ART	0	
HERITAGE ASSETS	HERITAGE ASSETS	OTHER ANTIQUES AND COLLECTIONS	0	
INTANGIBLE ASSETS	INTANGIBLE ASSETS	CAPITALIZED DEVELOPMENT COST	0	
INTANGIBLE ASSETS	INTANGIBLE ASSETS	COMPUTER SOFTWARE	2	5
INTANGIBLE ASSETS	INTANGIBLE ASSETS	MASTHEADS AND PUBLISHING TITLES	0	
INTANGIBLE ASSETS	INTANGIBLE ASSETS	PATENTS, LICENSES, COPYRIGHTS, BRAND NAMES AND TRADEMARKS	0	
INTANGIBLE ASSETS	INTANGIBLE ASSETS	RECIPES, FORMULAE, PROTOTYPES, DESIGNS AND MODELS	0	
INTANGIBLE ASSETS	INTANGIBLE ASSETS	SERVICE AND OPERATING RIGHTS	0	
INVESTMENT PROPERTY	UNDEVELOPED LAND	LEASED	0	
INVESTMENT PROPERTY	UNDEVELOPED LAND	UNDEFINED	0	
INVESTMENT PROPERTY	DEVELOPED LAND	LEASED	0	
INVESTMENT PROPERTY	DEVELOPED LAND	UNDEFINED	0	
INVESTMENT PROPERTY	DWELLINGS	LEASED	30	30
INVESTMENT PROPERTY	DWELLINGS	UNDEFINED	30	30
INVESTMENT PROPERTY	NON RESIDENTIAL STRUCTURES	LEASED	30	30
INVESTMENT PROPERTY	NON RESIDENTIAL STRUCTURES	UNDEFINED	30	30
ASSETS UNDER CONSTRUCTION	ASSETS UNDER CONSTRUCTION	BUILDINGS UNDER CONSTRUCTION	0	0
ASSETS UNDER CONSTRUCTION	ASSETS UNDER CONSTRUCTION	ROADS UNDER CONSTRUCTION	0	0
ASSETS UNDER CONSTRUCTION	ASSETS UNDER CONSTRUCTION	ELECTRICITY UNDER CONSTRUCTION	0	0
LEASED ASSETS	LEASED ASSETS	LEASED ASSETS		

24. ANNEXURE (FIXED ASSET CONTROL FORMS)

UMNGENI MUNICIPALITY

TERMINATION OF SERVICE: CONFIRMATION OF ASSETS

Important: This form must be completed prior to the termination of service of every employee, to ensure that all assets entrusted to such employee are verified

1. EMPLOYEE DETAILS

EMPLOYEE NO

Surname		Name	
Directorate		Telephone No	
Line Manager		Last Working Day	

2. LINE MANAGER / DIRECTOR / EXECUTIVE DIRECTOR

I, _____ duly delegated as the responsible person in this Department do herewith confirm that all assets entrusted to the abovementioned employee were checked on by me in the presence of the said employee and the Asset unit Official, with the following outcome:

Discrepancies (attached list)		No Discrepancies	
-------------------------------	--	------------------	--

Signature	Date
-----------	------

3. EMPLOYEE

I, _____ do herewith confirm that all assets entrusted to me within the scope of my employment with the uMngeni municipality were checked on in my presence by my line manager / director / executive director and asset unit official with the following outcome

Discrepancies (attach list)		No Discrepancies	
-----------------------------	--	------------------	--

Signature	Date
------------------	-------------

4. ASSET MANAGEMENT UNIT

Name	
Signature	Date

Personal Asset Declaration Form

Particulars of the asset

Asset Description	
Serial Number	
Name of the user /owner	
Room number	
Building	

Reason for bringing the on to the premises:

Declaration: Ithe owner agree not to hold UMngeni municipality liable for any theft or damage incurred relating to the use the abovementioned asset

Department Asset Controller

Name & Surname	Signature	Date

Declaration: Ithe Asset controller, agree that UMngeni municipality is not the owner of the abovementioned asset

uMNGENI MUNICIPALITY

**ASSET CONTROL FORM
PURCHASE OF ASSET FORM**

DEPARTMENT	Section	Requisition no	Vote Number

End User to tick the appropriate box below as a reason for the purchase

New staff member	New asset	Damaged asset	Stolen asset	Replacing old asset

In case of stolen/damaged /redundant asset the below must be filled choose appropriate boxes

Old barcode	Stolen asset case no	Movement form completed	Insurance claim no

End user information

End user surname & initials	End –user Employee no	Contact details(extension no)	Room Number

End users signature :	Authorised by: signature

Asset Control Unit

Barcode number	Date received

Order no	Invoice No	Invoice Date	Supplier

Date captured on Asset register	Capturers Surname & initials	Signature

SECTION 1 : PROPERTY INFORMATION

ERF NUMBER	PORTION	AREA NAME				TOWNSHIP EXT		
Title Deed	Print out Attached	Yes	No	Vacant Land	Yes	No		
PHYSICAL ADDRESS								

Street Name		Street No	
Suburb			
Town		Postal code	
DETAILS	PARTICULARS AS REFLECTED IN THE GENERAL VALUATION ROLL	BUILDING PLAN INFORMATION	
DESCRIPTION OF THE PROPERTY		Land Future use Information	
CATEGORY		Plan Attached	yes no
EXTENT M ²		Building Age	Years Months
MARKET VALUE		Land Future use code	
Title Deed No			

Account No	
------------	--

Meter No	Water	
	Electricity	

SECTION 2: PROPERTY LIMITATIONS AND CONDITIONS

PROVIDE FULL DETAILS OF ALL SERVITUDES, ROADS PROCLAMATIONS OR OTHER ENDORSEMENTS AGAINST THE PROPERTY (IF APPLICABLE)

SERVITUDE NO	AFFECTED AREA	M ²
IN FAVOUR OF		
FOR WHAT PURPOSE		

SECTION 3 : DESCRIPTION OF BUILDINGS

(TICK APPROPRIATE BOX)

Site Name						
Building Name			Embedded to the building	Yes	No	
Building Number			Embedded to the building	Yes	No	
Office Building	Workshop		Libraries			
Sport-field Building	Stores		Museums			
Guardhouse	Park homes/offices		IBR structure Buildings(shacks)			
Worship centers	Restaurants		Block of flats			
Carport/Garage	Halls		Other			
Standalone Toilet	Multipurpose Centre					
Total Number of Buildings On Site	Building no on site					

GENERAL CONDITION OF PROPERTY (TICK APPROPRIATE BOX)

GOOD		AVERAGE		POOR	
------	--	---------	--	------	--

SECTION 4: Health and Safety

Evacuation Diagram			Safety Equipment		
Attached	Yes	No	Installed	Yes	No

(TICK APPROPRIATE BOX)

Fire Extinguisher		First Aid Box		Information signs Contact numbers emergency personnel	
Fire Hose		Emergence assemble Place Distance From building			

SECTION 4: Protection and Roads extras services

Fencing			Roads/Parking			Sport fields		
Installed	Yes	No	Installed	Yes	No	Installed	Yes	No

(TICK APPROPRIATE BOX)

Palisade Fence			M ²	Tar Parking and drive way				M ²
Welded mesh Fence				Block/brick Fencing				M ²
Clear view Fence			M ²	Gravel Parking and drive way				M ²
Garden light/street light			No	Gates motorized				No
Gates Pedestrians			No	Gates un - motorized				No
Tennis court Tar			No	Squash Court				No
Soccer Pitch			No	Cricket Pitch				No
High mask lights			No	Basketball/Netball/Volleyball				No

Declaration Corporate Services

I / WE HEREBY DECLARE THAT THE INFORMATION AND PARTICULARS SUPPLIED ARE TRUE AND CORRECT.

..... (Date) (Name Print)
 (Signature)

Declaration Planning services

I / WE HEREBY DECLARE THAT THE INFORMATION AND PARTICULARS SUPPLIED ARE TRUE AND CORRECT.
 _____ (Date) _____ (Name Print)
 _____ (Signature)

Declaration Financial Services

I / WE HEREBY DECLARE THAT THE INFORMATION AND PARTICULARS SUPPLIED ARE TRUE AND CORRECT.
 _____ (Date) _____ (Name Print) _____ (Signature)

uMNGENI MUNICIPALITY

CAPITAL WORKS PROJECT

CAPITAL PROJECT DETAIL/ DESCRIPTION

DEPARTMENT	BUSINESS UNIT

CONTRACT NUMBER	VOTE

SUPPLIER

PROJECT START DATE	PROJECT FINISH DATE

PROJECT COST	MAINTENANCE PLAN COST	MAINTENANCE VOTE

PROJECT MANAGER:	GM MANAGER:
NAME:	NAME:
SIGNATURE:	SIGNATURE:
CONTACT NUMBER:	CONTACT NUMBER:

ASSET CONTROL

ASSET NUMBER/PROJECT NUMBER

DATE RECEIVED	DATE RECORDED IN FAR
---------------	----------------------

ASSET CONTROL:
NAME:
SIGNATURE:

UMNGENI MUNICIPALITY
ASSET CONTROL FORM
DISPOSAL/RETIREMENT FORM

DEPARTMENT	BUSINESS UNIT

ASSET NUMBER	ASSET DESCRIPTION	PRESENT LOCATION/ ROOM NO	REASON FOR DISPOSAL/RETIREMENT	DATE

REQUESTED BY:	AUTHORISED BY:	BROUGHT TO STORAGE BY:
NAME :	NAME :	NAME :
SIGNATURE:	SIGNATURE:	SIGNATURE:
CONTACT NUMBER:	CONTACT NUMBER:	CONTACT NUMBER:

ASSET CONTROL

DATE RECEIVED	NAME	SIGNATURE	DATE RECORDED IN FAR

uMNGENI MUNICIPALITY
ASSET CONTROL FORM
MOVEMENT/TRANSFER FORM

DEPARTMENT	BUSINESS UNIT

ASSET NUMBER	ASSET DESCRIPTION	FROM DEPT(CODE) AND ROOM NO.	TO DEPT(CODE) AND ROOM NO.	REASON FOR TRANSFER	DATE OF TRANSFER

REQUESTED BY:	AUTHORISED BY:	BROUGHT TO STORAGE BY:
NAME :	NAME :	NAME :
SIGNATURE:	SIGNATURE:	SIGNATURE:
CONTACT NUMBER:	CONTACT NUMBER:	CONTACT NUMBER:

ASSET CONTROL

DATE RECEIVED	NAME	SIGNATURE	DATE RECORDED IN FAR

UMNGENI MUNICIPALITY DRAFT VIREMENT POLICY



Date of Adoption: 28 MARCH 2024

Date of Implementation: 1 JULY 2024

1. Background and Purpose

- 1.1 Virement is the process of transferring funds from one line item of a budget to another, however this can only take place within a function or sub-function and the same source of funding. The term is derived from a French word meaning a commercial transfer.
- 1.2 Each year, the Municipality produces an annual budget which must be approved by Council. In practice, as the year progresses, circumstances may change so that certain estimates are under-budgeted and others over-budgeted due to unforeseen expenditure (for example, due to the occurrence of disasters), savings and reduced revenue projected. As a result, it becomes necessary to transfer funds between votes and line items. It is not practical to refer all transfers between line items within a specific vote to the Council, and as the Local Government: Municipal Finance Management Act (“MFMA”) is largely silent as to such transfers, it is necessary to establish a policy which governs the administrative transfer between line items.
- 1.3 The purpose of this policy is therefore to provide a framework whereby transfers between line items within functions and sub-functions of the operating budget may be performed with the approval of certain officials.

2. Application of Policy

- 2.1 This policy applies only to transfers between line items within functions and sub-function of the Municipality's operating budget.
- 2.2 Section 28(2) (d) read together with section 69 of the MFMA provides that “*An adjustments budget...may authorise the utilisation of projected savings in one vote towards spending in another vote.*” Transfers between votes may therefore be authorised only by the Council of the Municipality.
- 2.3 This policy shall not apply to transfers between or from capital projects or items and no such transfers may be performed under this policy.
- 2.4 The policy shall not apply to transfers to and from the repairs and maintenance project in the project segment.

- 2.5 The policy shall not apply to transfers within transfers with different funding sources.
- 2.6 Any deviation from or adjustment to an annual budget or transfer within a budget which is not specifically permitted under this policy or any other policy may not be performed unless approved by the council through an adjustments budget.

3. Authorisation of Virements

A transfer of funds from one line item to another under this policy may, subject to the provisions of this policy, be authorised as follows:

- If the amount does not exceed R100 000 the transfer may be authorised by the Chief Financial Officer of the Municipality or the Municipal Manager of the Municipality after consultation with the Chief Financial Officer;
- If the amount exceeds R100 001 but does not exceed R 200 000, the transfer may be authorised by the Chief Financial Officer;
- If the amount exceeds R200 001, the transfer may be authorised by the Chief Financial Officer, on the recommendation of the Municipal Manager.

Commented [NN1]: R100 001

Commented [NN2]: R200 000

Commented [NN3]: R200 001

4. Limitations on amount of Virement

4.1 Notwithstanding the provisions of section 3:

- The total amount transferred from and to line items within a particular function in any financial year may not exceed 10% (the amount available after actual and committed expenditure is accounted for) of the amount allocated to that function;
- The total amount transferred from and to line items in the entire budget in any financial year may not exceed 10 % of the total operating budget for that year.
- A transfer which exceeds, or which would result in the exceeding of, any of the limits referred to in 4.1 above may, however, be performed if the Council by resolution approves thereof.

5. Virement Permitted only if Savings are projected

A transfer of funds from one line item to another may take place only if savings within the first-mentioned line item are projected, and such transfer may, subject in any event to the provisions of this policy, not exceed the amount of such projected savings.

6. Further Restrictions on Virement

- 6.1 A transfer of funds between line items shall not be permitted under this policy if the effect thereof would be to:
- 6.1.1 contravene any policy of the Municipality; or
 - 6.1.2 alter the approved outcomes or outputs of an Integrated Development Plan; or
 - 6.1.3 result in any adjustment to the Service Delivery and Budget Implementation Plan.
- 6.2 No transfer of funds shall be permitted if same were to result in any change to the staff establishment of the Municipality, except if the Municipal Manager approves of such change.
- 6.3 If any line item has been specifically ring-fenced, no transfer of funds may be made under this policy to or from such line item.
- 6.4 Transfers of funds may not be made under this policy between or from capital items or projects.
- 6.5 To the extent that it is practical to do so, transfers within the first three months and the last month of the financial year should be avoided.
- 6.6 By definition, transfers may not be made under this policy from a line item administered by one department to a line item administered by another.
- 6.7 In accordance with Section 30 of the MFMA, no transfer of funds may be made from a line item of a budget for a particular year to a line item of a budget for a subsequent year.

- 6.8 The transfer of funds in any year in accordance with this policy shall not give rise to any expectations of a similar transfer occurring in a subsequent year.
- 6.9 No transfer of funds shall be made if such transfer would constitute a transgression or contravention of any statute, regulation or other law, any policy, directive or guideline binding upon the Municipality, or the avoidance by the Municipality of any obligation imposed upon it by contract or any other cause.
- 6.10 The approval of any transfer shall not *per se* constitute expenditure authority, and all expenditure resulting from approved transfers must, to the extent that same is applicable, be carried out in accordance with the Municipality's Supply Chain Management Policy.

7 Procedure for Virement

- 7.1 Proposals for transfers may be made by the Head of Department concerned.
- 7.2 Each proposal for a transfer shall be submitted by the Head of Department concerned to the Chief Financial Officer and if :
- 7.2.1 the amount of the transfer does not exceed the amount referred to in section 3.1 and the transfer is not between function, the Chief Financial Officer shall:
- 7.2.1.1 approve the proposal, or
- 7.2.1.2 reject the proposal; or
- 7.2.1.3 refer the proposal to the Municipal Manager for approval or rejection;
- 7.2.2 the amount of the transfer does not exceed the amount referred to in section 3.1 but the transfer is between function, or if it falls within the range of amounts referred to in section 3.2, the Chief Financial Officer shall refer the proposal to the Municipal Manager who, after consultation with the Chief Financial Officer, shall approve or reject the proposal;
- 7.2.3 the amount of the transfer falls within the range of the amounts referred to in section 3.3, the Chief Financial Officer shall refer the matter to the Municipal Manager who in turn shall refer the matter to the Executive Committee, together with his recommendations, and the Executive Committee shall either approve or reject the transfer.

7.3 Upon a proposal for transfer being approved, such transfer shall be implemented subject to compliance with the Municipality's Supply Chain Management Policy.

8. General

8.1 The Municipal Manager shall be responsible for the implementation and administration of this Policy.

8.2 This Policy shall come into effect on 1 July 2024.

uMNGENI MUNICIPALITY



uMNGENI CONTRACT PARTICIPATION GOALS DRAFT

(STRATEGY TO ENHANCE AND STIMULATE LOCAL BROAD-BASED BLACK ECONOMIC EMPOWERMENT AND PARTICIPATION IN THE ECONOMY)

READS WITH uMNGENI DRAFT SUPPLY CHAIN MANAGEMENT POLICY

Date of Adoption: 28 MARCH 2024

Date of Implementation: 1 JULY 2024

The uMngeni Municipal Council resolves in terms of the Local Government: Finance Management Act (no. 56 of 2003), to adopt the following Contract Participation Goals (CPG) in terms of the uMngeni Municipality's Broad-Based Black Economic Empowerment Policy, as adopted in line with the Broad-Based Black Economic Empowerment Act.

Content

1. Delegation of Powers and Implementation of Contract Participation Goals
2. Objective of uMngeni Contract Participation Goals
3. Contract Participation Goals
4. Applicability
5. Eligibility Criteria
6. Declaration of Work Earmarked for Targeted Enterprises
7. Implementation Date

PREAMBLE AND PERCENTAGE FOR CONTRACT PARTICIPATION GOALS

uMngeni Municipality's BBBEE policy was developed and reviewed in line with the BBBEE Act. The policy seeks to expand the implementation of BBBEE at uMngeni Municipality beyond the issue of compliance with MFMA and BBBEE Act through the allocation of preference points. To this end, uMngeni Municipality introduces Contract Participation Goals.

CPGs will require tenderers to commit as part of their scope of work, a certain value of supplies, services or works for which the tenderer will contract targeted enterprises expressed as a percentage of the total value of the contract.

In order to ensure that meaningful economic opportunities are provided to targeted enterprises, thus contributing to Socio-Economic transformation, BBBEE targets to be achieved during 2015/16 financial year are as follows:

- 35% for both Professional Services and Construction related projects.

1. Delegation of Powers and Implementation of Contract Participation Goals

The Municipal Council hereby delegates all powers and duties to the accounting officer which are necessary to enable the accounting officer –

- a) to discharge duties to implement the Contract Participation Goals through the supply chain management responsibilities conferred on accounting officers in terms of –
 - (i) Chapter 8 or 10 of the Act; and

- (ii) this Policy;
- (b) to maximise administrative and operational efficiency in the implementation of this uMngeni Contract Participation Goals, which is read with uMngeni SCM Policy;
- c) The Accounting Officer shall in implementing CPG in a manner that will stimulate Broad-Based Black Economic Empowerment Act and Objectives to stimulate black participation in the economy; and
- d) The Accounting officer shall, in line with the uMngeni SCM Policy and the Act, in the implementation of PGC not contravene the Act or Policy.

2. Objective

1.1 The objective of uMngeni Municipality's empowerment initiative is to bring about meaningful transformation in all procurement projects and in particular in the built environment /construction and consulting industry through the following:

- a) Meaningful Economic Participation;
- b) Local Economic Development;
- c) Transfer of Technical, Management and Entrepreneurial Skills; and
- d) Creation of sustainable Black Enterprises

3 Contract Participation Goals

- a) Contract Participation Goals – the value of services paid to one or more targeted enterprise(s) shall be exclusive of the following:

All allowances, and any Value Added Tax or sales tax which the law requires the employer to pay to the service provider.

The CPG is expressed as a percentage of the total contract amount.

uMngeni Municipality requires a CPG target of at least 35% of the total contract value excluding VAT.
--

4. Applicability

1. The CPG target is applicable to all contracts to be adjudicated through uMngeni Municipality's procurement process and shall be achieved through the following mechanisms:-
 - b) Sub-contracting of the targeted enterprises at the same rate / price that the tenderer would have offered to uMngeni Municipality whilst making profit margins consistent to the profit margins that the main contractor would have made under normal trading processes.
 - c) Main service provider may propose a suitable targeted enterprise but uMngeni Municipality shall reserve the right to provide or arrange a targeted enterprise or CPG partner/s to work with the successful company.
 - d) Value of the work to be sub-contracted shall be at least **35%** of the total contract value excluding VAT.

5. Eligibility Criteria

- a) For tenders where the CPG target is applicable, but do not offer a minimum CPG participation of **35%** according to the requirements mentioned above, will be deemed **ineligible**.

6.1 DECLARATION REGARDING CONTRACT PARTICIPATION GOALS

I, the undersigned, in submitting the accompanying bid:

_____ (Bid Number and Description)

in response to the invitation for the bid made by:

uMNGENI MUNICIPALITY

do hereby make the following declaration and certify the statements contained herein to be true and complete in every respect:

I certify, on behalf

of: _____ that:

(Name of Bidder)

1. I have read and understand the contents of this Declaration and the fully completed bid document accompanying this declaration;
2. I understand and declare that the accompanying bid will, and must, be disqualified if this Declaration is found not to be true and complete in every respect;
3. I understand and declare that in the event that this bid is successful, I will be required to, and shall, fully implement the commitments that are submitted with this bid, in particular regarding the Bidder's contract participation goals and commitments towards the allocation of certain portion of the contract to small and emerging entities. Failure to implement such commitments as outlined in the bid document (in particular, as detailed in the bill of quantities) and/or failure to provide the relevant information within the prescribed period as determined in the Letter of Intention to Award the Bid, shall automatically disqualify this bid from further consideration and the Employer has the right to, and must, then award the bid to the next highest ranked bidder; and as a result I or the bidder or any of its directors shall have no recourse against uMngeni Municipality.

4. I am authorized by the bidder to sign this Declaration, and to submit the accompanying bid, on behalf of the bidder;
5. Each person whose signature appears on the accompanying bid has been authorized by the bidder to determine the terms of, and to sign the bid, on behalf of the bidder;
6. I am aware that, and do consent to, the disqualification of my or the bidder's future bids with uMngeni Municipality in the event that the commitments made herein are not fulfilled and that such non-fulfillment amounts to abuse of uMngeni Municipality's supply chain policies and procedures and/or empowerment objectives which must be penalized, over and above the contractual sanctions as agreed to in line with the contract signed with uMngeni Municipality, with a sanction of restricting me and or my company (the bidder) and or any of its directors from conducting business with uMngeni Municipality for a period not exceeding ten (10) years.
7. I consent that should my company (the Bidder) deviate from the commitments and the spirit of the CPG objectives as agreed to, shall amount to a repudiation of the contractual arrangement between the two parties (uMngeni Municipality and the Bidder); and uMngeni Municipality shall have the right to terminate the contract with immediate effect and without giving my company (the Bidder) prior notice to remedy the breach.

_____	_____	_____
Full Names and Surname (Duly authorized)	Signature	Date
_____	_____	_____

Position

Name of Bidder

7. Implementation of CPG in tender documents/proposals

- a) All municipal tender documents for built environment /construction and consulting industry including tender documents where the Accounting Officer approves CPG to be part of the tender document; and
- b) PGC shall be effective from 1 July 2024.

uMNGENI LOCAL MUNICIPALITY



DRAFT PETTY CASH MANAGEMENT POLICY

Date of Adoption: 28 MARCH 2024

Date of Implementation: 1 JULY 2024

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14. General exclusions
15. Review

1. INTRODUCTION

Petty cash is a small amount of discretionary funds in the form of cash used for expenditure where it is impractical to follow the official procurement process due to the nature of the goods and/or services required.

2. OBJECTIVES OF THE POLICY

The objectives of the policy are to:

- 2.1 Ensure goods and services are procured by the municipality in accordance with authorized processes only.
- 2.2 Ensure that the municipality has and maintains an effective petty cash system of expenditure control.
- 2.3 Ensure that sufficient petty cash is available when required.
- 2.4 Ensure that the items required to be procured are approved petty cash items.

3. LEGISLATIVE FRAMEWORK

The legislative framework governing petty cash are:

- 3.1 The Local Government Municipal Finance Management Act, Act 56 of 2003.
- 3.2 The Municipal Supply Chain Management Regulations, Regulation 868, published under Government Gazette 27636, 30 May 2005.
- 3.3 The municipal supply chain management policy.

4. PETTY CASH PURCHASES

- 4.1 The Chief Financial Officer must delegate personnel from the Expenditure Section Financial Services Department to process petty cash payments up to the maximum amount as allowed per transaction.
- 4.2 Petty cash is restricted to cash purchases up to a transaction value of R2 000.00 VAT included.

- 4.3 Petty cash purchases may not deliberately be broken up over two (2) or more transaction claims or be split over more than one (1) day for the same items in order to fall within the determined threshold of R2 000.00 VAT included.
- 4.4 Each Department may only spend up to a maximum of R 3 000.00 per month utilizing petty cash.
- 4.5 To limit the risk of cash handling and misuse of petty cash, purchases to a maximum amount of R1 500,00 will be paid by EFT subject to the following conditions:
- (a) Such payments will only be for reimbursement expenditure incurred by officials using their own funds.
 - (b) No claims will be accepted if payment is to be paid directly to a supplier.
 - (c) Proof of payment of such expenditures must be provided with each claim.
 - (d) Claims must be submitted to the Manager: Expenditure.
 - (e) The claim must be accompanied by petty cash approval being authorized by the Head of Department/General Manager.

5. APPROVED LIST OF PETTY CASH PURCHASES

5.1 Approved items for petty cash purchases, but not limited:

- (a) Bouquets and flowers utilized for official purposes;
- (b) Tollgate fees for municipal vehicles within the KwaZulu Natal area (for authorized official travel only). Only the Mayoral Office is authorized to use petty cash for cash wash and tollgate fees outside of the KwaZulu Natal area in certain circumstances which must be motivated and approved by the Chief Financial Officer.
- (c) Refreshments and catering / entertainment in line with the Cost Containment Policy, and limited to:
 - catering for meetings, conferences, workshops, courses, forums, recruitment interviews and proceedings of Council that exceed 5 hours
 - hosting of farewell functions in recognition of officials who retire after serving the municipality for ten or more years or retire on grounds of ill health

- Entertainment allowances of qualifying officials may not exceed two thousand rand per person per financial year, unless approved otherwise by the accounting officer
 - (d) Purchases of an urgent nature where it is impractical to follow the official procurement process; and/or
 - (e) Materials for urgent repair work not kept or not available at the municipal stores;
 - (f) Ad hoc stationery items;
 - (g) Materials of a special nature only available at specific suppliers;
- 5.2 Departments may not utilize petty cash for the following items:
- (a) Approved store items which are kept at the municipal stores;
 - (b) Any items which can be classified as assets, for example, calculators, power tools etc.;
 - (c) Subsistence and travel claims;
 - (d) Wages for labor or contract work;
 - (e) Books, magazines and newspapers, except for Library Services
 - (f) Any fuel purchases, except as per 5.1 (b) above;
 - (a) Parts/materials for vehicle repairs, is only allowed by the Fleet Section, except for tyre punctures for municipal vehicles which is allowed for all departments when necessary, utilizing a registered service provider on the municipal database;

6. SAFEGUARDING OF PETTY CASH

- 6.1 Petty cash is to be safeguarded in lockable cash boxes by the Finance departments' delegated custodians and should be locked away when not in use during normal business hours and after hours.
- 6.2 The keys of the petty cash box must be safeguarded by the delegated petty cash official.

7. TRANSFER OF PETTY CASH FUNDS AND KEYS

- 7.1 When petty cash is transferred to another delegated official, the petty cash must first

be reconciled and be verified by both officials before it is officially handed over. The new official must sign for the petty cash as well as for the keys to the petty cash box. The responsible Sectional Manager must witness the reconciliation and transfer of petty cash.

- 7.2 The spare keys of the petty cash box must be kept with the respective delegated Sectional Manager within the department

8. PETTY CASH ALLOCATIONS

- 8.1 The maximum amount of petty cash allocated per Department and Section will be determined from time to time by the Municipal Manager and Chief Financial Officer, based on the operational requirements of the municipality and the risk of safeguarding petty cash.
- 8.2 When the amount of petty cash is increased, the Manager: Expenditure must draw a cheque for the relevant Department and Section.
- 8.3 The responsible official must sign for the acceptance of the increased cash amount together with the Manager Expenditure

9. PETTY CASH REPLENISHMENT

- 9.1 Petty cash replenishments will be done once the claims have been submitted to the Department Budget and Treasury with the necessary supporting documents and if sufficient budget is available.
- 9.2 A proper petty cash register must be kept where each disbursement of petty cash is recorded.
- 9.3 The minimum details to be recorded in the petty cash register are:
- (a) department name;
 - (b) line item (vote) to allocate petty cash transaction;
 - (c) name of supplier;
 - (d) date;
 - (e) amount issued; and
 - (f) name of person
- 9.4 The petty cash register with all signed petty cash vouchers, receipts or slips must be attached to the request for payment. Only delegated signatories may sign the petty cash vouchers as determined in the Delegations Register.

- 9.5 The Financial Services Department will verify the submitted information and process the cheque for replenishment within seven (7) working days. The cheque is only to be made out to “uMngeni Local Municipality” and must be signed for as received by the relevant department and may only be cashed at the Cashiers in the Main Offices of the Municipality (Corner of Somme and Dicks Street).

10. DISBURSEMENT OF PETTY CASH

- 10.1 All petty cash disbursements must be completed on the prescribed request for petty cash voucher/form, authorized by the delegated official of each department as approved by council in terms of the delegation of authorities.
- 10.2 The authorized official must ensure that funds are available on the budget prior to the disbursement of petty cash and submission of claims.
- 10.3 An invoice or an original receipt, clearly indicating it has been paid must support the request for petty cash voucher/form.
- 10.4 The authorized official or delegated person must sign for the acceptance of the petty cash monies and ensure that the monies are correct.
- 10.5 In the case where a petty cash advance was granted, the recipient of the advance must bring the invoice and/or original receipt within twenty-four (24) hours from receipt of the advance to the petty cash official from when he/she received the cash advance.
- 10.6 Where proof of expenditure could not be provided on petty cash advances within the prescribed period, the advance may be deducted from the respective employee’s salary if the employee fails to comply with the paragraph 10.5.

11. SHORTAGES AND LOSSES

- 11.1 The custodian of the petty cash will be held accountable for losses and shortages unless there is physical evidence of a break-in and no act or omission on the part of the relevant official which contributed to the loss.
- 11.2 In the event of identified shortages and/or losses it must be reported immediately to the relevant Head of Department and to the Financial Services Department and be paid in by the custodian of the petty cash.

12. INTERNAL CONTROLS

- 12.1 Petty cash funds and vouchers must reconcile at all times to the amount of petty cash held by each custodian.
- 12.2 Surprise petty cash audits must be done by the Internal Audit Section throughout the financial year.
- 12.3 Petty cash reconciliations to the general ledger must be done before 30 June of each year.
- 12.4 The petty cash reconciliations must be verified by the Manager: Supply Chain and approved by Chief Financial Officer for audit purposes.

13. REPORTING

A monthly reconciliation report, including the total amount of petty cash purchases for that month, must be prepared by the petty cash custodian and kept on file for audit purposes.

14. GENERAL EXCLUSIONS

No official may receive any form of reward by utilizing petty cash, in the form of club points, etc. when purchasing from such participating service providers.

15. REVIEW

This policy will be reviewed annually to be in line with municipal practices and legislation.

uMNGENI MUNICIPALITY



DRAFT WAYLEAVE POLICY

Date of Adoption: 28 MARCH 2024

Date of Implementation: 1 JULY 2024



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1. INTRODUCTION

INTRODUCTION

1.1 Legal Context

In terms of S151 of the Constitution of the Republic of South Africa, 108 of 1996, a municipality has the right to govern on its own initiative, the local government affairs of its community, subject to national and provincial legislation.

S156 of the Constitution grants the municipalities the right to administer the local government matters listed in Schedule 5B, which include municipal roads. A municipality may make by-laws for the effective administration of municipal roads.

This Policy will be converted into municipal by-laws to give it legal effect.

1.2 Need for Co-ordination

The collective value of services infrastructure contained within the Public Road Reserve and the road itself amounts to a considerable value. This infrastructure needs to be maintained, periodically rehabilitated and replaced from time to time. Such activities can result in considerable delays, inconvenience, danger and additional costs to the road users and Municipality itself if not well planned and coordinated. The potential damages that can be suffered by either party include:

- Damage to roads and other Services;
- Damage to vehicles;
- Injury to vehicle occupants or pedestrians;
- Reduction of the useful life of the road, footway or other Services; and
- Time and social costs caused by delays.

It is apparent that careful control and co-ordination of all Work in the public road reserves is a prerequisite for effective service delivery. This responsibility resides with the uMngeni Municipality and its Service Departments to continuously improve their capability to provide such services.

Being the custodian of all municipal Road Reserves, the Infrastructure and Public works Directorate

– Roads and Stormwater Sub-Unit within the uMngeni Municipality initiated a programme to establish the necessary co-ordination activities and policies regarding Work in the public road reserves. This document is the first deliverable of the

programme. It attempts to provide a basic framework for ensuring proper co-ordination and co-operation between the various departments as well as external parties who conduct Work in the public road reserves.

The document was prepared with the aim to minimize the effect of all Work in the public road reserves to the benefit of all concerned and in particular the ratepayers, road users (motorists and pedestrians), and eventually the coordinating body within uMngeni Municipality. Included in this document are the procedures to apply for, process and approve Wayleaves, procedures to follow for undertaking and completion of Work, as well as a reference to specifications according to which the Work must be done.

This initiative can only succeed if all internal and external parties that work in the public road reserves constructively cooperate by working according to this Code and by providing feedback on how the system can be improved.

1.3 Establishing a Service Co-Ordinator

The Infrastructure and Public Works Directorate has identified that this co-ordination function will need to:

- Improve the interdepartmental communication on annual Work plans and the execution of such Work;
- Coordinate and regulate all Work carried out within the public road reserves;
- Minimise the danger and inconvenience to the public;
- Minimise the damage to existing Services;
- Reduce the number of legal claims; and,
- Promote the use of technology, such as Geographical Information Systems (GIS) to locate Services.

In order to effectively implement and sustain such a function a Service Coordinator and a Quality Control Engineer (collectively the Asset Management & Wayleaves section) are being established within The uMngeni Municipality. The four essential tasks that must be accomplished in the process of establishing the Service Coordinator and the Quality Control Engineer are:

- Establishing the necessary Council Policy in this regard (covered by this document);
- Establishing effective and simplistic procedures (covered by this document);
- Establishing effective Municipal Bylaws (future activity); and,
- Establishing an effective Organizational Structure (future activity).
- Proper record-keeping of each approval and work done on-site (future activity).

The process to develop the Policy included the following activities:

- Identifying and documenting the uMngeni Municipality requirements in terms of

the Policy and procedures;

- Identifying representatives for both internal and external stakeholders to participate in the policy formulation process;
- Researching existing documentation and other information sources as provided by the uMngeni Municipality and representatives;
- Developing of a draft Policy and Procedures;
- Facilitating workshops on the document; and
- Finalizing documentation and getting approval from the uMngeni Municipality Council.

1.4 Document Structure

This document is organized into three sections. The following is a brief description of each section:

Section 1 – Introduction: This section aims to illustrate the need for coordination and responsibility of the custodian of the public road reserves to coordinate. It continues by explaining the development approach that was followed.

Section 2 – Definitions: This section is a summary of definitions of terms used throughout the document.

Section 3 – Policy: The Wayleave Policy as adopted by Council is explained under a collection of topics, including the Basic Wayleave Procedure. This structure was used in order to simplify the use of the document.

1.5 Supporting Documents

Three supporting documents, which documents are incorporated and form part of this Policy.

- The General Conditions relating to Wayleave Applications. These general conditions may be amended by the Service Co-Ordinator depending on the nature of the Work to be carried out.
- Wayleave Work Permit/Approval form
- Services Verification Meeting Certificate
- Wayleave Guarantee Checklist
- Wayleave Tariffs

2. DEFINITIONS

The following words and phrases have the meaning assigned to them in this Code unless the context otherwise indicates:

"Authorized Agent" means an agent who is authorized by the Service Coordinator to perform specified Services;

"Backfilling" refers to the replacement of the structural layers in the trench or excavation and includes the base, sub-base, selected subgrade and subgrade, but excludes the surfacing (see Reinstatement);

"Certificate of Completion" means the document issued by the Professional Engineer appointed by the Wayleave Holder as proof that Work in the public road reserves has been completed according to the specifications of this document;

"Code" means the Policy for Work in the Public Road Reserve (PRR) as approved by the Council and as agreed to by the Parties including any appendices attached thereto;

"Council" means the Municipal Council of The UMngeni Municipality established by Provincial Notice No. 352 of 2000 dated 19 September 2000, as amended, or its successor in title, and any committee or person to which or whom an instruction has been given or any power, function or duty has been delegated or sub-delegated in terms of, or as contemplated in, section 59 of the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000);

"Distance of Excavation" means the shortest horizontal distance between the electrical equipment or electrical structure nearest to the excavation. "Electric structure" means any power line tower, electric pole, switch box, miniature substation fence or building or any other structure used in the distribution of electricity;

"Emergency Work" is defined as any Work that is required to prevent or end a dangerous situation, to prevent or end an unplanned interruption in the supply of a Service, or to avoid any substantial losses. It is important to note that a lack of proper planning of Work to be carried out will not justify Emergency Work and such activities will be stopped by the Service Coordinator;

"Lane Rentals" mean the rentals that are paid to the Service Coordinator by a Service Agency, excluding a Municipal Department, whose Work in the Public Road Reserve (PRR) results in time delay costs (TDC) being incurred by the users of the Public Road Reserve (PRR);

"Municipal Department" means any Department that belongs to or is controlled by the Council;

"Professional Engineer" means a person registered as a Professional Engineer/Technologist in terms of the Engineering Professions Act, 2000, appointed and funded by the Wayleave Holder to ensure compliance with the Conditions of Approval of the Wayleave. Appointment of such a person is required to control the Works wherever any excavation is involved.

"Public Road Reserve" means the full width of a public road, and includes the verge and the roadway;

"Reinstatement" refers to replacing the bituminous surfacing, paving blocks or grass, as applicable, in the case of roads, footways and verges;

"Routine Maintenance Work" is defined as all types of Work involved in maintaining the services in the public road reserves and does not require excavation, traffic control or reinstatement activities;

"Security Deposit" means the refundable deposit required to be paid to the Municipality in respect of each Wayleave approval issued, either a fixed amount per the tariff register (for smaller projects), a percentage of the costs of the works to be undertaken or in an approved and valid form of bank guarantee;

"Service" means any system for supplying a public need that a Service Agency has on/in the Public Road Reserve (PRR);

"Service Agency" means any Municipal Department, Public Agency or utility that has a Service in the Public Road Reserve (PRR);

"Service Coordinator" means the person/official/institutional body established by the Council with the sole responsibility to carry out the administrative functions of receiving and processing applications for wayleaves, obtaining comments from the various internal and external service agencies, and (following the decision by the Strategic Management Committee) conveying this decision in writing to the Applicant, namely to approve with conditions, or reject with reasons, any application, and to provide record-keeping of each application and installation;

"Service-Sharing Installation" means installations of a service which are designed to utilize existing ducting or pipelines without the need for excavations, except minimal excavation/ construction at junctions or terminals;

"Quality Control Engineer" means the person/official/institutional body identified by the UMngeni Municipality to coordinate and regulate any work undertaken in those sections of the public road reserves that fall within the Municipal area of the Council;

"Wayleave" generally means the formal approval to carry out Work in the Public Road Reserve in specific positions and during a specific period.

"Wayleave Applicant" means the institution or Service Agency who currently owns or would own the future Service, who applies for a Wayleave;

"Wayleave Holder" means the person, institution or Service Agency who is in possession of a Wayleave Approval Document/Work Permit approved by the Service Co-Ordinator;

"Wayleave Work Approval Document/ Work Permit" means the signed document/s issued by the Service Coordinator, detailing the Work which has been approved and the period during which the Work shall be carried out, and includes approved drawings/plans and Conditions of Approval;

"Work" in the Public Road Reserve means any activity, including the activities provided for in Section 1 of this Code, carried out within the Public Road Reserve. It includes any project related activities, irrespective of the size of the project.

3. POLICY

3.1 Overview

3.1.1 The coordination of Work in the public road reserves deals with two aspects, namely:

3.1.1.1 Planning the time schedule for future Work in the public road reserves so that the Work can be executed in a logical sequence, e.g., avoiding the placement of a Service in a road that was surfaced during the previous month. This could involve new construction, rehabilitation or Routine Maintenance Work; and

3.1.1.2 The application for and approval of a Wayleave for the execution of any Work in the public road reserves.

3.1.2 The co-ordination of Work schedules described under 3.1.1.1 above may result in specific co-ordination issues where the Service Co-Ordinator, in consultation with the Quality Control Engineer, has to ensure that an acceptable solution is defined by the Service Agencies involved.

3.1.3 The role of the Quality Control Engineer is to facilitate coordination between the various Service Agencies. Each Service Agency will have its own project leaders and Professional Engineers. They are responsible for the implementation of their projects together with compliance with the Council's policies, procedures and standards.

3.1.4 The approval of a Wayleave means that:

3.1.4.1 The Wayleave Holder has permission to:

3.1.4.1.1 place a new Service in the Public Road Reserve;

3.1.4.1.2 do excavations in the Public Road Reserve;

3.1.4.1.3 do vehicular and pedestrian control in the Public Road Reserve; and,

3.1.4.1.4 do Reinstatement Work on the road and pavement surfaces where excavations have been made.

- 3.1.4.2 The Council intends to protect the new Service in its position in the public road reserves against damage by other parties while working in the public road reserves. However, it cannot be held responsible for any damages incurred.
- 3.1.4.3 The cost associated with relocating the Service when a road is widened or rebuilt remains with the Service Agency that owns the Service.
- 3.1.4.4 The cost to relocate a Service owned by the Council must be included in the project cost.

3.2 Planning Work Time Schedules

- 3.2.1 The necessary procedure that must be followed for planning the time schedule of future Work is as follows:
 - 3.2.1.1 Within a designated time period from the approval of this Policy and publication of the by-laws each external Service Agency shall provide to the Council digital records for capture into the Council's GIS, of all of its services within the jurisdiction of uMngeni Municipality. This will form the basis for all future planning and updating of new installations.
 - 3.2.1.2 By 30 March of each year, the various internal and external Service Agencies shall submit Work Plans, for the next 1-year period to the Service Co- Ordinator.
 - 3.2.1.3 These Work Plans shall show:
 - a) The nature of the Work, e.g., the placement of new water main, or thereplacement of a water/ sewer line.
 - b) The location of the Work in terms of street blocks and the side of the public road reserves where the Work will be executed, with due regard for the Councils typical cross-section for the public road reserves.
 - c) The extent of the Work, i.e., the start and end positions.
 - d) The planned timing of the Work, i.e., from month/year to month/year.
 - e) Reference to the Work in the latest approved Integrated DevelopmentPlan of Council if applicable.
 - 3.2.1.4 The Service Coordinator, in consultation with the Quality Control Engineer, shall review the Work plans in order to determine possible conflicts in the planned Work.
 - 3.2.1.5 Before the end of June each year the Service Coordinator, in consultation with the Quality Control Engineer, shall schedule a Service co-ordination meeting with the internal and external Service Agencies where the identified conflicts will be discussed and resolved.

3.2.1.6 A second co-ordination meeting may be held in July/August to resolve any changes that may have resulted out of the budget approval process.

3.3 Basic Wayleave Procedure

3.3.1 The basic procedure that is required for Work in the public road reserves is as follows:

3.3.1.1 Permission to work in the public road reserves must be obtained from the Service Coordinator through a formal Wayleave application by filling the wayleave application form in design drawings/plans.

3.3.1.2 The Wayleave Applicant must firstly obtain Service plans, indicating the positions of existing Services from the Service Agencies identified by the Service Coordinator, where available. The Service plans must indicate the positions and type of Services in the area where Work will be undertaken. It may be necessary for the Applicant to carry out certain preliminary Work in order to determine precise positions and dimensions of any existing services which are not clear from the Service Plans which have been consulted.

3.3.1.3 The Wayleave Applicant shall ensure that the control section on the Wayleave application form is signed by each Service Agency, indicating that in principle there is no objection to the issuing of the Wayleave, alternatively where there is an objection then detailed reasons and motivations for such objection must be given. This approval will be subject to technical compliance with the standards of the Service Agencies involved as well as compliance with the standards of the uMngeni Municipality and the Work planned by the Council within the area under consideration.

3.3.1.4 Once the control section has been completed by all the Service Agencies, the application must be made for the issuing of a Wayleave Work Permit in accordance with the procedure set out in this document. No Work in the public road reserves may commence before a Wayleave has been approved and a Wayleave Work Permit issued for that Work

3.3.1.5 The Service Coordinator, in consultation with the Quality Control Engineer, will review the Wayleave application and prepare a report on the application, with recommendations.

3.3.1.6 The Service Co-Ordinator shall submit the report to the Management Committee detailing the application, the various Service Agencies consulted, their comments received, confirmation of payment of the processing fees and the relevant security deposit, and confirmation of the appointment by the Applicant of a

Professional Engineer or Technologist if any excavation is involved in the proposed Works, and after consultation with the Quality Control Engineer, the proposed decision, with conditions to be imposed upon approval, or the reasons for refusal.

- 3.3.1.7 Once approved, the decision to approve with conditions, or to refuse with reasons, shall be forwarded by the Service Co-Ordinator to the Applicant. In the case of approval, the documents forwarded to the Applicant will include two copies of each of the letter indicating approval of the application and the conditions under which the approval is given, the signed approved plans, Signed Site Services Verification Certificate and the signed Wayleave Work Permit form. One copy of the letter of approval with Conditions imposed by Council together with the approved plans for a specific project must be signed as accepted by the Applicant and returned for filing.
- 3.3.1.8 The security deposit must be deposited in a Municipal suspense account for the purpose and will be used to correct unsatisfactory Work or reinstatements if need be.
- 3.3.1.9 The Work must be carried out according to this Policy, any other applicable laws and policies, and the procedures and specifications as referred to in the Conditions of Approval.
- 3.3.1.10 The Wayleave Work Permit and the Service plans of the Service Agencies must be kept on-site while the Work is in progress.
- 3.3.1.11 Additional copies of the Work Permit and approval documents may be obtained from the Service Coordinator if the Wayleave is applicable to more than one Work area or Work team.
- 3.3.1.12 Work will be stopped if either the Wayleave Work Permit or the Service plans are not available during inspections on-site or if any of the Wayleave Conditions are not being met. Work will be stopped until the required documents are available on site. Failure to comply with the Wayleave Conditions may impact other applications being made by the same Service Provider.
- 3.3.1.13 On completion of the Work, all trenches and excavations in the public road reserves must be Backfilled and Reinstated according to the specifications of the Quality Control Engineer, referred to by this document.
- 3.3.1.14 On completion of the Work and permanent Reinstatement, a Certificate of Completion signed by the Wayleave Holder's Professional Engineer must be sent to the Service Coordinator by the Wayleave Holder.
- 3.3.1.15 The Quality Control Engineer must review the Completion Certificate as well as carry out an inspection of the site after receiving the Completion certificate, and sign the certificate confirming that all conditions have been met.
- 3.3.1.16 The applicable guarantee period will be stated in the letter of approval/conditions (usually 12 months).

3.3.1.17 Work performed under an approved Wayleave can only be performed in normal working hours (Mondays – Thursdays 09:00-16:00 and Fridays 08:00-15h00). Working after hours, on public holidays or on the weekend is not permitted. Any work performed outside of business hours will attract a penalty as per the Municipal Tariffs. This penalty will apply before any new applications will be accepted from the Wayleave Applicant or non- Wayleave Holder.

3.3.1.18 Where work in the road reserve has been performed without an approved wayleave, the penalty as per the Municipal Tariffs will apply. This penalty will apply before any new applications will be accepted from the Wayleave Applicant or non-Wayleave Holder.

3.3.2 This Code applies to all persons that carry out Work in the public road reserves in the Municipal area of the Council, such as internal Municipal Departments, external organisations, Service Agencies and contractors. It does not apply to work in national or provincial Road Reserves within the judicial area of the Council.

3.4 Work in the Public Road Reserve

3.4.1 Work in the public road reserves includes the digging of trenches, tunnelling, erection of signboards, erection of structures, street shaping, planting of trees in the public road reserves and any other Work that may affect motorists, cyclists, pedestrians, the road, footways, kerbing, traffic signs, traffic signals, street lighting, underground or overhead Services or any other structure or Service that is contained within the public road reserves.

3.4.2 The types of Work that require approval from the relevant Service Agencies before a Wayleave is granted are deemed to be a provision of a new Service and will be conducted according to the procedures in Section 3.3 above. In general, such Work refers to the positioning of a new Service, excavation in the public road reserves, traffic control and Reinstatement of the roadway and pavements. Examples include inter alia:

3.4.2.1 Work relating to the installation or maintenance of underground or overhead Services by Council's Service Agencies like Roads and Stormwater, Water and Sanitation, Electricity, Land and Environmental Planning and City Planning.

3.4.2.2 Work relating to the installation or maintenance of underground or overhead Services done by non-Council Service Agencies such as telecommunication, data cables, electricity, gas, oil and regional water supply.

3.4.2.3 The erection of structures that require approved building plans in terms of the National Building Regulations and Building Standards Act 103 of 1977;

- 3.4.2.4 The erection of advertising signs and structures that require approval in terms of the relevant by-laws;
- 3.4.2.5 Works in the public road reserves, such as the construction of new roads, road widening or accesses to developments, paving, bollards, garden walls, etc. undertaken by developers or private property owners;
- 3.4.2.6 The installation of new connection points for municipal Services, such as water, sewers, electricity and stormwater drainage from developments.

The types of Work for which prior approval from Service Agencies cannot be obtained due to the nature of the Work is deemed Emergency Work and must be undertaken according to the procedures set out in Section 3.17.

- 3.4.3 The types of Work that do not include any construction Work are deemed Routine.
- 3.4.4 Maintenance Work must be executed according to the procedures set out.
- 3.4.5 An application shall also be made in respect of Works classified as Service-Sharing Installations which involve minimal or no excavation. Only if there is absolutely no excavation involved does it become unnecessary to appoint a Professional Engineer to be in control of the Works.

3.5 Wayleave

- 3.5.1 All Work in the public road reserves is controlled by a Wayleave. A Wayleave is simply permission to work at a specified time in a specified area in the public road reserves according to approved conditions.
- 3.5.2 A Wayleave Application may be submitted for a small or large project that covers Work in any part of the Municipal Area, provided that the position and expected start/end dates of all Work in the public road reserves are adequately described under the description of the Work to be done.
- 3.5.3 General conditions are stated on the Wayleave form and may include, but are not restricted to, the following:
 - 3.5.3.1 Description of Work to be done;
 - 3.5.3.2 Timeframe within which the Work must be done;
 - 3.5.3.3 Location of Work to be done. (Provision can be made for big projects with multiple locations. The scope of big projects must be limited to manageable portions from the Wayleave perspective. The Service Coordinator/Quality Control Engineer will be able to direct project managers in this regard;

- 3.5.4 Additionally, there may be Specific conditions relating to the Wayleave which will be stated on or referred to on the Wayleave. Such conditions may include:
 - 3.5.4.1 Specific working conditions required in terms of the Occupational Health and Safety Act (Act no 85 of 1993);
 - 3.5.4.2 Methods of Work execution in protected roads and precincts; and,
 - 3.5.4.3 Reinstatement requirements.
 - 3.5.4.4 A Wayleave Work Permit must be obtained before any approved Work may be done in the public road reserves.

- 3.5.5 To obtain a Wayleave, a Wayleave application form must be submitted, together with:
 - 3.5.5.1 A traffic control plan showing how vehicular and pedestrian traffic will be accommodated during the execution of the Works in the public road reserves.
 - 3.5.5.2 Two (2) copies of the design drawing/plans showing details of the proposed Work. An additional legible digital copy is also required.
 - 3.5.5.3 Subject to 3.5.7 below, proof of payment of the required processing fee and the applicable deposit or submission of proof of sureties already held by the Council over the Work.
 - 3.5.5.4 Proof of appointment of Professional Engineer or Technologist appointed to monitor the construction and Reinstatement and to provide a Completion Certificate once completed.
 - 3.5.5.5 Proof of appropriate public liability insurance and indemnity insurance.

- 3.5.6 Details required on the design drawing referred to in 3.5.5.2 are:
 - 3.5.6.1 A clear depiction of the proposed Work.
 - 3.5.6.2 Indication where Services are to be installed and the depth of the Service below the surface level of the relevant portion of the public road reserves.
 - 3.5.6.3 Distance of the Service from the public road reserves boundary (i.e., the property boundary).
 - 3.5.6.4 Position and extent of all structures, including underground structures such as manholes, chambers and junction boxes.
 - 3.5.6.5 The location of all other Services in the public road reserves in relation to the proposed services to be installed. Services are located by obtaining information from the Service Agencies within the Council

and by doing cross- cuts where required. The use of cross cuts, as explained in paragraph 3.14, is strongly recommended.

- 3.5.6.6 A Wayleave Work Permit will only be issued once all the requirements have been complied with and will be subject to any conditions specified in Section 3.3 and issued in terms of this Policy.
- 3.5.7 When the Wayleave Applicant is an internal Council Department, then the Wayleave Applicant shall provide a written assurance that they will be responsible for obtaining the deposit or proof of sureties (see 3.5.5.3) and the appointment, either internally or externally, of a suitably qualified engineer to supervise the project (see 3.5.5.4) that are required to protect the Council's interests.
- 3.5.8 The application for a Wayleave must be submitted timeously to ensure that the Wayleave can be issued before the Work is programmed to start. **WORK BEING CARRIED OUT IN THE PUBLIC ROAD RESERVE WITHOUT A WAYLEAVE MUST BE REPORTED TO THE SERVICE CO-ORDINATOR AND WILL BE STOPPED BY THE COUNCIL OFFICIAL ON SITE.** A copy of the Wayleave Work Permit and other documents as defined must therefore always be on site when Work is being done in the public road reserves.
- 3.5.9 The Service Coordinator will strive to limit the duration of the application review process to thirty (30) working days.
- 3.5.10 The Wayleave Holder accepts full responsibility for all costs (Refer to Section 3.10) associated with and resulting from the Work carried out in the public road reserves.
- 3.5.11 Only Work described in the Wayleave Work Permit may be executed. If the conditions on-site necessitate a deviation from the planned Work, the Service Coordinator must be informed before any work is done. These deviations may be in relation to the placement of the Service or the timing of the Works. The Service Coordinator may inform the Wayleave Holder of additional approvals that must be obtained from the Service Agencies affected by the deviation as well as further requirements in terms of drawings and specifications. Work will only be allowed to continue once the Service Co-Ordinator is satisfied that all the additional requirements have been met.
- 3.5.12 The Wayleave Holder must complete the Work within the time specified on the Wayleave Work Permit or the approved time extension.
- 3.5.13 A Wayleave Holder who fails to complete the Work within the specified time window will be given a two (2) day notice period to either complete the Work or apply for a time extension.

3.5.14 If upon expiry of the notice period referred to in 3.5.12 or 3.5.13 the Wayleave Holder is still in default, the Work will be stopped, and the Wayleave Holder will be given a further specific timeframe by the Quality Control Engineer to make the site safe. If the Wayleave Holder fails to do so the site may be made safe by the Quality Control Engineer, at the expense of the Wayleave Holder.

3.6 Existing Services and Planned Services

3.6.1 The Wayleave Applicant must submit Service drawings indicating the position of all Services in the area of Work with the Wayleave application form. This information is obtained from the relevant Service Agencies.

3.6.2 Service Agencies may require additional precautions relating to Work in the vicinity of their Services and must specify these in writing to the Wayleave Applicant.

3.6.3 As part of the Undertaking/Indemnity on the Wayleave application form, the Applicant has to confirm that the necessary information has been obtained from the Service Agencies and undertakes to adhere to the additional conditions laid down by the various Service Agencies. The control section on the Wayleave application form, signed by the Service Agencies, will serve as proof that the Service Agencies approved that a Wayleave Work Permit may be issued.

3.6.4 The Wayleave Applicant will verify with all Service Agencies whether future Work is planned for the area indicated in the Wayleave application. Such planned Work may dictate whether a Wayleave is approved and the conditions under which a Wayleave is approved. The planning horizon will depend on the planned life of the new Service as well as the Council's five-year Work plan.

3.7 Road Categories

3.7.1 All roads are classified into one of the functional categories described below. The functional category of a road determines the Backfilling and Reinstatement specifications applicable to that road.

3.7.2 The following definitions apply for the road categories:

Category	Road Type	Administration
1	National Roads Primary – (inter) provincial Urban Freeway/Motorways	SANRAL PGWC PGWC
2	Primary – (inter) provincial Major (inter) urban arterials	PGWC PGWC
3	(Inter) district connectors Minor (intra) urban arterials	PGWC PGWC
4	Major and minor collectors Inter neighborhood distributors Intra neighborhood distributors	PGWC Service Coordinator (STM) Service Coordinator (STM)
5	Residential streets	Service Coordinator (STM)

3.7.3 All roads will be categorised into one of the above by the Council. For a specific road, this information can be obtained from the Quality Control Engineer.

3.7.4 Work carried out on arterials, major collectors and central business district roads will be restricted to outside the following periods, namely from 6:30 to 09:00 and 15:30 to 18:00, to ensure the free flow of traffic during peak hours. These times apply seven days a week.

3.8 Restricted Roads

3.8.1 Over and above the road categories defined in Section 3.7 of this Code, certain roads are further classified as restricted roads (no-dig roads).

3.8.2 Restricted roads are roads across which no digging of trenches is permitted. A road is protected if it has been designated a restricted road by the Council. Roads are designated as restricted when they are of particular strategic importance (Categories 1 to 4 in the new road asset classification) or if they pose special engineering difficulties.

3.8.3 Any road that has been newly constructed, overlaid or resurfaced will be

restricted for a seven (7) year period. A list of roads that falls in this category is available from the Quality Control Engineer.

- 3.8.4 If a road is restricted, it will be indicated as such on the Wayleave Work Approval/Permit.
- 3.8.5 Restricted roads may only be crossed using trenchless methods. If trenchless methods for some reason cannot be used, special permission to excavate must be obtained from the Quality Control Engineer. These road crossings will only be allowed after hours (Monday to Fridays 6 pm – 6 am, Saturday 2 pm to Monday at 6 pm).
- 3.8.6 For the purpose of planning Work done by Service Agencies, categories 4 and 5 may be regarded as unrestricted unless they have been newly constructed, overlaid or resurfaced and fall within the protected period and provided that the first 20m from an intersection with any other road category is considered to be restricted.

3.9 Protected Precincts

- 3.9.1 Works in protected precincts are subject to special trenching methods and care to ensure minimal damage to specialised and expensive material and furniture. The Quality Control Engineer will inform the Wayleave Applicant of the required methods and might request that a third-party contractor must be used to carry out the Work.
- 3.9.2 A list of protected precincts is available from the Senior Manager: Roads and Transport.

3.10 Costs

3.10.1 Administration & Supervision Fees

- 3.10.1.1 The administration and supervision fees are the tariff amounts that are payable by the Applicant upon submission of a Wayleave application form. These fee amounts will be determined by the Council on the recommendation of the Quality Control Engineer from time to time, and included in the Municipal Tariffs.
- 3.10.1.2 The administration and supervision fees covers the Council's costs for Work done by the Service Co-Ordinator to process the Wayleave application.

3.10.2 Security Deposit

- 3.10.2.1 A refundable security deposit will be charged for each Wayleave being issued. Security deposits will not be charged for Work done by Internal Service Agencies (Council Departments) themselves.
- 3.10.2.2 The deposit amount will be based on a percentage of the value of Work to be carried out or the greatest value based on the on-site service verification, as per the Council's tariffs.
- 3.10.2.3 The Council will have the right to use the deposit to cover costs incurred by the Service Coordinator in relation to the Wayleave under consideration. This does not detract from the Municipality's legal remedies in enforcing this Policy or by-laws.
- 3.10.2.4 The responsibility remains with the Wayleave Holder to ensure that any of its contractors or agents engaged in the implementation of the Work is in possession of valid and sufficient public liability insurance. It is an express condition of this approval that the Wayleave Holder indemnifies and holds the Council harmless against any claims, demands or losses incurred as a result of any work performed in terms of the Application Form and under any Wayleave approval.

3.10.3 Reinstatement Cost

- 3.10.3.1 The total cost of the permanent Reinstatement on the site of the installation in terms of the Wayleave Approval/Work Permit will be borne by the Wayleave Holder plus 10% Administration Fee.

3.10.4 Other Costs

- 3.10.4.1 Other costs can result from any of the following:
 - 3.10.4.1.1 Damages to existing Services;
 - 3.10.4.1.2 Relocation of existing Services;
 - 3.10.4.1.3 Testing of Services and Backfills;
 - 3.10.4.1.4 Costs claimed by the Council's Municipal Traffic from external Service Agencies for loss in revenue due to disestablished parking bays;
 - 3.10.4.1.5 Rentals (Lane rentals during construction and perpetual rental after completion of the Works); (See Tariff)
 - 3.10.4.1.6 Services rendered by the Service Coordinator in completing Work or altering Work to conform to Wayleave specifications; and

- 3.10.4.1.7 Claims that may result from the Work. In this case, it is expressly recorded that the Wayleave Holder shall be responsible for any shortfalls in the Security deposit and insurances in respect of any claim arising from the execution of the Works;
- 3.10.4.1.8 Any penalties in terms of the Municipal tariffs (See Tariff).
- 3.10.4.1.9 Loss of income to the Council as a result of disestablished parking bays (See Tariff).
- 3.10.4.2 All such costs will be borne by the Wayleave Holder. An additional 10% Wayleave Administration Fee will also apply.
- 3.10.4.3 A party wishing to dispute the costs charged to him as a result of any of the above reasons will do so at their own cost.

3.11 Traffic Control

- 3.11.1 It is the responsibility of the Wayleave Holder working in the public road reserves to ensure that all laws regarding traffic, safety, traffic signs and barricading are complied with while executing Work.
- 3.11.2 The Wayleave Holder working in the public road reserves shall, therefore, take all necessary measures and provide all necessary facilities to ensure an adequately safe and easy passage for traffic and pedestrians through areas in which Work is in progress, or is incomplete.
- 3.11.3 The Service Coordinator can request that a traffic **management** plan be submitted to the Manager: Transport, Roads and Stormwater for approval. Any such Approved Traffic **Management** Plan shall be kept available on site.
- 3.11.4 Traffic signs and barricading shall be done according to the latest edition of the Southern African Development Community Roads Traffic Signs Manual.
- 3.11.5 The Wayleave Holder must contact the relevant traffic authority to ensure that all requirements have been met for the particular location where the Work is being done and whether points-men will be required.
- 3.11.6 The importance of adequate traffic signs and barricading is emphasized. These measures are intended to ensure the maximum safety for motorists, pedestrians and workers and also the minimum disruption of vehicles and pedestrians. Worksites must be properly barricaded and signed irrespective of

how long the Work will last. The safety precautions must be maintained for the full time that risks exist in the public road reserves due to Work being performed in the public road reserves.

3.12 Road Closure

- 3.12.1 The granting of a Wayleave does not give the Wayleave Holder the authority to close the road completely to traffic. Methods of construction and programmes of Work must, therefore, be determined on the basis that no road, or portion of the road, may be completely closed to traffic for any considerable period.
- 3.12.2 In exceptional circumstances, permission may be granted for the closure of a road or portion of the road to traffic. The Wayleave Holder must apply to the Council separately for approval two weeks prior to the road being closed. A road closure will be approved for a specific period only, i.e. from and to a specific time on a specific date and is only valid for that specific period. If the Work is not carried out in that period, an application for a new road closure will have to be made.

3.13 Lane Rental

- 3.13.1 Lane rental refers to the rental of space in the public road reserves for the storage of construction materials, site offices or the closure of lanes for a period exceeding two weeks.
- 3.13.2 Lane rental is managed by the Council's Roads and Transportation Division.
- 3.13.3 The rates for Lane Rentals are to be set by the Council and will be included in the tariffs.

3.14 Preliminary Works and Cross-Cuts

- 3.14.1.1 In respect of all preliminary Work requested by the Service Agencies and cross-cuts, the specifications from the relevant Service Agencies and in this document must be adhered to before Work will be allowed to start. Such requests include interalia that:
 - 3.14.1.1.1 The Municipal Traffic Department must always be notified in writing seven- (7) working days in advance by the Wayleave Holder.

- 3.14.1.2 The Service Coordinator and the contact person of each Service Agency involved must be informed 48 hours prior to commencing with the Work by the Wayleave Holder.
 - 3.14.1.3 Alternatively, notice periods specified by the Service Agencies must be adhered to.
 - 3.14.1.4 The Municipal Traffic Department must be requested to remove parking meter heads where Work necessitates the temporary disestablishment of parking bays with the due agreement for compensation in loss of revenue where applicable.
- 3.14.2 The Applicant may be required to do cross cuts in the area where Work is planned. The purpose of cross cuts is to establish and confirm the position of Services in areas where the information on Services are unclear.
- 3.14.3 A cross-cut is done by excavating a trench that runs from the verge of the road up to the property boundary, perpendicular to the normal direction of Services. Excavation must always be done by hand.
- 3.14.4 The minimum depth of the cross-cut trench is 1 meter below the lowest point of the public road reserves.
- 3.14.5 A separate Wayleave Work Permit approval needs to be obtained for prior preliminary or cross-cut Work to be undertaken.

3.15 Excavations

The Wayleave Holder shall be responsible for ensuring that:

- 3.15.1 The area that is excavated must always be kept to a minimum. The width of the trench must be uniform in length and depth; in other words, the sides must be parallel and vertical. The top of the trench must be cut with a saw to ensure smooth, uniform edges.
- 3.15.2 All excavations must comply with the statutory requirements for health and safety. The Wayleave Holder must pay specific attention to:
 - 3.15.2.1 Excavations must be executed according to the Occupational Health and Safety Act referred to in Section 5.
 - 3.15.2.2 Excavations deeper than 1.5 m must be shored or V-cut according to the Occupational Health and Safety Act.
 - 3.15.2.3 Excavations deeper than 1.5 m must be registered with the Department of Labour prior to commencement of the Work. The

registration includes the scope of the Work, depth of the trench and the construction method (shoring or V-cut method according to the Occupational Health and Safety Act),.

- 3.15.3 The minimum depth that any Service may be placed under a road is 800 mm measured from the level of the surfacing of the road to the top of the Service. The minimum depth at any other place in the public road reserves, e.g., on a verge, is also 800 mm measured from the level of the surfacing of the road and not from natural ground level. Services not subject to being laid at a specific grade such as water pipes and cables should not be placed at depths in excess of the 800 mm as this could interfere with future Services that has to be laid at a specific grade, such as sewers and stormwater pipes.

- 3.15.4 All excavated material and equipment must be placed and demarcated in such a way as to cause the minimum disruption to vehicles and pedestrians.
- 3.15.5 The view of motorists must at all times be kept clear of any obstructions such as excavated material, road signs or hoardings.
- 3.15.6 Safe passage must be kept open for pedestrians at all times.
- 3.15.7 Excavation areas must be clearly demarcated with warning signs that allow ample time for motorists and pedestrians to alter their routes.
- 3.15.8 The Wayleave Holder is held responsible for any damage to existing Services. Services, indicated on the drawings or on-site by representatives from the relevant Service Agencies, must be opened by careful hand excavating. If the Services cannot be found, the relevant organisation must be contacted again for further instructions. Under no circumstances may a Wayleave Holder excavate with mechanical equipment before known Services have been found and marked. When found, Services must be marked and protected or supported as required by the owner. If Services need to be relocated, instructions from the owner must be followed carefully. The Wayleave Holder will be responsible for all relocation costs. If any Service is damaged as a result of the Work, the relevant Service Agency and the Service Coordinator must be contacted immediately.
- 3.15.9 Under no circumstances will the Council be held liable for any incorrect information provided by any external service agency or for any damages, losses and claims resulting from such incorrect information.
- 3.15.10 Adequate preventative measures must be taken to ensure that no water (e.g., due to rain) flows into the open trenches since this will result in the weakening of the structural layers of the road. Any water that is present in the trenches must be pumped out before Backfilling. Water must be pumped into the stormwater system and not into sewer manholes. Any material that has become wet must be removed from the bottom of the trench before Backfilling.
- 3.15.11 The Wayleave Holder must prevent foreign materials from entering the drains and ensure that silting does not occur either from pumping operations or as a result of rain. If any silting or other contamination does occur, the Wayleave Holder must clean the drains or request the Service Coordinator to do it at the cost of the Wayleave Holder.
- 3.15.12 All re-usable materials such as concrete blocks, slabs, kerbs, gutters, channels and stormwater inlets must be removed with care and re-used if possible.

Any surplus material must be returned to the Roads and Transportation stores. The address will be available at the Service Coordinator.

- 3.15.13 If any street furniture (e.g., street names, traffic signs, bus shelters, etc.) have to be removed, arrangements must be made with the relevant authority for the removal, storage and re-erection. The cost specified by the relevant authority will be for the Wayleave Holders account.
- 3.15.14 Where excavations are made through entrances to properties, access must be maintained by using steel plates, planks or other temporary bridges of sufficient strength that are adequately secured against movement. The occupants of the properties must be kept informed at all times of how their accesses will be affected.
- 3.15.15 The cleaning up of the construction site and the Reinstated to its previous condition is considered part of the Work and must be completed within 14 days after Reinstatement of the trench has been done. If the Wayleave Holder fails to do so, action will be taken by the Council as indicated in Sections 3.5.12 – 3.5.14.
- 3.15.16 Where a roadway is crossed, trenchless technology must be used.
- 3.15.17 Where a road crossing is planned and executed the Wayleave Holder shall provide three 110mm dai sleeves and one 160mm dai sleeve.
- 3.15.18 Road crossing to be clearly mark and painted in yellow on sidewalk.

3.16 Trenchless Methods

- 3.16.1 If trenchless methods are used, disruption of traffic flow and pedestrian movements can be reduced considerably or totally eliminated. However, it is crucial that the Wayleave Holder using such methods must have all the necessary equipment and expertise to complete the Work successfully. The trenchless method can be used for all road categories but shall be used for all roads classified as "Restricted" (Refer to Sections 3.7 & 3.8).
- 3.16.1 The position of existing Services must be located accurately. If any Services are damaged, the Wayleave Holder will be responsible for all costs.
- 3.16.2 The depth to the top of any tunnel that is drilled for the installation of new Services must be at least 800 mm measured from the lowest level of the road

surfacing.

3.16.3 Where a directional drilling is planned and executed the Wayleave Holder shall provide an additional sleeve for future municipal use.

3.16.4 Direction drilling to be clearly marked and painted in yellow on sidewalk.

3.17 Emergency Work

3.17.1 Emergency Work is defined as any Work that is required to prevent or end a dangerous situation, to prevent or end an unplanned interruption in the supply of a Service, or to avoid any substantial losses. It is important to note that a lack of proper planning of Work to be carried out will not justify Emergency Work, and such activities will be stopped by the Service Co-Ordinator.

A categorized list of Emergency Work will be maintained by the Service Coordinator. It will serve as a guideline for Service Agencies as well as the Service Co-Ordinator in determining whether Work is an Emergency.

The Service Coordinator will provide an emergency number for the use of Service Agencies that requires information on the position of Services in the area where Emergency Work is to be carried out.

The Service Coordinator must be notified in writing within one working day from commencing with Emergency Work. The Emergency notification certificate must be used for this purpose. If the Service Co-Ordinator is not notified within 24 hours from the first working day, the Work will be reinstated by the Service Coordinator, and the cost thereof will be invoiced against the Service Agency. The Emergency notification document can be obtained from the Service Co-Ordinator.

The emergency notification must always be certified by an Authorized Agent of the Service Agency as an emergency situation that requires their immediate attention.

Emergency Work must be done in accordance with all procedures as set out in paragraph 3.15 above and specifications applicable to the type of Work as set out in the Municipality's specifications.

Backfilling must be done immediately, and full Reinstatement of the area must be done as soon as possible in accordance with the provisions of paragraph 3.19 below.

The responsibility remains with the Service Agency to ensure that their

drawing information is updated according to the alterations made during the Emergency Work.

3.18 Routine Maintenance Work

Routine Maintenance Work is defined as all types of Work involved with maintaining the Services in the public road reserves and does not require excavation, traffic control or Reinstatement of the public road reserves as part of the Work.

A categorized list of Routine Maintenance Work will be maintained by the Service Coordinator. It will serve as a guideline for Service Agencies as well as the Service Coordinator in determining whether Work is Routine Maintenance Work.

3.18.1 Such Work can include inter alia:

- 3.18.1.1 Any Work that relates to maintaining the vegetation in the road reserve through cutting planting, removing or relocating of plants.
- 3.18.1.2 The placement of advertising material on or within structures pre-erected for that purpose.
- 3.18.1.3 Temporary diversion of traffic for public events, i.e., sport, mass action, parades.

3.19 Backfilling and Reinstatement

Any trenching activity disturbs the structural integrity of a road or footway. Backfilling and Reinstatement must, therefore, be done in such a way as to ensure that the reinstated trench and its immediate surroundings do not fail structurally, thus resulting in road user discomfort and increased costs.

Backfilling refers to the replacement of the structural layers in the trench or excavation and includes the base, sub-base, selected subgrade and subgrade, but exclude the surfacing.

Reinstatement refers to replacing the bituminous surfacing or paving blocks in the case of roads, or the paving blocks, paving slabs, bituminous surfacing or grass in the case of footways and verges.

Backfilling must in all cases be done by the Wayleave Holder in accordance with the Council's specifications. The Service Agency is responsible for the maintenance of the site in a safe condition until the final Reinstatement has been done.

Permanent Reinstatement must be done by all external Service Agencies within five (5) working days. Reinstatement of the public road reserves will be done by the Council's Roads, Transportation and Stormwater Sub-Unit only for internal Council Service Agencies, upon receipt of a notification from the respective Municipal Department that the Work has been completed.

The Wayleave Holder must obtain prior written approval from the Council's Roads, Transportation and Stormwater Sub-Unit for the project specification to be used for backfilling public road reserves. The proposed specification shall be submitted to the Council's Roads, Transportation and Stormwater Sub-Unit, who shall provide written comments on the specification, or an alternative specification, within seven working days after the receipt of the request.

Permanent Backfilling and Reinstatement done by the Wayleave Holder will be subject to a guarantee period of one year based on the performance specifications described in the specifications document.

If the Reinstatement done by the Wayleave Holder fails during the one-year guarantee period, the Wayleave Holder will be required to rectify the situation within 14 days of notification. If the Wayleave Holder fails to rectify it, then the Quality Control Engineer will carry out the permanent Reinstatement at the applicable rates defined by the Council and will deduct the costs from the security deposit of the Wayleave Holder.

Temporary Reinstatement must be done where the Wayleave Holder leaves the site with the view of returning to complete the Work. The Wayleave Holder must maintain this temporary Reinstatement.

The Wayleave Holder may not leave the site for more than fourteen days without permanently reinstating the site.

If a Wayleave Holder who leaves the site unattended for more than the period specified in 3.19.10, a penalty fee will be charged. The amount will be determined by the Council.

3.20 Certificate of Completion

On completion of the Work, the Professional Engineer appointed by the Wayleave Holder must provide the Completion Certificate to the Service Coordinator within two working days. The Quality Control Engineer will then set up a site meeting with the Wayleave Holder to carry out an inspection and will sign off the Certificate of Completion if all requirements have been met. The 12-month guarantee period for Reinstatements by the Wayleave Holder then commences.

Completion of the Work means that all Work has been completed, the Reinstatement has been done by the Wayleave Holder and that all materials, equipment and rubble have been removed and the site is completely cleared and cleaned. Furthermore, it requires that all applicable documentation and as-built drawings as specified on the Wayleave form have been handed to the Service Coordinator for recording.

If Work involves more than one street link (street block), then a Completion Notice must be submitted after completion of each phase of the Work.

3.21 Policy Enforcement

Council reserves its right to exercise its discretion in the implementation and enforcement of this Policy.

Notwithstanding any penalty or remedy expressly provided for in this Policy; the Council reserves the right to exercise any other legal remedy it may have in enforcing this Policy.

3.22 Exemption, Appeal and Revoking

The Accounting Officer may, upon written motivation by a Wayleave Applicant or Wayleave Holder or the Wayleave Service Co-ordinating Department, and after having considered any comment and advice on such motivation by other interested parties, authorize a deviation from this Policy or revoking of an approved wayleave. Such deviation or revoking shall be subject to such conditions as the Accounting Officer may stipulate in writing.

The Accounting Officer may authorize an amendment to any conditions imposed by the Council in respect of a Wayleave Approval, provided that an application for such amendment shall be referred to all interested and affected parties for comment, which comments shall be duly considered by the Accounting Officer.

Any person affected by or having an interest in the administration of this Policy shall have a right of appeal as determined in terms of S62 of the Local Government Municipal Systems Act in respect of any decision taken by the Council.

TO BE COMPLETED BY APPLICANT (STEPS 1, 2, 3 and 5)

STEP 1

Obtain detailed information from all relevant service agencies about position of such services which are adjacent to where the work is to be carried out. Provide them with a drawing at minimum scale of 1:500, with NORTH POINT, BLOCK PLAN WITH STAND NUMBERS, and STREET NAMES AND HOUSE NUMBERS (where possible). All service information must be obtained from the relevant Local Council before applicant applies for wayleave.

Please Note:

If information of the position or levels of the services are required, exposing and backfilling these services must be undertaken by hand. Give the relevant Service Agency two (2) weeks prior notice to obtain this information.

STEP 2

When applying for the wayleave the applicant must hand in 5 copies of the drawing where the proposed work is taking place. Details required on the drawing are:

1. PROPOSED WORK.
2. DEPTH AND POSITION OF PROPOSED SERVICE BELOW ROAD LEVEL`
3. DISTANCE OF PROPOSED SERVICE FROM BOUNDARY
4. POSITION OF ALL STRUCTURES INCLUDING UNDERGROUND
5. EXTENT OF UNDERGROUND STRUCTURES
6. ALL SERVICES FROM OTHER SERVICE AGENCIES. (If there is no service from a particular agency for that area, a comment to that effect from that agency is required).
7. A DETAILED METHOD STATEMENT

These drawings will have the official stamps of those Agencies or Departments to confirm they are in agreement that the data is in accordance with their latest records, before the wayleave is considered for approval.

The following additional documentation should be submitted with a wayleave application form;

1. A traffic control plan showing how vehicular and pedestrian traffic will be accommodated during the execution of the Works in the public road reserves.
2. Proof of Payment of the required processing fee.
3. Proof of appointment of Professional Engineer appointed to monitor the construction and reinstatement, and to provide a Completion Certificate once completed.
4. Proof of appropriate public liability insurance and indemnity insurance.
5. Proof of appointment of the Electrical and Plumbing companies who will be available anytime to repair damage that your company cause.

STEP 3

The signed copies of the drawings and the signed wayleave application forms must be handed to the uMngeni Local Municipality- Infrastructure and Public Works Directorate

STEP 4

FOR INFRASTRUCTURE AND PUBLIC WORKS WAYLEAVE OFFICE

The wayleave registration office will check that all requirements have been met. The INFRASTRUCTURE AND PUBLIC WORKS DIRECTORATE will register the application on the GIS and the applicant must pay the Wayleave administration fee as indicated in the schedule attached to this document. When it has been registered a wayleave number will be given and then the wayleave work permit will be issued. The applicant must take note of the special conditions. (See Annexure A).

STEP 5

On completion of the work the applicant shall contact the ROADS AND STORMWATER SECTION Wayleave QUALITY CONTROL ENGINEER o who will then set up a site meeting to sign off the completed work.

Thereafter the completion certificate will be issued once all requirements have been met. The 12 month guarantee period for the permanent reinstatement and/or the backfilling as well as the 14-day maintenance period for temporary reinstatements by the wayleave holder commences from the date of issue of the certificate of completion.

WAYLEAVE FORM

Application is hereby made by the undersigned to do work within the road reserve as detailed below. The applicant undertakes to do the work according to the latest edition of the CODE OF PRACTICE FOR WORK IN THE ROAD RESERVE, contained in Wayleave Policy.

No work shall commence before the Wayleave Work Permit is issued. All applicable fees are to accompany this application. These fees are only an estimate and will be properly measured on completion of the reinstatement.

APPLICANT DETAILS

APPLICANTS NAME
CONTACT PERSON
CONTACT TELL
EMAIL ADDRESS
CONTACT FAX
CONTRACTOR
PROJECT NO
DRAWINGS NO(s)

PROVISIONAL DATES:

DATE OF APPLICATION	COMMENCEMENT DATE	COMPLETION DATE

LOCATION OF WORK (give full details)

SUBURB: _____

STREET NAME: _____

THE FOLLOWING SERVICE AGENCIES ARE AWARE THAT THE APPLICANT WILL BE WORKING WITHIN THE VICINITY OF THEIR SERVICES, HAVE GIVEN THE APPLICANT THEIR CONDITIONS FOR WORKING WITHIN THE VICINITY OF THEIR SERVICES AND THEREFORE HAVE NO OBJECTION TO THE APPLICANT APPLYING FOR A WAYLEAVE.

AGENCY	COMMENTS	Date (YYYY/MM/DD)	SIGNATURE
UMNGENI MUNICIPALITY ELECTRICITY DEPARTMENT			
ESKOM			
UMGUNGUNDLOVU DISTRICT MUNICIPALITY			
MTN			
TELKOM/OPENSERVE			
UMNGENI WATER			
TRANSNET			

UMNGENI MUNICIPALITY OFFICE USE:

DATE RECEIVED	NAME OF WAYLEAVE COORDINATOR/ QUALITY CONTROL ENGINEER	SIGNATURE

APPROVED

YES	NO	WAYLEAVE NO:	
------------	-----------	---------------------	--

UNDERTAKING / INDEMNITY

I, the undersigned hereby,

Acknowledge the receipt of a brochure containing the procedures and conditions pertaining to wayleave applications and understand that it is my responsibility to contact the relevant Service agencies within and outside the area of jurisdiction of the uMngeni Local Municipality, undertake to adhere to the conditions not applicable to this department, e.g. TELKOM, ESKOM and UMGUNGUNDLOVU DISTRICT MUNICIPALITY.

Undertake to furnish the relative Service Agencies with all necessary application form(s) and information obtained as a result of this application, in order to obtain final wayleave approval and permission to work within the road reserve.

No road will be excavated, all services that need to cross a road will be laid using trench less technology. In the event where this is not possible, a letter applying to excavate the road must be submitted the ROADS AND STORMWATER SECTION wayleave office with a plan showing all services already in the ground. If written approval is given, no work will commence until a wayleave officer is present.

Acknowledge that service information is given in good faith and that the accuracy of this information is not guaranteed.

Guarantee all backfilling and permanent reinstatement work done by the contractor, for a period of 12 months from the time when the work is signed off as completed by the uMngeni Local Municipality Quality Control Engineer.

Accept responsibility for all costs associated with the work, including any damages to other services, permanent backfilling/reinstatement of trenches, the cost of any tests that may be required and any claims that may result from the work until the permanent reinstatement is completed.

Accept full responsibility for all costs associated with the relocation of the service / structure in future to accommodate any road or Stormwater drainage works.

Accept the terms and conditions of the wayleave approval and all the conditions contained in the Code of Practice for Work in the Road Reserve.

Indemnifies the uMngeni Local Municipality against any claim(s), cost or damage or loss of whatsoever nature that may be incurred or sustained by the uMngeni Local Municipality, the applicant or any third party and also against all actions, legal proceedings and claims of whatsoever nature that may be instituted or made against the uMngeni Local Municipality arising out of, by reason of, or in any way whatsoever caused by or connected with the exercising by the applicant of the rights granted by the Wayleave application as well as in respect of cost which may be incurred by the uMngeni Local Municipality in examining or resisting any such demands, actions, legal proceedings and claims, instituted by any person or party for injury to person(s) loss of life or damage to or loss of property, arising directly or indirectly exercising the permission granted with approval of this application.

Signature of Applicant

Date

uMngeni L M Official

ANNEXURE A
SUMMARY OF CONDITIONS FOR WORK IN THE ROAD RESERVE

This page is intended to provide a summary of conditions and specifications. Please refer to the Council's Code of Practice for Work in the Road Reserve for more detail.

Before any work is done in the road reserve, a wayleave must be issued by the uMngeni Local Municipality. This will only be done after a completed wayleave application form has been received by the Wayleave Officer and all the necessary fees paid. Before submitting the form to the Wayleave Officer, approval must be obtained from all other agencies indicated on the form. The uMngeni Local Municipality will not approve a wayleave where some agency /service providers have not commented/responded approved.

All work must be done according to the Code of Practice. Only work indicated on the wayleave form may be done and only during the period indicated unless written approval has been obtained from the relevant wayleave office to change the dates.

The wayleave holder is responsible for all costs, including any damage to other services, backfilling, reinstatement, tests and any claims that may result. The wayleave holder is also responsible for traffic signs, barricading and the safety of motorists, pedestrians, and workers.

If any trees or road furniture is affected by the proposed work, then the relevant office must be contacted.

The underground service shall have not less than 800 mm cover and all manhole or valve covers shall be finished flush with the surface of the road or the verge.

Backfilling and reinstatement: Permanent backfilling must be done according to the specifications given in the Code of Practice. The minimum requirement is that the backfilled layers must have at least the same shear strengths as those of the adjacent undisturbed pavement layers. A copy of the results of the tests by an independent private laboratory, approved by uMngeni Municipality must be submitted to the wayleave office.

The wayleave holder is responsible for obtaining the required strengths, but the following is recommended as a method that should be adequate in most cases.

The wayleave holder must ensure that the top 400 mm (550 mm for primary and secondary roads) must be stockpiled separately and stabilized with 4% Ordinary Portland cement (OPC) when replaced with 60kg/m³ of cement. The material must be compacted in thin (75 to 100 mm) layers with a vibratory compactor at optimum moisture content (OMC) to the required densities (base: 98%, subbase: 95%, selected subgrade: 93% and subgrade: 90% Mod AASHTO) to within 100mm of the existing road surface. This method should

provide the required shear strengths in most cases, but it should be noted that material that was originally stabilized cannot be re-used and must be discarded.

The reinstatement of the surfacing must consist of 40 mm hot-mix asphalt. Cold mix may only be used in temporary backfills (Emergency backfill)

The top 100mm of the trench must be backfilled by the wayleave holder, compacted, and maintained in a serviceable condition for a period of fourteen days after the Completion Notice has been submitted.

Constructed footways must be reinstated with the original surfacing materials and the supporting layers compacted to obtain shear strengths at least equal to those of the adjacent undisturbed footway.

Un-constructed verges must be backfilled in such a way that the verge is in the same condition as it was before excavation.

After completion of any work in the road reserve, the site must be cleared and cleaned and all excess material, tools and equipment must be removed.

The wayleave form, or a copy thereof, must be returned to the Wayleave Officer within 24 hours after completion of the work with the Completion Notice filled in, signed and the DCP or RCCD tests submitted.

Any excavation left unattended for a period of 5 calendar days, will be made safe by uMngeni Local Municipality and charged to the Service Agency or contractor.

Your co-operation is appreciated.

**uMngeni Local Municipality
Infrastructure and Public Works Directorate**

17 CAMPBELL ROAD
HOWICK
3290

ATTENTION: ALL SERVICE AGENCIES

Please take note of the following:

No road may be excavated unless special permission is granted by uMngeni Local Municipality.

Excavating must be done by hand when services are being identified. The use of mechanical tools is not allowed for identifying services.

The backfilling and excavation will be done by the Service Agency or their appointed contractor and the excavation made safe till handed over to uMngeni Local Municipality.

•When submitting the DCP test, subject to written approval by the uMngeni Local Municipality the Wayleave Holder can use the services of a private SANS accredited laboratory. Such test must be done in the presence of Wayleave Officer.

Note that if a DCP test fails, the excavation must be re-backfilled, re-compacted and the DCP re-tested.

NB: THE UMNGENI LOCAL MUNICIPALITY RESERVES THE RIGHT TO ARRANGE THE EXECUTION OF THIS WORK AT THE COST OF THE SERVICE AGENCY.

SCHEDULE OF FEES FOR REINSTATEMENT OF EXCAVATIONS: 2024/2025

(NOTE: Fees are revised annually as from 1 July)

Standard Activity	Unit of Measurement	New Tariff
Road Riding Surface	Square meter (m ²)	R 1 200.00
Backfilling	Square meter (m ²)	R 1 024.00
Paved Footways	Square meter (m ²)	R 650.00
DCP Testing (excluding transport, labour and administration)	Per test	R 300.00
Unpaved Footways	Square meter (m ²)	R 600.00
Kerbing	Linear meter (m)	R 950.00
Temporary Reinstatements	Square meter (m ²)	R 500.00
Wayleave processing fee	Sum per project application persuburb	R 1000.00
For Re-inspection where previous inspection had failed and work was redone	-	R 3 000.00
Penalty for failed reinstatements done by own agent	-	R 10 000.00
Security Deposit		15 percent of the total project cost / 15 Thousand Rand. Whichever is greater.

BANK	ABSA
ACCOUNT NO	
BRANCH	
REFERENCE FOR WAYLEAVE	WAYL2024

EMERGENCY WAYLEAVE	R1000.00
PLANNED WAYLEAVE	R1000.00

uMNGENI MUNICIPALITY



DRAFT BEREAVEMENT POLICY

Date of Adoption: 28 MARCH 2024

Date of Implementation: 1 JULY 2024

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BEREAVEMENT POLICY

1. Definitions

For the purpose of this policy unless the context otherwise indicates:-

- 1.1. **“BCOEA”** means the Basic Conditions of Employment Act No 75 of 1997.
- 1.2. **“Bereavement”** is the action or condition of being bereaved.
- 1.3. **“Committee”** means the Bereavement Committee established by the Municipality to deal with the matters of the deceased councillors, employees, interns and trainees.
- 1.4. **“Condolences”** an expression of sympathy, especially on the occasion of the death.
- 1.5. **“Counselling”** is a provision of a professional assistance and guidance in resolving personal or psychological problems.
- 1.6. **“Designee”** A person appointed or designated as the Head of the Department for the interim period.
- 1.7. **“Employees”** all persons in the employment of the Municipality whether full/part-time.
- 1.8. **“Heads of Departments”** shall mean the Managers directly accountable to the Municipal Manager in terms of Local Government Municipal Systems Act 32 of 2000.
- 1.9. **“Immediate family member”** means the employee’s, spouse, parents, adoptive parent, grandparent, child, adopted child, grandchild or sibling.
- 1.10. **“Section Head”** means a manager responsible for the section.
- 1.11. **“Supervisors”** means a person who supervises his/her subordinates in terms of the TASK Job Evaluation System.
- 1.12. **uMngeni Municipality”** means a Municipal Council referred to in Section

2. LEGISLATIVE FRAMEWORK

- 2.1. Legislative Framework
- 2.2. Basic Conditions of Employment Act No 75 of 1997
- 2.3. Labour Relations Act 66 of 1995
- 2.4. Disciplinary Code and Procedure Collect Agreement
- 2.5. Main Collective Agreement

3. GOAL

- 3.1. Is to create a supportive environment for the employees and their immediate family members during times of bereavement.
- 3.2. To ensure that quality, fairness, respect and compliance is followed.

4. OBJECTIVES

- 4.1. To provide a framework for management of bereavement processes for deceased municipal employees and Councillors.
- 4.2. To promote good fellowship during the time of need to the bereaved family, employee's, spouse, parent, adoptive parent, parents-in-law, grandparent, child, adopted child, grandchild or sibling.
- 4.3. To facilitate extension of condolences to the bereaved family of the deceased person.

5. SCOPE AND APPLICATION

- 5.1. This policy will apply to all Councillors, employees, Interns/Trainees of the Municipality.
- 5.2. Application of this policy may not be extended to non-employees of the Municipality.

6. BEREAVEMENT COMMITTEE

- 6.1. Bereavement Committee is established to ensure that all processes outlined in this policy are carried out.
- 6.2. The Committee will compromise of (1) representative from each Department which will be determined by Municipal Manager from time to time.
- 6.3. The roles will be communicated to them when an incident has occurred.
- 6.4. The bereavement process will take place with the full support from Councillors, Management and employees.

6.1.1. ROLES AND RESPONSIBILITY OF THE COMMITTEE

- 6.1.2. Assist the bereaved family with benefits,
- 6.1.3. To provide emotional support to employees and family,
- 6.1.4. To notify employees about the death and communicate memorial services issues,
- 6.1.5. To collect condolences.
- 6.1.6. To coordinate the memorial service programme.

7. OFFICIAL DELEGATION

- 7.1. The Bereavement Committee will pay a home visit to the immediate family of the deceased within 24 hours upon receiving the notification of the death of Councillors or employees.
- 7.2. Councillors or Employees who wish to pay a visit to the bereaved family may be allowed to do so during the last two (2) hours of the working day if feasible.

8. BEREAVEMENT COUNSELING

- 8.1. Within 72 hrs of receipt of the notification of the death, Employee Wellness Officer will avail the Employee Wellness services.
- 8.2. Should further support be required the Employee Wellness Officer will do assessments and source the services of external services provider.

9. MEMORIAL SERVICES

- 9.1. Memorial services will be arranged by the Bereavement Committee.
- 9.2. Manager Communications Section together with the Chairperson and the Employee Wellness Officer will be responsible for the development of the memorial service programme with input from the affected Department.
- 9.3. The memorial service shall be held within three (3) days.
- 9.4. The Committee will attend to the memorial or burial of employees that have passed and reside out of KZN.

10. TRANSPORTATION

- 10.1. The Bereavement Committee shall notify the employees of the Date/time of the memorial and funeral services and the availability.

- 10.2. Bookings for accommodating the Committee for burials and memorials out of KZN to be signed of by the Municipal Manager.
- 10.3. The Municipality shall avail the municipal taxi as well as one (1) bakkie.
- 10.4. The Fleet Section shall delegate officials to drive the vehicle/s.
- 10.5. All Section Managers should monitor the attendance of the employees to the memorial service and such trip should be regarded as official.
- 10.6. Only the committee members will travel to pay condolences to an employee residing out of Umngeni Municipality boundaries.

11. CONDOLENCES

- 11.1. The committee member from the affected department will be tasked with the collection of the condolences.
- 11.2. Condolences collected will be handed over to the Chairperson or Deputy Chairperson, for onward submission to the family.

12. DISPUTES ABOUT THE APPLICATION AND INTERPRETATION OF THIS POLICY

- 12.1 Any dispute regarding the application and interpretation of this policy shall be referred to the Municipal Manager or his /her delegated official (General Managers).

13. IMPLEMENTATION OF THE POLICY

- 13.1. This policy will apply and be effective on the date to be determined and approved by the Council.

uMNGENI MUNICIPALITY



DRAFT LEAVE POLICY

Date of Adoption: 28 MARCH 2024

Date of Implementation: 1 JULY 2024

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31. PAYING OUT OF ACCUMULATED VACATION LEAVE AND SALARY CALCULATION
32. DEVIATION FROM THIS POLICY FRAMEWORK
33. DISPUTE ABOUT THE APPLICATION AND INTERPRETATION OF THIS POLICY
34. PERIOD OF OPERATION

1. PURPOSE

1.1 The main purpose of this policy is to regulate taking of leave by employees of uMngeni Local Municipality, having regard of the relevant collective agreements and statutory provisions regarding leave.

1.2 To ensure that all services rendered by uMngeni Local Municipality to the community it serves, are efficient, effective and uninterrupted.

2. OBJECTIVES

2.1 Ensure continuity in operational requirements of the organization while other employees are on leave.

2.2 To develop a better understanding regarding leave policy and procedure.

2.3 Ensure the development of clearly written administrative policy and procedure.

2.4 To ensure proper and accurate record keeping.

2.5 To ensure that the private and confidential information is maintained.

2.6 Ensure that leave policy respond effectively to crisis and emergency situations.

3. SCOPE OF APPLICATION

3.1 This policy shall apply to all employees of the uMngeni Local Municipality including Section 54A and 56 employees appointed in terms of the Municipal Systems Act, 32 of 2000 as amended.

4. LEGISLATIVE FRAMEWORK

4.1 SALGBC Main Collective Agreement

4.2 SALGBC KZN Collective Agreement

4.3 The Basic Conditions of Employment Act (Act 75 of 1997 updated 2005)

4.4 Labour Relation Act (Act no 66 of 1995)

4.5 Regulations on Appointment and Conditions of Employment of Senior Managers

4.6 Employment equity Act (Act no 55 of 1998)

4.6 Compensation for Occupational Injuries and Diseases Act (Act no 130 of 1993)

4.7 Employee Assistance Programme Policy

5 DEFINITION OF TERMS

- “**Employee**” means any person, excluding an independent contractor, who works for the uMngeni Local Municipality and who receives, or is entitled to receive any remuneration.
- “**Employer**” means the uMngeni Local Municipality.
- “**Immediate family member**” means spouse or life partner, children or any legal dependent of the employee. Any family dependent other than a spouse or life partner, children or legal dependent should reside in the same household with an employee to be eligible for the service.
- “**Labour Organisations**” means uMngeni Local Municipality recognised Unions (IMATU and SAMWU).
- “**People with disabilities**” means people who have a long-term or recurring physical or mental impairment which substantially limits their prospects of entry into, or advancement in, employment.
- “**External service provider**” means a person or organisation that would have entered into a working agreement with the uMngeni Local Municipality to assist with the resolution of employees’ personal, work and health problems for an agreed fee.
- “**Troubled employee**” means an individual whose problems, such as alcoholism, drug addiction, marital difficulties, emotional distress, preoccupy them to the extent that in either their own or their Supervisor’s judgement, work performance is disrupted.
- “**Workplace**” refers to the place of work as contemplated in the Labour Relations Act 1995 (Act No. 66 of 1995).
- An “**Annual Leave Cycle**” means period of twelve months employment with Council immediately following an employee’s commencement of employment.
- A “**Sick leave cycle**” means the period of thirty-six (36) months employment with council immediately following employee’s commencement of employment or following the completion of that employee’s existing leave cycle.
- “**Calendar days**” refers to the period from Monday to Friday (working days not calendar days)

- **“Month”** means a calendar month
- **“Long Service Leave”** means leave granted by the municipality in recognition of long service to an employee with the municipality and which is not classified as annual leave.
- **“Per annum”** means January to December of the same year.
- **“Medical Practitioner”** for purposes of the policy includes a practitioner as defined by the Health Professions Council of South Africa, and who is legally certified to diagnose and treat patients.
- **“Financial year”** means the financial year of a Municipality commencing on 01 July each year and ending on 30 June of the following year.
- **“Shop Steward leave”** means leave granted to shop stewards in terms of the organisational rights agreement.
- **“Leave in lieu of overtime worked”** for the purpose of this refers to the threshold as prescribed in the Basic Conditions of Employment Act.

6 LEAVE CONDITIONS AND REQUIREMENTS

6.1 Granting of leave for employees must be approved by the relevant Manager concerned.

6.2 Employees shall apply for leave in advance so as to enable the Departments to ensure that delivery of services is not interrupted. Example (1 month leave be applied for 1 month in advance, 1 week be applied for in one week and 1 day be applied at least 2 days in advance.

6.3 If an employee's application for leave of absence is cancelled, postponed or interrupted, the reasons must be recorded and the employee must be credited with such portion of the leave that was cancelled, postponed or interrupted.

6.4 An employee absent on approved leave, may not voluntarily resume duty before the full period for such leave has expired, unless he/she receives permission to do so beforehand after his/her Manager has submitted an application in this regard to the Head of Department.

6.5 An employee must take annual leave not later than six months after the end of the annual leave cycle.

6.6 Leave granted may be cancelled or postponed at any time by authority which granted it, or an employee who is on leave may be recalled if this is deemed to be in the best interest of council due to operational requirements.

6.7 An employee who is recalled whilst on leave, shall be entitled to take the non-expired portion of his leave at a later date, as may be arranged.

6.8 An employee shall be compensated by council for any irrecoverable expenses or obligations incurred by him before he was notified of such cancellation or postponement or before he was recalled from leave subject to proof of such expenses if an employee whose leave has been interrupted, has to travel in order to resume his duties, any reasonable expenses, with due consideration of the circumstances, for the journey, shall be paid. Any cancellation or postponement of leave shall be done in writing. The employee will be reimbursed subject to submission of proof of such expenses.

6.9 Any leave or portion of leave granted to an employee may be cancelled at his request at any time before he proceeds on leave, by the authority which granted it and he shall be credited in the leave register/ online leave with any leave not taken

6.10. No leave will be granted to any employees prior or during a strike called by the unions.

7 LEAVE RECORD

7.1 All leave due, leave granted and leave taken, shall be recorded online or on the official leave application form. The official appointed for this purpose, shall be in charge of such records, which shall be open for inspection by any employees at all reasonable times during office hours.

8 CLASSIFICATION OF LEAVE

Leave of absence from duty on working days is classified as follows:-

- Annual leave

- Study leave
- Special leave
- Maternity leave
- Family responsibility leave
- Sick leave
- Special Sick Leave
- Shop Steward Leave
- Time Off in Lieu of overtime
- Parental Leave

9 GRANTING OF LEAVE

9.1 The final approval of leave applications for employees has to be approved by his/her immediate head or Manager.

10 SERVICE FOR LEAVE PURPOSES

10.1 All employees on any type of leave shall be deemed to be in the service of the municipality during the time of the leave taken.

11 ANNUAL LEAVE

11.1 Employees are classified in the following groups in respect of annual leave

11.1.1 Twenty-four (24) days per annum for a 5-day worker, and

11.1.2 Twenty-seven (27) days per annum for a 6-day worker

11.1.3 An employee is required to take leave within each leave cycle as follows:-

11.1.4 A five-day worker shall take a minimum of sixteen (16) days leave; and

11.1.5 A six-day worker shall take a minimum of nineteen (19) days leave.

11.1.6 Annual leave is to be taken within six months after the end of an individual leave cycle.

11.1.7 Annual Leave submissions should be made with notice period equivalent to the number of days leave to be taken: e.g. If an employee applies for one (1) day leave, the leave application should be submitted at least 5 days in advance.

11.1.8 Notwithstanding the provisions of the abovementioned clause, an employee is entitled to retain a maximum of forty-eight (48) days of accumulated leave

12 ACCUMULATION OF LEAVE

12.1 Annual leave shall only be accumulated to a maximum of forty-eight (48) working days.

12.2 Within six months of the end of a leave cycle, an employee may not have more than 48 days accrued leave to his/her credit excluding current leave.

13 ENCASHMENT OF LEAVE

13.1 Any leave in excess of forty-eight (48) working days may be encashed should the employee be unable to take such leave, despite applying and because the employer refused to grant him/her such leave, as a result of the employer's operational requirements. If, despite, being afforded an opportunity to take leave, an employee fails, refuses or neglects to take the remaining leave due to him/her during this period, such remaining leave shall fall away

13.2 All applications for encashment of leave must be authorized by the respective Head of Department.

13.3 In the event of the termination of service, an employee shall be paid his/her leave entitlement in terms of the policy, calculated in terms of the relevant provisions of the Basic Conditions of Employment Act (Act No: 75 of 1997) as amended.

14. SPECIAL LEAVE ENCASHMENT

14.1 Annual vacation leave of eight (8) days may be converted into cash at the salary rate applicable on the day of encashment.

14.2 Leave conversion shall only be applicable to only permanently employed employees from task grade 13 downwards.

14.3 All applications for encashment of leave must be authorized by the respective Head of Department. Employees shall be entitled to encash their leave days once per annum. (contrary to the MCA)

15 PAYMENT PROCEDURE

15.1 All leave encashment will be processed through the payroll and be paid electronically into the employee's bank account at the end of the month.

16 SPECIAL LEAVE

16.1 Special leave is limited to maximum of fifteen (15) days per annum and cannot accumulate.

16.2 Application for such leave shall be made to the Head of Department / Manager concerned or his/her consideration and approval.

16.3 This leave may only be granted in the event of;

16.3.1 Study purposes (one day study leave of writing the examination and one day before writing the examination for each enrolled module for the academic year);

16.3.2 Court appearance by employees as a witness; and

16.3.3 National and provincial sports representation by recognised sporting bodies.

16.3.4 The application for special leave must be accompanied by the relevant supporting documentation.

16.3.5 When subpoenaed to appear as a witness in Court.

17 FAMILY RESPONSIBILITY LEAVE

17.1.1 Subject to the conditions that an employee has been with the Council for longer than four (4) months, the Council will, on request, grant an employee five (5) days paid leave, which the employee is entitled to take, either when:-

17.2 the employee`s child is born

17.3 the employee`s child is sick

17.4 the employee`s spouse or life partner is sick;

17.5 in the event of death of:

- the employee`s spouse or life partner, or
- the employee`s parent, adoptive parent, parents' in-law, grandparent, child, adoptive child, grandchild or sibling.

17.6 An employee may take family responsibility leave for the whole or a part of a day.

17.7 Before granting an employee paid leave for family responsibilities, the Council may require reasonable proof of an event specified above.

17.8 An employee's unused entitlement to family responsibility leave lapses at the end of the annual leave cycle in which it accrues. **(Include amendments to UIF)**

18 MATERNITY AND ADOPTIVE LEAVE

18.1 An employee shall be entitled to receive three (3) months paid maternity leave with no limitation to the number of confinements (pregnancies) or adoption leave with no limits to the number of confinements or adoptions. This leave provision shall also apply to an employee whose child is a still born. Should the employee opt to take the additional one (1) month, it will then be subject to the maternity benefits as determined by the minister subject to the provisions of the Unemployment Insurance Act, 1966 (Act No 30 of 1966).

18.2 Maternity leave may commence four (4) weeks before confinement.

18.3 To qualify for paid maternity leave an employee must have at least one (1) year uninterrupted service with the Municipality. An employee who was on contract and is

successful to become permanent employee, provided that there was no break in service from the date the contract terminated and the permanent appointment took place, will also qualify for maternity leave in terms of clause 11.1 above.

18.4 An employee, including an employee adopting a child under the age of three (3) months, shall be entitled to receive three (3) months paid maternity, with no limit to the number of confinements or adoption. This leave provision shall also apply for a person whose child is still born.

19 EMPLOYEE MAY COMMENCE MATERNITY LEAVE:

19.1 At any time from four weeks before the expected date of birth, unless otherwise agreed; or

19.1.1 On a date from which a medical practitioner or a midwife certifies that it is necessary for the employee's health or that of the unborn child.

19.1.2 No employee may not work for six (6) weeks after the birth of her child, unless a medical practitioner or midwife certifies that she is fit to do so.

19.1.3 An employee who has a miscarriage during the third trimester of pregnancy or bears a stillborn child is entitled to maternity leave for six (6) weeks after miscarriage or stillbirth, whether or not the employee had had commenced maternity leave at the time of the miscarriage or stillbirth;

19.1.4 An employee must notify an employer in writing, unless the employee is unable to do so, of the date on which the employee intends to;-

19.5.1 Commence maternity leave; and

19.5.2 Return to work after maternity leave.

19.5.3 Notification in terms of subsection 18.4 must be given

19.5.4 At least four weeks before the employee intends to commence maternity leave;

or

19.5.5 If it is not reasonably practicable to do so, as soon as is reasonably practicable.

19.6. Ante and Post Natal Care

19.6.1 All pregnant female employees may within the first seven (7) months of pregnancy be granted one day every four weeks without loss of salary to attend a clinic or visit a doctor

19.6.2 During the last two (2) months of pregnancy she may visit a clinic or doctor twice every 4 weeks without loss of salary.

19.6.3 Where clinics are attended at or on the premises of council, the employee must return to work immediately after being attended to at the clinic.

19.7 Protection of employees before and after childbirth

19.7.1 No employer may require or permit a pregnant employee or employee who is nursing a child to perform work that is hazardous to her health or health of her child.

20 PROCEDURE

20.1 An employee may commence maternity leave after it has been recommended by approved by the Head of Department at any time from 4 weeks before the expected date of birth or;

20.2 On a date from which a medical practitioner or a midwife certifies that it is necessary for the employee's health or that of her unborn child.

20.3 No employee may work for six (6) weeks after the birth of her child, unless a medical practitioner or midwife certifies that she is fit to do so.

20.4 An employee must notify an employer in writing, unless the employee is unable to do so, of the date on which the employee intends to return to work after maternity leave.

20.5 Notification must be given at least two weeks before the employees return to work or as soon as reasonably practicable.

21. PARENTAL LEAVE

21.1 An employee will be entitled to Parental Leave if she/he has been in employment for at least thirteen (13) weeks and such leave will be unpaid, and employees will therefore have to submit claims to the Unemployment Insurance Fund to qualify for payment during the periods of absence from work.

21.2 An employee, who is a parent of a child, is entitled to at least ten (10) consecutive days parental leave, when the employee's child is born, or adoption is granted; or the child is placed in the care of a prospective adoptive parent by a competent court, pending the finalization of an adoption order.

21.3 The ten (10) consecutive days parental leave are calendar days not working days.

22. SICK LEAVE

22.1 Sick leave will be granted on the grounds of incapacity to work due to sickness or injury.

22.2 In terms of our collective agreement, the uMngeni Local Municipality will currently permit eighty (80) days sick leave in a three (3) year leave cycle, provided that in respect of new appointments an employee may not take more than 30 days sick leave in the first year of employment.

22.3 An employee of the uMngeni Local Municipality who needs to be absent from work for reasons of sickness or injury, must either personally, or through another person, notify his/her department immediately or before 10:00am on such a day of the reasons for the absence and the expected duration of the absence.

The employer is further not required to pay an employee if an employee is absent on more than two occasions during an eight-week period, and on request by the employer, does not produce a medical certificate stating that the employee's absence on account of sickness or injury.

22.4 The department must be provided with a certificate from a registered medical practitioner or any other person who is certified to diagnose and treat patients and who is registered with a professions council established by an Act of Parliament, immediately upon return to work, failing which the department may decline to pay for sick leave taken.

22.5 The medical certificate is to state the nature of the sickness or injury, the date upon which the member became unfit to work and the date when he/she is fit to resume work.

22.6 The medical certificate must also clearly indicate the name, telephone number and address of the medical practitioner consulted.

22.7 An employee granted sick leave without pay in terms of this agreement and who has the necessary period for annual leave to his/her credit, may elect to take such annual leave instead of sick leave without pay.

22.8 If an employee is absent regularly from work on a Monday or a Friday due to illness or an accident, his/her supervisor may require such employee to produce a medical certificate stating that s/he was unable to work due to illness. On refusal to submit medical certificate, Council will not be required to pay such an employee for the day/taken until medical certificate is produced to the Manager..

22.9 The sick leave provisions do not apply to an inability to work caused by an accident or occupational disease as defined in Compensation for Occupational Injuries Diseases Act, 1993 (Act No. 130 of 1993), except for any period during which no compensation is payable in terms of this Act.

22 SPECIAL SICK LEAVE

23.1 INJURY ON DUTY

23.1.1 If an employee suffers an injury on duty or contracts an occupational disease arising out of or in course of his / her official duties such as to entitle the employee to compensation in terms of the Compensation for Occupational Injuries and Diseases Act 1993, shall be granted paid special leave for the period of incapacitation.

23.1.2 The municipality shall grant the employee who was injured on duty or suffers from an occupational disease, special leave on full pay for the period during which he/she is incapacitated or disabled as provided for in the OSH Act.

23.1.3 This clause shall not detract from the employer's right to terminate the employment contract for a fair reason and having followed the correct procedures.

24. ADDITIONAL PAID SICK LEAVE

24.1 If an employee has only taken 20 days of sick leave in a 3-year cycle then the employee will receive an additional 15 days sick leave subject to a maximum of sick leave of 120 per sick leave cycle.

24.2 If the maximum period of sick leave to which an employee is entitled has been granted to him / her, owing to reasons of ill health, and he / she is not able to resume duty, the municipal manager shall grant such employee and additional 60 working days sick leave in respect of chronic illness and or illness requiring hospitalization which shall be made up as follows:

- 30 working days on full pay
- 30 working days on half pay

The employee shall be required to submit a medical certificate from a registered medical practitioner or any other person who is certified to diagnose and treat patients and who is registered with a profession's council established by an Act of Parliament.

24.3 If an employee has exhausted all the sick leave to which he / she is entitled, the municipality will appoint a medical practitioner to evaluate the employee and will submit a report as to whether the medical condition has resulted in permanent or temporary incapacity.

24.4 If the employee is found to be permanently incapacitated, the municipality may convene an incapacity hearing in terms of Schedule 8 of the Labour Relations Act. If it is determined that the incapacity is of a temporary nature, the municipality may grant additional sick leave on application by any party for exemption to the Divisional Bargaining Council in terms of the exemption's provisions in this agreement.

25. MEASURES TO MANAGE THE TAKING AND ACCRUAL (CONVERSION) OF SICK LEAVE

25.1 The conversion of annual leave to sick leave when an employee is hospitalised: if an employee to whom annual leave has been granted is hospitalised and certified sick by a registered medical practitioner after his / her annual leave commenced, that part of the annual leave during which he/she was thus certified sick shall be converted into sick leave on submission of the prescribed medical certificate. A number of annual leave days equal to the number of sick days shall be credited in respect of the sick leave taken.

25.2 If an employee reports for duty and goes off within the first three hours of the working day, he/she must apply for sick leave at that point.

26. EXAMINATION AND STUDY LEAVE (Must apply for exemption to SALGBC as study leave regulated)

26.1 uMngeni Local Municipality recognizes the need and desirability for its employees to improve their knowledge and skill. To this end, it offers Tuition Financial Assistance for for specific, approved study courses and may grant study leave for such specific, approved and work-related courses as follows:

26.1.1 Study leave must be planned and organized well in advance and in consultation with the relevant superior.

26.1.2 The employee must apply for study leave online or on the prescribed leave form obtainable from the department and Human Resources Offices.

26.1.3 A copy of the examination timetable from the tertiary institution must accompany the leave form stipulating the day/s that the employee will be writing the said examinations.

26.1.4 Employees may take one working day's study leave for the day on which the actual examination is written, or test undertaken.

26.1.4 Employees may take one working day's leave to prepare for the examination.

26.1.5 When the examination date falls on a Monday, the employee will be granted the preceding Friday as study leave.

26.1.6 Should the examination dates be on consecutive days the employee will be granted the day/s equivalent to the actual examination days.

27. LONG SERVICE BONUS LEAVE

27.1 An employee shall qualify once for the following long service leave at the completion of the following periods from date of this agreement.

5 years' service -	05 days
10 years' service -	10 days
15 years' service -	20 days
20 years' service -	30 days
25 years' service -	30 days
30 years' service -	30 days
35 years' service -	30 days
40 years' service -	30 days
45 years' service -	30 days

27.2 The encashment or taking of the leave must take place in the same year that employee qualifies for the long service leave subject to operational requirements where the employee elects to take leave.

27.3 An employee with five (05) or more years' service with the municipality and leaves the service of the Municipality for any reason whatsoever excluding reasons relating to misconduct shall receive a pro-rata long service bonus for any uncompleted period stipulated to clause 26.1 above.

28 SHOP STEWARD LEAVE

28.1 Shop stewards shall be entitled to fifteen (15) days per year with full pay for trade union activities and training.

28.2 Six (6) days of each shop steward's annual entitlement of time-off shall be pooled and re-allocated at the trade union's discretion, provided that no single shop steward may take more than twenty-one (21) days off per year and the total days in the pool are not exceeded.

28.3 Further requests for time off for shop stewards shall not be unreasonably refused.

29 TIME OFF IN LIEU OF OVERTIME WORKED

29.1 In terms of section 6(3) of the Basic Conditions of Employment Act, the Minister of Labour on the advice of the Commission, is required to make a determination that all employees earning in excess of the annual threshold be excluded from certain sections, including being remunerated for overtime worked.

29.2 Any employee whose earnings is above the threshold and has agreed to work overtime will thus be granted time off instead of remuneration.

29.3 The employer must grant the time off in terms of 29.2 above within three (3) month of the employee becoming entitled to it.

29.4 Time-off as per 29.2 above will only be granted once proof of overtime is submitted.

29.5 Under no circumstances will time off in lieu of overtime worked be converted to the cash value and paid out to the employee.

30. TIME UNAUTHORISED ABSENCE FROM WORK

30.1 If an employee is absent from work without permission:-

- i. Such absenteeism will be regarded as leave without pay
- ii. An employee who has absented himself/herself for a period longer than ten (10) days without notification to the employer, shall be deemed to have absconded from duty.
 1. If the period exceeds fifteen (15) consecutive days disciplinary measures will be instituted in the case of Senior Managers.
 2. The employer shall attempt to establish the whereabouts of the employee and shall inform the employee, in writing by letter, of his/her alleged abscondment and the consequences thereof. If the employee cannot be located or has not responded to communication, the employer shall proceed with the Disciplinary Hearing in his /her absence.

31. Paying Out Of Accumulated Vacation Leave and Salary Calculation

Calculation of leave payment

31.1 Payment for leave shall be calculated in accordance with the following formula:

$A \times B$

249 days

Which represents the following:

A = the annual salary on the last working day

B = Is the employee's vacation leave credit on that day
and

249 = the number of working days per annum

The salary calculation

The salary of an employee shall be calculated as follows:-

Monthly Salary = **Annual Salary**
Salary 12

Weekly Salary = **Annual Salary**

Salary 52

$$\frac{\text{Daily Salary}}{\text{Salary}} = \frac{\text{Annual Salary}}{249}$$

$$\text{Hourly Rate} = \frac{\text{Annual Salary} \times 1}{249}$$

32. DEVIATION FROM THIS POLICY FRAMEWORK

32.1 The Municipal Manager may deviate from the provisions of this policy where there is an existence of a bona fide organisational requirement, but it must be motivated in writing and filed.

33. DISPUTE ABOUT APPLICATION AND INTERPRETATION OF THIS POLICY

33.1 If there is any dispute about the application and interpretation of the Policy, this must be referred to the Municipal Manager.

34. PERIOD OF OPERATION

34.1 This policy shall come into operation on the date to be determined by the Council, which is 1 July 2024

uMNGENI MUNICIPALITY



DRAFT STUDY ASSISTANCE POLICY

Date of Adoption: 28 MARCH 2024

Date of Implementation: 1 JULY 2024

UMNGENI MUNICIPALITY STUDY ASSISTANCE POLICY

PREAMBLE

uMngeni Municipality is committed to promote the principle of lifelong learning by encouraging employees to take responsibility for their own education for the purpose of acquiring skills. The Municipality will strive to secure adequately qualified personnel for its services by providing financial assistance to staff members to enable them to qualify themselves educationally and to enhance their levels of competency.

1. PURPOSE

- 1.1 To encourage personal career development of staff members through further education.
- 1.2 To encourage self-development activities that also benefit the Municipality.
- 1.3 To provide financial assistance to staff members who wish to improve their qualifications.

2. SCOPE OF APPLICATION

This policy applies to all staff members of the Municipality who studies part-time.

3. LEGISLATIVE AND POLICY FRAMEWORK

- Constitution of the Republic of South Africa Act, 1996 (Act No. 108 of 1996)
- Municipal Systems Act, 2000 (Act No. 32 of 2000)
- Municipal Finance Management Act, 2003 (Act No. 56 of 2003)
- Labor Relations Act, 1995 (Act No. 66 of 1995)
- Employment Equity, 1998 (Act No. 55 of 1998)
- Skills Development Act, (Act No. 97 of 1998)
- Basic Conditions of Employment Act, 1997 (Act No. 75 of 1997)
- National Skills Development Strategy
- National Qualifications Framework

- South African Qualifications Authority Act, 1995 (Act No. 58 of 1995)
- Skills Development Levies Act, 1999 (Act No. 9 of 1999)
- South African Local Government Bargaining Council: Collective Agreements

4. DEFINITIONS

- **“accreditation”**, refers to a process through which an organization’s capability to perform or deliver training and / or assessment is recognised and approved to fulfil the intended outcomes.
- **“base qualification”** refers to a formal recognition of the achievement of the required number and range of credits and such other requirements at a specific level of the National Qualifications Framework as may be determined by the relevant bodies registered for such purpose by the South African Qualification Authority.
- **“bursary”**, refer to the payment by uMngeni Municipality on behalf of employees to undertake studies. It includes the following: fees, registration, tuition, administration and examination;
- **“career pathing”**, refers to ensuring that each staff member’s potential is developed to its fullest extent and that there is a career mapped out for him/her in the Municipality;
- **“CFO”**, refers to the Chief Financial Officer.
- **“contractual Agreement”** refers to the legal document signed by the Bursar which states the terms and conditions of the financial assistance that are binding to both the Municipality and the Bursar.
- **“institution”** refers to any higher education or further education institution, deemed to be established or declared as such registered as a public Higher Education or Further Education Institution by the Director-General of the National Department of Education.
- **“municipal Manager”** refers to Municipal Accounting Officer
- **“student”** refers to a person who studies or who enrolled for a course instruction in a college or university.

5. POLICY PROVISIONS

5.1 Administration of the bursary

The HRM Unit shall be responsible for the administration and implementation of the bursary and shall have the power to conclude contracts on behalf of the Municipal Manager.

5.2 Financial Assistance

5.2.1 The bursary shall only be granted for the payment of -

- (a)** the registration fee;
- (b)** compulsory administrative fees;
- (c)** tuition fees (cost of the study units or subjects enrolled in);
- (d)** for fixed term staff members, the bursary amount may not exceed the amount that the staff member shall be able to work back during the term of the contract of employment.

5.2.2 All payments in respect of a bursary shall, on receipt of an original account, be paid by the Municipality directly to the educational institution, provided that where the bursary has been granted for a part of any course, payment shall only be made for such part of the course, provided further that payment may be made directly to the staff member upon submission of an original account of the educational institution together with proof thereof that the fees as set out in the account have already been paid to the relevant institution by the staff member.

5.2.3 Application shall be made in writing for the payment of any study related fees, accompanied by the proof of registration, and shall be made at least fifteen (15) working days prior to the closing date of such application at the educational institution.

5.3 Applicable courses

5.3.1 The course shall be relevant to the service of the Municipality.

5.3.2 Only studies/courses which are accredited by the SAQA which carry NQF credits may be approved.

5.3.3 Bursaries may not be granted for courses which the official has already passed.

5.4 Approval of bursary

5.4.1 Director Administrative Support Services shall consider the application, taking into account the following:

- (a)** Relevance of the course to the service of the Municipality.

- (b) Eligibility of the official to be granted a bursary.
- (c) Availability of funds, considering the cost of the course over the intended study period.
- (d) When funds are limited, consider:
 - (i) Needs of the Municipality;
 - (ii) Needs of local government sector, and the cost of courses to get the maximum number of staff members to further their education.

5.4.2 A staff member shall be granted only one active bursary at a time.

5.4.3 Upon approval of the bursary the staff member shall enter written agreement with the Municipality.

5.5 Contractual Obligations

5.5.1 Director Administration Support Services may cancel the bursary if:

- (a) the staff member's study progress is not satisfactory.
- (b) the staff member failed more than 50% of the courses / subjects entered for in a particular study period.
- (c) the staff member does not submit results in terms the bursary conditions.
- (d) the staff member failed to enrol for courses / subjects during a study year irrespective of whether the staff member or Municipality pays.
- (e) the staff member fails to comply with any obligation under the bursary agreement.
- (i) it is found that the bursary application was approved on the grounds of incorrect information furnished by the staff member.

5.5.2 The staff member shall, within two (2) months after the examination results are available, furnish the Municipality with such results. If the staff member fails to comply with the above, Director Administration

Support Services may cancel the bursary, or further advances shall be held back until compliance is achieved.

- 5.5.3** Should a staff member at any time suspend or abandon his / her studies for the approved qualification, or be refused permission by the educational institution or examining authority to continue his / her studies, or not pass any qualifying course of study during two (2) consecutive years, he / she shall be obliged, from a date fixed by the Municipal Manager to repay the Municipality the full amount of the financial assistance given to him / her, inclusive of study leave, in terms of the Scheme plus interest thereon, calculated at prime interest rate plus 1%.
- 5.5.4** Where a staff member has been granted leave on full pay he / she may, at his/ her option, be permitted to have his / her accumulated annual leave reduced by an equivalent number of days taken as study leave provided that such action is not in conflict with the Leave Policy.
- 5.5.5** In the event of a staff member retiring, resigning, or being dismissed from the Municipality's service before having obtained the qualification in respect of which he / she was granted financial assistance in terms of the Scheme, he / she shall repay to the Municipality the total financial assistance paid by the Municipality plus interest thereon, calculated at prime interest rate plus 1%.
- 5.5.6** The time frame within which a staff member can complete a qualification ranges from three to more years. The staff member shall be under an obligation to pay back all financial assistance over the period that he / she studied if the staff member wants to resign, etc. A staff member has to remain in the service of the Municipality for an equivalent of time proportional to subjects done or year of study completed.
- 5.5.7** For block release courses, a staff member shall, whether or not he/she obtains the qualification concerned, serve the Municipality for two years in respect of each year in which study leave was given.

- 5.5.8** Service obligation shall not be condoned on a *pro rata* basis. Therefore, unless the staff member remains in the service of the Municipality until the expiry date of his / her service obligation he / she shall remain liable for the full settlement of the financial assistance received in terms of the Scheme.
- 5.5.9** The staff member shall cede to the Municipality his / her rights, title and interest in and to all amounts due to the staff member by the Municipality and the Retirement Fund to which the staff member contributed during his / her employment with the Municipality, both future and present, as security for the indebtedness of the staff member to the Municipality arising out of the obligation created by this agreement.
- 5.5.10** The cession referred to in the policy shall endure and be of force and effect until the liability of the staff member to the Municipality has been paid by the staff member to the Municipality or otherwise discharged.
- 5.5.11** The certificate signed by the CFO certifying the amount due by the staff member to the Municipality shall be *prima facie* proof of the amount due and payable by the staff member to the Municipality.
- 5.5.12** If a staff member is unable to pay the Municipality the full amount owing to the Municipality in terms of the Scheme, the CFO shall, in consultation with the staff member, make suitable alternative arrangements to facilitate full settlement of the amount owing to the Municipality, provided that such arrangement shall not extend beyond one year from the date on which the staff member originally became liable for the full settlement of his / her debt in terms of the Scheme.
- 5.5.13** In the event of a deceased staff member, the outstanding debt will be written off.
- 5.5.14** In the event of a staff member who become physically or mentally incapable of completing their qualification, subject to the medical reviews from the relevant pension funds, the outstanding debt may be written off.

5.6 Study Leave

A staff member who is a part-time or distance learning student and who is studying for an approved qualification, shall be granted examination and study leave in terms of the leave policy.

5.7 Applications

5.7.1 Staff members wishing to apply for financial assistance shall do so on prescribed forms, and on guidelines prescribed by the HRM Unit from time to time.

5.7.2 Continued financial assistance shall depend on submission of results, and on meeting other requirements of the Scheme or conditions set by the Municipal Manager and / or skills development committee.

5.8 Roles and responsibilities

5.8.1 The Municipal Manager or his / her delegated assignee(s) accept overall responsibility for the implementation and monitoring of the policy. Furthermore, the Municipal Manager shall:

- (a)** Determine, with help of the CFO, the amount of and conditions governing financial assistance for approved qualifications as deemed necessary to give effect to the principles of the scheme and to safeguard the interests of the Municipality.
- (b)** Approve the continuation, extension, variation or termination of facilities to individual students on conditions laid down in the Scheme.
- (c)** In conjunction with the CFO, determine method and terms under which money owing to the Municipality for financial assistance in terms of the scheme shall be repaid.
- (d)** Adopt whatever actions are deemed necessary to address any anomalous situation which is not specifically addressed by the Scheme.
- (e)** Continuously monitor the effectiveness of the Scheme and submit recommendations to the Council for any required

amendments to the Scheme to match changing or anomalous circumstances.

5.8.2 The financial implications related to implementing this policy shall be qualified and quantified by Human Resource Management Unit

6. POLICY MONITORING AND EVALUATION

- 6.1** This policy shall be implemented and effective once recommended by the Local Labour Forum and approved by Council.
- 6.2** Non-compliance to the stipulations contained in this policy shall be regarded as breach of Code of Conduct, which shall be dealt with in terms of the Code of Conduct.
- 6.3** Director Administration Support Services shall carry out the monitoring and evaluation of the policy’s implementation.

7. POLICY APPROVAL

This policy was formulated by HR Management in consultation with the Local Labor Forum.

Authorised by Municipal Manager: Signature:
Date:.....

Recommended by Management Portfolio Committee :
Signature: Date:

Approved by Municipal Council: Signature: Date:.....

uMNGENI LOCAL MUNICIPALITY



DRAFT EXIT MANAGEMENT POLICY

2024-2025

DATE OF ADOPTION: 28 MARCH 2024

DATE OF IMPLEMENTATION: 1 JULY 2024

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PURPOSE

1.1 The policy ensures that all matters between the Municipality and the employee are suitably finalized when the employee's employment comes to an end. These procedures are to be followed whenever employees cease employment with the Municipality. The policy aims to achieve the following outcomes:

- All the relevant role players are informed of the procedures which follow the decision to terminate employment.
- HR management receives timely and complete advice which enables the efficient processing of the termination of employment and the accurate calculation of termination payments.
- Employees leaving the Municipality have the opportunity to provide feedback on the nature of their work and the organization.
- Procedures are put in place to review this feedback and consider its implications for municipal policies and procedures.
- Managers have more effective control over management resources.
- Access to municipal systems and resources is controlled more effectively; and
- Employees leaving the Municipality are informed of and formally acknowledge their on-going obligations about confidentiality and intellectual property rights.

POLICY OBJECTIVE AND SCOPE OF APPLICATION

2.1 The following objective of this policy applies to all situations where an employment contract between an employee and the Municipality are ended and includes the termination of employment through resignation, retirement, the completion of contract employment, permanent transfer to another government department /agency, or dismissal.

- To enable improved management of municipal systems and resources.
- To enable the Municipality to benefit from employee feedback.
- To improve the efficiency of the process of terminating employment.
- To ensure that all municipal equipment is returned and all financial obligations to the Municipality has been paid.
- To ensure that all outstanding payments due to the employee are appropriately calculated.
- To ensure that the employee has delivered all outstanding deliverables assigned on the due dates.

DEFINITION OF TERMS

3.1 In this policy, unless the context indicates otherwise, the following words or terms are applicable to this policy:

- **“Municipal Manager”** means a person appointed by the municipality in terms of section 82 of the Municipal Structures Act and who is the Head of Administration and the Accounting Officer for the Municipality.
- **“Employee”** means any person, excluding an independent contractor, who works for the Umngeni Municipality and who receives, or is entitled to receive any remuneration.
- **“Employer”** means the uMngeni Local Municipality.
- **“Resignation”** – a formal notification of leaving a paid or unpaid job.
- **“Interview”** - a meeting during which somebody is asked questions, e.g. by a prospective employer.
- **“Record of Interview”** - a transcript, report on, or recording of an interview.
- **“Notification”** - to announce or report something officially, or make something officially known.

LEGISLATIVE FRAMEWORK

4.1 The following are applicable to this policy and where the content of the policy are misaligned the legislative prescript will prevail:

- The Basic Conditions of Employment Act, 1997 (Act No.75 of 1997)
- Compensation for Occupational Injuries and Diseases Amendment Act [Act 130 of 1993]
- Local Government: Disciplinary Regulations for Senior Managers, (Government Notice No. 344), as published in Government Gazette No. 34213.

SCOPE OF APPLICATION

5.1 This policy applies to all individuals employed by the Municipality.

GENERAL PROVISIONS

The following section provides elements required for a successful exit management process.

6.1 Resignation Notification

6.1.1 Employees are required to provide timely and appropriate written advice of their intent to terminate employment with the Municipality according to the conditions of employment specified in the acts, regulations and their employment contract.

6.1.2 Where a person's employment is to be terminated for any other reason, for example death or dismissal, the HR section needs to be notified because of the relevant implications for the effective management of these procedures.

6.2 HR Management

6.2.1 All processes related to the termination of service should be managed by the HR section who should also be the custodians of relevant records on completion of the processes. HR section should interact with all role players in the process and have a process in place to validate the information captured on the relevant forms by them.

6.3 Resignation Clearance Forms

6.3.1 Upon receiving a notification that an employee's service will come to an end, HR should provide a clearance checklist to the employee. HR should develop and maintain the clearance form.

6.3.2 The clearance form should list the relevant task that must be completed, who's responsibility it is and a task signoff area against each task to capture the signature of the relevant official, indicating that the task has been completed. The form should indicate the responsibility of each party.

6.3.3 The employee must collect all the required signatures from the relevant officials indicating that there are no outstanding matters. In the event of death or that of an employee who is being dismissed, the supervisor shall ensure that the clearance form is completed.

6.3.4 The checklist also serves as a notification to the relevant official that the employee's service is being terminated.

6.4 Notification to Finance

6.4.1 HR should notify Finance Department of the termination of employment and obtain assurance that all outstanding claims have been processed. Information regarding any un-processed claims must be obtained and used during the final salary reconciliation.

6.5 Notification to Information Technology

6.5.1 HR should notify the Manager of the IT section of the termination of employment and obtain assurance that all IT equipment issued and assigned to the employee has been returned, and that the municipal data are returned.

6.6 Network and Hard Drive Files

6.6.1 The Manager of the IT section is to ensure that the employee's work and personal files are to be copied, moved and/or deleted as appropriate. Care needs to be taken that any

required municipal files and records are retained and remain accessible. Files to check include:

- e-mail.
- shared, group and/or personal drives; and
- hard drives.

6.6.2 Emails received and replied to should be forwarded automatically to the supervisor for the remainder of the employee tenure.

6.6.3 Employee access Control to IT Infrastructure must be limited to read and view only and right to delete must be removed.

6.6.4 A suitable final date for access to IT infrastructure should be determined on a case-by-case basis and agreed upon by the Supervisor, Manager of IT and Manager of HR.

6.7 Security and Access

6.7.1 The following items must be returned upon receiving the notice of termination:

- access security card(s), swipe card(s) and/or key.
- Municipal name tag(s)/badge(s); and
- office, cabinet and/or safe keys.

6.8 Official Vehicle

6.8.1 The supervisor is required to ensure that all access to government vehicles is cancelled, paperwork is up-to-date, outstanding claims are lodged and reimbursements made. For example this includes the return of:

- all car keys and remotes.
- Owner's manual.
- service log book.
- Travelling log; etc.
- Approved Vehicle Inspection report.

6.9 Notification to Supervisor

6.9.1 Upon the receipt of an employment termination notification HR should inform the supervisor and head of the relevant department accordingly.

6.9.2 Control processes linked to the employee's responsibility must be reassigned.

6.9.3 The supervisor should make a recommendation on the actions required on any outstanding deliverables and or work in progress.

6.9.4 The supervisor is required to arrange for any departmental / sectional files held by the employee to be returned and filed appropriately. Any electronic files held by the employee that include municipal business-critical information are to be copied and/or made accessible on the appropriate network(s).

6.10 Reconcile Leave Register

6.10.1 Upon receipt of the employee's resignation HR should reconcile the outstanding leave records of the employee to determine the leave balance.

6.11 Delegations Signature Authorisations

6.11.1 The employee's delegated authority must be terminated timely and aligned accordingly.

6.12 Other Departmental Resources

6.12.1 The Manager is responsible for arranging the return or appropriate reimbursement for any other departmental resources issued or loaned to the employee. For example:

- credit card(s).
- library resources and loans.
- manuals, curriculum, policy and procedural documents.
- teaching materials, team resources and/or textbooks.

6.13 Office and Home Office Equipment

6.13.1 The HR section is required to arrange for all office and home office equipment to be returned. For example:

- mobile phone and/or pager.
- home office equipment

6.14 Final Salary calculations

6.14.1 Treasury should calculate the final salary and should include the following items as part of the final calculation;

- Reconciliation of all third-party deduction.
- Outstanding reimbursements.
- Final Income Tax deduction.

- Reconciliation of medical benefit contribution.
- Reconciliation of retirement benefit contribution.
 - Any deductions relating to lost equipment, assets assigned to the employee or other outstanding financial obligations the employee might have towards the Municipality.
 - Not to release monies due to the employee in case of irregular and wasteful expenditure subject to the finalization of the investigation and conclusion of the disciplinary processes.

6.15 Exit Interview

6.15.1 It is important to ensure that employees leaving the department have the opportunity to provide feedback on the nature of their work and the organization, either through a written Exit Report or a face-to-face Exit Interview, which must take place before the last day of employment and be performed by HR.

6.15.2 This will enable the Municipality to have more effective control over resources and ensure that exiting employees are informed of and formally acknowledge their on-going obligations about confidentiality and intellectual property rights.

6.15.3 Feedback received via either of these methods must be reviewed and considered in relation to departmental policies and procedures.

6.16 Exit Report / Interview (ANNEXURE “A”)

6.16.1 The HR Manager is to provide each employee who is leaving the Municipality with the Employee Exit Report that will be discussed during the Exit interview. The employee is to be invited to complete the report and present it during the exit interview. Any reports completed by employees are to be kept by HR to determine if further action requires escalation to the appropriate management level.

6.16.2 The HR Manager will conduct the exit interview.

6.17 Ongoing Obligation

6.17.1 Employees leaving the Municipality are informed of and formally acknowledge their on-going obligations about confidentiality and intellectual property rights.

6.18 Employee Clearance Checklist (ANNEXURE “C”)

6.18.1 The employee will complete the official clearance checklist of the municipality and will obtain the relevant signatures from the departmental official that indicates that the resignation is acknowledged and that there are no outstanding matters between the employees and the various departments.

EMPLOYEE EXIT REPORT (ANNEXURE “A”)

“ANNEXURE

7.1 This report is designed to provide employees leaving the Municipality with an opportunity to give feedback which may assist in the future management of staff, the conditions of employment and the provision of satisfying and meaningful work in a safe and equitable work environment. It may be completed in isolation or in association with an exit interview. All reports are reviewed to determine if follow up action is required.

CERTIFICATE OF SERVICE (ANNEXURE “B”)

A Certificate of Service will be handed over to all employees exiting the municipality.



EXIT INTERVIEW

STRICTLY CONFIDENTIAL

EMPLOYEE EXIT INTERVIEW

As an employer, uMngeni Municipality is committed to a positive work environment and strives to be an employer of choice to its employees. The Exit Interview report provides a valuable source of information to measure our success in reaching this goal.

The data obtained from these interviews will be used to enhance our recruitment and retention efforts, and to assess the overall quality of work life at uMngeni Municipality. Your responses are confidential to the Human Resources Section. When appropriate, information in aggregate form only may be shared with management.

A. DATA SHEET

HEADING	DETAILS
Surname	

First Names	
Department	
Section	
Manager / Supervisor	
Job Level	

B. REASONS FOR TERMINATION (FOR CAPTURING ON HRIS)

REASON	X	COMMENTS
Contract End		
Resignation – Contract appointment within uMngeni Municipality		
Resignation – Poor Management		
Resignation – Dissatisfaction with Benefits		
Resignation – Dissatisfaction with Salary		
Resignation – Family problems / Personal Reasons		
Resignation – Immigration		
Resignation – Insufficient Equipment / Office Furniture / Amenities		
Resignation – Lack of Opportunity		
Resignation – No Job Satisfaction		

Resignation – Promotional Appointment / Job Opportunity Outside		
Resignation – Unhappiness in Section or Supervisor		
Resignation – Unhappiness with Colleagues		
Resignation – Working Conditions		
Resignation – Workload		
Resignation – Re-location		
Resignation – Ill Health		
Resignation – Organization Culture		
Resignation – Discrimination / Intimidation		
Resignation – Sexual Harassment / Victimization		
Resignation – Lack of training / Skills Development		
Resignation – Unresolved Grievance		
Resignation – Leadership (Political, Strategic or Other)		
Resignation - Other		
Retirement – Compulsory		
Retirement – Voluntary		
Retirement – Ill Health		

Retrenchment – Voluntary / Compulsory		
--	--	--

What are your primary reasons for leaving uMngeni Municipality?

If we may ask – which company will you be leaving uMngeni Municipality for?

C. ORGANISATIONAL CULTURE

PLEASE INDICATE HOW YOU FEEL ABOUT THE FOLLOWING STATEMENTS BY CIRCLING THE NUMBER APPLICABLE TO YOUR POSITION AT uMngeni Municipality:

ORGANISATIONAL CLIMATE		EXTREMELY POOR	POOR	AVERAGE	GOOD	EXCELLENT
1	Your work experience at uMngeni Municipality	1	2	3	4	5
2	Communication of uMngeni Municipality's business plan and objectives to all employees	1	2	3	4	5
3	Your department's communication with employees (e.g. staff meetings; clear & understandable objectives)	1	2	3	4	5
4	The availability of senior and top management for all employees to approach and communicate with	1	2	3	4	5
5	Your own participation in making job related decisions (e.g. workload; performance contracts)	1	2	3	4	5

6	Consistent application of policies and procedures	1	2	3	4	5
7	uMngeni Municipality's ability to provide opportunities for training and development	1	2	3	4	5
8	uMngeni Municipality's ability to deal fairly with staff	1	2	3	4	5
9	The communication to all employees on uMngeni Municipality's mission and vision	1	2	3	4	5
10	Participation of Management (e.g. quality; visible; management by walking)	1	2	3	4	5
11	The ability of the organization to work as a team	1	2	3	4	5

D. RELATIONSHIPS

PLEASE INDICATE HOW YOU FEEL ABOUT THE FOLLOWING STATEMENTS BY CIRCLING THE NUMBER APPLICABLE TO YOUR POSITION AT UMNGENI MUNICIPALITY:

RELATIONSHIPS		EXTREME POOR	POOR	AVERAGE	GOOD	EXCELLENT
1	Your relationship with your immediate superior	1	2	3	4	5
2	People Management skills displayed by your immediate superior	1	2	3	4	5
3	General Management skills displayed by your immediate superior	1	2	3	4	5
4	Your relationship with your colleagues	1	2	3	4	5
5	Accessibility of manager one level above your immediate superior	1	2	3	4	5
6	Overall leadership quality of uMngeni Municipality	1	2	3	4	5
7	Overall leadership quality of your division	1	2	3	4	5

8	Overall leadership quality of your department	1	2	3	4	5
9	Overall leadership quality of your line manager	1	2	3	4	5

E. TRAINING AND PERSONAL DEVELOPMENT

PLEASE COMPLETE THE FOLLOWING QUESTIONS REGARDING YOUR CHOICE TO RESIGN FROM UMNGENI:

TRAINING & PERSONAL DEVELOPMENT		YES	NO	N/A
1	Did you have the need for further development?			
2	Did you have the opportunity for further development?			
3	Did you have the necessary knowledge and skills to perform your job properly?			
4	Were you coached/mentored?			
5	Did you have a Personal Development Plan?			
6	Did you accomplish what was set out in your Personal Development Plan?			
7	Were you aware of training opportunities, internally and externally?			
8	Was there enough support for career advancement in your area?			
9	Were you aware of bursaries offered by UMNGENI?			

F.

JOB CONTENT AND SATISFACTION

PLEASE COMPLETE THE FOLLOWING QUESTIONS REGARDING YOUR CHOICE TO RESIGN FROM UMNGENI:

JOB CONTENT AND SATISFACTION	YES	NO	N/A
------------------------------	-----	----	-----

1	Did you have a job description?			
2	Did you have a Performance Contract?			
3	Did you clearly understand what was expected of you with regard to your job?			
4	Were you satisfied with the nature of your work/job?			
5	Was the job, in general challenging?			
6	Did you feel overworked?			
7	Were there any career prospects in your current position?			
8	Would you recommend employment at uMngeni Municipality to a friend?			
9	Would you work for uMngeni Municipality again in the future?			
10	Would you work in the same department that you are leaving?			

G. PHYSICAL WORKING CONDITIONS

PLEASE COMPLETE THE FOLLOWING QUESTIONS REGARDING YOUR CHOICE TO RESIGN FROM uMngeni Municipality

JOB CONTENT AND SATISFACTION		YES	NO	N/A
1	Did you have the necessary equipment to do your work?			
2	Did you experience any problems regarding the physical working conditions, e.g. safety; noise; light; etc.			

GENERAL QUESTIONS

Do you believe you were fairly paid, according to your skills, experience and qualifications?

Were all your benefit expectations met? If not, what were your expectations?

What are your perceptions on Employment Equity and its impact on your job at UMNGENI?

Please give an indication of your general views about UMNGENI

I understand that the information contained in the exit interview will remain confidential but may be used to improve the working environment where necessary.

“ANNEXURE

Date of Exit Interview	
Interviewer's Name	
Interviewer's Signature	
Interviewee's Signature	

uMngeni Municipality



P O BOX 5, 3290

Tel: 033 239 9200

Fax: 033 330 3006

Email: hr@umngeni.gov.za

CERTIFICATE OF SERVICE

I _____ ,

of

uMNGENI LOCAL MUNICIPALITY

declare that

MR / MS _____

ID: _____

was employed

from **to**

as

DESIGNATION:

ACTIVITY	NAME	SIGNATURE	DATE
Employee			
Handing over done to			
Supervisor			
HOD			

CLEARANCE FROM HUMAN RESOURCE

ACTIVITY	NAME		SIGNATURE	DATE
	Y	N		
Resignation letter received				
Long service calculated				
Leave balance calculated				
Pro-rata bonus paid				
Pension documents completed				
Name tags collected				
Office keys collected				
Group scheme documents				
Insurance documents				
Telephone access restricted				

CLEARANCE FROM TREASURY

ACTIVITY			NAME	SIGNATURE	DATE
	Y	N			
Latest claims paid					
Leave balance paid					
Pro-rata bonus paid					

CLEARANCE FROM IT

NO	LIST OF ITEMS	STATUS (RETURNED / NOT RETURNED)		
1	ASSETS (LAPTOP etc.)			
			YES	NO
2	INTERNET ACCESS	DISCONNECTED		
3	E-MAIL ACCESS	DISCONNECTED		
4	OTHER	DISCONNECTED		

CLEARANCE FROM FLEET

NO	LIST OF ITEMS	STATUS (RETURNED / NOT RETURNED)
1	ASSETS (Vehicles etc.)	
2	Travel Log Sheets	
3	Petrol Card	
4	Keys / Spare Keys	
5	Service Books	
6	Vehicle Inspection Report	

7	OTHER	
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Date	
Employee's Name	
Employee's Signature	
HR Official Name	
HR Official Signature	

uMNGENI MUNICIPALITY



DRAFT EMPLOYEE ASSISTANCE PROGRAMME POLICY

2024-2025

DATE OF ADOPTION: 28 MARCH 2024

DATE OF IMPLEMENTATION: 1 JULY 2024

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1. THE SCOPE OF THE POLICY

1.1. The policy applies to all employees of UMngeni Municipality.

2. DEFINITIONS

- In this policy, unless the context indicates otherwise the following definitions shall mean;
- **“Counselling”** means therapeutic intervention by a trained professional such as a Social Worker, Psychologist or Psychiatrist.
- **“Crisis “** means a stressful life experience that upset the normal functioning of an individual or family threatens stability and ability to cope.
- **“Employee Assistance Programme”** means a programme to identify, provide short-term counselling and referral service to employees with personal or work-related problems and when appropriate provide follow-ups;
- **“EAP Practitioner”** means an individual qualified by training or certification in the techniques of assessment problems, particularly in respect of substance abuse, and of intervention.
- **“Employee”** means any person excluding an independent contractor who works for a Municipality who receives, or is entitled to receive any remuneration;
- **“Employee Wellness”** means the employee wellness programme of the organization;
- **“External Service Provider”** means any acknowledged resource that provides service;
- **“Financial Wellness”** means the ability to maintain a fully developed and well balanced plan for managing ones financial life that is integrated with personal values and goals;
- **“Follow-up”** means any action involving the referring Manager or Supervisor for job performance evaluation after re-entry of an employee who has undergone treatment;
- **“Intervention”** means therapeutic and professional guidance to any employee in order to overcome his/her problem;
- **“Physical Wellness”** means the promotion of the wellbeing of one’s body to ensure optimal health and functioning;
- **“Service Provider”** means an agency providing professional services to clients and customers according to formal contract;

- **“Therapy “**means assessment and treatment of a troubled employee;
- **“Trauma”** means any event resulting in extreme emotional reactions to people in the present or future or an event which is generally considered to be outside the range of ordinary human experiences;
- **“Treatment”** means intervention with troubled employee by exploring his or her feelings and guiding him or her through , a process recovery ;
- **“Troubled employee”** means an employee suffering any personal or work related problems, resulting in a lack of optimal economic and social functioning;
- **“Referral “**means an oral or written recommendation to use EAP services or other comparable services to assist in resolving personal or work-related problems that may adversely affect performance;

3. PURPOSE OF THE POLICY

3.1. The purpose of this Policy is to develop an Employee Assistance Programme to promote the mental, social health and wellbeing of all employees and to create a working environment that is conducive for the effective and efficient delivery of services.

4. PROBLEM STATEMENT

4.1 uMngeni Local Municipality recognizes that employees may experience personal or social problems which may adversely affect job performance and/or health.

4.2 uMngeni Local Municipality recognizes the risk associated with employee’s personal and work- related problems both for the individual employee and the Municipality. Organisational consequences of such problems are understood to include heightened absenteeism, lowered productivity and morale, high staff turnover and the risk for incapacity.

5. OBJECTIVES OF THE POLICY

The objectives of this Policy are-

- 5.1. To provide constructive assistance to every employee who is experiencing any form of a personal problem and work related problem;
- 5.2. To render a confidential service aimed at assisting employees to improve their efficiency and quality of life by means of preventative remedial services.
- 5.3. The timely identification, assessments and referral of troubled employees specialist treatment for successful reintegration into the working environment;

- 5.4. To prevent a decline of job performance from employees with normally satisfying job performance and potential;
- 5.5. To establish and maintain a holistic approach to remedy personal, social and emotional problems;
- 5.6. To increase the level of interpersonal skills in the organization; and
- 5.7. To enhance the quality of life of all employees;
- 5.8 To improve employee morale and stimulate better performance.

6. PRINCIPLES OF THE EAP

6.1. Confidentiality

6.1.1. The EAP is a confidential service aimed at assisting employees by helping them to improve their efficiency and quality of life by means of preventative and remedial services;

6.1.2 Confidentiality within the law shall be maintained at all times. Any person's information shared with EWO shall not be shared with a third party, except with that person's express written consent. Consent is always a prerequisite for disclosure of EWP information, except as otherwise provided by contract or by law.

6.1.3. The Manager for the EAP in the organisation is an impartial professional adviser, concerned primarily with safeguarding and improving the well-being of employees.

6.1.4. An employee's use of the EAP is voluntary and strictly confidential.

6.1.5. EAP records must not become part of the employee's personnel records. Records are the property of the EAP Officer and no other employee may have access to them.

6.1.6. Information pertaining to the precise nature of an employee's problem(s) must be treated confidentially and any records arising therefrom must be separately housed in a confidential and secure filing system.

6.1.7. Information reported to the supervisor must not contain details of the employee's personal circumstance or problems without the signed written consent obtained from the employee concerned.

6.1.8. There are limits to the confidentiality of records, including but not limited to :

6.1.8.1. When required by law and professional obligation, the EAP must report abuse or neglect child abuse

6.1.8.2. Bona fide professional assistance;

6.1.8.3. When the employee signs a consent for release of information form;

6.1.8.4. Situations deemed potentially “life threatening” (when there is sufficient evidence to raise

6.1.8.5. Serious concern about the physical well-being and safety of the employee, or about others who may be threatened by the employee, steps must be taken as are judged necessary); and

6.1.8.6. Compliance with a court order or a subpoena.

6.2. Neutrality

6.2.1. The principle of neutrality, that the role and function of the EAP should not be affected by collective bargaining issues pursued by management and the workforce. That the EAP thus maintains a state of neutrality as defined by Section 16(5) (c) of the Labour Relations Act, 1995;

6.2.2. The Management shall ensure that EAP remains outside of traditional conflict areas between management and employee organizations, in other words, it may not be drawn to testifying or witnessing in any labour disciplinary proceeding.

6.2.3. EAP shall not be used as a disciplinary tool for management.

6.3. Non-Discrimination

6.3.1. All employees are equal and none are more than others.

6.4. Voluntary Participation

6.4.1. The principle of voluntarism, which acknowledges that the most effective form of referral is self-referral.

6.4.2 No Supervisor, Manager or other person shall overtly or covertly coerce or pressure an individual to use the services.

6.5. CORE PRINCIPLES

6.5.1. Participation in the EAP is voluntary

6.5.2. Employees participating in the EAP must not be deprived of any benefits provided under current agreements or departmental policy.

6.5.3. The EAP assists employees whose performance is impaired by emotional and behavioural difficulties related to personal or occupational stress. The aim is on timely

identification, assessment and referral of troubled employees or underachievers to specialist treatment (internal or external services) for successful reintegration into the work environment, not the termination of employment.

6.5.4. The main objective of the EAP is to provide constructive assistance to every employee, who is experiencing any form of personal problem. A further objective is to prevent a decline of performance from employees, with normally satisfying job performance and potential.

6.5.5. This policy must not alter or supplement existing procedures for correcting unsatisfactory performance and must not be a basis, itself, for discipline.

6.5.6. Participation in the EAP does NOT replace standard disciplinary or incapacity procedures.

6.5.7. Employees have the right to refuse the recommendation of the EAP Officer, regarding counselling or treatments but, in such circumstances, the employee will not be guaranteed assistance should further related instances of unacceptable behaviour or job performance arise.

6.5.8. If employees accept then subsequently default on or discontinue treatment or counselling programmes, then further related job performance or behaviour problems must have to be dealt with according to departmental policy.

7. TYPES OF REFERRELS

7.1. Self-referral (employee refers him/herself)

7.1.1. Employees experiencing personal or social problems can approach the EAP directly and may be assessed for referral to a service provider participating in the programme at any time.

7.1.2. Employees who voluntarily seek assistance from the EAP but do not want their supervisor to know of their participation, can arrange for appointments during lunch hours, after work or during approved leave.

7.1.3 The employee's Supervisor shall not necessarily be informed of the nature of the problem unless the employee requests this to happen.

7.2. Informal referral (employee referred by Colleagues, family and friends);

7.2.1. When an employee experiences personal or social problems and after receiving advice from other people, such as his or her supervisor, colleagues, friends, family and the like he/she may seek assistance from the EAP.

7.2.2. The person who advised of the EAP services must not get involved in the personal nature of the problem.

7.2.3. The referring person must inform the employee of the benefits of the EAP and give the employee the name and contact details of the EAP.

7.2.4. The EAP will not disclose the nature problem or the merits of the case with the supervisor, however, the supervisor must be kept informed of the in-house consultations and external referrals which may affect the employee's attendance at work.

7.3. Formal referral (employee referred by his /her Supervisor);

7.3.1. The employee may be referred to the EAP for assessment or counselling by his or her supervisor whenever the supervisor is concerned about a decline in the employees' performance, attitude and behaviour.

7.3.2. The supervisor/manager is required to complete a referral form without mentioning the personal nature of the problem.

7.3.3. The EAP must inform the supervisor of the recommendations made following the consultation.

7.3.4. No information regarding the precise nature of the employee's personal problem(s) must be revealed to the supervisors without the employee's informed written consent.

7.3.5. The employees have the right to refuse the EAP's recommendations regarding counselling or treatments but, in such circumstances, the employee will not be guaranteed assistance should further related instances of unacceptable behaviour or job performance arise.

7.3.6. If the employees accept but then subsequently default in or discontinue treatment or counselling programmes, then further related job performance or behaviour problems will have to be dealt with according to organisational policy.

7.3.7. A response to a request for service should occur soon as possible, preferably within one week;

7.3.8. The first counselling session should occur within two (2) weeks unless unforeseen circumstances arise;

7.3.9. Follow-up should be an integral part of the EAP services

8. INITIAL CONSULTATION

During the initial consultation for both the formal and self-referral, the employee shall sign a letter of consent agreeing to allow councils Internal /External Service Provider to:

- 8.1. Assess the employee and provides short -term counselling;
- 8.2. Release information when referring the employee to an Internal/External Service provider for treatment;
- 8.3. However for the formal referral, the employee also provides written consent agreeing to allow councils Internal/External Service Providers, to disclose information to the relevant Supervisor regarding the progress of the employee.
- 8.4. The EAP is a work site based intervention programme that is aimed at assisting the organisation in the early identification and resolving of employees personal and work-related problems, which may adversely affect their level of performance and productivity;
- 8.5. Personal and work-related problems may include, but are not limited to trauma, marital, family, health (including persons with disability),financial legal stress ,alcohol/drug abuse, absenteeism, low job satisfaction and personal conflict with the Supervisor/Colleague;
- 8.6. All employees are eligible to participate in the Employee Assistance Programme and it is voluntary;
- 8.7. Choosing to participate ,or not to participate ,will neither adversely affect an employees' job security and promotional opportunities ,nor excuse and employee from adherence to Council's policies and procedures concerning job performance;
- 8.8. Participation in the EAP does not replace Councils Disciplinary /Incapacity Procedures nor does it constitute employees being exempt from these procedures;
- 8.9. Participation in the EAP does not carry any negative implication for employee job security or career progression;
- 8.10. Directors, Managers and Supervisors are responsible to implement Employee Assistance Programme.

9. LEAVE FOR TREATMENT

- 9.1. The employee shall ensure that s/he makes use of the appropriate leave (e.g. sick leave and vacation leave) when being referred by the EAP Section to an External Service Provider for treatment /rehabilitation.
- 9.2 Time-off required for the attendance of EWP sessions need to be negotiated between the employee and his/her Manager. A maximum of 2 hours will be granted to attend EWP counselling inclusive travel time.

9.1.1. ADDITIONAL PAID SICK LEAVE

9.1.1.2. If an employees has only taken 20 days of sick leave in a 3 year cycle then the employee will receive an additional 15 days sick leave subject to maximum of sick leave of 120 per sick leave cycle.

9.1.1.3. If the maximum period of sick leave to which an employee is entitled has been granted to him/ her, owing to reasons of ill health, and he is not able to resume duty, the municipal manager shall grant such employee an additional 60 working days sick leave in respect of chronic illness and or illness requiring hospitalization which shall be made up as follows:

- 30 working days on full pay
- 30 working days on half pay

The following conditions shall apply:

9.1.1.4. The employee shall be required to submit a medical certificate from a registered medical practitioner or any other person who is certified to diagnose and treat patients and who is registered with profession's council established by an Act of Parliament.

9.1.1.5. If an employee has exhausted all the sick leave to which he is entitled, the municipality will appoint a medical practitioner to evaluate the employee and will submit a report as to whether the medical condition has resulted in permanent or temporary incapacity.

9.1.1.6. If the employee is found to be permanently incapacitated, the municipality may convene an incapacity hearing in terms of Schedule 8 of the Labour Relations Act. if it is determined that the incapacity is of a temporary nature, the municipality may grant additional sick leave on application by any party for exemption to the Divisional Bargaining Council in terms of the exemption's provisions in this agreement.

9.2. MEASURES TO MANAGE THE TAKING AND ACCRUAL (CONVERSION OF SICK LEAVE)

9.2.1. The conversion of annual leave to sick leave when an employee is hospitalized: If an employee to whom annual leave has been granted in hospitalised and certified sick by a registered medical practitioner after his annual leave commenced, that part of the annual leave during which he was thus certified sick shall be converted into sick leave on submission of the prescribed medical certificate. A number of annual leave days equal to the number of sick days shall be credited in respect of the sick leave taken.

9.2.2. If an employee reports for duty and goes off within the first three hours of the working day, he must apply for sick leave at that point.

9.2.3. An employee who is off sick must notify the employer in terms of the acceptable means of notification and agreed at the municipality within 3 hours of the normal workday/ shift commencing.

9.2.4. A medical certificate can only be issued by medical practitioner/traditional healer as registered in terms of the Medical and Dental Council as per the provisions of the BCEA.

10. ROLES AND RESPONSIBILITIES

10.1 Manager/Supervisor

10.1.1 Managers are expected to address work performance problems through normal performance management procedures

10.1.2 They should identify work problems and refer to the Employee Wellness Programme in accordance with referral procedures

10.1.3 Managers are required to make employees aware of the agreed job performance standards, the Disciplinary Code and/or the EWP in instances where declining job performance has been determined.

10.1 EMPLOYEE

10.1.1 It is the responsibility of the employee to comply with the counselling plan as recommended.

10.2 HUMAN RESOURCES

10.2.1 The human resources role is to facilitate referrals to the service provider for counselling, to assist in the formal referral process as and when requested and to assist in the administration Council fees as and when requested.

11. FINANCIAL IMPLICATIONS

11.1. The Supervisor shall refer an employee to the EAP Section for assistance and monitor the progress of the employee. If the EAP Practitioner is of the opinion that the employee requires treatment from External Service Provider, the employee shall be referred to such a provider. ie State Institutions and /or privately owned organisations (e.g. Rehabilitation Centres and Practitioners ,i.e. Psychologists , Psychiatrists and Social Workers) as and when required.

12. PAYMENT FOR TREATMENT

12.1. If the employee who is a member of Medical Aid Scheme is referred for treatment, the employee shall use his/her Medical Aid for payment. Should the Medical Aid not cover full cost of the treatment, Council shall be responsible for the payments /part payments of the first five (5) sessions, thereafter if additional sessions are required, the employee will be responsible for payment.

12.2. Employees who are referred to Internal/External Service Providers for treatment, shall sign an undertaking to duly comply with the prescribed course of treatment and implications of non-compliance thereof. It should be that the employee pay back the cost of the sessions to the municipality or where the treatment is part of disciplinary or performance hearing and employee does not comply then harsher sanction should be applicable so the disciplinary hearing should give for example final written warning subject to employee undergoing some treatment or counselling through the EAP programme.

12.3. If an employee who is not a member of Medical Aid Scheme is referred to an Internal/External Service Provider, to undergo treatment, Council shall be responsible for payment for a maximum of five (5) sessions for the first treatment per employee, thereafter if further additional sessions are required, the employee shall be responsible for payment.

12.4. Procurement of External Service Providers from which employees will be referred, will be in accordance with Supply Chain Management processes subject to Service Level Agreement, with the exception where the employee requires the specialized service of an External Service Provider and this shall be permissible with written motivation.

12.5. The costs for this treatment will be covered by the employee's medical fund. If the employee is not a member of a medical fund, or his/her medical cover is depleted, or the scheme does not cover a specific referral, Council will pay for this service. If payment is done by Council, it will only be for one referral, period of one year.

13. DEFAULT IN TREATMENT

13.1. If an employee defaults on treatment provided by an Internal/External Service Provider, either voluntarily or due to poor participation and motivation on his/her part, any payments paid by Council on behalf of the employee shall be recovered from the employee. It should be that the employee pay back the cost of the sessions to the municipality or where the treatment is part of disciplinary or performance hearing and employee does not comply then harsher sanction should be applicable so the disciplinary hearing should give for example final written warning subject to employee undergoing some treatment or counselling through the EAP programme.

13.2. Employee must be advised in writing of the outstanding amount. The amount must be paid to the Finance Component and proof of payment must be forwarded to the EAP.

14. DISCONTINUATION OF TREATMENT

14.1. Should any employee decide to discontinue with the recommended treatment by the Service Provider, he/she shall inform the Service Provider and he/she will be advised that any further difficulties which may arise regarding job performance, will be subjected to Council's Disciplinary Procedure and Code Collective Agreement.

15. TRANSPORTATION OF EMPLOYEES FOR TREATMENT

15.1. If any employee is required to attend counselling sessions offered by Council's Service Provider, each Department shall attend to the transportation of its own employees.

16. RELAPSE

16.1. In the event of a relapse, within 2 years after treatment, Management shall consider individual cases on merits in terms of enforcing Disciplinary Process or reinstating assistance to the employee.

16.2. If a relapse has occurred within 2 years after treatment and Management has decided to reinstate assistance to the employee, it would be subject to the following conditions:

16.3. The employee has a sufficient leave /sick leave available. If no leave is available, this will be unpaid leave.

16.4. The employee will be responsible for full payment for treatment.

16.5. The acceptance of the employee by the Service Provider offering treatment.

17. TRAINING SESSIONS FOR SUPERVISORS AND MANAGERS

17.1. Employee Assistance Programme should cover, at minimum;

17.2. The administrative role with respect to Employee Assistance Programme, the confidentiality aspects, and procedure for accessing the programme;

17.3. The administrative role in so far as the referrals are concerned;

17.4. The concept and methods that allow for early detection of problems that interfere with job performance;

17.5. Constructive methods to deal with employees experiencing performance problems due to personal or behavioural problems and;

17.6. Support approaches to assist the employees.

17.1.1. Supervisors and managers to adopt ODIR PRINCIPLE

- Observe
- Document
- Inform
- Refer

18. AWARENESS PROMOTION /MARKETING

18.1. Supervisors and Management are central to the EAP's success within the organisation.

18.2. The EAP shall be well known to all employees, and all contact details be communicated.

18.3. The goal is to ensure that the EAP is highly visible and presented in a positive light to encourage employees of the Municipality to fully utilize the programme services.

18.4. Appropriate marketing and promotion of the programme will ultimately impact on the healthy functioning of the Municipality and marketing will be ongoing, realistic, honest, specific and consistent.

18.5. The EAP will be marketed through employee orientation programmes, Municipal notice boards, newsletters, and employee meetings

19. PREVENTION ACTIVITIES

19.1. Consistent with the objectives of the Employee Assistance Programme Policy, preventative programmes will be held where possible to educate employees about personal problems related to life style and work environment and possible responses.

19.2. All problems minor/major, simple and complex will be dealt with and they will include, but not limited to:

- Stress related problems
- Work related problems
- Emotional and psychiatric difficulties
- Marital and relationships
- Family and child conflicts
- Alcohol and drug dependencies

- Bereavement
- Financial problems and critical incident stress

20. MONITORING AND EVALUATION

20.1. An integral part of an Employee Assistance Programme is the monitoring process which ensures that the service continues to operate effectively;

20.2. The monitoring, evaluation and review process requires Service Providers and employees alike to review operations of the EAP.

20.3. That the service is making contact with those in need of assistance, and such employees are receiving the benefits of the programme;

20.4. Information and education to promote the health and well-being of employees is provided;

20.5. That adequate emphasis is given to the preventative side of problems that become apparent.

21. IMPLEMENTATION OF THE POLICY

21.1 The implementation of this policy will be determined by council which is 1 July 2024

22. DISPUTE ABOUT THE INTERPRETATION AND APPLICATION OF THE POLICY

22.1. Any dispute about the interpretation and application of this policy shall be referred to the Municipal Manager.

uMNGENI LOCAL MUNICIPALITY



DRAFT INCAPACITY POLICY

2024-2025

DATE OF ADOPTION: 28 MARCH 2024

DATE OF IMPLEMENTATION: 1 JULY 2024

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1 PURPOSE

1.1 The purpose of this policy is to:

- 1.1.1 Outline the municipality's approach to the management of incapacity resulting from poor work performance in the form of incompetence or unsatisfactory performance, and/or ill health or injury;
- 1.1.2 Promote efficient and effective performance to avert and correct inadequate performance;
- 1.1.3 Ensure that a uniform and consistent approach is adopted in managing incapacity; and
- 1.1.4 Limit the potential for unfair discrimination in the management of incapacity.

2 POLICY OBJECTIVES

2.1 The objectives of this policy are to:

- 2.1.1 Outline the municipality's approach to the management of incapacity resulting from poor work performance in the form of incompetence or unsatisfactory performance, and/or ill health or injury.
- 2.1.2 Promote efficient and effective performance to avert and correct inadequate performance.
- 2.1.3 Ensure that a uniform and consistent approach is adopted in managing incapacity; and
- 2.1.4 Limit the potential for unfair discrimination in the management of incapacity.

3 DEFINITIONS

- 3.1 **"Guidance or counselling"** envisages a joint and interactive process through appropriate instruction, evaluation, training, guidance, or counselling and may continue throughout the improvement period.
- 3.2 **"Incapacity"** is the inability of an employee to meet the required standards of his/her position, either as a result of poor work performance and/or ill-health or

injury.

- 3.3 **“Poor work performance”** is the inability of an employee to meet the required performance standard or output for the position in which he or she is employed - for example, less than expected output or quality of output, failure to meet set targets and non-conformance to reasonable or agreed standards.
- 3.4 **“Ill-health or injury”** in terms of this policy is any temporary or permanent physical or mental impairment, that prevents or limits an employee’s ability to perform his/her contractual duties.
- 3.5 **“Unsuitability”** is when an employee is unsuited to a job due to his/her disposition or character (rather than his/her performance).
- 3.6 **“Incompatibility”** applies to an employee who does not “fit in” to the work environment because of an inability to work effectively with his/her manager, fellow employees, clients or any other stakeholders.
- 3.7 **“LRA”** means the Labour Relations Act, 66 of 1995.
- 3.8 **“Reasonable period of time for improvement”** is dependent on the circumstances of each case, with due regard to the nature of the job, extent of the poor performance, status of the employee, length of service of the employee, past records, etc.
- 3.9 **“Reasonableness of a work standard”** is established by reference to workplace practices, the relative performances of other employees, express or implied warranties given by employees regarding their level of skill and experience, the implications of deficient performance for the business, or the position and status of the employee. Generally, the more senior, highly paid and specialised the employee, the higher the standard of work that can reasonably be expected without much monitoring.

4 LEGISLATIVE FRAMEWORK

- 4.1 The following are applicable to this policy and where and where the content of the policy are misaligned the legislative prescript will prevail:

Labor Relations Act (Act No: 66 of 1995)
Basic Conditions of Employment Act (Act No: 75 of 1997)
Municipal Systems Act (Act No: 32 of 2000 as amended)
Compensation for Occupational Injuries and Diseases Act (Act No: 85 of 1993)
Employment Equity Act (Act No: 55 of 1998)
Skills Development Act (Act No: 97 of 1998)

5 SCOPE OF APPLICATION

5.1 This policy applies to all employees of the municipality, including fixed term, temporary and probationary employees.

5.2 This policy further differentiates between the management of poor work performance (including unsuitability and incompatibility of an employee), and ill-health or injury which renders an employee unable to continue performing his/her job.

6. GENERAL PRINCIPLES

6.1 The municipality is committed to the principle of fair labor practices, and seeks to create an organisation that reflects best practice employee relations.

6.2 Management of incapacity is a line management function. All managers are responsible for the management of incapacity on their places of work.

6.3 The municipality and the employee are jointly responsible for ensuring that they are aware of the job and performance standards required of them to do the job satisfactorily.

6.4 Incapacity counselling should not generally be invoked for isolated incidents.

- 6.4.1 The first priority is for the employee and the municipality to co-operate to rectify and improve performance.
- 6.4.2 Employees are entitled to respond to any issues/allegations arising from the application of this policy.
- 6.4.3 Neither the municipality nor the employee is entitled to legal representation during the course of the incapacity proceedings. Employees shall be entitled to be represented by a fellow employee or trade union representative.

7 PROCEDURES

7.1 Poor Work Performance

- 7.1.1 There are 3 important and distinct phases in dealing with incapacity based on poor work performance.
 - 7.1.1.1 Establishing the fact of poor performance.
 - 7.1.1.2 Affording the employee an opportunity to remedy his defective performance.
 - 7.1.1.3 The consequences of the employee's ability to rectify the inadequate performance.
- 7.1.2 Establishing the fact of poor performance envisages determining:
 - 7.1.2.1 Whether a performance standard exists – sources of performance standards can be varied, including letters of appointment, induction manuals, emanate from direct instruction, custom, practice in the company, etc.
 - 7.1.2.2 Whether the standard has been met – the inquiry is not concerned at this stage with the reasonableness of the standard or the employee's awareness of that standard.
 - 7.1.2.3 Proof of poor performance – is a question of fact to be

determined on a balance of probabilities. This can be difficult especially where the employee's tasks are not capable of precise measurement and evaluation, in which event, proof is best established by an assessment/ appraisal conducted by the employer.

7.1.2.4 Awareness of the performance standard.

7.1.2.5 If the employee is found to have failed to meet a performance standard:

7.1.2.5.1 He is not automatically held accountable for that failure.

7.1.2.5.2 The employer must establish that the employee was aware of the performance.

7.1.2.5.3 To avoid pleas of ignorance by the employee, the employer is required to show either that the employee was aware, or could reasonably have been aware of the standard.

7.1.3 Affording the employee an opportunity to remedy his defective performance envisages the employee being given a fair opportunity to meet the performance standard. An employee may not be dismissed due to his poor performance unless he has received "appropriate evaluation, instruction, training, guidance or counselling". The employee must be given a reasonable period of time for improvement:

7.1.3.1 This is linked to the employer's duty to render assistance by way of instruction, training, etc, which may continue throughout the period of time afforded for improvement.

7.1.3.2 During this time, the employer must continually monitor and evaluate the employee's performance, recording improvements and highlighting areas of concern.

7.1.3.3 What constitutes a "reasonable period time for improvement" will again depend on the circumstances, with due regard to the nature of the job, extent of the poor performance, status of the employee, length of service, past record, etc.

7.1.4 Once the "reasonable period" has expired, the employer must again assess,

factually, whether the employee continues to perform unsatisfactorily. If so, the employer may proceed with an investigation.

7.1.5 The requirements normally applied with regard to evaluating the performance, warning the employee of the possible termination of his services if he fails to improve and affording him a reasonable opportunity to improve, may be dispensed with in the following circumstances:

7.1.5.1 Where a manager or senior employee whose knowledge and experience qualify him to judge for himself whether his is meeting the standards set by the municipality.

7.1.5.2 Where the degree of professional skill required is so high and the potential consequences of the smallest departure from that high standard are so serious that even an isolated instance of failure to meet the standard may justify dismissal.

7.2 Appropriateness of dismissal:

7.2.1 The procedure leading to dismissal should include an investigation to establish the reasons for the unsatisfactory performance and the employer should consider other ways, short of dismissal, to remedy the matter.

7.2.2 The investigation:

7.2.2.1 Must establish the reasons for the employee's unsatisfactory performance, including the reasonableness or legitimacy of the performance standard.

7.2.2.2 If the performance standard is not objectively reasonably capable of achievement, that is the end of the inquiry.

7.2.2.3 Although the employer's prerogative to set the performance standards required is recognised, the standards set must clearly not be unreasonable with regard to the particular industry or work

situation.

7.2.2.4 The employee is entitled to state his case and be assisted by a fellow employee during the investigation process.

7.2.3 The ordinary requirements for a fair hearing will apply (but may be relaxed in the case of managerial employees).

7.2.4 The right to be heard does not necessarily have to be a formal hearing. In the context of a dismissal, an opportunity to be heard entails, where it is not a formal enquiry, notice that dismissal or disciplinary action is being contemplated against the employee and affording the employee concerned an opportunity to make representations which are then considered in a bona fide manner.

7.2.5 If the performance standard is reasonable and the employee has still not met the standard despite appropriate training, counselling etc, the focus shifts to the consequences of the employee's incapacity.

7.3 Consequences of the employee's incapacity:

7.3.1 The focus is on whether dismissal is an appropriate sanction for not meeting the required performance standard. The municipality must consider:

7.3.1.1 The degree and extent of the employee's inability to perform.

7.3.1.2 Possible prejudice to the safety of others.

7.3.1.3 Possible effects on the morale of others.

7.3.1.4 The likelihood of future improvement.

7.3.1.5 The seniority of the employee.

7.3.1.6 The position occupied, length of service and past record.

7.3.1.7 The availability of other work which may suit the employee's capabilities.

7.3.2 The municipality should show that the possibility of alternative employment

was considered.

7.3.3 The municipality is not obliged to create employment for an incompetent employee but where an alternative position is available, it should be offered.

7.3.4 Manager's Checklist

7.3.4.1 **Identify** whether the employee is failing to meet the required performance standard.

7.3.4.2 **Assistance** must be given to the employee in the form of regular monitoring, guidance, etc in order to improve performance, and give the employee a fair opportunity to improve.

7.3.4.3 Hold a **fair** hearing if performance fails to improve.

7.3.4.4 If **dismissal** is contemplated, consider the following –

- (i) Did the employee fail to meet a performance standard?
- (ii) Was the employee aware or should s/he have been aware of the required performance standard?
- (iii) Was the employee given a fair opportunity to meet the required standard?
- (iv) Is dismissal the appropriate sanction?

7.4 Ill health/Injury

7.4.1 The same procedures above will generally also apply to poor work performance that is due to ill health or injury, adapted according to the context.

7.4.2 The employee's manager must establish whether the ill health or injury is of a permanent or temporary nature. Medical reports should be obtained where necessary.

7.4.3 In investigating the extent of the employee's incapacity, the manager must allow the employee to state a case in response and to be assisted by a fellow employee or union representative.

- 7.4.4 Consideration should be given to the nature of the job, the length of the incapacity, the seriousness of the incapacity and the possibility of using temporary staff in the interim.
- 7.4.5 If the incapacity is of a permanent nature, the manager should attempt to adapt the duties or work circumstances to accommodate the employee's disability.
- 7.4.6 If the employee's medical report indicates that his/her condition has improved and the employee is or will be capable of performing his/her duties within a reasonable period, the employee should be permitted to continue or return to work as the case may be.
- 7.4.7 If the incapacitation will be permanent or is of temporary but lengthy period (beyond the sick leave entitlement and/or unpaid sick leave period where granted), and if no alternatives are available, the employee's services may be terminated.
- 7.4.8 The manager should, where reasonably possible, find ways of seeking alternative means of accommodating the employee (e.g. lightening his/her duties, transferring him/her to another post) before considering termination of employment, which must be done via a fair hearing.
- 7.4.9 An employee should not unreasonably refuse alternative work or reasonable relocation where it is offered as an alternative to termination of employment.

8. DISPUTES ABOUT THE APPLICATION AND INTERPRETATION OF THE POLICY

8.1 Any dispute regarding the application and interpretation of this policy will be referred to the Municipal Manager as per the Grievance Procedure contained in the Main Collective Agreement.

9. IMPLEMENTATION OF THE POLICY

The implementation of this policy will be determined by the council which is 1 July 2024.

uMNGENI MUNICIPALITY



DRAFT OVERTIME POLICY 2024-2025

DATE OF ADOPTION: 28 MARCH 2024
DATE OF IMPLEMENTATION: 1 JULY 2024

OVERTIME POLICY

Definitions

For the purpose of this policy unless the context otherwise indicates:-

- **“BCEA”** means the Basic Conditions of Employment Act No 75 of 1997.
- **“Calendar Days”** refers to a period from Monday to Sunday
- **“Days”** refers to working days and means Monday to Friday for a five day worker and Monday to Saturday for a 6 days worker.
- **uMngeni Municipality** means a Municipal Council referred to in Section 157(1) of the Constitution.
- **“Heads of Departments”** shall mean the Managers directly accountable to the Municipal Manager in terms of Local Government Municipal Systems Act 32 of 2000.
- **“Supervisors”** means a person who supervises his/her subordinates in terms of the TASK Job Evaluation System.
- **“Employees”** all persons in the employment of the Municipality whether full/part-time.
- **“Earning Threshold”** refers to the earning threshold determined by Minister of Labour in terms of Section 6 (3) of the Basic Conditions of employment Act 75 of 1997, as amended.
- **“Earning”** means gross pay before deductions.
- **“Emergency work”** means work to be performed without delay and which cannot be planned for.
- **“Emergency Personnel”** refers to those employees who render emergency services such as, inter alia, Fire, Disaster and Risk Management, Police, Traffic Officers and Ambulance staff only.
- **“Night Work Allowance”** means a non-pensionable allowance paid for working between the hours of 18H:00 and 06H:00
- **“Overtime”** means the time that an employee works during a day or a week in excess of ordinary hours of work.
- **“Essential Services”** means a service the interruption of which can endanger the life, personal safety or health of the whole or any part of the population.
- **“Remuneration”** means compensation in money or time off for overtime worked.
- **“SALGBC”** means South African Local Government Bargaining Council.
- **“Shift Allowance”** means a non-pensionable monthly allowance paid to employees that work on a continuous rotational seven (7) days a week shift system.
- **“Standby Duty”** means the period determined by the municipality during which an employee shall be available for overtime or emergency work outside his/her normal working hours.

2. GOAL

2.1 To respond to communities urgent needs in an effective, efficient and sustainable manner.

3. OBJECTIVES

3.1 To ensure that overtime policy respond effectively to crisis and emergency situations with regard to the provision of services.

3.2 To ensure that Departments do not overspend the allocation of overtime budget.

3.3 To define a clearly written procedure in performing of overtime.

3.4 To ensure proper management of departmental overtime budget allocation by clearly laying down the defined procedures for approval and working of overtime and elimination of overtime abuse.

4. SCOPE AND APPLICATION

4.1 The Policy should be applied by taking into consideration the stipulations in the BCEA as well as the KZN Divisional Conditions of Service Collective Agreement.

4.1.1 This policy apply to all Municipal employees but the payment of overtime does not apply to the following categories of employees:

4.1.2 Workers in senior management

4.1.3 Workers who earn more than the threshold per annum as determined by the Minister of Labour from time to time.

4.1.4 Workers who work less than 24 hours in a month.

4.1.5 Shall not be applicable to Section 54A /56 Managers

5. EARNINGS THRESHOLD

5.1 Employees earning above the threshold will only be remunerated if the municipality applied and was granted exemption to pay overtime.

5.2 The municipality must have budgeted for the payment of such Overtime and must be available for payment.

5.3 The employee and supervisor can agree before the overtime is worked that leave in lieu of overtime will be approved.

5.4 Only officials with delegated authority may approve overtime work and overtime payment.

6. REGULATION OF WORKING OVERTIME HOURS

6.1 An employer may not require or permit an employee:

6.1.1 To work overtime except in accordance with an agreement, either on a day on which an employee would do ordinary work, Saturdays, Sundays or Public holidays.

6.1.2 To work more than three hours overtime a day.

6.1.3 To work more than ten hours overtime a week.

6.1.4 A Collective Agreement may increase the maximum permitted overtime to fifteen (15) hours a week. (Section (10)(6)(a) of the BCEA) for up to two (2) months a year.

6.2 Employees earning more than the threshold per annum are required to receive paid time-off in lieu of overtime worked.

6.2.1 If the agreement is reached at municipal level to pay overtime to employees earning above threshold, then an application must be made to the SALGBC KZN Divisional Exemption Committee to pay these employees.

6.2.2 Where it is agreed with the employee to grant time-off then such must be granted within one month of the employee becoming entitled to it.

6.3 An employer must grant paid time-off within one month of the employee becoming entitled to it.

6.4 An agreement in writing may increase the period to six (6) months.

6.5 An agreement concluded with an employee when the employee commences overtime lapses after six (6) months.

7. PAY FOR OVERTIME (MONDAYS TO SATURDAYS)

7.1 An employer must pay an employee at least one and one-half times the employees wage for overtime worked.

8. PAY FOR WORK ON SUNDAYS

8.1 An employer must pay an employee who works on a Sunday a double of the employees wage for each hour worked, unless the employee ordinarily works on a Sunday, in which case the employer must pay the employee at one and one-half times the employees wage for each hour worked.

9. PAY FOR PUBLIC HOLIDAYS

9.1 An employer must pay an employee who does not work public holidays double the employees wage for each hour worked.

9.2 Payment or leave in lieu of payment to eligible employees for work on public holidays will be dealt with in terms of the Basic Conditions of Employment Act No: 75 of 1997.

10. PROCEDURE

10.1 Before the employees perform overtime work, Supervisors/ Section Heads must identify the need for a particular task to be performed as well as the volume of work in order to determine the number of hours, taking into account that employees do not deliberately leave work incomplete for the sake of getting overtime.

10.2 After the identification of the need for a particular task to be performed, Supervisors must fill-in a request for authority to work overtime form, indicating the name/s of employees to perform the task, nature of the job to be performed and a place.

10.3 Supervisors must make recommendation to the Section Heads/Managers for approval and authorization.

10.4 No overtime may be worked without the express prior authorization of the Head of Department/ Section Manager concerned.

10.5 No claim for overtime pay may be made unless a copy of the permission or instruction authorizing that overtime to be worked accompanies it.

10.6 Overtime work is subject to prior written approval by a competent authority and no overtime may be worked without such written approval being obtained, except in cases of work related to emergency situations where work has to be done without delay owing to circumstances for which the employer could not reasonably have expected to make provision for and which cannot be performed by employees during their ordinary hours of work.

10.7 In terms of emergency overtime, the competent authority may give verbal approval to the working of such overtime provided such approval is followed up

with a written confirmation. Written standing approval may be granted where justified by operational requirements.

11. EMERGENCY

11.1 In case of emergency, filling a form in advance may be practically impossible, and Supervisors must immediately after the execution of a task/ (within 24 hours) ensure that the procedure in terms of overtime policy has been followed.

12. EMERGENCY PERSONNEL AND EMERGENCY WORK

12.1 They shall work a 45 hour working week.

12.2 An employee may be required to perform emergency work that cannot be performed during normal working hours.

12.3 Employee involved in the emergency work are not limited by the overtime restrictions as well as ordinary hours' limitations in terms of the BCEA.

12.4 Any additional hours of work over and above 45 hours per week shall be deemed to be overtime.

13. NIGHT WORK ALLOWANCE

13.1 This applies to an employee who is required to work some or all of his normal hours of duty between the hours of 18:00 and 06:00 and such employee shall be paid a night work allowance.

13.2 All employees will be entitled to a night allowance but in the event that employee's earnings are above the Basic Conditions of Employment Act 75 of 1997 threshold as determined from time to time, then the employee will be paid at the BCEA threshold in terms of the determination of the hourly rate as per clause 12.3

13.3 The employee be paid a maximum of 12% of hourly rate, *pro rata* to the actual completed normal hours worked (excluding any part of an hour) between the hours of 18:00 and 06:00 in a particular month.

NOTE: Annual Salary / 249 number of working days / 8 hours per day X 12% = hourly night work allowance.

13.4 Any employee who is entitled to this night work allowance shall not be entitled to a shift allowance in addition thereto.

13.5 In terms of section 6(2) of the Basic Conditions of Employment Act Section 9, 10 (1), 14(1), 15(1), 17(2) and 18(1) shall not apply to work that must be done without delay due to circumstances which the employer could not reasonably be expected to provide for and which could not be performed by employees during their normal working hours. Section 17(2) deals with the payment of a night work allowance.

13.6 A municipality may only require or permit an employee to perform night work, if so agreed and provided that transportation is available between the employee's place of residence and the workplace at the commencement and conclusion of the employee's night work (between the hours of 18:00 and 6:00)

14. SHIFT ALLOWANCE

14.1 A shift allowance will be paid to employees who is involved in continuous process work where operations are running on a 24 hour - 7 days a week system.

14.2 A non-pensionable allowance of 10% of the employees' basic monthly salary shall be paid on a monthly basis.

(For example: Employee who earns R9 000 pm will be paid: $R9\ 000 \times 10\% / 100 = R\ 900$ pm extra as shift allowance).

14.3 Employees who receive a shift allowance are not entitled to night allowance.

15. STANDBY ALLOWANCE

15.1 If a municipality require an employee to be available for the performance of duty outside normal working hours to the employee shall be entitled to a standby allowance.

15.2 The standby allowance shall not affect or be affected by any remuneration for over employee during the period of standby duty.

15.3 Standby allowance will be calculated in accordance with the following formula:

$$\frac{\text{Annual Salary}}{249} = \text{daily}$$

$$\frac{\text{Daily Salary}}{3} = \text{this is the daily standard allowance}$$

15.4 If the employee is required to be on standby on Saturdays, the employer shall pay that employee one and one-half times the normal standby allowance.

15.5 If the employee is required to be on standby on Sundays and Public Holidays, the employer shall pay that employee at least double the amount of the normal standby allowance.

16. DETERMINATION OF EARNINGS THRESHOLD

16.1 The increase of earnings threshold per annum will be determined by the Minister of Labour from time to time.

17. FORMULA OF CALCULATING OVERTIME

17.1 Annual salary divided by 250 days = daily rate divided by 8 = hourly rate x normal overtime (1.5) or double time (x2)

18 DISPUTES ABOUT THE APPLICATION AND INTERPRETATION OF THIS POLICY

18.1 Any dispute regarding the application and interpretation of this policy will be referred to the Municipal Manager.

18.2 Any dispute in relation to matters that are regulated as per the collective agreements will be referred to the SALGBC for interpretation and application of such agreements.

19. IMPLEMENTATION OF THE POLICY

19.1 This policy will apply and be effective on the 1st of July 2024

uMNGENI MUNICIPALITY



DRAFT RECRUITMENT AND SELECTION POLICY 2024-2025

DATE OF ADOPTION: 28 MARCH 2024

DATE OF IMPLEMENTATION: 1 JULY 2024

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1. DEFINITIONS

For the purpose of this policy unless the context otherwise indicates;

- **“Basic Conditions of Employment Act”** means Basic Conditions of Employment Act 75 of 1997
- **“Bargaining Council”** means South African Local Government Bargaining Council
- **“Conflict of interest”** means a set of conditions in which professionals judgement concerning a primary interest turns to be unduly influenced by a secondary interest, further it is a situation in which a person is in a position derive personal benefits from actions or decisions made in their official capacity.
- **“Candidate”** means an applicant for the post
- **“Conditions of Service”** means the conditions as regulated by the parties in the SALGBC
- **“Continuity of employment”** means the uninterrupted years of the employee’s service.
- **“Contract of Employment”** means the contract of employment entered into between the Employer and Employee
- **“Council”** means the Municipal Council of a local municipality in terms of Local Government Municipal Structures Act 117 of 1998.
- **“Designated Groups”** means to refer to previously disadvantaged groups. (African, Coloured and Indian) women of all race and people with disabilities, in terms of Employment Equity Act.
- **“Dispute”** means a difference of opinion between the parties regarding the implementation of a procedures contained in this policy.
- **“Disability”** means long term or recurring physical or mental impairment which substantially limits a person towards performing his/her duties.
- **“Employment Equity Act”** means Employment Equity Act 55 of 1998.
- **“Employee”** means a permanent, temporary or contract employee or an apprentice receiving pay or entitled to it but excluding a student, subsidies labour, and an Independent Contractor.
- **“Fixed Term Contract”** – means a contractual relationship between an employer and employee with a start and end date.
- **“Head of Department”** means a Manager directly accountable to the Municipal Manager in terms of Section 54A and 56 of the Local Government Municipal Systems Act No: 32 of 2000 as amended.
- **“Head Hunting”** means a process of approaching individuals with relevant experience, qualifications and skills to apply for a vacant position that is being advertised.
- **“IMATU”** means the Independent Municipal and Allied Trade Union.
- **“Job Content”** means a summary of all the detailed functions and responsibilities of a post.
- **“Job Evaluation Unit”** means a committee established to evaluate posts as contained in the Task Job Evaluation Policy for Municipalities.
- **“Labour Relations Act”** means Labour Relations Act 66 of 1995.
- **“Manager”** means the Section Head
- **“Municipal Manager”** means the Head of Administration in terms of Section 55 of Local Government Municipal Systems Act 32 of 2000
- **“Nepotism”** means the act of abusing one’s power or official position to offer job or a favour to a family member whilst disregarding their merit and qualification.

- **“Recruitment”** means the activities undertaken in the human resources management in order to attract sufficient job candidates with the necessary qualifications experience and skills to fill job requirements and to assist the Municipality in achieving its objectives.
- **“Redeployment”** means a process to ensure that the redeployment shall be done in a manner that is consistent with any existing Employment Equity and Skills Development Plan and/or the objectives of the Employment Equity and Skills Development Act and any applicable Legislation, to address needs in the Staff Establishment of the Municipality in an appropriate and practical manner and must not be used to promote or demote employees.
- **“Reference check”** means the gathering of information about candidate’s past employment history from people with whom such candidates have been associated.
- **“Selection”** means the process of making decisions about matching of Candidates considering individual differences and the requirements of the job.
- **“Skills Development Act”** means Skills Development Act 97 of 1998.
- **“Staff Establishment”** means a Staff Establishment in terms of Section 66 of Local Government Municipal Systems Act 32 of 2000
- **“SAMWU”** means South African Municipal Workers Union.
- **“Subsistence and Travelling”** means costs paid to staff members required to undertake council’s business which involves incurring expenses for travel accommodation meal and other costs for attending conferences, meeting seminars, trainings and conducting other formal council business.
- **“Task”** means the tuned assessment of skills and knowledge.

2. APPLICATION OF THE POLICY

This policy is applicable and binding to both the uMngeni Municipality and all candidates.

3. POLICY OBJECTIVES

- 3.1.1 The Primary Objectives of the recruitment & selection are to ensure high quality candidates are recruited and who are compatible within the municipality and can work towards achieving common shared organisational goals.
- 3.1.2 This staffing policy of the uMngeni Municipality aims at:
- (a) introducing fair and objective principles and procedures for staffing;
 - (b) providing guidelines for the appointment of candidates; Establishing principles and procedures to ensure that uMngeni Municipality adhere to the Employment Equity Plan as approved by the Council;
 - (c) setting out the procedural steps for the advertisement of the vacant post, the selection of applicants for interviews and the appointment of candidates to the permanent staff complement;
 - (d) to engage in a process to improve the representatives of the personnel establishment of the Council to reflect the racial and gender composition of the citizens of Council while recognising the need to focus on customer needs, standards of effectiveness and efficiency in service delivery and an absence of discrimination based on any form of stereotyping;
 - (d) enable the Municipality to recruit suitable qualified experience and skilled candidates to be appointed in specific posts in order to deliver the required

- services to the community and to assist in the optimal development of the municipal area and its residents.
- (e) ensure that process of recruitment, selection, and appointment is objective, transparent and equitable as required by the Employment Equity Act, Labour Relations Act and other applicable legislation.
- (f) establish proper structures and clear responsibilities for the purpose of recruitment.
- (g) establish clear procedures for all role-players in the recruitment process.
- (h) simplify the recruitment process in order to promote overall effectiveness and efficiency.

4. **POLICY STATEMENT**

4.1 Foundational Principles

- 4.1.1 the staffing policy and its implementation will be fundamentally aimed at matching the human resources to the strategic and operational needs of the municipality and ensuring the full utilization and continued development of these employees.
- 4.1.2 each appointment must be rationally and objectively justifiable by reference to the strategic and operational needs of the Municipality.
- 4.1.3 this policy shall exclude section 57 employees and all other posts shall be filled in terms of the procedures as outlined in the policy.
- 4.1.4 the responsibility of the Municipality is to determine the strategic and operational needs of the Municipality, and Section Managers/Departmental Heads and Manager Human Resources are responsible for short-listing to ensure that the vision/mission of the Municipality in terms of the Integrated Development Plan is achieved.
- 4.1.5 all aspects of the staffing, structuring, recruitment, selection, interviewing and appointment of employees will be non-discriminatory and will afford applications equal opportunity to compete for vacant positions, except when advancing the Employment Equity Plan as approved by the Council.
- 4.1.6 with reference to the Constitution of South Africa Act 108 of 1996 as amended and the provisions of Chapter 11 of the Employment Equity Act 55 of 1998, under no circumstances should any person be refused employment on any arbitrary or discriminatory basis, including but not limited to race, gender, sex, pregnancy, marital status, family responsibility, ethnic or social origin, colour, sexual orientation, age, disability, religion, HIV Status, conscience, belief and /or opinion, taking into account the provision of Chapter 111 of the Employment Equity Act, No 55 of 1998.
- 4.1.7 uMngeni Municipality is an employment equity employer, and as such, preference will be given to suitably qualified candidates who are members of designated groups as defined in section (3) of the Employment Equity Act of 1998 as consisting of black people, women and people with disabilities in terms of the employment equity plan and where these groups are underrepresented on the staff structure of the municipality.
- 4.1.8 section 20(4) that stipulates that suitability for a job may be determined grounds of one or any combination of the above. The Municipality may however not discriminate unfairly against a candidate solely on the grounds of that candidate's lack of relevant experience.
- 4.1.9 to distinguish, exclude or prefer an candidate on the basis of an inherent or statutory requirement of a specific job will not be regarded as unfair discrimination.
- 4.1.10 section 15(4), that prohibits an employer to establish an absolute barrier to the prospective or continued employment or advancement of people who are not from designated groups.

5. PROCEDURE

5.1 Employment Equity Act

- (a) uMngeni Municipality must take reasonable steps to consult and reach agreement on matters listed in section 17 of the Employment Equity Act with its employees or representatives nominated by the employees, subject to the provisions of section 16 of the Employment Equity Act.
- (b) uMngeni Municipality must collect information and conduct an analysis in the prescribed form, of its employment policies, practices, procedures and the working environment in order to identify employment barriers which adversely affect people from designated groups in terms of the provisions of section 19 of the Employment Equity Act of 1998;
- (c) uMngeni Municipality must prepare and implement an employment equity plan which will achieve reasonable progress towards employment equity in the Employer's workforce, and such plan shall contain, at the very least, the information listed in section 20(2) of the Employment Equity Act of 1998;
- (d) uMngeni Municipality shall comply with the provisions of section 21 (reporting to the Department of Labour), section 23 (preparation of successive employment equity plans) and all other provisions of Chapter 11 of the Employment Equity Act of 1998.

5.2. Internal procedure that must apply when filling vacancies

- (a) The Job Requisition Form and the Draft Advertisement will be prepared by the Corporate Services Department in terms of job title, post requirements, salary level/notches, purpose of job, minimum required education and relevance experience. Draft Adverts for vacant post will be prepared so that there is no delay once the authority to fill the vacant post is obtained;
- (b) The validated information as referred to above shall form the basis for the advertisement/brief and all advertisements shall clearly state the relevant job requirements, application procedures together with closing dates for the receipt of application. No late applications will be accepted.
- (c) Advertisements to be compiled in accordance with the agreed uMngeni Municipality format; Vacant posts will be advertised internally and externally simultaneously but first preference will be given to internal candidates who are suitably qualified for the posts.
- (d) Internal: Advertisements shall be placed digital (e-mails) and to designated notice boards and fixed term employees qualify to apply as internal candidates;
- (e) Internal/External: Advertisements to be compiled in accordance with uMngeni Municipality's format and approved task job description or task job requirement as appears in section C of the job description;
- (f) All applications shall be on an official uMngeni Municipality's application form which will be available in IsuZulu and English or covering letter attaching Curriculum Vitae;
- (g) The format of the application form should be simple, based on the job related information;
- (h) Records shall be maintained for all applications received in response to advertised posts as well as ad-hoc applications received by Human Resources. Such Records shall be kept for the prescribed period depending on the information, varying from 1-2 years, 2-5 years and 6-10 years.
- (i) Only funded vacancies will be advertised and filled in the formal describe above. There must be a budget for the vacant post.

- (j) Where a vacant post has not been filled for 2 consecutive years it will be removed from the organogram and the relevant head of department must motivate in future for the post to again form part of staff structure.

5.3 Elements of Recruitment and Selection

5.3.1 Recruitment

- (a) Prior to filling a post, the necessity for filling shall be assessed and motivated in writing by the Head of Department to the Municipal Manager or his delegate; provided that the authority to fill vacancies can only be delegated to a Head of Department.
- (b) Prior to the recruitment process commencing, the outputs, skills, knowledge and competencies and stated educational requirements as contained in the competency/ job profile or job description are scrutinised as to relevance and applicability.
- (c) The inherent requirements of the job must reflect the needs of the Municipality and must be appropriate to achieve the business interests of the Municipality.

6 COMPILING THE SHORTLISTING

- 6.1.1 The purpose of compiling a shortlist is to conduct an initial screening of all applicants with a view to identify the most likely candidates for a post.
- 6.1.2 Compiling a shortlist is an integral part of the selection process and the guiding principles in par. 4.1.4 are applicable.
- 6.1.3 A shortlist of candidates should be compiled by the relevant Head of Department, relevant Section Manager and Manager Human Resources in such a manner that all candidates who meet the essential requirements are shortlisted except for over-represented external candidates. In the event of there being many qualifying candidates, the candidates who meet the recommended requirements as well as essential requirements may be shortlisted.
- 6.1.4 The maximum number of short-listed candidates should not exceed 7 applicants for the advertised post.
- 6.1.5 Where the number of candidates that meet the requirements for the post and exceed the maximum number as per 6.4 then the selection committee can determine objective criteria applicable to all candidates to further limit the number of short-listed candidates.

7. SELECTION

7.1 General Principles Governing Selection

- (a) Selection criteria shall be objective and related to the inherent requirements of the job and realistic future needs of the Municipality.
- (b) The central guiding principle for selection shall be competence in relation to the inherent requirements of the job provided that selection shall favour, as determined by the targets, suitably qualified applicants as defined in section 20[3] of the Employment Equity Act.
- (c) Unless formal or statutory qualifications are clearly justified as essential for the job, relevant experience/performance, training[internal/external] as reflected and measured through competence, and potential for the prospective vacancy, be an important criterion.
- (d) Canvassing, i.e. attempting to solicit the influence of any person who could suitably influence the selection process by job applicants, for posts with the Council's service, is

prohibited and evidence thereof will disqualify the applicant's application for consideration for appointment.

8. SELECTION PANEL

8.1 The selection process will be conducted by a Selection Panel consisting of the following:

- (a) relevant Head of Department his/her nominee
- (b) relevant Section Manager his /her nominee
- (c) Human Resources Manager his /her nominee
- (d) and employee representatives (IMATU and SAMWU) each with observer status.
- (e) The Municipal Manager may in respect of certain posts change the composition of the selection panel and may even appoint skilled officials in the specific area of the job from other municipalities to form part of the panel.

9. SELECTION AND ASSESSMENT METHODOLOGY

9.1 The Municipality will only make use of the assessment techniques which

- a) Have been shown to be valid and reliable
 - b) Can be applied fairly on all employees
 - c) Are not biased against any employee or group.
- a. All parties will uphold the strictest confidentiality in respect of any information supplied.
 - b. The assessment process is an integrated process and the final decision shall be based on the results of the whole process.
 - c. The Human Resource function is responsible for ensuring the integrity of the assessment process and the use and application of assessment techniques.
 - d. Medical testing will only be utilized if required or permitted by legislation or if it is justified in the light of medical facts with regard to the inherent requirements of the job.
 - e. Reference checking: Pre-screening to validate information on the Curriculum Vitae and /or application form will be conducted in relation to the inherent requirement of the job.
 - f. The following references will be contacted to verify the employment history of the applicant – qualification verification
 - (a) current employer
 - (b) previous employer
 - (c) references given by applicant.

10. THE SELECTION DECISION

- a. The selection decision is based on the assessments of the candidates in conjunction with section 20 (3) and particularly 20(3) of the Employment Equity Act and in the context of Municipality requirements.
- b. Targets, based on the Employment Equity Plan of uMngeni Municipality will be set to guide the preferential order of appointment at the Municipality.

11. HEADHUNTING

- i. Headhunting is defined as the process of selecting individuals with a proven track record to apply for the vacant post based on qualifications, experience and skills.

- ii. Headhunting is done for scarce skills or when a full recruitment process has been completed and no competent candidate could be found to fill the vacant post for the full recruitment process.
- iii. Headhunting will be done provided the post has been advertised twice and no suitable candidate to be appointed.
- iv. The headhunt process includes the shortlisting process and all candidates headhunted, shall be subjected to a practical test and interview as prescribed by the Policy.

12. RATING

- 12.1 All rating of candidates against the identified competencies to be done on the basis of a standardised methodology and the selection panel to be trained in such methodology.
- 12.2 The candidate with the highest rating in terms of the battery of assessment used will be appointed to the relevant post taking into consideration the employment equity targets for the specific post.
- 12.3 In the event that the first preferred candidate turns down the appointment then the second candidate may be approached subject to the outcomes of the battery of assessments.

13. APPOINTMENTS

- 13.1 Appointment will vary depending on the needs of the municipality and may include the following:
 - a) permanent
 - b) fixed term contracts
 - c) learnership
 - d) internships
 - e) in-service training
 - f) temporary appointments (not exceed a maximum period of 3 months)

14. APPOINTING AUTHORITY

- a. The responsibility for the appointment of personnel rests with the Municipal Manager of the employer or his/her delegated designee(s) in terms of section 55(1) (e) of the Local Government Act, 2000 (Act 32 of 2000).
- b. The Municipal Manager can exercise his / her discretion to negotiate remuneration package with prospective applicants having critical skills, competencies, qualification and experience if the salary / package is higher or equivalent compared to what was the salary / package that the candidate currently earns is higher or equivalent to the remuneration package offered by the municipality subject however such offer is aligned to any negotiated collective agreement and salary scales and must be done prior to accepting the job offer.

15. GENERAL REQUIREMENTS FOR APPOINTMENT OF STAFF

- 15.1 No person may be appointed as a staff member on a fixed-term contract, permanent basis, or probation, to any post on the approved staff establishment of a municipality, unless her or she;
- (a) is a South African citizen, permanent resident or foreign national with a valid work permit; and
 - (b) possesses the relevant competencies, qualification and experience.

16. COMPETENCY REQUIREMENTS FOR STAFF

- (i) A person appointed as staff member in terms of this policy must, where applicable –
 - (a) have the necessary competencies; and
 - (b) comply with the minimum requirements for education qualifications, work experience and knowledge.

17. APPOINTMENT OF SUPPORT STAFF TO OFFICES OF PUBLIC OFFICE BEARERS

- (1) A person appointed to a post on the approved staff establishment in order to support the office of a public office bearer must either be –
 - (a) seconded from a post on that municipality's approved staff establishment or another municipality's staff establishment; or
 - (b) appointed on a fixed-term contract of employment linked to the term of office of the public office bearer.
 - (c) The normal recruitment processes may not be applicable where these candidates are appointed and the relevant office bearer may submit his/her preferred candidate for such appointment.
- (2) The duration of the secondment or fixed-term employment contract contemplated in this policy (1), may not be longer than 30 days after the public office bearer vacates office.
- (3) The termination of any fixed term contract prior to the agreed termination date can only be done through the normal process of disciplinary action for misconduct, poor performance and incapacity ill health after following due process in terms of applicable legislation and collective agreements applicable.

18. APPOINTMENT OF FIXED TERM CONTRACT EMPLOYEES

- 18.1 The need for contract posts of a short term (i.e less than a year) arise from time to time and are primarily required to ensure that Departments and Divisions are able to ensure that operational requirements can be addressed quickly in the short-term.
- 18.2 The Municipal Manager will approve appointments of an individual on a contract basis for 3 months, usually in response to the following and within the parameters laid down in the Labour Relations Act, Section 198b (2014):
- 18.3 As a substitute for an employee who is temporarily absent due to extended sick leave, maternity leave, academic leave and long leave provided such leave does not exceed 3 months for staff who earn below the earning threshold.

- 18.4 For work that has a limited or definite duration not exceeding 3 months or a temporary increase in the volume of work not exceeding 3 months for staff who earn below the earnings threshold.
- 18.5 For students or recent graduate who is employed for the purpose of being trained or gaining work experience in order to enter a job or profession. – (3 months – 24 months).
- 18.6 Against a current vacancy whilst the recruitment and selection process for filling the post is underway. In this instance, contracts shall not be issued for a period of more than three months at an individual level. i.e such contracts may not be successive.
- 18.7 The municipality may, in exceptional circumstances and within its administrative and financial capacity, appoint a person or persons on fixed term contract without adhering to the procedures and processes as contained in this policy.
- 18.8 The application of this policy is subject to the provisions of section 198B of the Labour Relations Act.
- 18.9 No manager or supervisor can create an expectation with an employee that the contract will be renewed or that the said employee will be permanently appointed.

19. OFFER OF APPOINTMENT

- 19.1 An appointment letter must be issued by HR Section after the recommendation for appointment is approved by Municipal Manager.
- 19.2 Where a candidate does not accept the offer of employment, the second recommended candidate will be issued an appointment letter.
- 19.3 If the second preferred candidate turns down the appointment, the post will be re-advertised.

20. RE-EMPLOYMENT OF DISMISSED STAFF

- (1) A person who was dismissed from a municipality for any reason stated in column B of the table in Annexure A, may not be employed in any municipality before the period set out in column C of the table has expired.
- (2) Despite section (1), a person who has lodged a dispute in terms of any applicable legislation, may be appointed subject to the outcome of the dispute.
- (3) The periods set out in column C of the table in annexure A, run concurrently in respect of a person who was dismissed for more than one category of misconduct set out in column B of the table in Annexure A.
- (4) A municipality must maintain a record of staff dismissed for misconduct and staff who resigned prior to the finalisation of any appointment process.
- (5) The record must contain-
 - (a) the full names and identity number of the person
 - (b) the title of the post that the person occupied;
 - (c) the nature of the misconduct;
 - (d) the date of suspension, if any;
 - (e) the conditions of suspension, if any;
 - (f) the date on which misconduct was referred to a disciplinary hearing or pre-dismissal arbitration;
 - (g) the date of commencement of the disciplinary hearing or pre-dismissal arbitration;

- (h) the finding;
- (i) whether a dispute was referred to the bargaining council or the Labour Court;
- (j) the costs incurred by the municipality; and
- (k) the date of resignation or dismissal of the person.

21. PROBATION

- (1) The appointment of a person contemplated in this policy must be effected on a minimum probationary period of three months and a maximum probationary period of 12 months.
- (2) The probationary period must be determined on the basis of the job requirements and the minimum period required to establish whether performance is satisfactory or not.
- (3) The period of probation excludes the number of days for which leave has been taken by the staff member during the period of probation or any extension thereof:
- (4) The municipal manager or his or her delegate must-
 - (a) inform the staff member within the first two weeks of employment of that member's performance requirements;
 - (b) ensure that the staff member completes the municipality's induction programme; and
 - (c) assess the staff member's performance; and provide the staff member with feedback on a quarterly basis on that member's performance.
 - (d) If a staff member's performance is not satisfactory, the municipal manager or his or her delegate must advise the staff member of any aspects in terms of the post that the staff member is not meeting and to allow the staff member to improve in these areas member is considered to be failing to meet.
- (5) If the municipal manager or his or her delegate believes that the staff member's performance does not meet the required standards, he or she may extend the probationary period or dismiss the staff member, provided that-
 - (a) the staff member shall first be first given a reasonable period of time of assessment, training, guidance or counselling; and
 - (b) the staff member's performance continues to unsatisfactory after a reasonable period has been given to the staff member to improve his or her performance.
- (6) Despite sub-clause 6, the municipal manager or his or her delegate may extend the probationary period by a period not exceeding six months, in order to afford the municipality an opportunity to further assess the staff member's performance.
- (7) Within one month after the completion of the probationary period, the municipal manager or his or her delegate must-
 - (a) Confirm the appointment if –
 - (i) the staff member's performance during the probationary period was satisfactory; and
 - (ii) the staff member complied with all the conditions of the probationary appointment;
 - (b) Subject to the Labour Relations Act, terminate the appointment if-
 - (i) the staff member's performance was not satisfactory during the probationary period; and
 - (ii) the staff member did not comply with all conditions of the probationary appointment.

22. PROMOTION

- 22.1 A staff member who is appointed in accordance with this clause to a post in a municipality that is higher in salary level or job grade than the one that he or she previously occupied in that municipality is deemed to be promoted to that post.
- 22.2 A staff member who is promoted does not forfeit his or her years of service and the benefits which accrued from those years of service.

23. TRANSFER OF STAFF

- 23.1 A municipality may transfer any staff member in the service of that municipality to any equivalent post in the municipality or, subject to section 197 of the Labour relations Act, to an equivalent post in another municipality.
- 23.2 A staff member may only be transferred-
- (a) If the staff member requests or consents, in writing, to the transfer; or
 - (b) In the absence of consent, if the transfer is fair taking into consideration-
 - (aa) The operational requirements of the affected institutions, including whether the transfer of the staff member would address such requirements;
 - (bb) Written representations from the staff member prior to the proposed transfer; and
 - (cc) The extent to which the interested and circumstances of the staff member be fairly accommodated.
- 23.3 The salary and other conditions of service of a staff member may not be adversely affected by a transfer under this policy without the written consent of that staff member.
- 23.4 A staff member contemplated in this regulation may not be demoted, promoted or transferred to a position at a level which is lower or higher than the staff members current post level.

24. SECONDMENT OF STAFF TO ANOTHER MUNICIPALITY

- 24.1 A municipality may second a staff member with relevant competencies to act in a post that is vacant in another municipality.
- 24.2 The municipalities must conclude a written agreement regarding the secondment that specifies-
- (a) the municipality responsible for the costs of secondment;
 - (b) the duration of the secondment, which may not in each case exceed a period of twelve months;
 - (c) the person to whom the secondment staff member must report;
 - (d) the place at which the seconded staff member must work; and
 - (e) the new job description of the seconded staff member.

25. SECONDMENT OF OTHER GOVERNMENT EMPLOYEES TO MUNICIPALITY

- 25.1 A municipality may request national or provincial government, another municipality or any state organ as the case may be, to second a person with the relevant competencies to act in a vacant post for a specified period or until such time that a suitable candidate has been appointed: Provided that the relevant legislation, terms and conditions of service of the person apply.
- 25.2 The parties contemplated in sub-clause (1) must conclude a written agreement regarding the secondment that specifies the issues that out in clause (24)
- 25.3 The municipality must inform the MEC of any such secondment and the terms and conditions associated with the secondment

26 . FEEDBACK TO CANDIDATES.

- 26.1 Corporate Services Department will on request, provide feedback to unsuccessful short-listed candidates for career development purposes.
- 26.2 When specifically requested, applicants for advertised posts will be informed in writing of the outcome of the selection process in regard to their application. The Corporate Services department informs the successful candidates and makes a verbal employment offer (remuneration, benefits, commencement dates) All non successful short-listed candidates will be informed of the the outcome of the interview by HR.
- 26.3 All persons appointed to the Municipality accept the appointment by way of signing the employment contract prior to commencement of duties.
- 26.4 Enquiries from unsuccessful candidates are dealt with by the Corporate Services Department

27. RECORD KEEPING

- 27.1 Adequate record keeping of the entire selection process need to be maintained, including selection and short-listing criteria; reason for inclusion/exclusion of candidates; structured interview guide; copies of all other assessments utilised; comprehensive notes on assessments of each candidate; assessment ratings; reference checks. As in the recruitment process, these records need to be maintained for the prescribed period.

28. REFERENCES AND PERSONAL CREDENTIAL VERIFICATION

- 28.1 Reference checks and personal credential verification shortlisted for candidates must be conducted by-
 - (a) Verifying the candidate's suitability for the job with the current or previous employer;
 - (b) Establishing the validity of candidate qualifications and any other verification required by the position before appointment;
 - (c) Determining whether the candidate has been dismissed previously for misconduct or poor performance by another municipality or employer, and, if so, the nature of that misconduct or poor performance; and

(d) Verifying any other additional personal credentials as may be required by the nature of the job such as criminal records, identification document, security clearance and, where necessary, credit checks.

28.2 A written report on the outcome of the reference checks and personal credential verification must be compiled and considered before the appointment is concluded.

28.3 Despite sub-clause (1)(a), a candidate who does not have a previous employment record may not be disqualified as a candidate for appointment for an advertised post.

29. CONFIDENTIALITY

29.1 Any breach in confidentiality will be viewed in a serious light and will result in appropriate disciplinary action.

30. SUBSISTANCE AND TRAVEL ALLOWANCES FOR PERSONS INVITED FOR INTERVIEWS

30.1 The Municipality, subject to the approval of the Municipal manager will cover shortlisted candidates' travel and accommodation expenses, if and when justifiable

30.2 Where shortlisted candidates have paid for their expenses in advance, with the prior approval of the Municipality, the shortlisted candidates will be reimbursed by the Municipality for reasonable expenses incurred.

30.3 The contract of employment shall include the undertaking to repay such expenses in the event of the incumbent resigning within 12 months of service.

30.4 At the onset of the recruitment process, shortlisted candidates will be requested to sign and undertaking of reimbursement of expenses incurred by the municipality should he/she not accepted the position.

30.5 In all arrangements for accommodation and travelling of candidates attending the competency / practical test and / or interview, the most practical and economical method should be used for accommodation and transport, taking all factors into consideration.

30.6 An applicant who uses private transport shall be paid the equivalent of the avoided air ticket cost, which would have been paid in the event of air travel being the most economical and practical means of transport, on condition that such person may not claim subsistence cost for a longer period that would have been applicable in the case of air travel.

30.7 Payment of Travel and Subsistence, will be applicable where the competency practical test and /or interview entails one or more night to be spent away from home, with the understanding that all personal expenses are covered by the subsistence allowance. No further expenses shall be paid. The subsistence allowance will be calculated according to the Travel and Subsistence Policy.

30.8 Subsistence and travel allowance for posts on all post levels will only be paid to shortlisted and successful candidate(s) once the successful candidate accepted the post and started working.

31.RELOCATION AND REMOVAL EXPENSES

- 31.1 The Municipality, subject to the approval of the Municipal Manager will cover the cost of the temporary accommodation of the relocating successful candidate for a maximum period of two months and/or a maximum value of R14 000.00.
- 31.2 In the event of the successful candidate requiring the service of a removal company, the normal SCM procedures will be adopted or in the event that the employee has paid his/her own removal costs, the municipality will reimburse such reasonable costs. The municipality must have insight in the appointment of transport company as this could result in huge costs.
- 31.3 The contract of employment shall include the undertaking to repay such expense in the event of the incumbent resigning within 12 months of services.
- 31.4 The municipality will cover removal costs where the prospective employee lives more than 250 km from the municipality.

32 SELECTION OF FIXED TERM CONTRACTS

- 32.1 The Selection Panel for fixed term contract employees will be comprised of: Relevant Head of Department or his/her nominee Relevant Section Manager or his/her nominee Manager HR or his/her nominee. One Trade Union Representative with an observer status.
- 32.2 The Selection Panel shall determine the criteria to select the applicants from time to time which is transparent and fair.

33. NEPOTISM

- 33.1 In order to ensure integrity & professionalism during recruitment and selection process. Selection panel members must declare their conflict of interest.

34. IMPLEMENTATION OF THE POLICY

- 34.1 The implementation of this policy will be determined by council which is 1 July 2024

35. DEVIATION FROM THIS POLICY

- 35.1 The Municipal Manager may deviate from the provisions of this policy where there is an existence of a *bona fide* organisational requirement but it must be motivated in writing and filed.

36. DISCIPLINARY PROCESSES

- 36.1 Any candidate appointed to a post and if later discovered some information is false pertaining to the application as such was not picked up during the reference and integrity checks will be subject to disciplinary process and services can be terminated if found guilty.

37. DISPUTES

- 37.1 Any person or party may refer a dispute about the interpretation or application of this policy in terms of the SALGBC Main Collective Agreement.

38. **INDUCTION**

38.1 All newly appointed employees will participate in the Municipality's Induction Process.

38.2 Existing employees may go through a process of re-induction.

uMNGENI MUNICIPALITY



DRAFT EMPLOYMENT EQUITY POLICY

2024-2025

DATE OF ADOPTION: 28 MARCH 2024

DATE OF IMPLEMENTATION: 1 JULY 2024

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1. DEFINITIONS

Any expression or word used in this Employment Equity Policy which is defined in the Employment Equity Act 55 of 1998 shall have the same meaning as in the Employment Equity Act 55 of 1998 unless defined otherwise herein. In this Policy, unless the context and intention indicates otherwise:

- “**affirmative action measures**” means measures designed to ensure that suitably qualified people from designated groups have equal employment opportunities and are represented in all occupational levels in the workforce of the uMngeni Local Municipality. Such measures include the preferential treatment of designated groups;
- “**black people**” is a generic term meaning African, Coloured and Indian persons;
- “**candidate**” means an applicant for employment;
- “**code of good practice**” means a document issued by the Minister of Labour in terms of section 54 of the Employment Equity Act 55 of 1998;
- “**collective agreement**” means a written agreement concerning terms and conditions of employment or any other matter of mutual interest concluded by or in terms of the South African Local Government Bargaining Council (SALGBC);
- “**designated group**” means black people, women and people with disabilities who –
 - are citizens of the Republic of South Africa by birth or descent or became citizens of the Republic of South Africa by naturalisation
 - before 2 April 1994; or
 - after 26 April 1994 and who would have been entitled to acquire citizenship by naturalisation prior to that date but who were precluded by apartheid policies;
- “**disadvantaged persons**” means persons or categories of persons disadvantaged by past or present unfair discrimination;
- “**dispute**” includes an alleged dispute;
- “**people with disabilities**” means people who have a long-term or recurring physical, mental, intellectual or sensory impairment which, in interaction with various barriers, may substantially limit their prospects of entry into, or advancement in, employment;
- “**suitably qualified person**” means a person who has the abilities, formal qualifications, relevant experience or potential to acquire, within a reasonable time, the skills and competencies necessary to perform a particular job.

All terminology not defined under clause 2 of this policy shall bear the same meaning as in the applicable legislation.

2. PREAMBLE

2.1 The uMngeni Local Municipality (hereinafter referred to as the “ULM”) which recognises the injustices of the past, believes that this Policy sets out to heal the divisions caused by such injustices and to build a workforce based on democratic values, fair labour practices and fundamental human rights.

Local governance entails transformation in the form of reconstruction, democratisation, and development. It is recognised that affirmative action and employment equity form an integral part of this overarching transformative spirit. At the heart of this is

the implementation of the provisions of the Employment Equity Act 55 of 1998. The uMngeni Local Municipality shall implement comprehensive employment equity measures to redress historic and existing inequalities, imbalances, prejudices and injustices in the workplace by:

- (a) ensuring equal employment opportunity practices;
- (b) enforcing the right of fundamental equality and opportunity between men and women

- (c) in employment as well as the right of every person to be protected against

- (d) employment discrimination on the grounds of race, gender, sexual orientation, pregnancy, family responsibility, HIV status, ethnic or social origin, colour, age, culture, religion, conscience, belief, birth, political opinion, language, marital status, disability or economic status and
- (e) committing itself to a consultative process of implementing affirmative action and employment equity to redress past imbalances and identifying the skills across the various occupational categories required in the future to ensure the attainment of a socially responsible, efficient and racially integrated workforce, representative and sensitive to the needs of the community.

3. PURPOSE

3.1 The purpose of this Employment Equity Policy is to provide:

- (a) A framework for implementing the purpose of the Employment Equity Act 55 of 1998.
- (b) A framework for implementing and monitoring Affirmative Action measures promoting fair treatment in employment, equal opportunity and redress barriers experienced by designated groups in employment.
- (c) A basis for promoting equality, diversity and transformation through elimination of unfair discrimination and empowerment of designated groups to reflect the uMngeni Local Municipality demographics. To this extent the Municipality commits itself to a recruitment and selection process that is fair, non-discriminatory, and accessible thereby enabling a representative workforce.

4. LEGAL FRAMEWORK

4.1 The Employment Equity Policy is mandated and informed by the following authoritative and persuasive sources of law:

4.1.2 International Law: United Nations Convention on the Rights of Persons with Disabilities and Optional Protocol;

4.1.3 Constitution of the Republic of South Africa, 1996: Chapter 2 entails the Bill of Rights (BoR), Section 9 is entitled "Equality" thereby lays down that everyone is equal before the law and has the right to equal protection and benefit of the law;

- (a) Employment Equity Act 55 of 1998;
- (b) Labour Relations Act 66 of 1995;
- (c) Basic Conditions of Employment Act 75 of 1997;
- (d) Promotion of Equality and Prevention of unfair Discrimination Act 4 of 2000;
- (e) Occupational Health and Safety Act 85 of 1993;
- (f) Local Government: Municipal Systems Act 32 of 2000;

- (g) Local Government: Municipal Structures Act 117 of 1998;
- (h) Local Government: Municipal Finance Management Act 56 of 2003;
- (i) Skills Development Act 97 of 1998;
- (j) Skills Development Levies Act 9 of 1999;
- (k) South African Qualifications Authority Act 58 of 1995;
- (l) South African Local Government Bargaining Council (SALGBC) Collective Agreements;
- (m) White Paper: Affirmative Action in the Public Service;
- (n) White Paper on the Transformation of Public Service;
- (o) White Paper on the Rights of Persons with Disabilities, dated 9th December 2015;
- (p) National Development Plan;
- (q) Local Government: Regulations on Appointment and Conditions of Employment of Senior Managers, dated 17th January 2014;
- (r) Employment Equity Regulations, 2014
- (s) Code of Good Practice on the Preparation, Implementation and Monitoring of Employment Equity Plans;
- (t) Code of Good Practice on the Handling of Sexual Harassment Cases in the Workplace;
- (u) Code of Good Practice on the Integration of Employment Equity into Human Resource Policies and Practices;
- (v) Code of Good Practice on HIV and AIDS and the World of Work;
- (w) Code of Good Practice on the Employment of People with Disabilities;
- (x) National Skills Development Strategy;
- (y) National Qualifications Framework; and
- (z) UMngeni Local Municipality's Delegations of Authority.

5 SCOPE AND APPLICATION

- 5.1 This Policy applies to the uMngeni Local Municipality, all its employees and the candidates who apply for employment within the uMngeni Local Municipality, including designated groups and non-designated groups.

6. OBJECTIVES OF THE POLICY

The broad objectives of the Employment Equity Policy are as follows:

- 6.1. To address under-representation of designated groups across all occupational categories and levels in the workforce.
- 6.2. To identify and develop strategies for the elimination of employment barriers in the employment policies and practices of the Municipality.
- 6.3. To develop operations-oriented strategies for the achievement of numerical goals and timetables for the implementation of affirmative action measures, taking into account the mission of the uMngeni Local Municipality.
- 6.4. To transform the uMngeni Local Municipality as far as possible into an equal opportunity institution by employing a workforce that shall reflect the demographic profile of the municipal area of the uMngeni Local Municipality.
- 6.5. To empower members of designated groups economically.
- 6.6. To promote openness and encourage inclusivity in the consultation process relating to employment equity, as contemplated in the Employment Equity Act 55 of 1998.
- 6.7. To create and establish an environment within the uMngeni Local Municipality, as a workplace, that lends itself to equal access and opportunities for growth and development to designated groups.
- 6.8. To ensure skills development and accelerated development by advancing and promoting the successful implementation of equity targets reflected in the National Skills Strategy of South Africa.

- 6.9. To confirm the uMngeni Local Municipality's commitment towards the implementation of employment equity and affirmative action measures.
- 6.10. To establish procedures to address and resolve disputes regarding the implementation and enforcement of employment equity.
- 6.11. To establish procedures for monitoring and enforcing the implementation process.

7. EMPLOYMENT EQUITY VALUES

- 7.1 The successful implementation of equity and attainment of equality will be guided by the following values:
- (a) Redress of past imbalances;
 - (b) Development and implementation of an Employment Equity Plan that is "smart";
 - (c) Participatory management of change: Efficiency and effectiveness characterised by high quality standards, performance and professional ethics;
 - (d) Partnership, cooperation and meaningful, effective consultation with all relevant stakeholders;
 - (e) Creation of a climate conducive to transformation and change;
- Embracement and celebration of diversity; and Compliance with the laws applicable in the Republic of South Africa.

8. POLICY CONTENT

- 8.1 The responsibility for implementing affirmative action measures and ensuring compliance with the provisions of the Employment Equity Act 55 of 1998 rests with the Municipal Manager or his / her delegated assignee(s). Affirmative action Measures have been identified and developed to address employment barriers and under-representation identified during the analysis and review of employment policies, practices, procedures and the working environment of the Municipality. The measures relate to, but are not limited to the following:

8.1.1 Affirmative Action Measures

(a) Increasing the pool of available candidates

A policy on recruitment has been adopted which provides for the internal and external recruitment of suitable candidates from designated groups. A concerted effort will further be made to increase the level of interest of potential candidates from designated groups in applying for vacancies. The appointment of interns/students/temporary workers within under-represented groups may ensure a permanent representative workforce in future.

(b) Appointment of employees from designated groups

Existing policies have been scrutinised to identify employment barriers to members of designated groups. Appointment and selection policies should increase the possibility of appointing candidates from designated groups in employment categories and levels where they are under-represented. This would include transparent, fair and unbiased selection criteria. These would help contribute to the appointment of suitable candidates from designated groups. Further efforts will include:

- (a) The review of employment application forms and contracts so that all discriminatory or prejudicial provisions and clauses are removed.

Increased awareness that psychometric tests and evaluation methods tend to be culturally biased and discriminatory and have low predictive validity of true ability of candidates to perform in a work environment.

The use of competency-based recruitment and selection methods whereby the potential of the candidate and the ability to perform the job plays an increasingly prominent role.

Compliance with numerical targets and annual benchmarks.

The advancement of designated groups, but bearing in mind that the Municipality will not resort to window-dressing, tokenism and favouritism.

Recognising that the appointment of members of designated groups will help create a more diverse workforce, which holds social and economic benefits for the Municipality.

Training and development of people from designated groups

Training, within available means and resources, should be provided to members of designated groups where particular skills do not exist. The Municipality recognises the obligations placed on it by the Skills Development Act 97 of 1998 to train and develop employees and has adopted structured training programmes for employees.

These programmes could include:

1. Bursaries for secondary and tertiary education;
2. Job-related training;
3. Training in line functioning, management, and supervisory skills;
4. Learnerships;
5. Internship;
6. Coaching;
7. Mentorship or mentoring programmes or mentorship;
8. Skills programmes; and
9. Diversity management or diversity training.

Access to training by members of designated groups, including accelerated training for new recruits is, within the available means and resources, necessary since their development is seen as a long-term upliftment measure against a temporary corrective measure. The eventual goal is the outcome-based nature of the training provided and the purpose of the training to accelerate the advancement of designated groups within the Municipality.

(c) *Retention of people from designated groups*

The Municipality is committed to lowering workforce turnover rates and increasing retention rates of designated groups by conducting and considering a labour turnover analysis. Accordingly, the Municipality has adopted a new policy regarding exit interviews in order to enable the Municipality to develop further strategies regarding the retention of people from designated groups by determining the reasons why people from designated groups terminate their services with the Municipality. Additionally, the Municipality should conduct regular assessment of staff morale by means of climate surveys. These tactics will enable the Municipality to compete successfully with other employers in an effort to obtain and retain the services of people from designated groups.

(d) *Reasonable accommodation for people with disabilities*

The Municipality recognises reasonable accommodation measures for people with disabilities, with specific reference to adapt physical facilities that will be implemented gradually and progressively within available means and resources. This would form part of an enabling environment for people with disabilities to participate fully within the working environment and improve municipal productivity.

Special attention will be given to the employment and career development of people with disabilities.

(e) *Meaningful participation in strategic decision-making processes*

The Municipality should ensure that candidates from designated groups have the opportunity to be appointed and promoted in positions where they will be able to participate meaningfully in the decision-making processes of the Municipality. The recruitment policy regime would require candidates to be suitably qualified for positions into which they will be appointed in accordance with the Employment Equity Act 55 of 1998. A conscious effort should be made to avoid all forms of tokenism.

(f) *Steps to ensure that the corporate culture of the past is transformed in a way that affirms diversity in the workplace and harness the potential of all employees*

The Municipality also recognises the importance of managing a diverse, multiracial and multicultural workforce for the purposes of ensuring the maximum utilisation of all employees. This includes reducing negative stereotyping and discrimination, creating an acceptable and welcome environment, and the integration of affirmative action programmes with general management practices and strategies to the extent of sensitising employees with regard to grounds of discrimination such as race, diversity, gender, disability and religious accommodation.

(g) *Corrective Measures to Eliminate Barriers Identified During the Analysis*

Employment policies and practices are continuously reviewed by the Municipality in order to remove any possible discriminatory content, to eliminate employment barriers from the policies and practices, and to allow for the definition of suitably qualified candidates as contained in the Employment Equity Act 55 of 1998 to serve as standard for selection. The affirmative action measures implemented at the Municipality are designed to prevent the creation of absolute barriers for the appointment or promotion of persons from non-designated groups, and care is taken to ensure that the measures adopted do not discriminate in any way against persons from the non-designated groups.

(h) *Numerical Goals*

A numerical analysis shall be carried out to determine the representation of employees in every employment level and job category. This analysis will enable the Municipality to set quantitative targets which are realistic and attainable given the particular circumstances of the Municipality as an employer. Numerical goals shall be developed for the appointment and promotion of people from designated groups in order to address under-representation of designated groups, thereby increasing their representation in each occupational category and level in the municipal workforce and to make the workforce reflective of the relevant municipal demographics. The following factors shall be taken into consideration in developing the numerical goals:

The degree of under-representation of designated employees in the various employment categories at the Municipality as determined by the numerical analysis;

- 1 Current and planned vacancies;
- 2 The pool of suitably qualified persons from designated groups, from which the employer may be reasonably expected to draw for recruitment purposes;
- 3 The labour turnover rate at the Municipality must be determined to guide the implementation rate of affirmative action measures and the setting of numerical goals; and
- 4 Other factors as contained in Item 8.4 of the Code of Good Practice.

(i) Consensus

The representative unions and the management structures of the Municipality must be involved in the consultation process surrounding the numerical analysis, the review of employment systems and policies and the drafting of the Employment Equity Plan. Parties should strive to reach consensus during the consultation process. Workshops, attended by representative trade unions and management, may be held to *inter alia* inform and educate all parties as to the process to be followed and the roles to be played.

(j) Employment Equity Consultation Forum and Composition

Regard being given to Item 7.2.8 of the Code of Good Practice: Employment Equity Plans, an Employment Equity Consultative Forum shall be established to consider progress reports and meet on a regular basis. Such meetings should take place at reasonable intervals in order to ensure feedback and inform ongoing implementation. The forum shall be constituted as follows:

1. All General Managers
 2. trade unions representatives nominated by the trade unions; (i.e 1 from IMATU and 1 from SAMWU);
and
3. Employees from both designated groups and non-designated groups across all occupational categories and levels of the workforce. The Municipal Manager shall ensure representation and appointment of employees from all these designated groups, occupational categories and levels.

9. IMPLEMENTATION, MONITORING AND EVALUATION

In agreement with section 20 of the Employment Equity Act 55 of 1998, the uMngeni Local Municipality shall prepare and implement an Employment Equity Plan (EE Plan) in order to achieve reasonable progress towards employment equity within the workforce.

The Human Resources Division shall monitor and evaluate a human resources database and track trends in promotion, recruitment, exits, staff profiles, training and development.

A report detailing the identification and analysis of employment barriers of designated groups, progress with the implementation of employment equity, with specific reference to achievement of numerical goals,

has to be compiled as and when required and discussed with the relevant stakeholders, in particular the organised labour.

A report regarding preparation, development of and consultation around the Employment Equity Plan of uMngeni Local Municipality is to be compiled. There must be meaningful consultation with relevant stakeholders, in particular the organised labour, in the preparation and development of an Employment Equity Plan.

A report, in a prescribed format, detailing the progress made in implementing the Employment Equity Plan, shall be submitted to the Department of Labour at least once every year, on such a date as may be determined and, as and when required. The summary of the report shall be entailed (published) in the uMngeni Local Municipality's Annual Report.

10. ROLES AND RESPONSIBILITIES

Employment equity is the strategic initiative and management function of the uMngeni Local Municipality. The Municipal Manager, as the Accounting Officer and Head of Administration, accepts the overall accountability of employment equity. This Policy confirms the Municipal Manager as the highest administrative authority on issues relating to employment equity for employees other than the s56/s57 Manager-appointments.

The Municipal Council of uMngeni Local Municipality, acting in consultation with the Municipal Manager, is the highest executing authority on employment equity appointments pertaining to senior managerial appointments, alternatively known as s56/s57 appointments.

The General Manager Corporate Services takes responsibility for driving employment equity and champions it at senior management echelons.

In terms of section 24 of the Employment Equity Act, one or more senior managers must be assigned to take responsibility for monitoring and implementing an employment equity plan. Reasonable steps must be taken to ensure that the managers perform their functions. The General Manager shall be directly responsible for the implementation of employment equity in their respective departments with the aim of promoting designated groups and equality for all.

11. RECORD KEEPING

A copy of all relevant employment equity documents must be kept at Human Resource Management Division for perusal by employees of the Municipality.

12. COMMUNICATION AND ADVOCACY

Circulars, messages and notices on notice boards will be utilised in order to inform all employees and stakeholders of the availability of employment equity documentation.

Copies of employment equity documentation will also be distributed to the parties that took part in the consultation processes and placed in prominent places accessible to all employees including satellite offices.

Copies of the most recent annual report submitted by the uMngeni Local Municipality to the Department of Labour must be placed in prominent places accessible to all employees including satellite offices.

13. BUDGET AND RESOURCES

The financial and resource implication/s related to the implementation of this Policy shall be qualified and quantified by the Budget and Treasury Department working in conjunction with the Human Resources Management Division.

14. NON-COMPLIANCE

Unreasonable non-compliance with any of the stipulations contained in this policy may result in and/or be dealt with in terms of the applicable municipal Disciplinary Code.

15. DISPUTE RESOLUTION

- 15.1 If there is a dispute about the interpretation or application of this Policy, the disputant or aggrieved party shall refer the dispute or grievance to: The Employer in terms of the applicable Grievance Procedure;
- 7.1 South African Local Government Bargaining Council, if the dispute falls within its jurisdiction, or the CCMA, if the dispute falls within its jurisdiction, for conciliation;
 - 7.1 arbitration, if the dispute remains unresolved with parties to the dispute consenting to arbitration; and
 - 7.2 competent court(s) in terms of the applicable laws of the Republic of South

8. APPLICATION OF THIS POLICY WHEN IN CONFLICT WITH THE EMPLOYMENT EQUITY ACT 55 OF 1998

- 16.1 If any conflict relating to a matter dealt with in this Policy arises between this Policy and the provisions of the Employment Equity Act 55 of 1998, the provisions of the Employment Equity Act 55 of 1998 shall prevail.

9. IMPLEMENTATION OF THIS POLICY

- 17.1 The implementation of this policy will be determined by council which is 1 July 2024.

uMNGENI MUNICIPALITY



DRAFT TASK JOB EVALUATION POLICY FOR MUNICIPALITIES

2024-2025

DATE OF ADOPTION: 28 MARCH 2024

DATE OF IMPLEMENTATION: 1 JULY 2024

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1. PREAMBLE

- a. TASK is the recognised Job Evaluation System within the local government sector as approved by the National Executive Committee (NEC) of SALGA. Uniformity is essential for a variety of sector processes such as wage bargaining, comparative understanding of workforce established levels and organisational development, sector skills planning, employment equity and the organisation of education and training.
- b. This policy must be read in the context of the TASK Job Evaluation Policy and Systems, for the local government sector and in compliance with the Municipal Staff Regulations.

2. DEFINITIONS

All expressions used in this Policy, which are defined in the Labour Relations Act, 1995 (Act No. 66 of 1995), shall bear the same meanings as in the Act and unless the contrary intention appears, words importing the masculine gender shall include the feminine;

- a. **'Auditing'** shall mean a technical exercise in verifying that the TASK Systems is being consistently applied in terms of its own rules and any other rules and any other rules on implementation;
- b. **'Audit Trail'** shall mean the report generated by the TASK System detailing the skill level and corresponding factor statements, weighting and points;
- c. **'Designated Job Evaluation Manager'** shall mean the Manager appointed by the Municipal Manager to manage the implementation process;
- d. **'Effective Date'** shall mean the date of implementation should a job be upgraded, and shall be the beginning of the calendar month following thirty (30) days after receipt of the grading requested by the JE Unit;
- e. **'Factors'** shall mean be four TASK factors of Complexity, Knowledge, Influence and Pressure;
- f. **'Job Description'** shall mean description of the content and duties of a post in terms of criteria and guidelines determined;
- g. **'PAC'** shall mean Provincial Audit Committee;
- h. **'Review'** shall mean an application by an employee or group of employees who are aggrieved with their Final Job Grade Outcome;
- i. **'Review Procedure'** shall mean the process which the PAC's shall follow to review grading results arrive at;
- j. **'Skill Level'** shall mean the Basic, Discretionary, Specialised, Tactical and Strategic Levels as per the TASK System;
- k. **'Sub-factors'** shall mean the fine-tuning of sub-factors in the TASK system;

2.12 "TASK" shall mean Tuned Assessment of Skill and Knowledge;

2.13 "TASK System" shall mean the TASK Job Evaluation System in terms of its rules, application, definition and terminology;

3 SCOPE OF APPLICATION

- 3.1 The terms of this policy are applicable to all municipalities in the in the Republic of South Africa except;
- 3.2 Municipal Managers and managers directly accountable to Municipal Managers in terms of Section 56 of the Local Government; Municipal Systems Act, 2000 (Act No. 32 of 2000 as amended).

4 PURPOSE

- 4.1 To implement the Task Job Evaluation System within the local government sector to achieve uniform norms and standards in the description of similar jobs and their grading across the municipal sector;
- 4.2 To provide for the necessary structures, institutional arrangements and procedures for the evaluation of jobs in municipalities;
- 4.3 To ensure that a single job evaluation system is implemented to avoid remuneration disparities for similar categories of municipalities within the Local Government Sector;

5 KEY PRINCIPLES

- 5.1 The wage curves for the different categories of municipalities applicable at the time (SALGBC/SALGA) shall be utilized to determine the salaries of TASK grade jobs;
- 5.2 Any post which undergoes a permanent substantial change in Job content, shall be re-evaluated;
- 5.3 The job descriptions all posts shall be the responsibility of the Municipal Manager;
- 5.4 The compilation of job description shall be in the prescribed TASK format.
- 5.5 No post in the local government sector shall be advertised and filled without having been subjected to the TASK Job Evaluation process.

6 ROLE AND RESPONSIBILITIES OF THE MUNICIPAL MANAGER

- 6.1 The Municipal Manager is responsible for ensuring the implementation of the TASK Job Evaluation System in the Municipality;
- 6.2 The Municipal Manager must ensure that the designated JE Manager takes full responsibility for supporting and directing the Job Evaluation implementation and maintenance process;
- 6.3 The Municipal Manager shall ensure that sufficient staff and resources are allocated to support the process;

- 6.4 The Municipal Manager shall in terms of /section 66 of the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000 as amended) ensure that there is a job description for each post on the staff establishment of the municipality;
- 6.5 The Municipal Manager must ensure that the Municipality keeps custody of copies of job description for all posts;
- 6.6 The Municipal Manager shall incorporate the responsibility for the compilation of the job description in the performance contract of every Manager (Municipality to determine);
- 6.7 The Municipal Manager shall ensure that all staff are informed of the objectives of the TASK JE System as required in terms of Section 67 of the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000 as amended);
- 6.8 The Municipal Managers for the cluster of Municipalities who are responsible for job evaluation at district level shall appoint appropriate persons to serve on the Job Evaluation Unit;
- 6.9 Municipal Managers shall ensure that Job Evaluation Units are established and are functional.

7 JOB EVALUATION UNITS

7.1 Establishment and Composition

- 7.1.1 The Municipal Manager shall establish a Job Evaluation Unit in a municipality, to take responsibility of implementing the job evaluation process;
- 7.1.2 Job Evaluation Units may be established at a "District" level as agreed provincially by municipalities and due to capacity challenges;
- 7.1.3 The Job Evaluation Unit established at a District level shall comprise of members from the relevant local municipalities;
- 7.1.4 The composition of the JE Unit shall at least consist of the following:
- (a) Head of JE Unit (or his/her nominee);
 - (b) Administrative / secretarial support;
 - (c) At least two (2) additional members to undertake the grading of jobs; and/or
 - (d) Representatives from local municipalities (in the case of JE Unit which operates at district level);

7.2 Trade Union Representation

- 7.2.1 One Trade Union representative from each of the recognized trade unions may participate **as observers** in the Job Evaluation Unit;

7.3 Training of Job Evaluation Unit Members

7.3.1 All nominees for membership shall undergo TASK Job Evaluation System training.

7.4 Role and Responsibilities

7.4.1 The JE Unit shall conduct the evaluation of all jobs within the municipalities falling under its jurisdiction and present the outcomes for auditing by the Provincial Audit Committee (PAC)

7.4.2 The responsibility of a JE Unit is both administrative (planning, prioritizing grading programs, quality control, receiving checking and filing job descriptions etc.) and the grading of jobs prior to submission to the Provincial Audit Committee (PAC);

7.4.3 For purpose of grading, a quorum shall consist of at least 50% plus 1 members of the JE Unit;

7.4.4 The JE Unit may invite both the incumbent of the job, as well as his/her manager and the Head of Department's input to confirm if the full particulars of the job were taken into account.

8 PROVINCIAL AUDIT COMMITTEE (PAC)

8.1 Composition

8.1.1 The provincial structures of SALGA shall establish a Provincial Audit Committee to audit the outcomes of the JE results from the JE Units(s);

8.1.2 The PAC shall consist out of at least four (4) members who are trained and experienced in the TASK Job Evaluation System;

8.1.3 A quorum shall consist of at least 50% plus 1 of members of the Provincial Audit Committee (PAC);

8.1.4 Secretarial/administrative service will be provided by the provincial office of SALGA;

8.1.5 Members of the PAC shall serve on the panel for at least one year;

8.1.6 One Trade Union representative from each of the recognised trade unions may participate as observers in the TASK Job Evaluation Auditing Process;

8.1.7 The PAC shall convene on the ad hoc basis depending on the outcomes to be audited.

8.1.8 All nominees for membership may undergo additional training on how to conduct the TASK Job Evaluation Auditing Process.

8.2 Responsibilities and Powers

8.2.1 It is the responsibility of every member of a PAC to:

- (a) Conduct auditing with due regard to the integrity of the TASK Job Evaluation System, its accepted rules, applications, definitions and terminology;
- (b) Request any information relevant to the task which the PAC has to perform;
- (c) Decide on the outcome of the evaluation results which will be final and binding.

9 TASK IMPLEMENTATION REQUIREMENTS

9.1.1 The critical elements required to implement the TASK Job Evaluation System in a municipality are as follows:

- (a) An approved staff establishment recording the position of all jobs and their designation;
- (b) Job Descriptions written in the prescribed TASK format;
- (c) That (a) and (b) at minimum have been used to evaluate the job using the Task Software to determine a TASK Grade.

9.1.2 The TASK Job Evaluation Policy shall be strictly adhered to by all concerned to ensure both consistency and adequate implementation;

9.1.3 SALGA shall communicate the list of all evaluated jobs from other municipalities to all Municipal Managers for purposes of assisting JE Units in the grading of jobs;

10 JOB DESCRIPTION

10.1 Every job on the staff establishment of a municipality must have a written job description.

10.2 The municipality must keep a record of all updated job descriptions for all posts.

10.3 The incumbent or the representative of that job and the immediate supervisor or supervisor representative of that job and the immediate supervisor or supervisor representative of that job in consultation with the relevant head of department and the human resources department must develop, and where appropriate, review a job description when there are substantial changes to the job.

10.4 A job description must contain at least the job title, purpose of the job, the location of the job on the staff establishment, key responsibilities competencies and minimum requirements of the relevant job.

10.5 A job description may be reviewed at least once every five years following the reorganisation of the municipal administration resulting in permanent substantial changes to the jobs to ensure that the job description remains relevant and current.

14. JOB EVALUATION PROCESS

11.1 If a job has changed substantially and permanently, a job incumbent or his/her relevant manager may make application through the departmental head that the job be re-evaluated; Provided that such functions were performed for more than six (6) months.

11.2 The TASK Job Evaluation Process shall be done on a continuous basis by the JE Unit for as long as there are new posts being added into the Staff Establishment of the municipality as per Section 66 of the Local Government: Municipal Systems Act, No: 32 of 2000 as amended;

11.3 If required, the JE Unit shall gather the relevant facts from both the incumbent of the job as well as the relevant manager and the Head of the Department;

11.4 A compilation of a job description should be preceded by a proper job analysis;

11.5 The incumbent of the post as well as the relevant manager and the Head of Department shall be required to sign off the job description prior to the JE Unit grading the job on the Task Job Evaluation System;

11.6 In the event of no consensus reached, the Municipal Manager or his/her nominee will determine the content of the job description;

11.7 The evaluation takes place by:

- (a) Determination of the skill level of the post;
- (b) The scoring of the factors relating to Complexity, Knowledge, Influence and Pressure;
- (c) The scoring of the sub-factors relating to Complexity, Knowledge, Influence and Pressure.

11.8 The JE Unit shall then compile a JE Provisional Outcomes Report for the PAC with appropriate audit trail;

11.9 The PAC shall be furnished with all relevant documentation within seven (7) working days prior to the date of the PAC meeting to ensure sufficient time for preparation;

11.10 A representative of the JE Unit shall present the results to the PAC;

11.11 The of the PAC shall sign off the Final Outcomes Report of the job evaluation process prior to the JE Unit communicating the same to the Municipal Manager for implementation on the effective date.

12. ESTABLISHMENT OF STANDARDS FOR JOB DISCRIPTIONS

- (a) The Minister may develop guidelines and criteria for job descriptions, called and promote the use of sample job descriptions reflective of the spectrum of jobs in local government, and
- (b) Identify generic jobs, benchmark critical jobs and encourage the adoption by municipalities of common national job description and job designations.

13. JOB EVALUATION

- (a) All jobs in a municipality must be graded through a job evaluation process.
- (b) Job evaluation is the grading of jobs according to a specifically, planned procedure and reliable methodology in order to determine the relative worth of each job in the municipality.
- (c) Job evaluation process involves the evaluation of the job and not the person performing the job.

- (d) Jobs must be evaluated-
 1. Upon completion of the review of the staff establishment:
 2. Provided that there has been a substantial and permanent change to the job content and such functions have been performed for more than six (6) months; or
 3. Before a new post is filled.
- (a) A detailed job description needs to be available before initiating the process of job evaluation.
- a. Job evaluation must be conducted based on actual and current activities of the job and not on future projections.
- (b) Job evaluations must:
 1. Provide the basis for the accurate measurement of defined activities or roles
 2. Establish a job worthy hierarchy in terms of where jobs should be placed in the municipal staff establishment,
 3. Provide a rational basis for designing and maintaining an equitable pay structure,
 4. Provide the basis to manage internal relativity of jobs according to different levels of complexity of jobs, and
 5. Provide the basis for consistent decision-making processes regarding the grading of jobs.

8. MEETING RULES OF THE JE UNITS AND PAC

- 14.1 The JE Units and the PAC shall appoint a chairperson / convenor.
- 14.2 The JE Units and PAC shall function in terms of normally understood rules of meeting procedures;
- 14.3 An agenda must be prepared for every meeting;
- 14.4 The proceedings of all meetings must be recorded with a particular reference to all prescribed administrative requirements.

9. COSTS

Municipalities shall bear the proportional costs associated with Job Evaluation and auditing of results; Municipalities shall bear the cost of the training of JE Unit members.

10. TASK REVIEW PROCESS

All employees shall furnished with the JE outcomes for the positions they occupy Task Grades.

An employee may lodge a review application no later than 30 working days from date of notification of the JE results. The onus shall be on the employee to prove that the Task System was inconsistently applied when the post was graded.

Employees may request the re-evaluation of their position only if:

The job description utilized is not the same as the job the employee performs or there has been some changes;

The employee has added responsibilities which are not covered in the job description;
Re-evaluation applications shall be referred to the JE Unit (convenor) for an evaluation to be undertaken and submitted to the PAC for auditing of the provisional grade outcome.

The PAC shall ensure effective "bench-marking" is done for consistency and uniformity purposes.

11. CONFIDENTIALITY

Members of the JE Unit and the PAC, as well as observers shall maintain confidentiality on all scores and grading outcomes prior to formal notification and shall otherwise avoid disclosing information obtained in the process of job evaluation in a manner that may prejudice effective implementation.

12. ROLE OF PROVINCIAL STRUCTURES OF SALGA

Establish a Provincial Audit Committee to deal with auditing of JE Results comprising of JE specialists;

Such representatives should preferably be active JE Unit members but shall in any event have undergone training in the TASK Job Evaluation System;

Negotiate with the service provider for the acquiring of licenses for JE Units and the PAC;

All jobs evaluated after the implementation of the Policy shall be forwarded to SALGA for archiving and ease of reference;

Responsible for monitoring the implementation and maintenance of the TASK Job Evaluation System;

With respect to issues of the establishment of standards for the content and quality of job descriptions and uniform national job designations, SALGA shall;

- (a) Develop guidelines and criteria for job description writing and collecting and promote the use sample job description reflective of the spectrum;
- (b) Develop a common framework for the designation and identification of jobs in the local government sector;
- (c) Identify generic and critical benchmark jobs and encourage the adoption by municipalities of common national job description and job designations;

- (d) Analyse stand-alone jobs in particular municipalities in the national and encourage the adoption of more generic national standards in the designation and description of such jobs.

13. ADMINISTRATIVE ARRANGEMENTS

The following conditions apply when placing staff on a new TASK grade and salary scale;

Employees will be placed on the salary notch on the new pay scale for the applicable TASK grade which is the closed higher salary notch to their existing salary notch;

16.2 Employees whose current salary notch is lower than the minimum of the applicable TASK grade scale will be placed on the minimum of the applicable new TASK salary scale;

Employees whose existing basic salary is higher than the new TASK grade maximum will retain their existing basic salary *on a personal to holder basis*;

In the event the Clause 14.3 above, annual cost of living adjustments as determined by the South African Local Government Bargaining Council will be applied to the salary rate as retained by employee from the date on which such adjustment is applicable, unless the Bargaining Council regulate it differently;

The implementation date for a new task JE outcome will be the 1st of the month following the month when the final authority has approved the new grade.

uMNGENI MUNICIPALITY



DRAFT PLACEMENT POLICY 2024-2025

DATE OF ADOPTION: 28 MARCH 2024

DATE OF IMPLEMENTATION: 1 JULY 2024

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1. DEFINITIONS

For the purpose of this Policy unless the context otherwise indicates:

- 1.1 "Bargaining Council" means South African Local Government Bargaining Council.
- 1.2 "Close match Placement" means placing employees in a post of which the Job content of the post be placed in, compares favourably with the existing Job content of the employees.
- 1.3 "Conditions of Service" means the conditions as regulated by the parties in the SALGBC.
- 1.4 "Continuity of employment" means the uninterrupted years of service of an employee.
- 1.5 "Day" means a normal working day excluding public holidays and week-ends (Saturdays / Sundays).
- 1.6 "Designated groups" means to refer to previously disadvantage group (African, Coloured and Indian) women of all race and people with disabilities, in terms of Employment Equity Act.
- 1.7 "Dispute" means a difference of opinion between the parties regarding the implementation of an procedures contained in this policy.
- 1.8 "Employment Equity Act" means employment equity act 55 of 1998.
- 1.9 "Employee" means a permanent, temporary or contract employee or an apprentice receiving pay or entitled to it but excluding a student, subsidies labour, and an independent contractor.
- 1.10 "IMATU" means the Independent Municipal and Allied Trade Union.
- 1.11 "Job Content" means a summary of all the detailed functions and responsibilities of a post.
- 1.12 "Job Evaluation Unit" means a committee established to evaluate posts as contained in the
- 1.13 Task Job Evaluation Policy for Municipalities.
- 1.14 "Labour Relations Act" means Labour Relations Act 66 of 1995.
- 1.15 "Local Labour Forum" means a Forum Established at the Workplace with equal representation from the employer and trade unions as contemplated in the main Collective Agreement.
- 1.16 "Section 57 Employees" means Municipal Managers and those employees appointed as managers directly accountable to Municipal Managers in terms of Section 57 of the Municipal Systems Act 32 of 2000, as amended.
- 1.17 "Skills Development Act" means Skills Development Act 97 of 1998.
- 1.18 "Objections Committee" means a committee as contemplated in Clause 14 of this Placement Policy.
- 1.19 "Placement Committee" means a committee which must consider and reach consensus regarding the Placement of existing employees into posts in the new staff establishment.
- 1.20 "Placement Policy" means a policy to ensure that the placement of staff shall be done in a manner that is consistent with any existing Employment Equity and Skills Development Plan and/ or the objectives of the Employment Equity and Skills Development Act and any applicable Legislation, to address needs in the staff establishment of the Municipality in an appropriate and practical manner.
- 1.21 "Post" means a position in the Municipality staff establishment to which specific duties are attached.
- 1.22 "Redundancy" means the term applied when factors such as economic recessions, loss of income, re-organisation and rationalization of manning levels result in particular jobs no longer being necessary, in which event the specific job becomes redundant (i.e Section 189 of the Labour Relations Act).
- 1.23 "SAMWU" means South African Municipal Workers Union.

1.24 "Task system" means a Tuned Assessment of Skills and Knowledge.

2. SCOPE OF THE POLICY

2.1 The terms of this policy shall be observed by uMngeni Municipality (Council) and all employees who fall within the registered scope of South African Local Government Bargaining Council.

3. EXCLUSION FROM THIS POLICY

3.1 Municipal Manager and persons appointed as managers directly accountable to Municipal Manager in terms of Section 57 of the Municipal Systems Act 32 of 2000, as amended, shall be excluded from all terms of this policy.

4. OBJECTIVES

4.1 The objectives of this policy are inter alia, to:

4.2 Ensure that an organization has the correct number of employees, of the right kind in the right place at the right time.

4.3 Ensure that Municipality has the Human Resources that will assist it to achieve its development and operational objectives effectively, efficiently and economically; and

4.4 Attempt to avoid, with due regard to the principle of affordability and the operational requirements of the Municipality, job losses due to the restructuring of uMngeni Municipality.

4.5 The placement of staff shall be done in a manner that is consistent with any existing Employment Equity and Skills Development Plan and or the objectives of the Employment Equity Act and the Skills Development Act, and must not disrupt this nor be used to promote or demote employees.

5. DEVELOPMENT OF STAFF ESTABLISHMENT (ORGANOGRAM)

5.1 A Municipal Manager must develop a staff establishment for the Municipality and submit the staff establishment to the Municipal Council for approval;

5.2 Provide a Job Description for each post on the staff establishment;

5.3 Establish a process or mechanism to regularly evaluate the staff establishment and, if necessary, review the staff establishment and the remuneration and Conditions of Service.

6. JOB EVALUATION

6.1 Major changed, minor changed and new post shall be evaluated in accordance with task job evaluation system.

6.2 Within 3 months of the commencement date of this policy, the job evaluation unit shall evaluate all the posts of the re-structured / new staff establishment.

7. CONDITIONS OF SERVICE

- 7.1 All employees placed in the new staff establishment, shall from the commencement date be subject to the following:
- 7.2 No interruption in Conditions of Service shall occur all employees shall retain their benefits as if their services were not interrupted unless it is a new post with its job content.
- 7.3 Notwithstanding the provision of clause 7.2, the salaries and benefits of staff shall be adjusted in accordance with any Collective Agreement concluded in the Bargaining Council.

8. EXISTING EMPLOYEES

- 8.1 Every attempt must be made to accommodate existing employees in the new staff establishment, taking into account the operational requirements of the Municipality.

9. PLACEMENT

9.1 PLACEMENT CRITERIA

- 9.1.1 uMngeni Municipality shall use its best endeavours to place existing employees into post created in a new staff establishment.
- 9.1.2 uMngeni Municipality commits itself to ensure continuity of employment and every attempt will therefore be made to ensure that no Retrenchment or Redundancy will occur, provided that the affected employees are willing to accept alternative positions that are offered. In this regard every effort will be made to ensure that such alternative offers are reasonable.
- 9.1.3 In placing employees in the new staff establishment, employees shall be placed on a close-match basis. In close matching a post, the job content of the "new" post must be compared with the existing job content of the employees. The employees having the closest match in respect of the job content is then the successful employee to be placed e.g a typist will be closed match to a typist, a Labourer to a Labourer.
- 9.1.4 Where the close match cannot be done hundred percent, the match must be done on the most matched job content. The focus should be on the crux of the job, e.g. an accountant's job content will be matched against a post that contains the most stipulations reflecting accounting duties.
- 9.1.5 The salary and qualifications of an employee shall play no role in the placement and qualifications will not be used exclusively of other job requirements.
- 9.1.6 The close match principle shall apply to unchanged, minor changed and major changed posts.
- 9.1.7 Where more than one employee can be close matched to a post and there are more employees than there are posts, Employment Equity Plan shall be adhered to.
- 9.1.8 Employees shall not be moved from one Geographical Location to another without the function which the employee is performing, necessitate such movement.
- 9.1.9 When placed in a post such placement shall be final and constitute a permanent position.

10. PLACEMENT COMMITTEE

- 10.1 Placement Committee shall be comprised of Heads of Departments and a representative of each trade union that will have observer status.
- 10.2 Placement of employees shall be considered by the above Committee and forwarded to the Local Labour Forum for consultation prior to the submission to Council.

10.3 The Placement Committee shall consider and reach consensus on the placement of existing employees into posts in the new staff establishment and the decision of the Committee is final.

11. NOTIFICATION AND PUBLICATION OF DECISION

11.1 A letter notifying an employee of his/her placement shall sent to him or her individually.

11.2 Prior to forwarding submissions to Local Labor Forum consultation, each employee must receive a letter and a copy of the relevant Section of the staff establishment which indicates their proposed post and classification thereof in which they will be placed.

12. CLASSIFICATION OF POSTS

12.1 The Placement Committee will classify the posts in the staff establishment into the following four categories.

12.2 UNCHANGED POSTS

12.2.1 These are the posts that have had no change to their scheduled duties or Geographical Location.

12.2.2 Heads of Departments will be required to merely list these posts with the names and other forms of identification used, of the present incumbents and submit it to the placement committee for confirmation.

12.3 MINOR CHANGED POSTS

12.3.1 These are the posts involving minor changes to the duty schedule, which has no material effect on the level of responsibility. It might also involve a mere change in title without a change in duties.

12.3.2 Heads of Departments need to submit the names and other form of identification used of the present incumbents to the Placement Committee for confirmation.

12.4 MAJOR CHANGED POSTS

12.4.1 These are the posts which have undergone a major change to their duties and responsibilities. This will necessitate that these posts be evaluated. Wherever possible, the Placement shall be on the close match basis.

12.4.2 These post with the existing and proposed duties should be submitted to the Placement Committee together with the names and other form of identification, used of the employees to be placed in the posts on a close match basis.

12.4.3 If a major changed post cannot be filled on a "Close Match" basis, it shall be advertised both internally and externally and filled, in terms of the appointment criteria.

12.5 NEW POSTS

- 12.5.1 These are the posts, which carry duties and responsibilities that do not exist in any form in the present staff establishment. These posts shall be advertised both internally and externally and shall be filled in terms of the appointment criteria:
- 12.5.2 All Placement shall be finalized within a period of three months after the adoption of the staff establishment.

13. ACTING POSITIONS

- 13.1 Incumbents who are in Acting positions have no right to permanent placement within these positions.

13. OBJECTIONS COMMITTEE

- 14.1 The Objections Committee shall be comprised of the Municipal Manager and another Senior Manager and/or a Senior Manager from another Municipality.
- 14.2 The Objections Committee may not include a member of a Placement Committee.
- 14.3 The Objections Committee must make a decision on an objection within 10 working days after the objection has been submitted to it, and every employee who lodge an objection must be notified in writing of the outcome of the objection.

14. LODGING OF OBJECTION

- 15.1 An employee must in writing lodge an objection against his/her Placement or lack thereof, within five (5) days of the publication on the Placement Committee's decision.
- 15.2 An objection must set out the grounds for the objection in full and must be accompanied by such documentary evidence in support thereof as may be appropriate.

15. IMPLEMENTATION OF THE POLICY

- 16.1 The implementation of this policy will be determined by council which is 1 July 2024.

17. DECLARATION OF DISPUTE

- 16.1 An employee who is aggrieved by a decision of an Objections Committee has a right to declare a dispute to South African Local Government Bargaining Council if the SALGBC has jurisdiction to hear such dispute.
- 16.2 A dispute be declared to South African Local Government Bargaining Council within 10 working days of the date of receipt of the decision of an Objections Committee.
- 16.3 Disputes will be referred to SALGBC for Arbitration if the SALGBC has the jurisdiction to hear the dispute and shall be conducted in terms of the Dispute Procedure as per the SALGBC Constitution.
- 16.4 The decision / ruling of the Arbitrator shall be final and binding to both parties.

16.5 No placement is final until the dispute resolving mechanism has been exhausted. Where the SALGBC does not have jurisdiction to hear the dispute, the decision of the Objection Committee will be final and binding.

16. JOB EVALUATION EXERCISE

After the Placement of employees, all posts in the new staff establishment will undergo Job Evaluation exercise in terms of Tuned Assessment of Skills and Knowledge (TASK system).

uMNGENI MUNICIPALITY



ACTING POLICY

DATE OF ADOPTION: 28 MARCH 2024

DATE OF IMPLEMENTATION: 1 JULY 2024

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INTRODUCTION

Council acknowledges that from time to time an employee, due to certain circumstances such as leave, may not be in a position to discharge his/her duties and responsibilities in terms of the contract of employment.

Council also acknowledge that from time to time there may be vacancies due to certain circumstances such as terminations, and creation of new posts in the organogram.

Council further recognises that from time to time there would be a need to appoint another employee to discharge the duties of that particular employee in their absence, hence the need to enter into an Acting arrangement.

In this regard the following is applicable: -

- An employee is deemed to be acting in another post when he/she is duly appointed by the Municipal Manager or his nominee, to do so.
- An employee who acts in another post must be required to execute his/her original duties, functions and powers.

PURPOSE

To ensure continuity of operations in the municipality is maintained during the absence of the incumbent or where the post is vacant

To promote on-the-job experience and exposure to other employees

To provide a policy guidance for handling of acting arrangements in various positions within Council.

3. SCOPE OF APPLICATION

3.1 This policy shall apply to all employees and employers who fall within the registered scope of the KZN Divisional Bargaining Council, excluding section 54A and 56 employees appointed in terms of the Municipal Systems Act, 32 of 2000 as amended.

4. DEFINITIONS

- **“Acting”** this refers to where an employee by written approval of the Municipal Manager or Manager reporting to the Municipal Manager acts in a higher post.
- **“Section 57 Employees”** means a Municipal Manager or Manager reporting to Municipal Manager appointed in terms of Section 54A and Section 56 of the Municipal Systems Act, 32 of 2000, as amended.
- **“Suitable qualified”** means to have the necessary qualifications or abilities / experience to perform the task.
- **“Vacancy”** means a vacant post on the staff structure of the Municipality.
- **“Local Council”** means the municipal council of a local municipality as defined in the local government Municipal Structures Act, 117 of 1998.
- **“Calender Days”** refers to a period from Monday to Sunday.
- **“Days”** refers to working days and means Monday to Friday for 5 day worker and Monday to Saturday for 6 days worker.

5. LEGISLATIVE FRAMEWORK

The Municipality remains responsible to continually align this policy content with all the relevant legislation.

- Labour Relations Act 66 of 1995
- Basic Conditions of Employment Act, 75 of 1997
- Employment Equity Act, 55 of 1998
- Skills Development Act, 97 of 1998
- KZN Divisional Conditions of Service Collective Agreement

6. GENERAL POLICY PROVISIONS

- 6.1 The powers of Council and the Municipal Manager in terms of this policy may be delegated as Council or the Municipal Manager may determine.
- 6.2 Any acting appointment to act in a higher post must be made in writing, by a person duly authorised to do so and the incumbent must accept the acting appointment in writing before the acting commences.
- 6.3 In cases of emergencies such as, sick leave and family responsibility, acting may commence upon a verbal agreement between the Head of Department and an employee on condition that the written appointment, and acceptance is finalised within two (2) days from the day of verbal appointment.
- 6.4 An official who has been appointed to act in accordance with the provisions of this policy may only act in a higher post for a maximum period permissible and under the conditions stipulated in the policy after which the arrangement shall be reviewed.
- 6.5 The individual to be appointed to act should generally be the next in line in terms of seniority and Council should try and avoid appointing employees lower in line unless valid reasons exist for such appointments.
- 6.6 In line with Council's Employment Equity Plan, acting may be used, where appropriate, to advance the goals of the municipality towards the achievement of Employment Equity Targets.
- 6.7 An official acting in a vacant position should not expect to be automatically appointed permanently when the sourcing and placement measures for the position are undertaken.
- 6.8 Acting allowance will be paid in the month following the period in which the acting took place.
- 6.9 Where practically possible, acting must be on a rotational basis.

ACTING IN THE POST FOR MANAGERS REPORTING DIRECTLY TO THE MUNICIPAL MANAGER

In the absence of a Head of Department, the Municipal Manager may appoint an employee to act in the post of Head of Department reporting to the Municipal Manager.

Any person appointed to act as Head of Department must at least have skills, expertise, competency and qualifications as prescribed.

The Municipal Manager must authorise the payment of an acting allowance to an employee who acts as a Head of Department during the absence of the Head of Department concerned.

An acting allowance shall only be payable when an employee acts as a Head of Department for a minimum of ten (10) uninterrupted consecutive working days.

The maximum period which a permanent employee may act in a Section 56 position is limited to three (3) months, which three (3) months period can be extended by further three (3) months upon application being made to the MEC of COGTA.

The acting allowance payable, where a permanent employee acts in the post of Head of Department reporting directly to the Municipal Manager, shall be a non-pensionable allowance of 10.5% of total cost to employer remunerations of the Head of Department.

The acting allowance payable in terms of this policy shall be fully taxable and included in the monthly salary of the acting employee and be paid on the day of the month following the conclusion of the acting period.

ACTING IN OTHER PERMANENT POSITIONS

An Acting allowance shall be paid to an employee acting in a higher post subject to:-

Written confirmation of acting appointment by Municipal Manager or his/her nominee prior to acting.

The employee acting in a post for an uninterrupted period of ten (10) working days.

The acting allowance will be a non-pensionable amount payable being the difference between the current salary of the employee acting and the minimum notch of the salary scale pertaining to the post in which the employee is acting or 10,5% of basic salary of the post in which the employee is acting – whichever is greater.

An employer shall not require an employee to act for longer than six (6) Months in the post where after the post must be advertised and filled on a competitive basis in terms of the employment practices policy of the municipality.

In the event that the post is not filled, application must be made for an exemption by the municipality to the KZN Division of SALGBC to enable the employee to continue acting. During the period of the application for exemption and subject to such application for exemption being made prior to expiry of the 6 months period the employee will continue to receive an acting allowance.

Any employee permanently employed on an indefinite contract that act in post of a Section 54A and 56 employees shall be paid an acting allowance of 10.5% of total cost of employer remuneration of Sec 54A and 56 employee.

The maximum period that a permanent employee may act in a Section 56 post is limited to a maximum period of 3 months, which three (3) month period can be extended by a further 3 months upon application being made to the MEC of COGTA.

Any acting appointment does not guarantee permanent appointment to that particular position.

REQUIRED SKILLS AND EXPERTISE

The skills of the individual considered for the acting position must meet the requirements reflected in the competency profile related to the position.

INTERPRETATION AND APPLICATION OF THE POLICY

If there is any grievance that may arise with regard to the interpretation and application of this policy, it shall be handled in terms of the Main Collective Agreement.

UMNGENI MUNICIPALITY



TRAVEL POLICY

DATE OF ADOPTION: 28 MARCH 2024
DATE OF IMPLEMENTATION: 1 JULY 2024

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Definitions

1.1 **“DOT Rates”** The Department of Transport Tariffs as determined from time to time (which includes interest, depreciation, licensing and insurance) and the Running Costs for Petrol Cars Table (which includes service, repair, tyres, fuel).

1.2 **“Ad Hoc Travelling”** Travelling in exceptional cases, when occasional official trips have been undertaken by means of a private vehicle.

1.3 **“ULM”** The uMngeni Local Municipality as the Employer.

1.4 **“HRM Department”** Human Resources Management, within the Administrative Support Services Cluster.

1.5 **“Official Kilometres”** The kilometres travelled by an employee for official purposes within the entire municipal area, including trips outside the uMngeni Municipal jurisdiction trips between place of work and home.

1.7 **“Participant”** An employee who is appointed on a permanent or temporary basis in a travel allowance bearing position.

1.8 **“Scheme”** The uMngeni Municipality Travel Allowance Scheme

1.9 **“Total Fixed Costs”** The component of the travel allowance that covers the costs of interest, insurance, depreciation and licensing, indicated in the Fixed Costs Table of the AA Rates, as amended from time to time.

1.10 **“Total Running Costs”** The component of the transport allowance that covers the costs of services, repairs, tyres, and fuel, as indicated in the Running Costs for Petrol Cars Table of the AA Rates, as amended from time to time.

1.12 **“Transport Allowance Bearing Position”** A position on the approved organisational structures to which a monthly travel allowance is allocated.

1.13 **“Vehicle”** A privately owned vehicle, as defined by the Department of Transport, which is utilized and suitable for the execution of official duties of the employee.

2. Purpose Of The Scheme

2.1 To provide the payment of a travel allowance in respect of the utilization of a privately owned vehicle in the execution of official duties, or as a benefit, regardless whether the utilization of such transport is permanent or ad hoc.

3. Objectives Of The Scheme

The objectives of the scheme are to provide for the following:

- 3.1 Uniform guidelines, conditions and limitations in terms of which the scheme is to be run in order to restrict differences
- 3.2 To compensate employees in a fair and reasonable manner for the utilization of private travel in the execution of official duties.

4. Period Of Operation

- 4.1 The scheme comes into effect on the first day of the month following the month in which it is approved by the ULM. Effective 1st July 2024 to 30th June 2025

5. Requirements For Participation

- 5.1 An employee who is appointed by the ULM on a permanent or temporary basis in Management positions with a minimum salary grade of T14 which are approved by the Municipal Manager to utilize their private vehicles for official duties, provided that:
 - (a) The employee has a valid driver's license;
 - (b) A privately owned vehicle must be available on a daily basis; and
 - (c) No official vehicle of the ULM may be utilized by the participant as a driver or a passenger.
- 5.2 Employees receiving a travel allowance for operational reasons, excluding those referred to in paragraph 5.1 above, must comply with the following criteria:
 - (a) The use of a private vehicle is required for the execution of his/her duties;
 - (b) The employee has a valid driver's license;
 - (c) A privately owned vehicle must be available on a daily basis;
 - (d) No official vehicle of the ULM may be utilized by the participant as a driver or a passenger.
 - (e) The total official kilometre distance travelled, must not be less than 400 (four hundred) km and not exceeding 1,200 (one thousand two hundred) km per month.
 - (f) Directors to ensure that travel allowance is within the Budget.
- 5.3 An employee performing any functions which require one or more of the following, will automatically be EXCLUDED from participation in the Scheme:
 - (a) The functions require specialized vehicles and/or equipment;
 - (b) The functions necessitate the transportation of co-worker(s) and/or equipment: and
 - (c) The primary functions are to transport goods and/or people.

5.4 An employee, excluding those referred to in paragraph 5.1 above, is entitled to participate in the Scheme, if the investigation performed by the HRM Department confirms participation and approval is granted by the ULM.

6. Classification Of Travel Allowances

6.1 Positions Receiving A Travel Allowance As A Benefit

6.1.1 The kilometre allocation of 400 km per month is applicable to the incumbents of the positions on salary levels T14 and above receiving a transport allowance as a benefit, where the incumbents of these positions automatically qualify for a monthly travel allowance.

6.1.2 The kilometres are fixed, unless:

- (a) Approved otherwise, as referred to in paragraph 7.2; and
- (b) The maximum official kilometres travelled may not exceed 1,200 (one thousand two hundred) kilometres per month.

6.1.3 The kilometre allocations of these positions are for trips within the boundaries of the ULM.

6.1.4 The participant will be compensated on an ad hoc basis (refer to paragraph 11) for approved trips outside the boundaries of the ULM ONLY if the kilometre allocations as indicated in paragraph 6.1.1, or as re-determined (refer to paragraph 7.2), are exceeded.

6.1.5 All employees receiving travel allowances should keep a logbook.

6.2 Positions Receiving Travel Allowances For Operational Reasons

6.2.1 The allowance is applicable to those positions where the criteria for participating in the Scheme are complied with (refer to paragraph 5).

6.2.2 The allowance is based on the actual official kilometres travelled, as referred to in paragraph 7, confirmed by means of daily logs kept for a period of 6 (six) consecutive months.

6.2.3 The kilometre distance allocated to the position is for trips within the boundaries of the ULM.

6.2.4 The participant shall be compensated on an ad hoc basis for trips outside the boundaries of the ULM during the period while keeping logs (refer to paragraph 11).

6.2.5 The participant will be compensated on an ad hoc basis for approved trips outside the boundaries of the ULM ONLY if the fixed kilometre allocations as referred to in paragraph 6.2.2, are exceeded.

7. Determination And Re-Determination Of Official Kilometer Distances

7.1 Determination Of Official Kilometers For New/First Time Applications

7.1.1 When an employee is instructed to utilize his/her private vehicle in the execution of his/her duties, AND no official transport is available, the employee can complete an official application form and forward it to the departmental head for recommendation.

- (a) If the application is not recommended by the departmental head, the form must be submitted to the HRM Department to be processed administratively.

- (b) If the application is recommended by the departmental head, the form must be forwarded to the HRM Department for investigation.
- 7.1.2 After the investigation by the HRM Department, the request can be:
- (a) Disapproved by the Municipal Manager, or his delegate, if the HRM Department confirmed that not all the requirements as indicated in paragraph 5 are met and the employee is informed accordingly, or
 - (b) Provisionally approved by the Municipal Manager or his delegate, if the HRM Department confirmed that all the requirements as indicated in paragraph 5 are met.
- 7.1.3 If provisionally approved, the employee is informed officially by the Director: Administrative Support Services, or as delegated:
- (a) To keep logs of the official kilometres travelled for a period of 6 (six) consecutive months, on the prescribed log sheets.
 - (b) That the onus rests on the employee to insure his/her vehicle for business purposes during the period of keeping logs and that the employer will not be held liable.
- 7.1.4 No official vehicle will be made available for the purpose of keeping logs.
- 7.1.5 The logs shall be used to determine the monthly official kilometres allocated to a position(s).
- 7.1.6 While keeping logs:
- a) Trips outside the boundaries of the ULM area, (i.e. Pietermaritzburg, Durban, etc.) shall not form part of the official kilometre allocation.
The employee may claim on an ad hoc basis for these trips (refer to paragraph 11).
 - b) Trips between place of work and home do not form part of the determination of official kilometres.
- 7.1.7 Logs completed on the official log sheets (as supplied by the HRM Department) must be submitted on a weekly basis to the HRM Department for verification, after it has been approved by:
- (a) The relevant Sectional and Divisional Head in the case of an operational position; or
 - (b) The relevant Director in the case of a Manager.
- 7.1.8 Should the 6 (six) months period of keeping logs be interrupted by any leave of absence, such period be extended by the period of leave.
- 7.1.9 After completion of the period of keeping logs, the kilometres travelled must be calculated and the employee must be officially informed of the results by the HRM Department.
- 7.1.10 In order to obtain the official monthly kilometres that should be allocated to the position, the total kilometres travelled during the 6 (six) months must be divided by 6 (six) and the result rounded off to the nearest 50 (fifty) kilometres.
- 7.1.11 If the calculations proves that the kilometres travelled per month do not comply inter alia with the minimum or maximum kilometre requirements for participation:
- (a) The position will not be included in the Scheme (refer to paragraph 5)
 - (b) The employee and departmental head or his/her nominee concerned must be informed officially, in writing by the Director: Administrative Support Services, or as delegated.

7.1.12 If the calculations prove that the kilometres travelled per month comply inter alia with the minimum or maximum kilometre requirements for participation, the HRM Department will:

- (a) Officially inform the employee and the departmental head or his/her nominee concerned within 1 (one) month after completion of the logs; and
- (b) Submit a report in this regard to the Council for approval.

7.1.13 During the period it takes to approve the report as mentioned in paragraph 7.1.12 above, the employee concerned should continue to submit logs to the HRM Department for compensation purposes, as set out in paragraph 7.1.14.

7.1.14 After the Council approves the report as mentioned in paragraph 7.1.12, the employee concerned shall be remunerated as follows:

- (a) The total travel allowance, as approved, from the first day of the month following the month of the council resolution; and
- (b) A once-off payment of the difference, based on:
 - (i) The approved travel allowance; and
 - (ii) The actual ad hoc payments received from the day following the completion of logs to the end of the month in which the report was approved.

7.1.15 The Director: Administrative Support Services or his / her delegate, can verify, question and test the contents of any log sheet at any point in time while an employee is keeping logs.

7.2 Re-Determination Of Official Kilometers

7.2.1 Should the ULM require a re-determination of the official kilometres allocated to a transport allowance bearing position(s) by Municipal Manager's Determination, the participant(s) concerned commences to keep logs as set out in paragraph 7.1.

7.2.2 Should the participant of a transport allowance bearing position require a re-determination of the official kilometres allocated to the position, a written motivation, together with an official application form, should be submitted to the relevant departmental head for recommendation.

- (a) If the application is not recommended by the departmental head or his/her nominee concerned, the documentation must be submitted to the HRM Department to be processed administratively.
- (b) If the application is recommended by the departmental head or his/her nominee concerned, the documentation is forwarded to the HRM Department for investigation.

7.2.3 After the investigation by the HRM Division, the request can be:

- (a) Disapproved by the Municipal Manager, or his / her delegate, if the investigation by the HRM Department does not confirm the re-determination of official kilometres and the employee is informed accordingly, or

- (b) Provisionally approved by the Municipal Manager, or his / her delegate, if the investigation by the HRM Department confirms the redetermination of official kilometres.

7.2.4 If provisionally approved, the participant concerned is informed officially by the Director: Administrative Support Services, or his / her delegate, to keep logs in accordance with paragraph 7.1.

7.2.5 The incumbent of the travel allowance bearing position retains his/her current travel allowance for the period of keeping logs, until such time as the ULM approves the re-determined official kilometres. Once approved, implementation is effective from the first day of the month following the month of the resolution.

7.2.6 In the case where it is ascertained, as a result of a re-determination of official kilometers, that a participant travels less than 400 (four hundred) km or more than 1,200 (one thousand two hundred) km per month for official purposes, the participant:

- (a) Should utilise official transport; and
- (b) Should be dealt with in terms of the suspension of travel allowance criteria as set out in paragraph 13.

7.3 Payment Of A Travel Allowance During The Period Of Keeping Logs

7.3.1 During the period in which the employee is keeping logs, he/she will be compensated on a monthly basis for the actual kilometres travelled, after completion of the official ad hoc forms, as follows:

- (a) Running costs will be paid, based on a standardised engine capacity of, according to the Department of Transport tariffs for the actual kilometres travelled.
- (b) Only the insurance element of the fixed costs component will be paid, based on the Department of Transport tariffs where the purchase price is considered as the annual salary notch plus the annual leave bonus/13th cheque, of the employee, converted to a daily tariff.

8. Calculation Of Travel Allowances

All employees as listed under section 5.1 shall receive monthly fixed car allowance of 32% of annual basic salary as an allowance and shall be an added benefit to the basic salary.

8.1 Description Of The Fixed Costs And Running Costs Components

8.1.1 A monthly travel allowance consists of the following 2 (two) components, as indicated in the Department of Transport tariffs, WHERE THE PURCHASE PRICE OF THE VEHICLE IS REGARDED TO BE EQUIVALENT TO:

- (a) the annual salary PLUS

- (b) the annual leave bonus/13th cheque.

8.1.1.1 TOTAL FIXED COSTS

Fixed costs consist of the following elements:

- (a) Insurance, Interest, depreciation and licensing, set out in the Fixed Costs Table of the Department of Transport tariffs. The total fixed costs is determined by the purchase price, as described in paragraph 8.1.1 above, and the corresponding value, standardized on 10,000 (ten thousand) km per annum for all travel allowance bearing positions.

8.1.1.2 TOTAL RUNNING COSTS:

- (a) The total running costs component indicates the tariff in cent per kilometre for a vehicle comprising of all running costs elements set out in the Running Costs Table for Petrol Cars of the Department of Transport tariffs.
- (b) The calculation of the total running costs is standardised on an engine capacity.

8.2 Implementation Of Amendments To The Fixed Costs And Running Costs Components

8.2.1 In terms of the fixed costs component:

- (a) Amendments to the total fixed costs will be implemented annually in July of each year.
- (b) The total fixed costs will be adjusted with salary increments, where applicable.

8.2.2 In terms of the running costs component: Amendments to the total running costs will be implemented annually, based on the prevailing Department of Transport tariffs and the fuel costs as determined from time to time.

8.3 Calculation Of The Total Travel Allowance For All Travel Allowance Bearing Positions

8.3.1 (a) The total fixed costs are calculated as follows:

- (i) The annual salary notch plus the annual leave bonus/13th cheque equals the purchase price of the vehicle; and
- ii) The corresponding figure (which is the cost per kilometre) in the "10,000 (ten thousand)" km column multiplied by 10,000 (ten thousand) divided by 12 (twelve) months, equals the monthly fixed costs. PLUS

- (b) The total running costs, is to be based on the Department of Transport tariffs as indicated in the Running Costs Table for Petrol / Diesel Cars, based on an engine capacity.

8.4 Formula To Calculate Travel Allowance

- (a) Annual Determination
- (b) Determination
- (c) Insurance
- (d) Running Base of
- (e) Kilometer Determination
- (f) Total Running Cost Allowance
- (g) Total Allowance

9. Principles Of Compensation

The following principles are applicable with regard to the payment of travel allowances:

- 9.1 A travel allowance for the particular calendar month shall be paid on a monthly basis.
- 9.2 With regard to unpaid leave:
 - (a) The travel allowance be reduced on a pro rata basis; and
 - (b) No fixed or running costs are payable during this period, unless the ULM resolves otherwise.
- 9.3 With regard to maternity leave, only fixed costs are payable for the applicable period.
- 9.4 With regard to sick leave, the following is applicable:
 - (a) Full-paid sick leave: full travel allowance is payable;
 - (b) Half-paid sick leave: only fixed costs will be paid for the applicable period; and
 - (c) Unpaid sick leave: no fixed or running costs are payable, unless the Municipal Manager determined otherwise.

10. Financing/Loans

- 10.1 No internal vehicle loans will be provided.
- 10.2 Employees participating in the scheme should apply for loans from banking institutions and provide proof of approval to the municipality.

11. Ad Hoc Remuneration

- 11.1 Ad hoc remuneration is payable in cases where occasional official trips are undertaken by means of private transport by permanently appointed employees. The following provisions apply:
- 11.2 **ALL TRAVEL ALLOWANCE BEARING POSITIONS (BENEFIT POSITIONS AND OPERATIONAL POSITIONS)**

11.2.1 Ad hoc remuneration is payable for official trips outside the boundaries of the ULM ONLY when the monthly kilometre allocation of the position is exceeded.

11.2.2 All ad hoc claims must be submitted for payment within the period of two calendar months from the date of recording the first trip, after exceeding the fixed monthly kilometre allocation of the position. If not, payment will be forfeited.

11.2.3 Claims for ad-hoc trips must be completed on the official claim form certifying the purpose of the trip and the actual kilometres travelled, approved by the relevant Director and forwarded to the Finance Department.

11.2.4 Trips between place of work and home shall not form part of ad hoc remuneration.

11.3 NON-TRAVEL ALLOWANCE BEARING POSITIONS

11.3.1 Claims for ad hoc trips must be completed on the official claim form certifying the purpose of the trip and the actual kilometres travelled, approved by the relevant Director and forwarded to the Finance Department.

11.3.2 All ad hoc claims must be submitted for payment within the period of two calendar months from the date of recording the first trip, if not, payment will be forfeited.

11.3.3 Trips between place of work and home shall not form part of the ad hoc remuneration.

11.4 PAYMENT OF AD HOC CLAIMS FOR NON-TRAVEL ALLOWANCE BEARING POSITIONS

11.4.1 Only the insurance costs element of the fixed costs component, as well as running costs, are payable for ad hoc remuneration, as follows:

- (a) Insurance costs will be paid, based on the applicable AA Rates, where the purchase price is considered as the annual salary notch plus the annual leave bonus/13th cheque of the employee.
- (b) Running costs will be paid, based on a standardized engine capacity of 2500 cc, according to the Running costs for Petrol Cars Table in the AA Rates, for kilometres travelled.

11.5 PAYMENT OF AD HOC CLAIMS FOR TRAVEL ALLOWANCE BEARING POSITIONS

11.5.1 Only running costs will be paid, based on a standardised engine capacity of 2500 cc, according to the Running Costs for Petrol Cars table of the AA Rates, for kilometres travelled.

12. Travel Allowance When Acting

- 12.1 A participant of a travel allowance bearing position who temporarily acts in a permanent travel allowance bearing position on a higher salary level, will not receive the travel allowance applicable to the position in which he/she acts.
- 12.2 An employee of a non-travel allowance bearing position who temporarily acts in a permanent travel allowance bearing position, and if he/she provides a privately owned vehicle for the acting period, will be remunerated on an adhoc basis for actual kilometres travelled.

13. Suspension Of Travel Allowances

- 13.1 A participant occupying a travel allowance bearing position, who requests to be permanently transferred to a non-travel allowance bearing position, will forfeit the travel allowance from the date of transfer.
- 13.2 The ULM may resolve to rescind a participant's travel allowance, in the following cases:
 - (a) Where a participant in a travel allowance bearing position without his/her request be transferred to a non travel allowance bearing position, or
 - (b) Where the job contents of a travel allowance bearing position change to such an extent that it will have an effect on the allocation of the travel allowance
- 13.3 After consultation between the ULM and the participant concerned and his/her trade union, a report be submitted to the ULM for approval, after which a written notice be given that the termination of the travel allowance be effective after a period of 6 (six) months.
- 13.6 Where an incumbent of a travel allowance bearing position is injured to such an extent that he/she is unable to drive on a permanent basis, the ULM may resolve that:
 - (a) The payment of his/her allowance be based on the fixed costs component, until his/her external vehicle loan is redeemed in full, after which no travel allowance be payable to such an employee; OR
 - (b) The staff member redeems his/her external vehicle loan in full, after which no travel allowance be payable to such an employee.

14. Securing Of Risks

- 14.1 The onus shall ultimately rest on the participant to ensure that the vehicle is comprehensively insured for business purposes and the ULM shall not attract any liability of whatsoever nature in the case of the vehicle being damaged, destroyed or stolen.

15. Relinquishing Of Rights

- 15.1 Should any party neglect to act against the other party regarding the non-compliance

of this agreement or should one party extend leniency, this shall not be construed as a waiver of rights in terms of the agreement. It shall also not be prejudicial to that party in future actions.

15.2 The failure of the ULM to strictly enforce the terms of this agreement against the participant in any one instance shall not be construed as a waiver by the ULM of any of its rights in terms of the agreement and shall not prejudice the ULM to act against such participant at any later stage.

16. Only Agreement

16.1 This agreement contains the full agreement between the parties and any stipulations, provisions or conditions, whether specific or by implication not included in this agreement are excluded and any variation, change or addition to this agreement is null and void and bears no legal rights unless it is otherwise agreed and it is put in writing and

16.2 signed by the parties to this agreement.

17. Interpretation / Application of The Policy

If there is any dispute about the Interpretation of Application of this Policy, it must be referred to the Municipal Manager.

UMNGENI LOCAL MUNICIPALITY



UMNGENI LOCAL MUNICIPALITY

**DRAFT SMART DEVICE &
DATA CARD POLICY**

**SMART DEVICE POLICY
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PREAMBLE

There are certain Officials and Councilor's that due to their official position or the nature of their work, need to be regularly and consistently contactable for business purposes, or communicate via electronic mail or access to Municipality's network via Virtual Private Network (VPN) and File Transfer Protocol (FTP) to access documents on the internal systems or update records on a remote location. The need to selectively provide Smart Device and 5G data cards as effective business tools has therefore been identified.

Smart Device and 5G data cards should primarily be regarded as tools to enhance service delivery – at the accounting officer's discretion, and at no time as an individual's right.

This policy is intended to regulate the administration and usage of Smart Device and 5G data cards by officials and Councilor's of the uMngeni Local Municipality, and to provide and/or facilitate access to Municipality administration together with matters related to service delivery.

DEFINITIONS

Smart Device: a portable tablet/cellular telephone used for electronic telecommunication and wireless connection to the Internet.

5G Data Card: a wireless Internet connection modem used to connect to the Internet and the uMngeni Local Municipality's network.

Municipality: the uMngeni Local Municipality.

INTRODUCTION

In an attempt to promote efficient and effective service delivery, the uMngeni Local Municipality allocated Smart Devices and 5G mobile Internet connectivity cards to officials and Councillor's. The procurement process is managed and controlled by the Municipality's Information and Communication Technology (ICT) unit and is only kicked off once the Municipal Manager has approved a user's request for a smart device. Budget and Expenditure unit in Finance Department is responsible for the financial aspect of smart device communications contracts particularly ensuring that the department has enough funds to pay the monthly costs for each Official or Councillor and ensuring that the funds are paid to the Service Provider. The ICT unit is also involved in drawing up usage reports for each official as and when required.

This policy outlines the procurement procedures that involve the users and the departments responsible for the management and administration of mobile communications devices.

1.1 PURPOSE

- 1.1.1 The purpose of this policy is to detail the Municipality's guidelines regarding the economical, efficient and effective acquisition, use, maintenance and reimbursement of Smart Devices and data cards for Official purposes or Council work; and further to establish norms, procedures and guidelines to regulate the acquisition, use, management and disposal of Smart Devices and data cards.
- 1.1.2 The diversity of activities and functions carried out in and outside the Municipality's offices necessitates the continued use of communication tools for official purposes by Officials and Councillor's. Service delivery standards are therefore improved with the easy access and the interest of the public seems to be reachable particularly where communication and access to employees is simplified.
- 1.1.3 The uMngeni Local Municipality has undertaken a task to reduce printing costs, delivering costs and carbon footprint, through embarking on a green revolution by going paperless. Going paperless means Councillor's and Officials will need to be able to access Agendas, Budgets, Tender Information and other Information Electronically. This will require wireless Internet access using 5G data cards. This policy controls and regulates the usage and maintenance of data cards.

1.2 PRINCIPLES

1.2.1 General

- a) All Councillor's have a responsibility to be ethical and efficient in the official or private use of Data cards.
- b) All Managers have a responsibility to be ethical and efficient in the official or private use of Smart Devices and Data cards.
- c) Every Official and Council has a responsibility to be productive in the use of their

work time.

- d) All Councillor's, Director's, Senior Managers and None Manager's employees have the duty to observe care and caution when using issued Smart Devices and Data cards.
- e) Officials are to take whatever reasonable precautions necessary to ensure compliance with the law and their own safety when using Smart Devices, i.e. Smart Device usage while driving.
- f) The uMngeni Local Municipality shall in no way be held responsible and accountable for any injuries and/or diseases that may arise or damage to or any loss of Smart Devices or for any fines that may arise from the unlawful use of Smart Devices by Officials and Councillors.

1.2.2. Legislative Framework

- Municipal Finance Management Act 56 of 2003
- Municipal Structures Act 117 of 1998
- Municipal Systems Act 32 of 2000
- Minimum Information Security Standards Act
- Electronic Communications and Transactions Act No.36 of 2005
- Treasury Regulations of 2000 10.1.1 and 10.1.2 state:

1.2.2.1- The Municipal Manager of an institution must take full responsibility and ensure that proper control systems exist for assets and that preventative mechanisms are in place to eliminate theft, losses, wastage and misuse.

1.2.2.2- The Municipal Manager must ensure that processes (whether manual or electronic) and procedures are in place for the effective, efficient, economical and transparent use of the assets.

1.2.3. Eligibility

The eligibility for the use of a Municipality-issued Smart Device shall be determined strictly by the requirements of the job function of the Official, specifically where the official is required to:

1.2.3.1. Travel for business purposes on a regular basis.

1.2.3.2. Communicate with Management or Colleagues with regard to the Municipality's business,

during and after normal working hours.

1.2.3.3. Work off-site, or between the different Municipal offices.

1.2.4. Scope

1.2.4.1 The following categories of employees shall automatically qualify to receive Data Card packages:

- a) The Mayor
- b) The Deputy Mayor
- c) The Speaker
- d) Councillor's

1.2.4.2 The following categories of employees shall automatically qualify to receive Smart Devices with Data Cards and Minutes packages:

- a) The Municipal Manager
- b) Directors
- c) Senior Managers

1.2.4.3 Other permanently appointed officials may qualify for a Smart Device and or Data SIM only package based on his / her duties and that is in the best interest of the municipality that he or she works outside and can be accessible during normal working hours and after hours:

- a) If there is any other official not mentioned in clause 1.2.4.1 and 1.2.4.2 above who feel his/her job requires a smart device or a Data SIM only package, a motivation should be forwarded by his/her Director to the Municipal Manager for approval.

1.3. ROLES AND RESPONSIBILITIES

Administrative Support Service and Finance Departments are responsible for the administration and control aspect of Smart Device and Data cards.

1.3.1 Administrative Support Service (ICT Department) is responsible for:

- 1.3.1.1 the administration in the sense of procuring devices from Service Providers, recording the device type, contract package, Single In-line Memory (SIM), Pin Unlocking Key (PUK), Personal Identification Number (PIN) and International Mobile Equipment Identity (IMEI) details for each device linking them to the user and user's details, in a register.
- 1.3.1.2 the sending handset and data modems to the service providers for repairs.
- 1.3.1.3 communicating with service providers in a case of connectivity errors
- 1.3.1.4 collection of devices and sim cards from officials and Councillor's that are leaving the Municipality once their term in office is completed or terminated.
- 1.3.1.5 re-allocation of devices and modems to new officials employed in a device bearing role.
- 1.3.1.6 updating the register in the case of any employment changes, i.e. resignation, appointments etc.
- 1.3.1.7 ensuring that they compile and submit the contract per period usage report or statistics when required for upgrade application.

1.3.2 Finance Department is responsible for:

- 1.3.2.1 ensuring that all devices are insured with the Municipality's preferred insurance provider.
- 1.3.2.2 ensuring that the monthly account paid does not exceed what the Municipality has budgeted to pay for mobile communications costs.

1.4 TERMS AND CONDITIONS

- 1.4.1 The Municipality enters into standardised Smart Device Package, Data Package and Top-Up packages.
- 1.4.2 The Municipality incurs 100% cost for the handset, subscription and Official usage costs, within the

applicable limit grant.

- 1.4.3 The device(s) issued shall remain the property of the uMngeni Local Municipality for 24 months. This is due to its perishable nature; the official is obliged to return the device(s) upon termination of service or at any time the facility is withdrawn unless the Municipal Manager directs otherwise.
- 1.4.4 Official devices, on the data package, shall be soft-locked on reaching the approved limit amount, , however a Top Up plan is always active on the package, and this package can be recharged at the official's own cost.
- 1.4.5 Under special circumstances, the prescribed limit may be increased for a specified period subject to prior written approval by the Municipal Manager.
- 1.4.6 Managers who are currently participating in other contracts other than RT15 contracts will be subjected to this policy once their contracts expire. The cell phone allowance will then be forfeited and standard packages will apply as per clause 8.

1.5. CELLPHONE ALLOWANCE

1.5.1 An employee may opt to receive a cellphone allowance which will be taxable to be paid directly with his/her salary on a monthly basis only if the currently allocated contract he/she has with the Municipality has reached 24months and qualifies for free cancellation on the following guidelines:

1.5.1.1 **HANDSET & MAINTENANCE** Employees who are entitled to a cell phone allowance will only receive monetary remuneration and will be expected to provide their own handset by means of a contract with a recognized cellular service provider (i.e. Vodacom, MTN, Telkom or Cell C). Council will not be responsible to provide any handset or additions to a handset to any employee or stakeholder covered in this policy.

1.5.1.2 Employees are encouraged to structure their contract with the service provider in a manner which best suits the individual's needs and personal circumstances. Recipients of a cell phone allowance must avail their cell phone number to the Municipality and must continue to maintain the cell phone contract or

airtime/pay-as you-go contract while in receipt of the allowance.

1.5.1.3 The contract should be entered into between the Employee and Service Provider and the onus is on the employee to ensure the monthly payment of the contract. Furthermore, the Employee is responsible for insuring the handset against theft, loss or damage and should ensure that the mobile phone is available, at all times, for Council's use, failing which the allowance will be forfeited.

1.5.1.4 Employees must inform the responsible official at Corporate Services of any cancellation arising from theft, sale, termination of the contract, etc. within 24hours in which the event occurred. An allowance will not be granted to employees without official authorization to acquire a cell phone for official use. Council will not be liable for any costs incurred without official authorization if a private contract has been obtained for official use.

2. PROCEDURES

There are 3 main actors in the process of procuring new mobile communications devices:

- Users: Officials and Councillor's who require Smart Device and/or Data card for adequate performance of their respective functions.
- Administrative Support Service: Information and Communication Technology Unit: The ICT unit is responsible for functions delegated to Administrative Support Services Department.
- Finance Department: The Expenditure section is responsible for functions delegated to the Budget and Expenditure Department.

The three (3) main actors follow different procedures because they play different roles in the usage, procurement, administration and control of the uMngeni Local Municipality's mobile communications devices and Data Cards.

2.1. USER PROCEDURES

The term users, includes Councillor's, Director's, Senior Managers and any municipal employee who are the recipients of Smart Devices and Data card. Users follow a process as specified below.

- The user will receive a Smart Device Request Form from the ICT Unit. These forms can be emailed to the user on request.
- Once the request form has been filled in, the user will submit to his/her respective Head of Department for recommendation based on fund availability and whether the requesting user's job description qualifies him/her for a mobile communications device or Data Card.
- If the Director recommends that the user be granted a device or data card, the form is then submitted to the Chief Financial Officer: Finance Department for verification of budget and vote number if funds are available.
- If the CFO: Finance Department recommends that the user be granted the device, based on funds availability for the department, the request is then submitted to the Municipal Manager for request approval.
- If the Municipal Manager approves the request, the request form is only then submitted to the ICT Unit.
- If the Municipal Manager does not approve the request, the request form along with the comments from the Municipal Manager is returned to the requesting user.

2.2. PROPOSED SUBSCRIBER CONTRACT UPGRADE PROCEDURES

All Officials and Councillor's that have been allocated with a Smart Device and/or a Data card have a contract that is only valid for 24 months. On contract expiry, the following procedures can be followed by the ICT Unit and Expenditure section:

- The ICT Unit will compile a monthly list of users that are due for an upgrade.
- The list of numbers from the list will be sent to Finance Department, Expenditure section to draw up a usage report for each of the users, **excluding users mentioned in clause 1.2.4.1**

and 1.2.4.2.

- The list and the usage report will then be submitted to the Municipal Manager for an upgrade approval, considering the usage invoices submitted for each user.
- If the Municipal Manager does not approve the upgrade, the usage report along with the Municipal Manager's comments will be submitted to the user for further motivation.
- The declined user's motivation will be submitted back to the Municipal Manager.
- If the Municipal Manager declines the upgrade request, the ICT Unit will submit a contract termination request to the service provider.
- If the Municipal Manager approves the upgrade, the ICT Unit will compile a device specification,

as per clause 6, which is in compliance with the Municipality's communication devices approved standard.

- The specification request is then submitted to the Service Provider.
- After a period of 24 Months the smart device becomes a benefit to the user.

3. QUALIFYING CRITERIA FOR USERS MENTIONED IN CLAUSE 1.2.4.3

The use of Smart Devices, Data Card, for official purposes, shall only be considered when:

- An official has proved that a need exists to be in contact for business purposes during absence from the office.
- The relevant cost centre has provided proof that funds have been appropriated for this specific purpose.
- Recommendation from the relative department's Director has been provided.
- There is no other communication device allocated to that particular Official.

4. USAGE GUIDELINES

4.1 USAGE

- 4.1.1 When officials are in the office, all downloads or connectivity to the internal systems, are encouraged to be made via the internal Wifi access, to eliminate extra charges.
- 4.1.2 Each official handset in use shall be counted during the asset management assessment as Council property upon the verification process by the ICT Unit.
- 4.1.3 The purpose of monitoring usage is to:
 - 4.1.3.1 Maximize cost savings.
 - 4.1.3.2 Detect possible errors in service provider invoicing.
 - 4.1.3.3 Ensure efficiency of service use.
 - 4.1.3.4 Establish a true reflection of usage patterns for budget allocation purposes and for auditing purposes.
 - 4.1.3.5 Ensure that downloads designated as work/private are correctly recorded and accounted for.
 - 4.1.3.6 Ensure that all officials use Smart Devices in accordance with the policy.
 - 4.1.3.7 Ensure that the device allocated to the official has not been switched with a non- employee of the uMngeni Local Municipality as it remains the Municipality's property.
 - 4.1.3.8 Smart Devices has a capability of accepting Microsoft Office, including Microsoft Teams package
 - 4.1.3.9 Smart Devices has a capability of accepting Whatsapp Application Social Media

4.2 USAGE PRINCIPLES

- 4.2.1 Officials are allowed to make reasonable efforts to become knowledgeable in the proper operation and use of the mobile communication devices allocated to them, before commencing use of the device(s).
- 4.2.2 Officials are allowed to purchase additional space from Google Drive, the iCloud Store, etc. using their own Visa card, after the gadget has been issued, the Municipality won't

be responsible for any further expenses.

- 4.2.3 Officials are allowed to familiarise themselves and use the various security devices available for the communication device(s) i.e. personal identification (PIN) code locks to avoid unauthorised use in the event of loss or theft.
- 4.2.4 Officials are to maintain the battery in a charged state with sufficient power to enable uninterrupted use and to be reachable during designated work hours.
- 4.2.5 Officials have an obligation to respond, in a timely manner, to any business Messages, Calls and Emails sent.
- 4.2.6 Officials are required to comply with all relevant legislation in respect of transmitting or receiving information which could be regarded as offensive, defamatory or contains material which could amount to sexual harassment, racial discrimination, pornographic material or maliciousness.
- 4.2.7 Officials and Councillor's are required to report theft of a mobile communications device to the South African Police Services (SAPS) within 24 hours of the incident and obtain a case number before the device can be blocked from unauthorised usage.
- 4.2.8 Any theft will have to reported to Municipal Insurance
- 4.2.9 Officials are required to report loss, theft or damage within 24 hours to the ICT Unit.
- 4.2.10 Officials are required to submit the case number received from the SAPS to the ICT Unit who will report the incident to the service provider to ensure that the device is barred and blacklisted.

5 SERVICE TERMINATIONS

- 5.1 Where an official leaves the employment of the Municipality, he/she may have the opportunity to take over the contract (subject to vetting and approval by the service provider) and handset at book value set by the service provider. All costs, if any, charged for the transfer shall be for the official's account unless otherwise the service provider advises that the contract be terminated or as per instruction of the Municipal Manager.
- 5.2 Where an official decides to return the device together with all given accessories including but not limited to the charger and SIM card must be returned to the ICT Unit and any outstanding accessories shall be recovered from the official before the final

salary due to him/her is paid.

5.3 The official shall on his/her own volition provide the following information with regard to the Smart Device is so required:

5.3.1 Single In-line Memory (SIM) card

5.3.2 Pin Unblocking Key (PUK) number

5.4 All devices recovered or returned will be used for loan purposes or be re-allocated to new officials who are authorised to obtain the device in terms of this policy, until the contract expires or otherwise directed by the Municipal Manager.

5.5 Smart Devices become a benefit to the official after a period of 24 Months, due to the life span of Smart Devices which is 24 months.

6 PACKAGES

6.1 Councillors Package:

6.1.1 Limit of 45GB Data with a top up option

6.2 Directors Package:

6.2.1 Smart Device (Samsung Galaxy S23 Ultra or iPhone 14 Pro Max or Equivalent)

6.2.2 Limit of 45GB with a top up option

6.2.3 1500 Voice Minutes with a top up option

6.2.4 1000 SMS's with a top up option

6.3 Managers Package:

6.3.1 Smart Device (Samsung Galaxy S23 Ultra or iPhone 14 Pro Max or Equivalent)

6.3.2 Limit of 45GB with a top up option

6.3.3 1500 Voice Minutes with a top up option

6.3.4 1000 SMS's with a top up option

6.4 Officials Package: as determined in clause 1.2.4.3

6.4.1 Smart Device (Samsung A32 or equivalent)

6.4.2 Limit of 13,5GB with a top up option

6.4.3 700 Voice Minutes with a top up option

6.4.4 250 SMS's with a top up option

6.5 Officials Package: as determined in clause 1.2.4.3

6.5.1 Data Card 25GB with a top up option

7 SUSPENSIONS

7.1 All network facilities shall be suspended/soft-locked when officials are placed on suspension for purposes of the investigation of any misconduct, and this measure is only introduced to properly manage data and voice usage for official Council business.

8 VIOLATION OF POLICY

9.1 Employees who violate this policy may be subjected to disciplinary action and may have their allowance suspended

9.2 If an Official is consistently unavailable on their cellular phone, the Municipal Manager has the discretion to stop the allowance of the said official.

9.3 The reactivation of the allowance shall be done once a satisfactory written explanation is provided to the Municipal Manager, through the Administrative Support Services Department.

9 REVIEW AND AMENDMENT TO THE POLICY

9.1 This policy shall be reviewed after 12 months from the date of inception.

9.2 In the event of any need for amendments, such amendments shall be made and be effected to the policy after (12) twelve months of the application of this policy.

uMNGENI MUNICIPALITY



Draft Lease Property Policy

2024 – 2025

DATE OF ADOPTION:

28 MARCH 2024

DATE OF IMPLEMENTATION:

1 JULY 2024

PREAMBLE

uMngeni Municipality is the owner of a number of immovable properties. In the exercise of its powers, duties and functions Council has the right to acquire, hold, enhance, lease and alienate immovable property. The inequitable spread of ownership of property throughout the municipal area and the historical causes thereof are recognized, and Council acknowledges that it has a leading role to play in redressing these imbalances by ensuring that the immovable property assets under its control are dealt with in a manner that ensures the greatest possible benefit to the Municipality and the community that it serves.

WHEREAS uMngeni Municipality is the custodian of the immovable property of the Municipality and is responsible for the proper management and administration thereof;

WHEREAS uMngeni Municipality is required and committed to manage its property in a fair, transparent and equitable manner; and

WHEREAS uMngeni Municipality realise that property held by it, should be dealt with in a manner which will ensure the greatest benefit to the Municipality and the public in a sustainable manner;

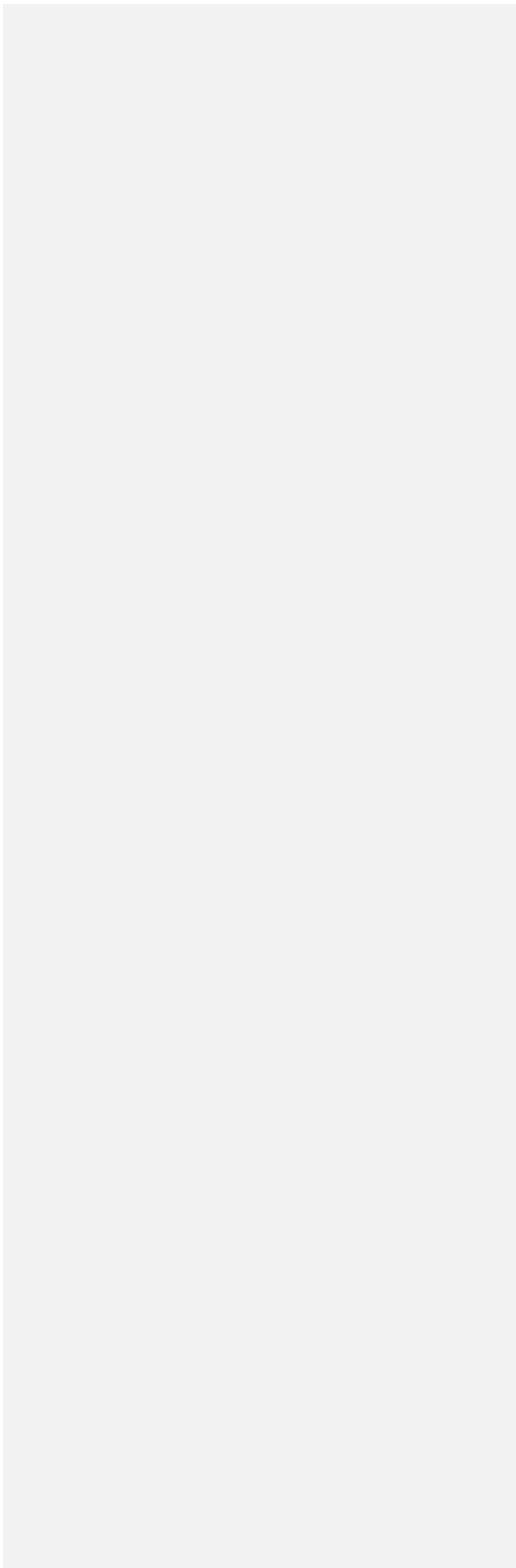
AND IN ORDER TO-

- make available economic opportunities in the municipality;
- promote an efficient administration and good governance; and
- create a culture of accountability, openness and transparency in its administration or in the exercise of its powers or the performance of its functions, by giving effect to the right to just administrative action,

NOW THEREFORE this policy provides, as follows:

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1.1 In this policy, unless inconsistent with the context, the following expressions bear the meanings assigned to them below:

“acquisition” means to acquire by way of purchase or lease.

“adequate notice” means a notice period of not less than 30 days within which representations, comments or objections may be made.

“advertise” means the giving of adequate notice of the nature and purpose including the material substance of the proposed administrative actions, by publishing a notice in the press, and where deemed necessary by the Municipal Manager, any additional form of notice, which may include-

- (a) serving of a notice; or
- (b) displaying on a notice board; or
- (c) holding a public meeting.

“alienate” means to part with ownership of immovable property in favour of another person with the intention of transferring the ownership of the immovable property to the acquirer thereof.

“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;

“bid” means a written offer submitted in a prescribed or stipulated form, in response to an invitation by the Municipality for a procurement or disposal, as part of the competitive bidding process of the Municipality;

“Black people” means Africans, Coloured and Indians, as referred to in the B-BBEE Act, No. 53 of 2005.

“calendar month” means a period extending from a date in one calendar month to the preceding date in the following month;

“chief financial officer” means a person designated in terms of Section 80(2) (a) of the MFMA.

“close” in relation to a public street or public place, means to close for all purposes or to vehicular or pedestrian traffic only.

“corrupt practice” means the offering, giving, receiving, or soliciting of any thing of value to influence the action of a public official in the selection process or in contract execution;

“commercial service” means a commercial service as defined in section 1 of the MATR;

“competitive bidding process” means a process whereby prospective bidders are invited through public media to submit bids and such bids are administered in a fair, transparent, competitive and cost effective manner;

“constitution” means the Constitution of the Republic of South Africa, 1996

“council” means the Council of the Municipality of Stellenbosch and includes any Political Structure, Political Office Bearer, Councillor or Official, acting under delegated authority.

“disposal”, means the sale, exchange, donation, or letting of Municipal land, the conclusion of any form of land availability agreement in respect of immovable property with any person and the registration of any real or personal right in respect of Municipal land, including servitudes;

"emergency" means an emergency dispensation in which one or more of the following conditions are present –

- 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 Municipality 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 municipality not being able to render an essential service; and
- g) the possibility that the security of the state could be compromised.

“exchange” means the simultaneous acquisition and disposal of immovable property or any right in respect of immovable property in terms of an agreement between the Municipality and any other party or parties where the compensation payable by the parties to each other, are offset and only the difference, if any, is payable to the appropriate party.

“fair market value” means the estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller after proper marketing wherein the parties have each acted knowledgeable, prudently, and without compulsion.

“fraudulent practice” means a misrepresentation of fact in order to influence a selection process and includes:

collusive practices among bidders (prior to or after submission of proposals) designed to establish prices at artificial, non-competitive levels and to deprive the municipality of the benefits of free and open competition.

“high value” means that the fair market value of the Property exceeds R50 million or 1% of the total value of the capital assets of the Municipality as determined from the latest available audited financial statements of the Municipality, or such lower amount as may from time to time be determined by resolution of the Council of the municipality.

“housing stock” means housing units that are leased to members of the public and or members of staff as well as housing subsidised units that are earmarked for disposal to qualifying beneficiaries.

“IDP” means the approved Integrated Development Plan of uMngeni Municipality, as provided for in Chapter 5 of the Systems Act.

"immovable Property" includes, but is not limited to –

- (a) immovable property or any share therein registered in the name of a person or entity, including, in the case of a sectional title scheme, a sectional title unit registered in the name of a person or entity;
- (b) a right to an exclusive use area held in terms of a notarial deed of cession;
- (c) a real right registered against immovable property in the name of a person or entity, excluding a mortgage bond registered against the property;
- (d) any share in a share block company as defined in section 1 of the Share Blocks Control Act, 59 of 1980;
- (e) a "public place" or "public street" as defined in the Land Use Management Ordinance, No 15/1985;
- (f) immovable property as defined in section 107 of the Deeds Registries Act, 47 of 1937; and including property consisting of land, buildings, crops, or other resources still attached to or within the land or improvements or fixtures permanently attached to the land or a structure on it.

“Income tax act” means Act 58/1962 “land” means-

- (a) any land registered under separate title and includes the ownership therein, whether in full or reduced form, and any improvements in, on, over or under such land; or
- (b) unregistered land where the ownership can be determined.

“lease” means a contract in terms of which the use and enjoyment is granted over land for a specific period

“lease agreement” means a written agreement specifying rights and duties pertaining to the exclusive use of property for a continuous period of time thirty (30) calendar days or longer, and which sets forth the terms and conditions of the use of the real property.

“MATR” means the Municipal Asset Transfer Regulations promulgated in terms of the MFMA and published in Government Gazette No. 31346 of 22 August 2008;

“MFMA” means the Local Government: Municipal Finance Management Act, 56 of 2003, including any Regulations promulgated in terms thereof from time to time;

“municipality” means Knysna Municipality established in terms of Section 4 of the Establishment Notice (PN 489 of 22 September 2000), as amended;

“municipal area” means the area under the jurisdiction and control of the Council.

“municipal manager” means a person appointed in terms of Section 82 of the Municipal Structures Act, No 117 of 1998 as the head of the Municipality’s administration of his/her delegate.

“municipality’s property” or “property” means all the Immovable Property owned and managed by the Municipality in terms of this Policy;

“Municipal systems act” means the Local Government: Municipal Systems Act, 2000 (Act No 32 of 2000).

“non-Significant Property Right” means a Property Right in respect of the following categories of Property –

- a) Property right with a Value less than R10 million, Property Right longer than 3 years;
- b) Property right with a Value more than R10 million, Property Right less than 3 years;
- c) Property right with a Value less than R10 million, Property Right less than 3 years.

“non-viable property” means Property that, owing to urban planning, physical constraints or extent cannot be developed on its own or function as a separate entity and that can therefore become functional only if used by an adjoining owner in conjunction with such owner’s property;

“official” means an official as defined in section 1 of the MFMA; “organ of

state” means an organ of state as defined in the MATR;

“owner” in relation to land, means the person in whose name that land is registered in a deeds registry, which may include the holder of a registered servitude right or lease and any successor in title of such a person, and includes any person authorized to act as such by the registered owner, any person who in law has been entrusted with the control of such assets or a person to whom land has been made available in terms of a land availability agreement.

“plight of the poor” means the needs of the people who are vulnerable and unable to meet their socio-economic needs independently or to support themselves and their dependants and are in need of social assistance.

“public interest” means disposal or letting to:-

- a) promote the achievement of equality by taking measures to protect or advance persons or categories of persons, disadvantaged by unfair discrimination;
- b) afford black people who are South African citizens a preference in respect of the disposal and letting of immovable property as envisaged in Section 9(2) of the Constitution;
- c) promote BBBEE through disposal and letting;
- d) ensure that and to promote first time home ownership and enterprise development of black people that qualify in terms of the Municipality’s GAP housing policy to have access to adequate housing on a progressive basis;
- e) advance agricultural projects for land reform purposes;

- f) promote welfare and charitable purposes including non-profit rehabilitation facilities; shelters for the indigent and destitute, youth development and drug counseling;
- g) foster equitable access to public amenities, social and/or sports clubs and similar organizations by providing discounted prices or rates in the event that the beneficiaries or the membership component of such institution or body consist of at least 50% black people and/or the membership or subscription fee of black people is less than 50% of the normal membership or subscription fee.
- h) “property laws” means the relevant provisions of the MFMA and the MATR collectively;
- i) “property right” means a right to use, control or manage a property for a period exceeding a calendar month, as granted by the Municipality without ceding legal ownership in the Property. For the avoidance of any doubt, a servitude, way leave or encroachment in, on, over or under Property granted by the Municipality, or a lease agreement entered into by the Municipality as lessor, constitutes a Property Right;
- j) “private treaty” means where the proposed disposal involves a disposal without public competition as defined in the MFMA to a non-government entity.
- k) “property transaction” means either a Disposal of Property or the granting of a Property Right;
- l) “public place” means any land indicated on an approved plan, diagram or map as an open space of which ownership as such vests in the Municipality.
- m) “public street” means-
 - (a) any street which has at any time been-
 - (i) used without interruption by the public for a period of at least thirty years;
 - (ii) declared or rendered such by a Municipality or other competent authority; or
 - (iii) constructed by Council; and
 - (iv) constructed by someone other than Council and which vests in the Municipality.

- (b) any land, with or without buildings or structures thereon, which is shown as a street on-
 - (i) any plan of subdivision or diagram approved by Council or other competent authority and acted upon, or
 - (ii) any plan or diagram as defined in Section 15 of the Land Survey Act, 1997 (Act 8 of 1997), registered or filed in the office of the Registrar of Deeds or the Surveyor-General's office, unless such land is on such plan or diagram described as a private street.
- n) "real rights" means the rights to traverse privately owned property with servitudes which are notorially registered in the Deeds Office or contained in Title Deed Conditions

- o) “SCM policy” means the Supply Chain Management Policy of the Municipality, as approved and implemented in terms of section 111 of the MFMA, read with the SCM Regulations;
- p) “SCM regulations” means the Municipal Supply Chain Management Regulations promulgated in terms of the MFMA and published under GN 868 in Government Gazette No. 27636 of 30 May 2005;
- q) “significant Property Right” means a Property Right with a value in excess of R10 million which is granted for a period exceeding 3 years;
- r) “spatial development framework” means the framework contemplated in Section 26(1)
- s) (e) of the Municipal Systems Act.
- t) “Systems act” means the Local Government: Municipal Systems Act, 32 of 2000, including any Regulations promulgated in terms thereof from time to time;
- u) “Unsolicited bid” is a bid/proposal received from a developer to acquire immovable property, or rights in immovable property, that is owned by the Municipality, outside the normal bidding process, i.e. without the Municipality having asked for such proposal/bid.
- v) “Viable property” means Property that can be developed and function as a separate entity capable of registration by the Registrar of Deeds.

Words not defined in this Policy have the meaning assigned to them in the Municipal Asset Transfer Regulations (MATR).

2. SCOPE AND PURPOSE

- 2.1 The purpose of this Policy is to provide a framework for the management and disposal of the municipality’s land and other immovable capital assets that are not needed to provide the minimum level of basic municipal services and that are surplus to the municipality’s requirements.
- 2.2 The Municipality’s land and other immovable capital assets shall be disposed of in the manner as provided for in this policy. The Property Management Section is responsible for the administration of this Policy, and shall in this regard, in consultation with the Supply Chain Management Unit of the municipality, be responsible for the administration of the competitive bidding process relating to the disposal and leasing of the Municipality’s land.

2.3 In compliance with the provisions of section 14(1) of the MFMA, the Municipality shall not transfer ownership as a result of a sale or other transaction, or otherwise permanently dispose of a capital asset that is needed to provide the minimum level of basic municipal services. The following municipal services are classified as basic municipal services for the purposes of section 14(1) of the MFMA, and this classification must be used by the administration as criteria to compile a List of all Municipal Land and Buildings:

- a) Electricity services
- b) Water services
- c) Sanitation services
- d) Refuse removal, refuse dumps and solid waste disposal services
- e) Municipal Roads
- f) Public Places
- g) Cemeteries; and
- h) Future

3. RESPONSIBILITIES

- w) The Municipality has a responsibility to acquire and avail land and buildings, in the first instance, for its own use for purposes of developing and maintaining municipal infrastructure, promoting service delivery and for facilitating social and economic development and spatial integration. Land assets unrelated to these responsibilities are, by implication, surplus to the municipality's requirements although future requirements must be acknowledged and hence the need to hold immovable property in reserve.
- x) The municipality has a further responsibility in terms of acquiring, managing, developing and releasing its land, buildings and rights on behalf of its residents and ratepayers. In this regard the key consideration is that the best interests of the municipality (and thus its residents) rather than that of individuals should be paramount in all real estate transactions that the municipality enters into. This demands that, in all transactions that the municipality enters into, there should be maximum benefit to the municipality, its operational requirements, and the broader

community.

- y) Land and buildings affect the municipality's entire organization. Therefore, the
 - z) municipality's policy in this respect must act in support of sectoral policies such as economic development, environment management, land use, housing, social and community infrastructure, physical planning and infrastructure, and culture and recreation. Market forces will always be the point of departure in any land or property transaction and this must therefore be recognized and acknowledged.
- aa) The Municipality should dispose of Property only in circumstances where the
 - bb) The municipality is satisfied that it cannot derive a reasonable economic and/or social return from continued ownership of the Property.

POLICY FRAMEWORKS, APPLICATION, GUIDING PRINCIPLES, OWNERSHIP AND POWERS

- 4.1 The legislative framework for the management of the Municipality's Property is contained in a number of pieces of legislation, including but not limited to:
- 4.1.1 The MFMA, in particular section 14, which deals with disposal of capital assets;
- 4.1.2 The MATR, which governs –
- a) The transfer and disposal of capital assets by municipalities and municipal entities; and
 - b) The granting by municipalities and municipal entities of rights to lease, use, control or manage capital assets;
- 4.2 The object of this Policy is to provide a practical framework for the management of the Municipality's Property.
- 4.3 This Policy must be read together with and in accordance with the Property Laws and all other laws which deal with Immovable Property.

5. APPLICATION OF THE POLICY

- 5.1 Section 14 of the MFMA and the MATR apply to capital assets, which are defined in the MATR to include Immovable Property, as well as certain movable assets. This Policy only applies to Immovable Property.
- 5.2 This Policy does not apply to:
- 5.2.1 The municipality's housing stock
 - 5.2.2 Property owned by the Municipality which is subject to a Public Private Partnership
- 5.3 In terms of section 40 of the Municipal Supply Chain Management regulations, a Municipal Supply Chain policy must provide for an effective system of disposal management for the disposal and letting of assets. For that purpose of immovable assets of the municipality, this policy must be seen as the disposal management policy of the municipality.

6. GUIDING PRINCIPLES

- 6.1. The following principles and values should underpin land acquisition and disposal activities:
- (a) The use of Council's immovable property to promote social integration, to redress existing spatial inequalities, to promote economic growth, to build strong, integrated and dignified communities and to provide access to housing, services, amenities, transport and opportunities for employment.
 - (b) The promotion of access by black people to the social and economic benefit of immovable property ownership, management, development and use.
 - (c) The management of Council's immovable property as a sustainable resource, where possible, by leveraging environmental, social and economic returns on such immovable property while Council retains ownership thereof.

CHAPTER 3: RESERVATION AND MANAGEMENT OF IMMOVABLE PROPERTY

PROPERTY

- 7.1 Council may reserve and manage immovable property in its ownership for municipal purposes aligned with its operational needs.

8. KEY PRINCIPLES PERTAINING TO THE RESERVATION AND MANAGEMENT OF IMMOVABLE PROPERTY

- 8.1 Unless it is precluded from doing so by law or by the conditions in terms of which immovable property was acquired and subject to observation of due statutory process and alignment with Council's strategic objectives, Council may:
- (a) Use immovable property in its ownership to promote social integration, to redress existing spatial inequalities, to build strong, integrated and dignified communities and to provide access to housing, services, amenities, transport and opportunities for employment on a temporary or permanent basis.
 - (b) Reserve for future use immovable property in its ownership to promote social integration, to redress existing spatial inequalities, to build strong, integrated and dignified communities and to provide access to housing, services, amenities, transport and opportunities for employment.
 - (c) Enhance immovable property in its ownership by pursuing the amendment of existing rights, establishment of new rights and the provision of municipal services.
 - (d) Improve immovable property in its ownership by the erection of structures thereon.
 - (e) Permit immovable property to be managed on behalf of Council, permit it to be enclosed and permit it to be cultivated.
- 8.2 When immovable property under the control or management of Council is encroached upon, the Council may take such steps as may, in the opinion of the Council, be necessary to remove or regularize such encroachment. In such instances Council may reduce the extent of a public place or public street which is encroached upon by the extent of the encroachment or by such greater extent as may, in Council's interest, be desirable.

9. **SERVICE LEVEL AGREEMENTS**

- 9.1 In all circumstances where a private party has been appointed to use and manage Municipal Property/ies, for example, an agricultural project aimed at developing the community , the Municipality's will enter into a service level agreement (SLA) with the private party .
- 9.2 An SLA shall regulate the respective roles and responsibilities of the Municipality and the private party.
- 9.3 The SLA's shall include provisions dealing with:
- a) the purpose for which a Property is reserved;
 - b) a clear description of the purpose for which a private party is being appointed by the Municipality and the private party's contractual obligations in respect of both the purpose of its appointment (such as the provision of the service), as well as in respect of any Property Rights it may have been granted in respect of the Property;
 - c) the entering into of contract(s) with the private party, and the allocation of the respective responsibilities of the private party and the Municipality in respect thereof;
 - d) the distinct responsibilities of the Municipality and the private party in respect of monitoring and oversight of the use, control and management of the Property;

CHAPTER 4: ACQUISITION OF IMMOVABLE PROPERTY AND RIGHTS IN IMMOVABLE PROPERTY

property within or outside its municipal area by purchase, expropriation, exchange, donation, gift, lease or otherwise, subject to compliance with the procedures set out in this policy;

- 10.2 Council may expropriate immovable property in terms of the Expropriation Act (Act 63 of 1975), or any other applicable legislation, provided that such expropriation shall only be for public purposes or in the interest of the public.

11. GENERAL PRINCIPLES

- 11.1 Council must ensure that decisions to acquire property (land, buildings and land improvements) are based on sound business and planning principles which are fully accountable and comply with:
- (a) Council priorities and initiatives;
 - (b) Corporate and service plans;
 - (c) Planning Policies; and
 - (d) Regional plans and area planning schemes.
- 11.2 The Property Management Section undertakes the acquisition (purchase or expropriation) of Immovable Property (land) and rights in Immovable Property (servitudes) for municipal purposes on behalf of all the service departments.
- 11.3 It is the responsibility of a Service Department to timeously, by a predetermined date as specified by the Property Management Section, advise the Property Management Section of the land or servitudes that are required in a particular financial year. The service department is required to furnish the Property Management Section with the full particulars of the land or servitude(s) required. The particulars required must stipulate the erf or farm number if the entire erf or farm is required, or the coordinates and extent of the land or servitude if a portion of a farm or erf or servitude is required.

11.4 The Service Department is required to confirm that the acquisition is required for an approved municipal project and that funding has been approved on an approved budget for the payment of the purchase price and the costs that the Municipality will incur when transferring the land or registering the right in the name of the Municipality in the Deeds Registry.

11.5 The municipality will purchase the land or servitude at the market value of the land or servitude as determined by a professional valuer or at such lesser amount as may be agreed to by the seller.

- 11.6 In the case of an expropriation the compensation payable for the land or servitude shall be determined in accordance with prescripts of the legislation in terms of which the land or servitude was expropriated.
- 11.7 Once the Immovable Property has been acquired, it will be reserved for the municipal purpose for which it was acquired and dealt with in accordance with the reservation procedures outlined above.

12. ASSESSMENT

- 12.1 Prior to arriving at a decision to acquire an immovable property the Municipal Manager is required to undertake a detailed assessment to ensure that:
- (a) the service delivery needs of the Municipality are best met by the proposed acquisition;
 - (b) that broader government objectives are also considered; and
 - (c) the expenditure of public funds is justified and are approved.
 - (d) the planned acquisition is in line with the approved Spatial Development Framework(s).
- 12.2 The Municipal Manager must ensure land acquisitions associated with infrastructure projects are consistent with (where relevant) Regional Plans, State Infrastructure Plans, Municipal Infrastructure Master Plans, or other plans that cover a significant proportion of the municipal area. This is to ensure strategic landholdings contribute to a range of social, economic and environmental outcomes sought by Council, including the efficient, coordinated and timely provision of infrastructure.
- 12.3 In addition to the proposed acquisition being consistent with the objectives of planning documents, the Municipal Manager need to consider other issues when undertaking the assessment, such as:
- (a) the reason why the preferred site or area best meets the Municipality's requirements;
 - (b) the Municipality's strategic land management plan;
 - (c) source of funding and value for money;
 - (d) alternative service delivery options;
 - (e) sharing of government resources e.g. co-location;
 - (f) method of acquisition;
 - (g) valuation of property;

- (h) consultation with stakeholders;
- (i) availability of surplus government property;
- (j) risks associated with proposed transaction; and
- (k) site constraints e.g. cultural and heritage issues and servitudes.

13. SITE SELECTION

- 13.1 Evaluation criteria are to be developed to allow assessment of the site for suitability for the intended purpose. Criteria could include requirements for public transport, potential to meet future service demand, local support services, physical site requirements, size of site in proportion to service delivery strategies, financial benefits, municipal priorities and other future service requirements in proximity to the site and potential to collate or share facilities and services. A report should be prepared by the Service Department outlining the reasons for selecting the site as this will form the basis of the mandatory consultation process.

14. VALUATIONS

- cc) 14.1. Valuations are required in support of an acquisition decision and must be at current market valuation as determined by a qualified valuer(s).
- dd) 14.2 Market value provides a consistent valuation base which is openly accountable and capable of being tested despite being essentially a matter of expert judgment. By using market value the real value and therefore the real cost of property assets, is taken into account during decision making processes.
- ee) METHODS OF ACQUIRING IMMOVABLE PROPERTY
- ff) The Municipality may acquire land by: -

14.1 Open market (selection in a particular area/location of a suitable site)

The Municipality usually acquires land through the open market place by either public auction or private sale.

14.2 Private treaty agreement (for site specific acquisition)

Private treaty contracts are suitable where the property has clear title or where clear title is reasonably achievable and the owner is willing to negotiate on reasonable terms.

14.3 Acquisition by expropriation

This method should not be used unless acquisition by agreement has been rejected as being unsuitable, or has been unsuccessful in gaining agreement and it can be shown that the property need is site specific and essential.

15. MANDATORY CONSULTATION

15.1 Council shall not acquire land unless it has-

- (a) advertised its intention to acquire such immovable property; and
- (b) considered the objections (if any) lodged in accordance with the advertisement contemplated in subsection (a).

15.2 When advertising its intention as contemplated above, all material information relevant to the proposed transaction must be included in the advertisement, including, but not limited to the following:-

- (a) the description of the property, including the title description, street address if applicable and extent;
- (b) the contracting parties;
- (c) reason(s) for proposed acquisition;
- (d) the purchase price or lease amount of the property;
- (e) market value of property;
- (f) how the acquisition is to be financed;
- (g) whether the transaction is reflected in the current budget; and
- (h) whether other alternatives have been considered.

15.3 If it is reasonable and justifiable in the circumstances, the Municipal Manager may depart from the above requirements. In determining whether such departure is reasonable and justifiable, the Municipal Manager must take into account all relevant factors, including-

- (a) the objects of the proposed transactions;
- (b) the nature and purpose of, and the need to take the decision;
- (c) the likely affect of the action;
- (d) the urgency of taking the action or the urgency of the matter; and
- (e) the need to promote an efficient administration and good governance.

16. APPROVAL PROCESS

16.1 Following the advertisement contemplated above, the Property Management Section shall compile an agenda item, motivating the acquisition of the property(s) or rights in property(s). The report

should indicate which methods of acquisition was/will be used and why this specific method has been decided on.

- 16.2 The report must be considered by the committee which has the delegated authority to consider such application.

CHAPTER 5: DISPOSAL OF IMMOVABLE PROPERTY AND RIGHTS IN IMMOVABLE PROPERTY

17.1 Council may in terms of Section 14 of the MFMA, read with the MATR, dispose of immovable property or rights in immovable property by way of sale, letting, or registration of a servitude once it is satisfied that such property or rights is not required to provide the minimum level of basic municipal services and once it has considered the fair market value thereof as well as the economic and community value to be received in exchange for such property or right.

17.2

18. DISPOSAL MANAGEMENT PRINCIPLES

18.1 *Core Principles*

In terms of section 14(5) of the MFMA, a Disposal of Property by the Municipality must be fair, equitable, transparent, competitive and consistent with the Municipality's SCM Policy ("the Core Principles").

18.2 *General Principles pertaining to the disposal of immovable property and rights in immovable property*

- 18.2.1 Unless otherwise provided for in this policy, the disposal of viable immovable property shall be affected-
- (a) by means of a process of public competition; and
 - (b) at market value except when the public interest or the plight of the poor demands otherwise.
- 18.2.2 All transactions for the disposal of immovable property must be considered in accordance with this policy and other applicable legislation.
- 18.2.3 Before alienating immovable property or rights in immovable property Council shall be satisfied that alienation is the appropriate methodology and that reasonable economic and social return cannot be derived whilst ownership of the immovable property or rights is retained by Council.
- 18.2.4 Council reserves the right to entertain unsolicited bids for the development of viable immovable property for development purposes, with the proviso that it abides by Council's strategic objectives and more specifically that it favours the promotion of black ownership, entrepreneurship, community upliftment and local preference.

- 18.2.5 Council may grant occupation of its immovable property prior to the transfer thereof on condition that a suitable sale has been entered into, that the purchase price is paid in full or alternatively that an acceptable financial guarantee is provided to secure the purchase price, that occupational interest is payable at a rate specified by Council and further that Council is indemnified against any and all claims that may arise out of the occupation of the immovable property by the purchaser.
- 18.2.6 Viable immovable property purchased from Council by a first time homeowner shall not, without Council's written consent, be resold within a period of 8 years of the date of transfer.

18.3 General principles and guidelines pertaining to the letting by the council of immovable property

- 18.3.1 Where possible, Council's immovable property should be managed as a sustainable resource by leveraging environmental, social and economic returns on such immovable property while Council retains ownership thereof.
- 18.3.2 Immovable properties that have been let shall be inspected at reasonable time periods to ensure compliance with the terms and conditions of the agreement of lease.
- 18.3.3 Council reserves the right, where necessary, to resume immovable property let, or a portion thereof, and to cancel an existing lease in its entirety where such immovable property is required for operational purposes, in pursuance of Council's strategic objectives or in the interests of the community. In such an event the lessee shall be compensated for improvements established by him/her on a basis to be determined by an independent valuator, taking into account the remaining period of the lease agreement.
- 18.3.4 No application shall be processed unless the prescribed application fee as per tariff has been paid nor shall any proposed lease be advertised unless the applicant has confirmed, in writing, that it will bear all costs involved in such transaction including- but not limited to- legal, survey, re-zoning, sub-division, consolidations, advertisement, relocation or provision of services and, where applicable, a deposit as per prescribed rate to cover incidental costs has been paid.

19. MOST APPROPRIATE USE ASSESSMENT

- 19.1 Before a property is declared as surplus, and earmarked for disposal, it must first be assessed for its most appropriate use.
- 19.2 The most appropriate use for a surplus property is one which achieves an optimum balance between the following three key elements of sustainable development:

- (a) the protection of ecological processes and natural systems;
- (b) the optimum financial return to and economic development of the municipal area; and
- (c) the enhancement of the cultural, economic, physical and social wellbeing of people and communities.

19.3 The three elements of sustainability will apply to all surplus properties, however their significance and the relationships between them will vary for individual properties.

19.4 In determining the most appropriate use of surplus properties, regard should be given to:

- (a) Spatial development framework(s);
- (b) Regional plans;
- (c) Sectoral studies/plans;
- (d) Government policies;
- (e) Relevant legislation; and
- (f) the views of interested and affected parties.

19.5 Where appropriate, opportunities should be provided for community involvement in the assessment process.

20. METHODS OF DISPOSAL

gg) Subsequent to determining the most appropriate use of a property and then having decided that the property should be disposed of, the method of disposal should be determined.

hh) Council may use any of the following methods of disposal, depending on the circumstances pertaining to the specific property:

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COMPETITIVE PROCESSES

1. Formal Tender

- a) The type of a formal tender may vary, depending on the nature of the transaction:
 - i) The disposal by outright tender may be appropriate where the land ownership is not complex, and Council is seeking obligations to be placed on the successful tenderer which are clear and capable of specification in advance.
 - ii) Qualified tenders/call for proposals will be appropriate where the land ownership position is complex or the development proposals for the land are insufficiently identified or otherwise incapable of detailed specification at the pre-tender stage.
- b) The nature of the formal tender process is that a legally binding relationship is formed when Council accepts a tender in writing. It is essential therefore, that every aspect of the disposal is specified in the tender documents. The tender documents could include a contract for sale or lease which could be completed with the tenderer's details, the tender price and be signed by the tenderer. A binding legal agreement is created upon the acceptance of a tender by Council.
- c) Such a process may, depending on the nature of the transaction, include a two-stage or two-envelope bidding process (proposal call) in terms of which only those bidders that meet the pre-qualification criteria specified in the first stage are entitled to participate in the second stage.

2. Public Auction

- a) Disposal by public auction may be appropriate where there is no obvious potential purchaser and where speed and the best price can be obtained by auction.
- b) The decision to dispose of immovable property by way of public auction must be recorded in writing and must include-
 - (i) the reasons justifying a disposal by public auction;
 - (ii) the reserve price, if any, for the auction;
 - (iii) the authority for a staff member to attend the auction and to act on behalf of the Council on the disposal.
- c) The contract for sale or lease must be ready for exchange at the auction.

- d) The binding contract will be made on the acceptance of the highest bid providing
- kk) it has reached the reserve price. Contracts for the sale or lease will immediately be signed and exchanged.
- ll) The terms and conditions of each auction shall be determined on a project-by- project basis, appropriate to the specific characteristics and attributes of the Immovable Property, and to the Municipality's strategic objectives.
- e) Where the services of an auctioneer are utilised, the auctioneer's commission shall be payable by the successful bidder and shall not form part of the financial offer to the Municipality.

3. Closed Tender

- a) If a non-viable property has more than one adjacent owner and if such a Property is capable of being consolidated with more than one of the properties owned by such adjacent owners, then a closed bid will be called for from all the registered owners of all the adjacent properties with which the Property can be consolidated.

4. Unsolicited proposals

- a) It is important that the municipality is in a position to entertain unsolicited proposals in exceptional circumstances. Such proposals may *inter alia* include property development proposals, land sales and leases. In this regard the following principles will apply:
 - i) **Proposals received will be analysed and evaluated by the municipality;**
 - ii) **Realistic propositions will be advertised in the media to elicit competitive proposals or objections from the public;**
 - iii) Should the advertisement elicit a response from the

market, then a competitive proposal call will be initiated by means of an invitation to bid;

- iv) The final lease or sale transaction will be submitted to the council for approval;
- v) The prudent control will be by way of the market valuation certificate.

Non-Competitive Processes: Private Treaty Agreements

Non-Viable Property

- mm) In respect of Non-Viable Property which can only be utilised by one adjacent land owner, a Property Transaction(s) may be approved without any competitive process having been followed, including in response to an unsolicited application, on the basis that no purpose would be served by a competitive process.

Viable Property: *Deviation from a Competitive process*

21.2.2.1 The Municipal Manager may dispense with the competitive processes established in this policy, and may enter into a Private Treaty Agreement through any convenient process, which may include **direct negotiations**, including in response to an unsolicited application, but only in the **following circumstances**: –

- a) **In an emergency**; or
- b) due to **specific circumstances** peculiar to the property under consideration, it can only be utilized by the one person/organization wishing to enter into the Property Transaction; or
- c) the person wishing to enter into the Property Transaction is the **sole provider** of the service or product in respect of which the property will be used and the use of the Property is inextricably linked to the provision of that service or product;
- d) **the Municipal Manager is satisfied that the Property Transaction will be exceptionally beneficial to, or have exceptional cost advantages for the Municipality which would not be realised if a competitive process were to be followed by the Municipality**; or will be exceptionally beneficial to the community or the natural environment;

- e) in **exceptional cases** where the Municipal Manager is of the opinion the public competition would not serve a useful purpose or that it is in the interest of the community and the council, and where none of the conditions as set out in the policy provides for such exception, is permitted, and where they are not in conflict with any provision of the policy. In such cases the Municipal Manager must record full reasons for preferring such out-of hand sale or lease to those by public competition.
- f) where it is **impractical or impossible** to follow one or more of the Competitive Processes referred to above. In such an event the following factors must be considered –
 - i) pursuant to the Property Transaction, whether the Property will be used for a public purpose by the Municipality's local community; and/or
 - ii) whether the Municipality is satisfied that the Property Transaction will be exceptionally beneficial to, or have exceptional cost advantages for, the Municipality;
- g) where any immovable property is offered for sale or lease by public competition, any **remaining immovable property** may be sold or leased out of hand by Council at the upset price of higher, as long as it is satisfied that market prices are stable.

- nn) The upset price must be determined in such a way that it corresponds with a reasonable market value and must include the recoverable development costs such as municipal services, advertising and survey costs.
- oo) The position must be reviewed by Council at least every six months. Not more than one erf may be sold out of hand to a purchaser where the demand for erven exceeds the number of erven available for sale.
- pp) where unsolicited applications/proposals are received from telecommunication companies to construct or put up communication infrastructure on Council owned Property, such as masts, dishes, ect, subject to approved tariff structure.
- qq) where encroachment applications are received from adjoining owners, including applications for outdoor dining permits, subject to approved tariff structure;
- rr) where sale by public competition has failed to attract a purchaser and it can be established that further efforts to dispose of the property by public competition are likely to fail;
- ss) where the applicant is an organization receiving funding support from a government department-
- tt) which makes a substantial contribution towards the outputs of such a government department; or
- uu) whose contribution to such government departments outputs would depend upon or be substantially enhanced by gaining priority to a particular property;
- vv) where the land is part of a larger area of land that is proposed for development, redevelopment or regeneration. Also, the nature and complexity of the proposed development of the overall site is such that the Council's corporate objectives and best consideration can only be achieved by a sale to a purchaser with an existing interest in land in the area.
- ww) lease contracts with existing tenants of immovable properties may be renegotiated where Council is of the opinion that public competition would not serve a useful purpose or that renewal is aligned with Council's strategic objectives and in the interest of the Community, subject to such renewal being advertised calling for public comment. The existing tenant shall give notice of the intention to renegotiate the lease at least six months before the date of termination.

xx) an owner of fixed immovable property, who leases Council

immovable property, may be substituted by a successor-in-title as deemed necessary on the same terms and conditions and/ or additional terms and conditions.

- y) immovable property may be let by Private Treaty to social care users. Rentals shall be determined in terms of the tariff rentals as approved by Council from time to time and in such cases, the Lessee shall accept responsibility for the maintenance of the immovable property and any improvements thereon.
- zz) sport facilities and other public amenities may be let by Private Treaty to Sport boards, Sports Federations and other similar bodies Community based bodies and non-professional sporting bodies shall be charged the tariff rentals as approved by Council from time to time. Professional sports bodies and bodies operating for

aaa) profit shall be charged a fair market related rental based on the market value of the property to be leased.

bbb) where unsolicited applications are received for access servitudes, right of ways and

ccc) way leaves over municipal land, subject to approved tariff structure.

ddd)

21.2.2.2 The Municipal Manager must record the reasons for any such deviation and report them to Council and include them as a note to the Annual Financial Statements.

Exchange of Land

- a) Disposal by exchange of land will be appropriate when it is advantageous to the Council and other parties to exchange land in their ownerships and will achieve best consideration for the municipality.
- b) Council must authorise the disposal of land by exchange with another land owner for alternative land. Reasons for justifying this manner of disposal must be recorded in writing.
- c) A binding legal agreement will be created when a contract is exchanged for the exchange.
- d) The exchange will usually be equal in value. However, an inequality in land value may be compensated for by other means where appropriate. In such circumstances Council must seek an independent valuation to verify that "*best consideration*" will be obtained.

21.3 *Key principles and guidelines pertaining to the disposal of immovable property for social care uses*

21.3.1 Social care is defined as services provided by registered welfare, charitable, non-profit cultural and religious organisations and includes, but is not limited to, the following types of uses :-

- (a) Place of Worship to the degree and for that portion of a facility

being used for spiritual gathering by, and social/pastoral/manse/welfare caring and support to Worshippers and the broader Community.

- (b) Child care facility insofar as it contributes to the functioning of a multi-use childcare facility and is operated on a non-profit basis.
- (c) Schools or centres – utilised as homes for the handicapped and disabled persons.
- (e) Non-profit rehabilitation centres.
- (f) Homes/centres for indigent, battered or destitute persons.
- (g) Organisations for the homeless and elderly.
- (h) Youth activity centres.
- (i) Facilities for the accommodation, care and burial of animals.
- (j) Cemeteries, NPO funeral parlours and non-profit crematoria.

21.3.2 Organizations must be listed in schedule 9 of the Income Tax Act.

21.3.3 Council reserves the right to entertain unsolicited bids for the purchase or lease of viable immovable property for social care uses with the proviso that it abides by Council's IDP objectives.

21.3.4 The following factors shall be considered relevant in the selection and allocation of immovable property to places of worship:-

- (a) The size of the congregation / membership.
- (b) Availability of finance to acquire the site and develop same within two years plus possible extension.
- (c) Whether or not such a denomination is already represented in the area.
- (d) Whether or not welfare type facilities / activities will be provided in addition to religious facilities.
- (e) Whether or not the congregation / membership is drawn from the area in which a site is being applied for.

21. DECISION – MAKING PROCESS

Disposals

eee) Properties that cannot be disposed of- the Municipality may not dispose of a Property needed to provide the minimum level of basic municipal services, save where the Disposal is to another Organ of State, as provided for in section 14(6) of the MFMA read with Chapter 3 of the MATR.

fff)

ggg) Exempted Disposals to Organs of State - In the circumstances prescribed in Chapter 3 of the MATR, Disposals of Property to other Organs of State are exempted from the requirements of sections 14(1) to (5) of the MFMA. Broadly speaking, such Disposals are so exempted where the Disposal is for a public purpose, as opposed to a Disposal in the course of an ordinary commercial transaction between the Municipality and the Organ of State (in which case the Disposal does not qualify as an exempted

hhh) Disposal).

iii)

jjj) Where the requirements stipulated in Chapter 3 of the MATR are met, then notwithstanding the fact that a Disposal may be in respect of Property which is required to provide the minimum level of basic municipal services, such a Disposal does not have to comply with this policy, does not have to be at market value and does not

require the public participation process prescribed in the MATR in respect of non- exempted Disposals.

22.1.1 **Section 14 (Non-Exempted) Disposals** - In respect of Disposals which are subject to sections 14(1) to (5) of the MFMA, the Municipality may Dispose of such Property only after the following requirements are met –

- a) the Council, in a meeting open to the public, must have decided on reasonable grounds that the Property is not needed to provide the minimum level of basic municipal services;
- b) the Council must have considered the fair market value of the

Property and the economic and community value to be received in exchange for the Property;

- c) any such Disposal must be in accordance with the principles of fairness, equitability, transparency, competitiveness and cost effectiveness.
- 22.1.2 In respect of section 14 (non-exempted) Disposals, the provisions of Chapter 2 of the MATR, which provides the framework for the implementation of these aspects of section 14 of the MFMA, must also be complied with.
- 22.1.3 Part 1 of Chapter 2 of the MATR specifies a process for decision-making by a municipality.
- 22.1.4 The first phase in the process of decision-making is public participation. In terms of the MATR, this phase applies only to High Value Property (R10 million and above) and includes:
- a) a request to Council, accompanied by an Information Statement, to authorise the Municipality Manager to conduct a public participation process;
 - b) the Municipality Manager conducting a public participation process as prescribed in the MATR.
- 22.1.5 The Municipal Manager shall conduct a public participation process in respect of Non-High Value Disposals and may determine the form that this process should take.
- 22.1.6 Once the public participation phase of the decision-making process has been completed, Council is required to take decisions in respect of the Disposal.
- 22.1.7 The first decisions which the Council has to make are determinations in terms of section 14 of the MFMA –
- a) on reasonable grounds, that the Property is not needed to provide the minimum level of basic municipal services; and
 - b) consideration of the fair market value of the Property and the economic and community value to be received in exchange for the Property,
- kkk) (“the Section 14 Determinations”).

- 22.1.8 The second decision that Council has to make, as a consequence of the Section 14 Determinations, is in respect of whether or not to approve in principle that the Property may be Disposed of (“an In Principle Approval”).
- 22.1.9 The MATR prescribes factors that the Council must take into account when making the Section 14 Determinations and when considering whether to grant an “In Principle Approval”.
- 22.1.10 The Council may give an “In Principle Approval” subject to any conditions, including but not limited to, those specified in the MATR. If an “In Principle Approval” is granted subject to conditions, and one of the conditions is not met, the “In Principle Approval” for the Disposal automatically falls away.
- 22.1.11 The MATR do not specify any further decision-making steps to be taken by Council once Council has made the Section 14 Determinations and granted an “In Principle Approval”, subject to compliance with further MATR processes.
- 22.1.15 The MATR do, however, specify that a municipality may Dispose of a Property only if such Disposal is in accordance with the Disposal Management System and that it may only commence with disposal management processes once an “In Principle Approval” has been granted by Council.
- 22.1.16 In circumstances where a Competitive Process has been followed after the granting of an In Principle Approval by Council, and where the outcome of the Competitive Process impacts materially or significantly on the Section 14 Determinations which Council made prior to the granting of an “In Principle Approval”, the Disposal shall be referred back to Council.

Granting of rights in municipal properties

- 22.2.1 Chapter 4 of the MATR governs the granting of a Property Right in circumstances where section 14 of the MFMA does not apply.

22.2.2 Regulation 33(3) in Chapter 4 of the MATR specifies the circumstances in which a Property Right must be dealt with as if such granting of a Property Right is subject to section 14 of the MFMA or qualifies as a Disposal exempt from section 14. These include for example situations in which the Property Right:

- a) is granted for an indefinite or undetermined period;
- b) confers upon the person to whom the Property Right is granted an option to buy or acquire ownership in the Property;
- c) is granted in terms of a long-term lease in circumstances where the lease has been structured in such a manner that the lessee is effectively, practically and for all intents and purposes, in the position of an owner, save only that the owner/lessor remains the registered owner of the Property.

- 22.2.3 Part 1 of Chapter 4 of the MATR specifies a process for decision-making by a municipality in respect of the granting of a Property Right.
- 22.2.4 The first phase in the process of decision-making is public participation. In terms of the MATR, this phase applies only to a Significant Property Right and includes:
- a) a request to Council, accompanied by an Information Statement, to authorise the Municipality Manager to conduct a public participation process;
 - b) the Municipal Manager conducting a public participation process as prescribed in the MATR.
- 22.2.5 The Municipal Manager shall conduct a public participation process in respect of a Non- Significant Property Right and may determine the form that this process should take.
- 22.2.6 A public participation process does not have to be followed in respect of once-off events in terms of which a Property Right is granted for a non-renewable period of not more than 90 days and where a Competitive Process would not serve a useful purpose.
- 22.2.7 Once the public-participation phase of the decision-making process has been completed, a decision must be taken as to whether to grant an In Principle Approval in respect of the granting of the Property Right.
- 22.2.8 The MATR draws a distinction between a Significant Property Right and a Non- Significant Property Right for purposes of the authority to grant an In Principle Approval:
- a) in respect of a Significant Property Right, only Council has the authority to grant an In Principle Approval;
 - b) in respect of a Non-Significant Property Right, the Municipality Manager, or if he/she has delegated such a power, his/her delegatee, has the authority to grant an In Principle Approval.

CHAPTER 6 MANAGEMENT OF COMPETITIVE BIDS

22. MANAGEMENT OF COMPETITIVE BIDS

For Property transactions above a contract value of R1 Million (incl. of VAT) or where the Municipal Manager deems it appropriate, taking into account the specific nature of the transaction, he/she shall establish committees for the preparation of bid documents the evaluation and adjudication of such bids, as set out hereunder.

23. BID DOCUMENTATION FOR COMPETITIVE BIDS

23.1 The criteria to which bid documentation for a competitive bidding process must comply, must -

- (a) take into account -
 - (i) the general conditions of contract and any special conditions of contract, if specified;
 - (ii) description of property, including the erf number(s) and size thereof;
 - (iii) current zoning, land use and restrictive conditions;
 - (iv) nature of tenure to be granted;
 - (v) development parameter and guidelines;
 - (vi) an indication of whether the successful bidder will be responsible to apply for development rights, or whether such rights are already in place;
 - (vii) access to property;
 - (viii) parking requirements;
 - (ix) time-frame for development;
 - (x) identification of suspensive conditions, if any, that will have to be met by the successful bidder before a legal binding relationship is formed;
 - (xi) availability of municipal services;
 - (xii) whether the successful bidder will have to make any contributions, over and above the tender amount, such as development contributions, contributions for the upgrade of services; ect.

- (b) include the preference points system to be used (if any), goals as contemplated in this policy and evaluation and adjudication criteria, including any criteria required by other applicable legislation;
- (c) compel bidders to declare any conflict of interest they may have in the transaction for which the bid is submitted;
- (d) if the value of the transaction is expected to exceed R10 million (VAT included), require bidders to furnish-
 - (i) if the bidder is required by law to prepare annual financial statements for auditing, their audited annual financial statements-

- (aa) for the past three years; or
- (bb) since their establishment if established during the past three years;
- (ii) a certificate signed by the bidder certifying that the bidder has no undisputed commitments for municipal services towards the municipality or other service provider in respect of which payment is overdue for more than 30 days;
- (iii) particulars of any property contracts awarded to the bidder by an organ of state during the past five years, including particulars of any material non-compliance or dispute concerning the execution of such contract;
- (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.

24. PUBLIC INVITATION FOR COMPETITIVE BIDS

24.1 The procedure for the invitation of competitive bids is as follows:

- (a) Any invitation to prospective developers/bidders to submit bids must be by means of a public advertisement in newspapers commonly circulating locally, or any other additional, appropriate ways, as determined by the Municipal Manager; and
- (b) The information contained in a public advertisement, must include, *inter alia*:-
 - (i) the closure date for the submission of bids, which may not be less than 30 days in the case of transactions over R10 million (VAT included), or which are of a long term nature, or 14 days in any other case, from the date on which the advertisement is placed in a newspaper;
 - (ii) a statement that bids may only be submitted on the bid documentation provided by the Municipality; and
 - (iii) date, time and venue of any proposed site meetings or briefing sessions;

24.2 The Municipal Manager may determine a closure date for the submission of bids which is less than the 30 or 14 days requirement, but only if such shorter period can be justified on the grounds of urgency or emergency or any exceptional case where it is impractical

or impossible to follow the official procurement process.

24.3 Bids submitted must be sealed.

24.4 Where bids are requested in electronic format, such bids must be supplemented by sealed hard copies.

25. PROCEDURE FOR HANDLING, OPENING AND RECORDING OF BIDS

25.1 The procedures for the handling, opening and recording of bids, are as follows:

- (a) Bids-
 - (i) must be opened in public;
 - (ii) must be opened at the same time and as soon as possible after the period for the submission of bids has expired; and
 - (iii) received after the closing time shall not be considered and returned unopened immediately.
- (b) Any bidder or member of the public has the right to request that the names of the bidders who submitted bids in time must be read out and, if practical also each bidder's total bidding price;
- (c) No information, except the provisions in subsection (b), relating to the bid should be disclosed to bidders or other persons until the successful bidder is notified of the award; and
- (d) The Municipal Manager must-
 - (i) record in a register all bids received in time;
 - (ii) make the register available for public inspection; and
 - (iii) publish the entries in the register and the bid results on the website of the Municipality.
- (e) All original bid documents must be stored safely.

26. NEGOTIATIONS WITH PREFERRED BIDDERS

26.1 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 negotiations -

- (a) does not allow any preferred bidder a second or unfair opportunity;
- (b) is not to the detriment of any other bidder; and
- (c) does not lead to a lower price than the bidder has submitted, in a case of disposal of property, or rights in a property and;
- (d) does not lead to a higher price than the bidder has submitted, in a case of acquiring of property, or rights in a property.

26.2 Minutes of such negotiations must be kept for record purposes.

27. TWO-STAGE BIDDING PROCESS

27.1 A two-stage bidding process is allowed for-

- (a) large complex projects;
- (b) projects where it may be undesirable to prepare complete detailed technical specifications; or
- (c) long term projects with a duration period exceeding three years.

27.2 In the first stage proposals on conceptual design should be invited, subject to technical as well as commercial clarifications and adjustments.

27.3 In the second stage final technical proposals and priced bids should be invited.

28. COMMITTEE SYSTEM FOR COMPETITIVE BIDS

28.1 A Committee System for competitive bids above a contract value of R1 Million (including of VAT) is hereby established, consisting of the following Committees for each land transaction or cluster of transactions as the Municipal Manager may determine:

- (a) a bid specification committee;
- (b) a bid evaluation committee; and
- (c) a bid adjudication committee.

28.2 The Municipal Manager appoints the members of each committee, taking into account Section 117 of the MFMA.

28.3 A neutral or independent observer, appointed by the Municipal Manager, may attend or oversee a committee when this is appropriate for ensuring fairness and promoting transparency.

29. BID SPECIFICATIONS COMMITTEES

29.1 Before placement of any invitations to perspective developers/bidders for the acquisition or disposal of immovable property, a bid specification committee must compile the specifications for each such transaction.

29.2 Specifications-

- (a) must be drafted in an unbiased manner to allow all potential developers/bidders to make a bid/proposal;
 - (b) must indicate each specific goal for which points may be awarded in terms of the points system set out in this policy. Such goals must be measurable and must be specified in the documentation accompanying the invitation to submit a bid. The measurables must clearly indicate how the bidder will be awarded a score out of the maximum points allocated; and
 - (c) must be approved by the Municipal Manager prior to publication of the invitation for bids.
- 29.3 The Municipal Manager must appoint a bid specification committee when such a need arises. A specification committee must consist of one or more officials of the Municipality preferably the Manager responsible for Immovable Property Management, and may, when appropriate, include external specialist advisors.
- 29.4 No person, advisor or corporate entity involved with the bid specification committee, or director of such a corporate entity, may bid for any resulting contracts.
- 29.5 No Councillor may be a member of such a Bid Specification Committee.

30. BID EVALUATION COMMITTEE

30.1 The function of a Bid Evaluation Committee involves the technical evaluation of the proposals submitted, including clarification interviews with short-listed proponents and the formulation of recommendations to the Bid Adjudication Committee in respect of the award of the tender or proposal call. The Bid Evaluation Committee will meet as often as is required, to complete a technical evaluation of the proposals in accordance with the set evaluation criteria and associated weighting. The scoring of the criteria will be by consensus.

Depending on the complexity of the proposal call, the evaluation process may involve other stages such as the short-listing of proposes for an interview with the Bid Evaluation Committee after initial scoring has been finalised. The purpose of this interview is for the Bid Evaluation Committee to obtain clarification on elements of a proposal, and/or confirmation of implied intentions.

30.2 A Bid Evaluation Committee must-

- (a) evaluate bids in accordance with the specifications and the points system set out in the Bid Document;
- (b) evaluate each bidder's ability to execute the contract from a technical, financial and commercial point of view;
- (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.

30.3 The Municipal Manager must appoint a Bid Evaluation Committee when the need arise. A Bid Evaluation Committee must as far as possible be composed of-

- (a) officials who was members of the Bid Specification Committee; and
- (b) at least one supply chain management practitioner of the Municipality.

30.4 The Municipal Manager may, at the request of a Bid Evaluation Committee authorize the appointment of a specialist advisor(s) to assist the Bid Evaluation Committee in the technical evaluation of the bids. Such advisor will not take part in the drafting of recommendations to the Bid Adjudication Committee, but will only advise the Bid Evaluation Committee on the technical evaluation of the bids.

30.5 No Councillor may be a member of such a Bid Specification Committee.

31. BID ADJUDICATION COMMITTEE

31.1 A Bid Adjudication Committee must-

- (a) consider the report and recommendations of the Bid Evaluation Committee; and
- (b) either-
 - (i) depending on its delegations, make a final award, or a recommendation to the Municipal Manager to make the final award; or
 - (ii) make another recommendation to the Municipal Manager how to proceed with the relevant transaction.

- 31.2 The Municipal Manager must appoint a Bid Adjudication Committee when the need arise. A Bid Adjudication Committee must consist of at least four senior Managers of the Municipality, 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; and
 - (b) at least one senior supply chain management practitioner who is an official of the Municipality; and
 - (c) a technical expert in the relevant field who is an official, if such an expert exists.
- 31.3 The Municipal Manager must appoint the Chairperson of the Committee. If 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.
- 31.4 Neither a member of Bid Evaluation Committee, nor an advisor or person assisting the Evaluation Committee, may be a member of a Bid Adjudication Committee.
- 31.5 If 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 notify the Municipal Manager.
- 31.6 The Municipal Manager may-
- (i) after due consideration of the reasons for the deviation, ratify or reject the decision of the Bid Adjudication Committee;
 - (ii) if the decision on the Bid Adjudication Committee is rejected, refer the decision of the Adjudication Committee back to that Committee for reconsideration.
- 31.7 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 reconsideration of the recommendation.
- 31.8 No Councillor may be a member of a Bid Adjudication Committee.

CHAPTER 7: PREFERENCE POINT SYSTEM

32. OBJECTIVES

32.1 Although municipalities are not obliged to implement a preference point system when disposing of immovable property or when awarding rights in immovable property, Knysna Municipality is of the view that the achievement of equality is one of the fundamental goals to be attained. The objectives of the preferred points system are to:

- (a) promote broad-based black economic empowerment;
- (b) promote the redress of current, skewed land ownership patterns;
- (c) enhance the economy of the municipal area;
- (d) give preference to marginalised groups in the society, including women and people with disability;
- (e) give preference to people residing in the municipal area;
- (f) ensure that the most appropriate developments take place; and
- (g) further an integrated approach to development.

33. PUBLIC AUCTIONS

33.1 Council may determine, on a project-by-project basis, appropriate to the specific characteristics and attributes of the property involved, limitations on categories of people who may take part in a public auction with the view of furthering the objectives as set out above, without excluding any category of people to take part in such public auction.

34. OUTRIGHT TENDER / CLOSED TENDER

34.1 For property transactions with a contract value up to R1 Million, the awarding of tenders shall be adjudicated on a maximum one hundred (100) points system, set out as follows:

- (a) **Price:** Sixty (60) points maximum. The highest financial offer shall score sixty (60) points, with lower offers scoring proportionally in relation to the highest.

- (b) **Status:** Forty (40) points maximum, which shall be measured and compiled as follows:
- (i) Twenty (20) points maximum for black people and legal entities owned by black people. Points for legal entities will be proportionally allocated according to the percentage ownership by black people.
 - (ii) Five (5) points maximum for women and legal entities owned by women. Points for legal entities will be proportionally allocated according to the percentage ownership by women.
 - (iii) Five (5) points maximum for disabled people or legal entities owned by disabled people. Points for legal entities will be proportionally allocated according to the percentage ownership by disabled people.

- (iv) Ten (10) points maximum for local residents or legal entities owned by local residents. Points for legal entities will be proportionally allocated according to the percentage ownership by disabled people

34.2 For property transactions with a contract value above R1 Million, the awarding of tenders shall be adjudicated on a maximum one hundred (100) points system, set out as follows:

- (a) **Price:** Ninety (90) points maximum. The highest financial offer shall score ninety (90) points, with lower offers scoring proportionally in relation to the highest.
- (b) **Status:** Ten (10) points maximum for black people and legal entities owned by black people. Points for legal entities will be proportionally allocated according to the percentage ownership by black people.

35. QUALIFIED TENDERS/PROPOSAL CALLS

35.1 Unless otherwise determined by Council for a specific transaction, the awarding of qualified tenders or proposal calls shall be adjudicated on a maximum one hundred (100) points system, set out as follows:

- (a) **Price:** Sixty (60) points maximum. The highest financial offer shall score sixty (60) points with lower offers scoring proportionally in relation to the highest offer.
- (b) **Status:** Ten (10) points for black people and legal entities owned by black people. Points for legal entities will be proportionately allocated according to the percentage ownership by black people.
- (c) **Development Concept:** Thirty (30) points maximum, which shall be measured and adjudicated as per criteria to be agreed upon for the specific project.

36. MODIFICATIONS

- 36.1 Modifications and/or additions appropriate to site-specific issues and the particular goals and objectives of the development will be made on a project-by-project basis.
- 36.2 Council may adjust the scoring system set out in this section for a specific property or group of properties to enable it to achieve specific targets or a specific outcome. However, to ensure a balanced approach between equality and value for money:-
- a) a **minimum** of sixty (60) points must be awarded for **price**;
 - b) a **maximum** of forty (40) points may be awarded for **status**; whilst
 - c) a **maximum** of thirty (30) points may be awarded for **development concept**.

37. NOTIFICATION OF PERFORMANCE POINT SYSTEM

- 37.1 The Tender/Call for proposal document(s) must stipulate the preference point system which will be applied in the adjudication of the specific tender.

38. EQUITY OWNERSHIP

- 38.1 Equity Ownership is tied to the percentage of an enterprise or business owned by individuals or, in respect of a 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, commensurate with their degree of ownership at the closing date of the tender.
- 38.2 Preference points may not be claimed in respect of individuals who are not actively involved in the management of an enterprise or business and who do not exercise control over an enterprise or business commensurate with the degree of ownership.
- 38.3 Equity claims for a Trust may only be allowed in respect of those persons who are both trustees and beneficiaries and who are actively involved in the management of the Trust

39. TENDERS MUST BE AWARDED TO THE BIDDER SCORING THE HIGHEST POINTS

- 39.1 Tenders must be awarded to the bidder that scores the highest points in terms of the preference points system unless there are objective and reasonable criteria that justify the award of the tender to another tenderer.

40. QUALIFYING CRITERIA/TWO STAGE BIDDING

- 40.1 Criteria other than price, status and development concept, such as technical capability and environmentally sound practices, cannot be afforded points for evaluation. They can be specified in a call for tenders but they will serve as qualification criteria or entry level requirements, i.e a means to determine whether or not a specific tenderer is a complying tenderer in the sense of having submitted an acceptable tender. Only once a tender is regarded as a complying tenderer would it then stand in line for the allocation of points based on price, status and development concept.

CHAPTER 8 CONTRACTUAL OBLIGATIONS

41. TERMS AND CONDITIONS OF SALE

- 41.1 Regulations 17 and 30 of the MATR sets out the minimum terms and conditions that needs to form part of Sales Agreements. The terms and conditions listed below are supplementary to the above.
- 41.2 All costs pertaining to a transaction, such as survey-, re-zoning-, sub-division-, consolidation-, advertisement- and relocation or provision of services cost shall be borne by an applicant, provided that Council may waive its right to claim those costs if the reason for the sale is to rid Council of a burden to maintain the property or exercise control thereover.
- 41.3 Where applicable, existing services shall be secured by means of the registration of servitude in favour of Council.
- 41.4 When immovable property is sold, development must commence where, applicable, within 1 (one) year or such longer period as may be agreed to from the date of transfer or possession or in accordance with the provisions of the deed of sale or the development programme submitted by the purchaser and be completed in accordance with the provisions of the deed of sale or the development programme. Council furthermore reserves the right to impose such conditions as deemed necessary, including a reversionary or penalty clause in the event that the development has not progressed as per the agreement, without limiting its rights to liquidated damage and reversionary clauses.
- 41.5 A reversionary clause must be inserted in the deed of sale if property is sold below market value or where the conditions of sale are not met.
- 41.6 Save the prior approval, the immovable property may only be used for the purpose as approved by Council and purpose regularized by Town Planning Schemes.
- 41.7 A suspense condition clause shall be applicable to all transactions which are subject to the approval of a re-zoning, sub-division, consolidation etc.

42. CONDITIONS OF LEASE

- 42.1 Regulation 45 of the MATR sets out the minimum terms and conditions that needs to form part of Lease Agreements. The terms and conditions listed below are supplementary to the above.
- 42.2 All cost pertaining to a transaction such as legal-, survey-, re-zoning-, sub-division-, consolidations-, advertisement-, relocation or provision of services cost shall be borne by the applicant.
- 42.3 The following deposits shall apply to leases where the rental is based on market value-
- (a) a deposit equal to 2 months rental for commercial transactions;
 - (b) a deposit equal to 1 month's rental for residential and social services transactions;
 - (c) no deposit in respect of encroachment agreement leases

- 42.4 An owner of fixed immovable property who leases an adjoining municipal immovable property may be substituted by his successor in title for the duration of the remainder of the lease term on the same terms and conditions or additional terms and conditions as deemed necessary.
- 42.5 Lessees shall be liable for payment of rates and service charges, unless otherwise agreed upon.
- 42.6 The letting of lanes, public open spaces, and road reserves shall be subject to the following:
- (a) closing off/securing to Council's satisfaction;
 - (b) costs for the relocation or installation of services, where required, shall be for the account of the lessee; and
 - (c) securing of servitudes.
- 42.7 Lessees shall indemnify Council against any possible claims arising from the lease or use of the immovable property.
- 42.8 No lessee of immovable property shall without the prior consent in writing of the Council, sublet such property or any portion thereof or assign any right acquired by him in respect hereof and any such subletting or assignment without such consent shall be null and void.
- 42.9 Save with prior approval the property may only be used for the purpose for which it was let and purposes regularized by town planning schemes.
- 42.10 Officials from Council shall at all reasonable times be entitled to enter/inspect the immovable property, having regards for the right to privacy as contemplated in Chapter 2 of the Constitution.
- 42.11 All agreements shall contain a clause which requires the lessee to maintain the leased property.
- 42.12 All agreements shall contain a clause which requires that improvements provided by the lessee and which Council wishes to retain shall revert, free of charge, to Council once the lease period has terminated and/or in the event the agreement, due to breach of conditions by the lessee, has been cancelled. Provision must also be

made on how to deal with such improvements should Council terminate the contract prior to the lapse of the lease period, where the lessee has not been in default.

43. CRITERIA FOR DETERMINING COMPENSATION AND FAIR MARKET VALUES

- 43.1 Property may be Disposed of only at market-related prices, except when the plight of the poor or other public interest factors which impact on the economic and community value to be received by the Municipality demand otherwise.
- 43.2 If the Municipality, on account of the public interest, particularly in relation to the plight of the poor, intends to Dispose of a Non-Exempted Property for less than market value it must take into account the following factors:
- (a) the interests of the State and the local community;
 - (b) the strategic and economic interests of the municipality, including the long-term effect of the decision on the municipality;
 - (c) the constitutional rights and legal interests of all affected parties;
 - (d) whether the interests of the parties to the transfer should carry more weight than the interest of the local community, and how the individual interest is weighed against the collective interest; and
 - (e) whether the local community would be better served if the capital asset is transferred at a less than its fair market value, as opposed to a transfer of the asset at fair market value.
- 43.3 Subject to Council's Section 14 Determinations of the MFMA and an In Principle Approval in respect of a specific Disposal, the Municipality shall Dispose of social care properties at a purchase price of between 10% and 25% of fair market value subject to a suitable reversionary clause being registered against the title deed of the Property. In the event of the subject property ceasing to be used for the purpose originally intended, reversionary rights are triggered and the Municipality reserves the right to demand compensation equal to the difference between the actual purchase price and the current fair market value of the property, or that the property be transferred into the ownership of the Municipal at no

cost to the Municipality.

43.4 If the Municipality appoints a private sector party or Organ of State through a competitive bidding process as the service provider of a Commercial Service, the compensation payable to the Municipality in respect of the Disposal of Property as an integral component of the performance of that Commercial Service to that service provider shall reflect fair market value.

43.5 Fair market value of properties will be calculated as the average of the valuations sourced from two service providers, unless determined otherwise by the Municipal Manager, taking into account the value of the property *vis-à-vis* the cost of obtaining such valuations.

44. CRITERIA FOR DETERMINING OF FAIR MARKET RENTALS

44.1 Property may only be let at market-related rates, except when the plight of the poor or other public interest factors which impact on the economic and community value to be received by the Municipality demand otherwise.

44.2 In respect of certain categories of Property, the Municipality shall be entitled to adopt below market-related tariffs in respect of Property Rights, including but not limited to leased to non-Profit Organisations, NGOs, Sporting Bodies, *bona fine* small farmers, ect.

44.3 The Municipality shall be entitled, in its sole discretion and from time to time, to specify the types of Property Transactions in respect of which applications are permitted to be made to the Municipality and to impose application fees, charges, rates, tariffs, scales of fees or other charges relating to the Property Transaction (collectively "**the Charges**").

44.4 In such circumstances, the Municipality shall also be entitled not to process the application for the Property Transaction unless

the applicant has:

- a) confirmed in writing that it will pay the Charges and bear all such costs in respect of the Property Transactions as the Municipality may require (for example legal costs, survey costs, costs of rezoning, subdivision, and consolidations, advertising costs, cost of relocation or cost of provision of services); and/or
- b) if required by the Municipality, has paid a deposit as specified by the Municipality to cover such incidental costs.

44.5 Unless part of the tariff structure approved by Council from time to time, the fair market rentals of individual properties will be calculated as the average of the valuations sourced from two service providers, unless determined otherwise by the Municipal Manager, taking into account the estimated rental(s) *vis-à-vis* the cost of obtaining such valuations

45. MUNICIPAL LAND REGISTER (MLR)

- 45.1 The MLR is a computerized database that contains details of all municipal-owned property and kept in the custody of the CFO's office.
- 45.2 The MLR database is electronically linked with the Geographical Information System of the Municipality to provide spatial information to complement the data stored in the MLR database.
- 45.3 As from date of commencement of this policy, all departments must record relevant details about their Master Infrastructure Plans and needs for land in the MLR.
- 45.4 As a minimum requirement, sites for planned community infrastructure, municipal infrastructure, housing projects, ect must be recorded on the MLR.
- 45.5 All changes in the status of municipal-owned properties must be recorded in the MLR.

46. STRATEGIC IMMOVABLE PROPERTY MANAGEMENT PLAN

- 46.1 As soon as possible after the approval of this policy Council must, as part of its strategic planning process, develop and adopt a Strategic Immovable Property Management Plan.
- 46.2 Such a Strategic Immovable Property Management Plan must consist of at least-
 - (a) A strategic analysis of Council-owned immovable property portfolio (Land Audit), as well as state-owned land within the municipal area.
 - (b) Categorisation of such land-holdings, to include, but not limited to: -
 - (i) land of strategic importance for,
inter alia:- (aa) housing purposes;
 - (bb) municipal infrastructure; and
 - (cc) public transport, -parking and related used
 - (ii) Land that should be retained for future generations;
 - (iii) Surplus land, capable of being developed.
 - (iv) Land that should be acquired for strategic purpose.
 - (v) Land that should be exchanged for strategic purposes.
 - (c) A management plan for each category of immovable property.

- (d) A performance assessment of each category of immovable property.
 - (e) The maintenance activities required for each category of immovable property.
- 46.3 The Strategic Immovable Property Management Plan must be developed within the context of approved spatial development frameworks, sectoral plans, planning related policies and regional plans.
- 46.4 When developing the SLMP, the public should be given ample opportunity to make inputs.
- 46.5 Council must annually revise its strategic immovable property management plan and must incorporate the revised plan into its IDP.

47. FRAUD AND CORRUPTION

- 47.1 Knysna Municipality's policy is to require that bidders observe the highest stand and ethics during the selection and execution of contracts.
- 47.2 The Municipal Manager must reject a proposal for award if he/she determines that the person recommended for award, has engaged in corrupt or fraudulent activities in competing for the contract in question.
- 47.3 Where evidence in support of corrupt, fraudulent practices or criminal offences are reported and substantiated, the Municipal Manager is to initiate criminal proceedings against such business entity, official or other role player, and inform the Provincial Treasury and Council of such measures.
- 47.4 Employees found guilty of conniving with bidders or contravening this Policy may be dismissed.
- 47.5 Bidders and their directors who have been found guilty of abusing this Policy will be barred/suspended from doing business with the Municipality and National Treasury will be informed accordingly.
- 47.6 The Municipality reserves the right to criminally prosecute any person found to have violated or abused this Policy.
- 47.7 The Municipality reserves the right to cancel or not to award bids to bidders found to:
- a) have unfairly influenced the process of award and have been found guilty of improper conduct;
 - b) have been convicted to fraud or corruption during the past 5 years;
 - c) have willfully neglected, reneged on or failed to comply with any government, municipal or other public sector contract during the past five years; or
 - d) have been listed in the Registrar for Tender Defaulters in terms of section 29 of the Prevention and Combating of Corrupt Activities Act

No 12 of 2004.

47.8 All employees and/or officials are expected to assist the Municipality in fighting corruption and to this extent are encouraged to report all suspicious acts.

48. INDUCEMENTS, REWARDS, GIFTS AND FAVOURS TO OFFICIALS AND OTHER ROLE PLAYERS

48.1 No person who is a tenderer or prospective tenderer for municipal property may either directly or through a representative or intermediary promise, offer or grant -

- (a) any inducement or reward to the municipality for or in connection with the award of a contract; or
- (b) any reward, gift, favour or hospitality to –

48.2 The Municipal Manager must promptly report any alleged contravention of Section (1) to Council.

49. OBJECTIONS AND COMPLAINTS

49.1 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 to the Municipal Manager, or if the Municipal Manager is involved to the Executive Mayor.

50. RESOLUTION OF DISPUTES, OBJECTIONS, COMPLAINTS AND QUERIES

50.1 The Municipal Manager or Executive Mayor in the case where the Municipal Manager is involved must appoint an independent and impartial person, not directly involved in the adjudication processes:-

- (a) to assist in the resolution of disputes between the municipality and other persons regarding-
 - (i) any decisions or actions taken in the implementation of this policy; or
 - (ii) any matter arising from a contract awarded in terms of the Policy; or
- (b) to deal with objections, complaints or queries regarding any such decisions or actions or any matter arising from such contract.

50.2 The Municipal Manager or another official designated by the Municipal manager or Executive Mayor is responsible for assisting the appointed person to perform his or her functions effectively.

50.3 The person appointed must -

- (a) strive to resolve promptly all disputes, objections, complaints or

queries received; and

- (b) submit monthly reports to the Municipal Manager or the Executive Mayor as the case may be, on all disputes, objections, complaints or queries received, attended to or resolved.

50.4 This paragraph must not be read as affecting a person's rights to approach a court at any time.

51. COMMENCEMENT

This **policy shall be implemented once approved by the Council.**

UMNGENI MUNICIPALITY

TARIFF POLICY



Date of Adoption: 28 MARCH 2024

Date of Implementation: 1 JULY 2024

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TARIFFS POLICY

1. DEFINITIONS

“Systems Act” means Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000).

2. INTRODUCTION

A tariff policy must be compiled, adopted and implemented in terms of Section 74 of the Systems Act, 2000, such policy to cover, among other things, the levying of fees for municipal services provided by the municipality itself or by way of service delivery agreements.

“The Tariffs Policy has been compiled taking into account, where applicable, the guidelines set out in Section 74”

In setting its annual tariffs the Council shall at all times take due cognisance of the tariffs applicable elsewhere in the economic region, and of the impact which its own tariffs may have on local economic development.

3. PRINCIPLES

Service tariffs imposed by the local municipality shall not be viewed as taxes, and therefore the ability of the relevant consumer or user of the services to which such tariffs relate, shall not be considered as a relevant criterion (except in the case of the indigency relief measures approved by the municipality from time to time).

The municipality shall ensure that its tariffs are uniformly and fairly applied throughout the municipal region.

Tariffs for the two major services rendered by the municipality, namely:

-
- Electricity
 - Refuse removal
-

shall as far as possible recover the expenses associated with the rendering of each service concerned. The tariff which a particular consumer or user pays shall therefore be directly related to the standard of service received and the quantity of the particular service used or consumed.

The municipality shall, as far as circumstances reasonably permit, ensure that the tariffs levied in respect of the foregoing services ensure self-sustainability.

The municipality shall develop, approve and at least annually review an indigent support programme for the municipal area.

In line with the principles embodied in the Constitution and in other legislation pertaining to local government, the municipality may differentiate between different categories of users

and consumers in regard to the tariffs which it levies. Such differentiation shall, however, at all times be reasonable, and shall be fully disclosed in each annual budget.

The municipality's tariff policy shall be transparent, and the extent to which there is cross-subsidization between categories of consumers or users shall be evident to all consumers or users of the service in question.

The municipality further undertakes to ensure that its tariffs shall be easily explainable and understood by all consumers affected by the tariff policy concerned.

The municipality also undertakes to render its services cost effectively in order to ensure the best possible cost of service delivery.

In the case of the directly measurable service, namely electricity, the consumption of such service shall be properly metered by the municipality, and meters shall be read, wherever circumstances reasonably permit, on a monthly basis. The charges levied on consumers shall be proportionate to the quantity of the service which they consume. In addition, the municipality shall levy monthly availability charges for the service concerned, and these charges shall be fixed for each type of property as determined in accordance with the detailed policies set out below. Generally, consumers of electricity shall therefore pay two charges: one, relatively minor, which is unrelated to the volume of consumption and is levied because of the availability of the service concerned; and another directly related to the consumption of the service in question.

In considering the costing of its electricity service, the municipality shall take due cognizance of the high capital cost of establishing and expanding such service, and of the resultant high fixed costs, as opposed to variable costs of operating the service. The municipality therefore undertakes to plan the management and expansion of the service carefully in order to ensure that both current and reasonably expected future demands are adequately catered for, and that demand levels which fluctuate significantly over shorter periods are also met. This may mean that the services operate at less than full capacity at various periods, and the costs of such surplus capacity must also be covered in the tariffs which are annually levied.

In adopting what is fundamentally a two-part tariff structure, namely a fixed availability charge coupled with a charge based on consumption, the municipality believes that it is properly attending to the demands which both future expansion and variable demand cycles and other fluctuations will make on service delivery.

It is therefore accepted that part of the municipality's tariff policy for electricity services will be to ensure that those consumers who are mainly responsible for peak demand, and therefore for the incurring by the municipality of the associated demand charges from Eskom, will have to bear the costs associated with these charges. To this end the municipality shall therefore install demand meters to measure the maximum demand of such consumers during certain periods. Such consumers shall therefore pay the relevant demand charge as well as a service charge directly related to their actual consumption of electricity during the relevant metering period.

4. CALCULATION OF TARIFFS FOR MAJOR SERVICES

In order to determine the tariffs which must be charged for the supply of the two major services, the municipality shall identify all the costs of operation of the undertakings concerned, including specifically the following:-

-
- **Cost of bulk purchases in the case of electricity.**

 - **Distribution costs, including distribution losses in the case of electricity.**

 - **Depreciation and finance charges.**

 - **Maintenance of infrastructure and other fixed assets.**

 - **Administration and service costs, including:-**
 - **service charges levied by other departments such as finance, human resources and legal services;**

 - **reasonable general overheads, such as the costs associated with the office of the municipal manager;**

 - **adequate contributions to the provisions for bad debts and obsolescence of stock;**

 - **all other ordinary operating expenses associated with the service concerned including, in the case of the electricity service, the cost of providing street lighting in the municipal area (note: the costs of the democratic process in the municipality – that is, all expenses associated with the political structures of the municipality – shall form part of the expenses to be financed from property rates and general revenues, and shall not be included in the costing of the major services of the municipality).**

 - **The intended surplus to be generated for the financial year, such surplus to be applied:-**
 - **as an appropriation to capital reserves; and/or**

 - **Generally in relief of rates and general services.**

The municipality shall provide the first 100kWh (one hundred) of electricity per month free of charge to consumers who are on a 20amp pre-paid meter.

5. ELECTRICITY

The various categories of electricity consumers, as set out below, shall be charged at the applicable tariffs, as approved by the council in each annual budget.

Tariff adjustments shall be effective from 1 July each year. All accounts rendered from 1 July each year shall be calculated on the applicable tariff as at 1 July irrespective of the meter reading date.

Categories of consumption and charges shall be as follows:-

-
- With the single exception of registered indigents, all electricity consumers shall be billed for their electricity consumption at the tariff applicable to the category in which the particular consumer falls.
-
- All pre-paid consumers of the municipality who are registered as indigents with the municipality and are on a prepaid meter shall receive free the first 200kWh (Two hundred) of electricity consumed per month.
-
- Domestic consumers will be limited to a 60-amp MCB to qualify for the reduced basic charge. If a higher MCB is requested these consumers will be charged the same basic charge as commercial and industrial consumers.
-
- All domestic electricity consumers other than registered indigents and consumers using prepaid meters per month shall additionally be billed a basic charge per meter installed.
-
- All commercial, industrial and other non-domestic properties shall additionally be billed a monthly basic charge per meter installed and, where applicable, a demand charge appropriate to their respective levels of consumption.
-

6. REFUSE REMOVAL

All residential properties with a maximum valuation of R 135 000 (one hundred and thirty five thousand) will receive free refuse removal services whilst all other residential properties will be charged a basic fee to be reviewed annually during the budget process.

All other properties, such as commercial and state institutions will be charged a monthly fee determined annually during the budget process.

The monthly refuse removal charge will be charged against the owner's account.

All future applications must be from the owner.

7. OTHER TARIFFS, LEVIES AND CHARGES

All other tariffs shall be standardized within the municipal region.

All other tariffs shall be approved by the council in each annual budget, and may, when deemed appropriate by the council, be subsidized by property rates and general revenues *inter alia*, particularly when the tariffs will prove uneconomical when charged to cover the cost of the service concerned, or when the cost cannot accurately be determined, or when the tariff is designed purely to regulate rather than finance the use of the particular service or amenity.

All other tariffs over which the municipality has full control shall annually be adjusted at least in line with the prevailing consumer price index, unless there are compelling reasons why such adjustment should not be effected.

Other tariffs shall include inter-alia the following:-

-
- ❖ Cemetery fees
 - ❖ Housing rentals
 - ❖ Library fees (e.g.membership fees, fines, lost books, lost membership cards)
 - ❖ Rentals for the use of municipal premises
 - ❖ Rentals for the use of municipal sports grounds
 - ❖ Rentals for the lease of municipal property
 - ❖ Building plan fees
 - ❖ Advertising sign fees
 - ❖ Plastic bag sales
 - ❖ Refuse bin sales
 - ❖ Cleaning of stands
 - ❖ Photostat copies
 - ❖ Rates clearance certificates
 - ❖ Property valuation certificates
 - ❖ Electricity: disconnection and reconnection fees
 - ❖ Electricity tampering of meter fees
 - ❖ Electricity testing of meters
 - ❖ Electricity: new connection fees
 - ❖ Penalty and other charges in terms of the Credit Control and Debt Collection Policy
 - ❖ Supply of information
 - ❖ Garden refuse removal
 - ❖ Licence fees (drivers, learner licence and roadworthy.
 - ❖ Swimming pool fees
 - ❖ Pound fees
 - ❖ Taxi Rank and Rank Permits
 - ❖ Wayleave charges
 - ❖ Landfill site fees
 - ❖ Or any other tariff charges as detailed on Tariff register
-

The details of how each tariff is levied will be on the rates tariff document which is also made available to the public as it is advertised in the relevant newspapers and on the official municipal website.



MUNICIPAL NOTICE NO. _____
DRAFT FINAL TARIFFS: 2024 / 2025 FINANCIAL YEAR

Notice is hereby given in terms of Section 75A (3) (b) of the Local Government: Municipal Systems Act (Act 32 of 2000), that uMngeni Municipal Council by Resolution taken on the _____ resolved to amend the following tariffs as indicated:

1. Refuse Removal Tariffs

- (a) Domestic Consumers Free up to total market value per property of R135 000.
Consumers/Ratepayers with property values in excess of R135 000 will have a monthly charge of R86.34
- (b) Commercial Consumers R161.20 per 120ℓ bin per month
(One collection per week)
- (c) Government Institutions R149.27 per bin 120ℓ per month
(One collection per week)
- (d) Sectional title complexes that collect and transport domestic refuse to the landfill site for disposal must make application in writing to the Municipal Manager in order to qualify for reduced refuse removal tariffs subject to all necessary criteria being met.

The above tariff excludes Vat.

2. Electricity Tariffs

DOMESTIC TARIFFS

1. Domestic High: Prepaid

Tariff Blocks	Current	Proposed
	c/kWh	c/kWh
Block 1 – (0-50 kWh)	135.243	155.556
Block 2 – (51-350kWh)	173.888	200.006
Block 3 – (351– 600kWh)	235.306	270.649
Block 4 – (>600 kWh)	277.247	318.889

2. Domestic Low indigent: Prepaid

Tariff Blocks	Current	Proposed
	c/kWh	c/kWh
BLOCK 1 – (0-50 kWh)	135.243	155.556
Block 2 – (51-350kWh)	173.888	200.006
Block 3 – (351–600kWh)	234.921	270.206

3. Domestic High: Conventional 60A

Tariff Blocks	Current	Proposed
	c/kWh	c/kWh
Block 1 – (0 - 50 kWh)	135.354	155.684
Block 2 – (51 – 350 kWh)	169.676	195.164
Block 3 – (351 -600 kWh)	230.930	265.616

Block 4 – (> 600 kWh)	278.934	320.830
Basic Charge	213.530	245.602

4. Domestic High: Conventional Single Phase 80A

Tariff Blocks	Current	Proposed
	c/kWh	c/kWh
Block 1 – (0 - 50 kWh)	135.243	155.556
Block 2 – (51 – 350 kWh)	173.883	200.000
Block 3 – (351 -600 kWh)	244.724	281.482
Block 4 – (> 600 kWh)	288.183	331.468
Basic Charge	260.832	300.000

5. Domestic High: Conventional Three Phase 80A

Tariff Blocks	Current	Proposed
	c/kWh	c/kWh
Block 1 – (0 - 50 kWh)	135.243	155.556
Block 2 – (51 – 350 kWh)	173.884	200.000
Block 3 – (351 -600 kWh)	244.724	281.482
Block 4 – (> 600 kWh)	288.183	331.468
Basic Charge	518.498	596.376

COMMERCIAL TARIFFS

1. Commercial Prepaid

Tariff Charge	Current	Proposed
	c/kWh	c/kWh
Energy	289.801	333.329

2. Commercial Conventional: Business & General (Single Phase)

Tariff Charge	Current	Proposed
	c/kWh	c/kWh
Energy	232.212	267.090
Basic Charge	512.56	589.546

3. Commercial Conventional: Business & General (Three Phase)

Tariff Charge	Current	Proposed
	c/kWh	c/kWh
Energy	232.212	267.090
AMP Charge	39.572	45.516

4. Industrial Low (Large Power Users)

Seasonal Industrial Low 400 KV (kVA > 100)	Current	Proposed
	R/month	R/month
Basic Charge	2958.134	3402.44

Demand Charge Low Season

Tariff Charge	Current	Proposed
	R/kVA/month	R/kVA/month
Notified demand	199.663	229.652
Actual Demand	19.371	22.281

Demand Charge High Season

Tariff Charge	Current	Proposed
	R/kVA/month	R/kVA/month
Notified demand	265.043	304.852
Actual Demand	21.009	24.165

Energy Charge

Tariff Charge	Current	Proposed
	c/kWh	c/kWh
Low Season	149.381	171.818
High Season	193.751	222.852

5. Industrial High (Large Power Users)

Seasonal Industrial High 11 KV (kVA > 100)	Current	Proposed
	R/month	R/month
Basic Charge	2958.13	3402.441

Demand Charge Low Season

Tariff Charge	Current	Proposed
	R/kVA/month	R/kVA/month
Notified demand	199.66	229.648
Actual Demand	19.37	22.279

Demand Charge High Season

Tariff Charge	Current	Proposed
	R/kVA/month	R/kVA/month
Notified demand	265.044	304.854
Actual Demand	21.009	24.165

Energy Charge

Tariff Charge	Current	Proposed
	c/kWh	c/kWh
Low Season	149.384	171.821
High Season	193.753	222.852

Final Electricity tariffs still to be approved by NERSA

3. Deposits

- (a) Domestic Consumers:
Electricity R 2 614.81
- (b) All Other Consumers:
Electricity: Minimum deposit of R 9 230.07 but will be
Based on 2 months of consumption.
- (c) The municipality doesn't accept Bank Guarantee cheques but only accepts cash payments at the municipal offices or payments made via electronic funds transfer and easy pay into the municipal bank account.
- (d) The Average of three months' consumptions will apply to all (LPU) Customers

4. Final Meter Reading Fees

- (a) Domestic Consumers: R149.97 per reading on request
- (b) All Other Consumers: R291.38 per reading

5. Testing of Meters

- (a) Domestic meters: R2 064.26 per meter
- (b) Commercial meters: R3 243.82 per meter

The above tariff excludes VAT.

ELECTRICITY - STANDARD CONNECTIONS

Electricity: (Conventional & Prepaid)	R10 399.70 per connection.
Electricity: (Conversion to Pre-paid)	R 1 082.95 per connection
Electricity: (Conventional & Prepaid)	R3 790.00 to R3 980.00 per connection

(The standard conversion tariff applies to indigent applicants only and the application must Be made for a 20-amp circuit breaker or lower)

Domestic Circuit Breaker upgrades	R1999.30 per change
Any other Circuit Breaker upgrades are at cost plus 10 %	

ELECTRICITY - OTHER CONNECTIONS

All other electricity connections, beyond the above standard connection are at cost + 20%.

Conversion from conventional to prepaid above 20 amps is at cost + 20%.

All new electricity connections are made to the boundary of the property and not the dwelling, depending on the technical considerations.

The above tariff excludes Vat.

8. Disconnection/Reconnection

Electricity: Disconnection/Reconnection fee	
Soft disconnection (outstanding for more than 30 days)	R 644.41
Hard disconnection (outstanding for more than 60 days)	R1192.16

Tamper Fees

1 st Offence (Residential)	R 4 165.32
1 st offence (non-residential)	R 11 450.05
2 nd Offence	Prosecution.

The above tariff excludes Vat.

9. Library Membership Fees

Adults	R162.47 per annum
Children (under 18)	R102.41 per annum

The above tariff excludes Vat.

10. Clearance Certificates and Property Valuation Certificates & Objections

- (a) Issuing of Clearance Certificates Manual R693.99 per certificate.
Issuing of Clearance Certificates Electronic R505.17 per certificate
- (a) Issuing of Property Valuation Certificates R 176.31 per certificate
- (c) Lodging of Objections: R430.20 per objection for Residential and Non-Residential Properties
R860.40 per objection for Agricultural Properties
Refundable if the objection is upheld
- (c) Lodging of Appeals: R1075.51 per appeal for all properties. Refundable if the appeal is upheld by the

Valuations Appeals Board

The above tariff excludes Vat.

11. Building Plan Fees

- Minor Works and Internal Alterations not affecting the floor area. R313.65
- New Buildings, erection or additions:
 - (a) For first 20m² R202.67
 - (b) For 21m² - 50² R337.78
 - (c) For 51m² - 90m² R399.86
 - (d) For 91m² and above. R1896.21 per 10m²
or part thereof save for a 50% reduction on bone fide farming structures utilized for farming purposes in excess 91m².
 - (e) Approval in principle 30% of Building Plan Fee.
 - (f) Swimming Pools R460.83
 - (g) Drainage charge R460.83
 - (h) Petrol, Diesel & Gas R383.19
 - (i) Temporary Buildings R264.90 for each 50m² or part thereof.
 - (j) Pre-cast Concrete Boundary walls not adjacent to a road boundary but exceeding 1,8 meters in height shall require the submission of an application with sketch plan. R 310.03
 - (k) Pre-cast Concrete Boundary walls 1/2% of the Value of the adjacent to a road exceeding fence – Minimum R225.59
1,5 meters in height are subject to the submission of application forms and building plans.
 - (l) Hoarding Fees:
 - Deposit per frontage of 10m² or part thereof R4262.04
 - Rental per frontage of 10m² or part thereof R199.05
 - (m) Encroachments
 - Balconies not used for living purposes or business purposes R 145.00 per 10m² or part thereof.

Balconies 75% enclosed and attached to business premises and not used or part thereof R349.84 per 10m²

For business purposes.

Balconies used for licensed business purposes or part thereof. R1513.97 per 10m²

Verandah's R 148.38 per annum
Servitudes and Reserves R188.25 per annum per 10m or part thereof.

12. Town Planning Fees

(a) Issuing of Zoning Certificate	R160.00
(b) Subdivision	
- (1-5 Subs)	R9 000.00
- (6-10 Subs)	R10 800.00
- (Above 10 Subs)	R12 300.00
(c) consolidation	
- (1-5 Subs)	R9 000.00
- (6-10 Subs)	R10 800.00
- (Above 10 Subs)	R12 300.00
-Rezoning and Consent Residential Only Detached (5 & 4)	R2100.00
(d) Special Consent	R6 900.00
(e) Rezoning	
- less than 1 ha	R6 900.00
- 1 ha but less than 5 ha	R7 900.00
- 5 ha but less than 10 ha	R9 100.00
- 10 ha and above	R11 100.00
(f) Extension of Scheme	R7 000.00
Development outside Scheme	
- 1 ha to 5 ha	R7 900.00
- 6 ha to 10 ha	R9 100.00
- 10 ha and above	R11 100.00
(g) Alteration, Suspension and Removal of restrictive Conditions of title or conditions of establishment	R6 800.00
(h) Closure of Roads/Open Spaces	R7 600.00
(i) Amend, Phasing, or Cancellation of layouts	R7 100.00
(j) Extension of scheme	R7 100.00
(k) Appeal	R5 000.00
(l) Combined application	
- Rezoning / subdivisions/ Consolidation/ concerned	R13 300.00
(m) Enforcement	
(h) Other Fines:	
- Fines as per section 87 and 89 of uMngeni Special	

	Planning and land use Management bylaws	As per court order
	- Section 89 Civil Penalties	10 – 100% of value of illegal building Construction etc.
(n)	Application for relaxation	R 1886.40
(o)	Special Consent Additional Dwelling	R 2100.00

The above tariff excludes Vat.

13. Photocopies/Plotting Charges:

Copies made by scholars	R 1.32
A4 Photocopy per page	R 2.05
A3 Photocopy per page	R 3.32
A1 G.I.S. print per page	R 6.97
A4 Plotting costs	R 15.41
A3 Plotting costs	R 50.35
A2 Plotting costs	R 76.17
A1 Plotting costs	R 135.22
A0 Plotting costs	R 275.29
AO+Plotting costs	R 295.38
CD Plotting costs	R 111.90
Digital Copies	R 64.23

Wide format Photocopying/plotting Charges

A0 size	R53.52
A1 size	R39.37
A2 size	R22.12
A3 size	R4.21
CD Plotting	R88.40

The above tariff excludes Vat

14. Landfill Site Tariffs

1. The tariff for the disposal of refuse at the Curry's Post Landfill Site;-
 - a) General domestic refuse, inert trade refuse, per 250kg or part thereof. R75.55
 - b) Mixed refuse (garden, domestic, trade refuse, including builder's rubble) R75.55
per 250kg or part thereof.
 - c) Industrial sludges, subject to agreement and approval by the Landfill R313.56
Manager per 250kg or part thereof.
 - d) Builder's rubble and excavated material per 250kg or part thereof; R23.67
 - e) Bulk food waste and condemned food per 250kg or part thereof; R164.17
 - f) Garden refuse, per 250kg or part thereof; R23.67

- g) Finely divided excavated material with the maximum stone content of 10% R10.87
And maximum stone size of 100mm per 250kg or part thereof;
- h) Sawdust and wood waste, per 250kg or part thereof; R110.53
- Provided that no charge shall be payable for the disposal of :-
- i. Garden refuse by bona fide households where such refuse is conveyed Existing Concession
Motor cars, trailers with a normal capacity not greater than 0.5 tonne and
Light delivery vehicles with a normal capacity not greater than 1 tonne and
Deposited in the garden refuse containers.
 - ii. Builder's rubble by bona fide householders and casual builders where such 1 Tonne-Limit
Rubble is conveyed in vehicles with a nominal capacity not greater than 1
Tonne and deposited in the demarcated area on the Landfill site.
 - iii. Garden refuse by bona fide householders where such refuse is conveyed 1 Tonne-Limit
In vehicles with a normal capacity not greater than 1 tonne and deposited
In the demarcated area on the Landfill site.
 - iv. Soil, ash and sand which the Landfill Site Manager has agreed in advance
 - v. Is suitable cover material, delivered in trucks of minimum 5 tonne capacity
- No change to existing
concession
2. Tariff for the voluntary weighing of vehicles (per vehicle). R59.91
 3. That parking of a vehicle, trailer or container be not more than 8 hours at the R663.58
Curry's Post Landfill Site, or on the road reserve adjacent to the site for each 8
Hour period (per unit).
 4. Building Rubble: deposit payable when submitting a building plan for approval R2231.13
And refundable upon proof of disposal on the Landfill site.
 5. Illegal dumping: a collection and disposal fee per 1.75m3 container load for R15 315.54
Refuse or rubble dumped on a road verge in front or next to a property.
 6. Florescent tubes – complete tubes to be deposited in specialised containers R143.63
Located in the recycling area.

The above tariff excludes Vat

Building Plans & Signs Tariffs

Commercial Posters	Amount
1 x Stickers	R32.41 per post +R65.99 admin fee
13 x Stickers	R18.53 per post +R65.99 admin fee
10 x stickers	R18.53 per post +R65.99 admin fee
Awareness Posters	
Up to 1 x Posters	R16.27 +R65.99 admin fee
Route Markers x1	R16.27 +R65.99 admin fee

Election Posters x1 NPO bodies with no Commercial Content/ log Subject to the submission of the NPO Certific	R15.63 for x1 poster
Flags & Banners – Special Events	R219.84 per banner +R198.53 admin fee
Advertising Trailer	R16 597.95 per annum
Trailer Daily rate	R1448.12
Estate Agents Pointer Boards	R16 597.95 pa +R198.53 admin fee
Details	Tariff fees
Onsite Advertising	
Less than 2m ²	R204.47
No illuminated	R58.94 per m ²

SERVICE STATION & RETAIL SHOPS	
Petrol station	R2281.51 per annum +R66.18 admin fee
Banners for advertising	R89 per banner +R39.69 admin fee

15. Hall Hire Charges:

HOWICK WEST HALL

1. Profit-making / commercial functions such as Banquet, Theatre and the likes:

	TARIFFS
(a) MAIN HALL	
Charge per 5 hour session:	R 3380
Deposit:	R 3380
TOTAL	R

	TARIFFS
(b) Side Hall	R 1770
Charge per 5 hour session:	
Deposit:	R 2550
TOTAL	R

	TARIFFS
© Main and Side Hall	R 3380
Charge per 5 hour session:	
Deposit:	R 3380
TOTAL:	R

2. For activities relating to Elections:

	TARIFFS
(a) Main Hall	R 3380
Charge per 5 hour session:	
Deposit:	R 3380
TOTAL:	R

	TARIFFS
(b) Side Hall Charge per 5 hour session:	R 1770
Deposit:	R 2550
TOTAL:	R
	TARIFFS
(c) Main and Side Hall Charge per 5 hour session:	R3380
Deposit:	R3380
TOTAL:	R

3. Fundraising, sporting, religious, political and cultural, and education functions:
Preparation Time R580 per session

	TARIFFS
(a) Main Hall Charge per 5 hour session:	R 1770
Deposit:	R 1770
TOTAL:	R

	TARIFFS
(b) Side Hall Charge per hour session:	R 1110
Deposit:	R1110
TOTAL:	R

	TARIFFS
(c) Main and Side Hall Charge per 5 hour session:	R 2550
Deposit:	R 2550
TOTAL:	R

4. Social functions such as Weddings, Receptions, Parties, Choir performance and the likes:
Preparation Time R610 per session

	TARIFFS
(a) Main Hall Charge per 5 hour session:	R 2550
Deposit:	R 2550
TOTAL:	R

	TARIFFS
(b) Side Hall Charge per 5 hour session:	R 1940
Deposit:	R 2550
TOTAL:	R

	TARIFFS
(c) Main and Side Hall Charge per 5 hour session:	R 2820
Deposit:	R 2820
TOTAL:	R

HILTON HALL

1. Profit-making / commercial functions such as Banquets, Theatre and the likes:
Preparation time R390 per session

	TARIFFS
(a) Main Hall	R 2820

Charge per 5 hour session:	
Deposit:	R 2820
TOTAL:	R

	TARIFFS
(b) Verandah only	R 2820
Charge per 5 hour session:	
Deposit:	R 2820
TOTAL:	R

	TARIFFS
(c) Main Hall and Verandah	R 1940
Charge per 5 hour session	
Deposit:	R 2820
TOTAL:	R

2. For activities relating to Elections:

	TARIFFS
(a) Main Hall	R 2550
Charge per 5 hour session:	R 2550
Deposit:	
TOTAL:	R

	TARIFFS
(a) Verandah only	R1940
Charge per 5 hour session:	
Deposit:	R 2820
TOTAL:	R

	TARIFFS
© Main Hall and Verandah	R 3820
Charge per 5 hour session:	
Deposit:	R 3820
TOTAL:	R

3. Fundraising, sporting, religious, political and cultural, and education functions:

Preparation time R500 per session

	TARIFFS
(a) Main Hall	R1050
Charge per 5 hour session:	
Deposit:	R1050
TOTAL:	R

	TARIFFS
(b) Verandah only	R1050
Charge per 5 hour session:	
Deposit:	R1050
TOTAL:	R

	TARIFFS
(c) Main Hall and Verandah	R 1940
Charge per 5 hour session:	
Deposit:	R 1940
TOTAL:	R

4. Social functions such as Weddings, Receptions, Parties, Choir Performances and the likes:

Preparation time R 340 per session

TARIFFS	
(a) Main Hall Charge per 5 hour session:	R 2550
Deposit:	R 2550
TOTAL:	R

TARIFFS	
(b) Verandah only Charge per 5 hour session:	R 1110
Deposit:	R 2550
TOTAL:	R

TARIFFS	
(c) Main Hall and Verandah Charge per 5 hour session:	R 2550
Deposit:	R 2550
TOTAL:	R

MPOPHOMENI HALL, ELIJAH HALL, MULTIPURPOSE AND YOUTH THEATRE

1. Profit-making / commercial functions such as Banquets, Theatre and the likes:

TARIFFS	
(a) Main Hall Charge per hour session:	R 1940
Deposit:	R 1940
TOTAL:	R

2. For activities relating to elections:

TARIFFS	
(a) Main Hall Charge per 5 hour session:	R 1940
Deposit:	R 1940
TOTAL:	R

3. Fundraising, sporting, religious, political and cultural, and educational functions:

TARIFFS	
(a) Main Hall Charge per 5 hour session:	R 1110
Deposit:	R 1940
TOTAL:	R

4. Social functions such as Weddings, Receptions, Parties, Choir Performances and the likes:
Preparation time R300 per session

TARIFFS	
(a) Main Hall Charge per 5 hour session:	R 19350
Deposit:	R 1940
TOTAL:	R

HOWICK SOUTH HALL AND EMANDLENI HALL

1. Profit-making / commercial functions such as Banquets, Theatre and the likes:

	TARIFFS
(b) Main Hall Charge per 5 hour session:	R 1110
Deposit:	R1110
TOTAL:	R

2. For activities relating to Elections:
Preparation time R136 per session

	PROPOSED TARIFFS
(a) Main Hall Charge per 5 hour session:	R 1000
Deposit:	R 1000
TOTAL:	R

3. Fundraising, sporting, religious, political and cultural, and educational functions:
Preparation time R143.59 per session

	TARIFFS
(a) Main Hall Charge per 5 hour session:	R 1000
Deposit:	R 1000
TOTAL:	R

4. Social functions such as Weddings, Receptions, Parties, Choir Performances and the likes:
Preparation time R300 per session

	TARIFFS
(a) Main Hall Charge per 5 hour session:	R 1000
Deposit:	R 1000
TOTAL:	R

KWA-MEVANA HALL AND CEDARA VILLAGE HALL

5. Profit-making / commercial functions such as Banquets, Theatre and the likes:

	TARIFFS
(b) Main Hall Charge per hour session:	R 1940
Deposit:	R 1940
TOTAL:	R

6. For activities relating to elections:

	TARIFFS
(b) Main Hall Charge per 5 hour session:	R 1940
Deposit:	R 1940
TOTAL:	R

7. Fundraising, sporting, religious, political and cultural, and educational functions:

	TARIFFS

(b) Main Hall Charge per 5 hour session	R 1110
Deposit:	R 1940
TOTAL:	R

8. Social functions such as Weddings, Receptions, Parties, Choir Performances and the likes:
Preparation time R370 per session

	TARIFFS
(c) Main Hall Charge per 5 hour session:	R 1940
Deposit:	R 1940
TOTAL:	R

LIDGETON HALL

9. Profit-making / commercial functions such as Banquets, Theatre and the likes:

	TARIFFS
(c) Main Hall Charge per hour session:	R 1940
Deposit:	R 1940
TOTAL:	R

10. For activities relating to elections:

	TARIFFS
(c) Main Hall Charge per 5 hour session:	R 1940
Deposit:	R 1940
TOTAL:	R

11. Fundraising, sporting, religious, political and cultural, and educational functions:

	TARIFFS
(d) Main Hall Charge per 5 hour session	R 1110
Deposit:	R 1940
TOTAL:	R

12. Social functions such as Weddings, Receptions, Parties, Choir Performances and the likes:
Preparation time R360 per session

	TARIFFS
(d) Main Hall Charge per 5 hour session:	R 1940
Deposit:	R 1940
TOTAL:	R

13. Fees for the use of the Dorris Robbins Room at the Howick Library:
- | | | | |
|-----|---|-------------------|--|
| (a) | Promotion of culture i.e. Book discussions, art evaluation or educational instruction | Free | |
| (b) | Religious services and charitable institutions | R 386 per session | |
| (c) | Commercial undertakings | R 610 per session | |

These fees are per session. Morning session 8am to 12 noon and afternoon session 1pm to 5 pm

NOTE: (i) Functions of Provincial and National acclaimed artists are NOT covered on these tariffs as written requests will have to be made to the Municipality.

(ii) A cancellation fee of 15% of the hire charge will be applicable should the booking be cancelled one month before the event. Should a request for cancellation be received at any time 2 weeks prior to the date of the event, the hire charge or deposit will be forfeited.

16. Animal Pound Charges

- | | | |
|-----|-------------------------------------|--|
| (a) | Transport of animal by LDV or Truck | - R9.21 per Kilometer per animal |
| (b) | Veterinary Services rendered | - Cost plus 10% |
| (c) | Pound Fees/Holding Fees | - Large Animals e.g. Cattle R149.94 per day
- Small Animals e.g. Sheep R99.97 per day |
| (d) | Administration Fee | - R282.89 per animal |

17. uMngeni Municipality Sports Complex

Field 1

<u>Ad-hoc day Activities</u>	Deposit	=	R2700
	Charge	=	R 442
<u>Ad-hoc Night Activities</u>	Deposit	=	R 2700
	Charge	=	R719 /hr
<u>Season Bookings Day</u>	Deposit	=	R 4360
	Charge p/day	=	R 166
<u>Season Booking Night</u>	Deposit	=	R4360 /Season
	Charge p/night	=	R387 /hr

2. Field 2

<u>Ad – hoc Day</u>	Deposit	=	R2700
	Charge	=	R166
<u>Ad-hoc Night</u>	Deposit	=	R2700
	Charge	=	R 160
<u>Season Booking Day</u>	Deposit	=	R4360 /hr/season
	Charge	=	R 110/Day
<u>Season Booking Night</u>	Deposit	=	R 4360 /Season
	Charge	=	R 166.00 /hr

3. Indoor Centre

<u>Ad-hoc (Lights Day & Night)</u>	Deposit	=	R 2700
	Charge	=	R 276
<u>Season Booking</u>	Deposit	=	R 4360
	Charge	=	R 276

4. Bar and Restaurant

Electricity	=	As metered
Lease	=	As per Bid
Deposit	=	R 13 551.89 /year
Maintenance	=	Clean entire grandstand facility
Admin responsibility	=	Report to Municipality on users monthly

5. Gym

Electricity	=	As metered
Lease	=	As per Bid
Deposit	=	R 14 161.72 /year
Maintenance	=	Clean entire Indoor Centre
Admin Responsibilities	=	Report to Municipality on users monthly

18. Ranking and Transport Permit Fees

- 1.1 Minibus Taxi
 - R 398.10 per annum plus R73.72 Application fee non refundable
- 1.2 Buses (GVM greater than 3500kg)
 - R421.15 per annum plus R73.72 application non refundable
- 1.3 Metered Taxi (Less than 5 seats)
 - R221.16 per annum plus R73.72 application fee non refundable
- 1.4 Tour and Transport Vehicles
 - R368.63 per annum plus R73.72 application fee non refundable
- 1.5 Scholar Transport Vehicles
 - R368.63 per annum plus R73.72 application non refundable
- 1.6 Lost and Renewal
 - 50% of initial fee plus R73.72 application fee non refundable
- 1.7 Replacement permit R441.83

19. Cemetery Tariffs

Resident

- i. Opening Grave for exhumation R1281 (incl 15% VAT)
- ii. Internment of ashes R1281(incl. 15% VAT)
- iii. Opening of single grave for internment:
 - a. to depth of 1,85m (adult/child under 12months, incl. stillborn) R1204 (incl 15% VAT)
 - b.to depth of more than 1,85m, for each additional 300mm R115.99(incl 15% VAT)
- iv. Purchase of single grave plots in perpetuity/reserved R2454.42 (incl 15% VAT)
- v. Permission to erect memorial R231.97 (incl. 15% VAT)
- vii. An additional R276.15 (incl 15% VAT) is payable for burials taking place between 16h00 on one day through to 9h00 the following day over weekends and holidays.

All charges are payable in advance.

Non-Resident

(As per numbering above - all tariffs incl. of 15% VAT).

- I. R1944
- II. R1944
- III. R1944
- IV. R115
- V. R2817
- VI. R464

This should apply to all Cemeteries: Valley of Rest, Lions River, Currys Post, Mpophomeni, Hilton Garden of Remembrance, Miller Street - memorial wall only as all other reserved graves have been paid for and there are no other burial sites, similarly for Prospect Road Cemetery.

20. Vehicle Pound Fees

The tariff will apply on all vehicles impounded whereby there will be a fee to pay if the vehicle is parked off at the pound due to a traffic offense and or other offenses that justifies the impound of the vehicle.

- I. R370 per night

The tariff will apply for events where officers are required to render services, the overtime factor to be considered.

- I. R320 per officer on the event per hour

21. Swimming Pool charges

The charges for use of the pool will be as follows:

- I. R6 per child
- II. R11 per adult
- III. R7 for pensioners

22. Wayleave charges

Standard Activity	Unit of Measurement	Tariff
Road riding surface	Square meter (m ²)	R 1,200.00
Backfilling	Square meter (m ²)	R 1,024.00
Paved Footways	Square meter (m ²)	R 650.00
DCP Testing (excluding transport, labour and administration)	Per test	R 300.00
Unpaved Footways	Square meter (m ²)	R 600.00
Kerbing	Linear meter (m)	R 950.00
Temporary Reinstatments	Square meter (m ²)	R 500.00
Wayleave processing fee	Sum per project application per suburb	R 1,000.00
For re-inspection where previous inspection had failed work and was redone		R 3,000.00
Penalty for failed reinstatements done by own agent		R 10,000.00
Security Deosit		15 perecnt of the total cost of the total project cost/R15 Thousand Rand.Whichever is greater

23. Interest

Interest on all arrear accounts will be charged at the rate of 1% per month and any part of a month shall be considered as a full month.



ASSESSMENT OF GENERAL RATES FOR 2024/ 2025

MUNICIPAL NOTICE NO: _____

ASSESSMENT OF GENERAL RATES FOR 2024/ 2025

Notice is hereby given in terms of Section 14 of the Local Government: Municipal Property Rates Act No 6 of 2004, that by Resolution taken _____ the Council of uMngeni Municipality has resolved to determine the rates payable on all ratable property within the area of uMngeni Municipality for the financial year 1 July 2024 to 30 June 2025 at 1. cents in the rand on the market value of the property as stated in the valuation roll.

All rebates and exemptions are contained in the Rates Policy and may in certain instances be applied to the rate as assessed above.

General:

1. Rates will be payable monthly in twelve (12) equal installments with the first installment payable on 31 July 2024 and the last installment payable on the 30 June 2025.
2. The date on which the determination of rates came into operation is 01 July 2024.
3. Any rates remaining unpaid for a period longer than 3 months will be subject to legal action to be instituted to recover the arrear amount.
4. Any rates that are not paid on the due date will be subject to interest at the rate of 1% per month or part thereof.

5. The date on which the notice was first displayed on the Municipal Notice Board is 01 July 2025.
 6. This notice is also available on uMngeni Municipality's website www.umngeni.gov.za
 7. Pensioner and disability rebate will be granted to qualifying persons whose income doesn't exceed R 13 000 per month (Pensioners will apply for rebate as per the rates policy)
 8. The municipality will grant 1% discount on early payment to all customers
 9. A collection of 0% will be raised on the amount outstanding on 28 February 2024
-
10. Rates will be payable monthly in twelve (12) equal installments with the first installment payable on 31 July 2024 and the last installment payable on the 30 June 2025.
 11. The date on which the determination of rates came into operation is 01 July 2024.
 12. Any rates remaining unpaid for a period longer than 3 months will be subject to legal action to be instituted to recover the arrear amount.
 13. Any rates that are not paid on the due date will be subject to interest at the rate of 1% per month or part thereof.
 14. The date on which the notice was first displayed on the Municipal Notice Board is 01 July 2024.
 15. This notice is also available on uMngeni Municipality's website www.umngeni.gov.za
 16. Pensioner and disability rebate will be granted to qualifying persons whose income doesn't exceed R 13 500 per month (Pensioners will apply for rebate for the rate Policy)
 17. The municipality will grant 1% discount on early payment to all customers

MUNICIPAL MANAGER
PO BOX 5
HOWICK
3290

uMNGENI LOCAL MUNICIPALITY
DRAFT SUPPLY CHAIN MANAGEMENT POLICY



MUNICIPAL SUPPLY CHAIN MANAGEMENT POLICY
ADOPTED IN TERMS OF
LOCAL GOVERNMENT: MUNICIPAL FINANCE MANAGEMENT, ACT NO. 56 OF 2003
Date of adoption:

uMngeni Local Municipality Council resolved in terms of chapter 11, section 111 of the Local Government Municipal Finance Management Act (No. 56 of 2003), to adopt the following the Supply Chain Management Policy of the municipality.

Document approval Trail

Action/ task taken	Responsible Official/ Committee	Designation:	Signature	Date
Author		Manager SCM		
1st Review By:		Chief Financial Officer		
2nd Review By:		Accounting Officer		
3rd Review By:		Finance Portfolio Committee (FPC)		
4th Review By:		Executive Committee (EXCO)		
Adopted by:		Council		
Approval Date:				
Effective Date:				

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I. POLICY STATEMENT / PREAMBLE

The Municipal Finance Management Act, (Act No.56 of 2003), as amended, provides that uMngeni Local Municipality has a duty to take effective and active measures to be financially efficient, effective, transparent and economical through its supply chain management (SCM) processes.

II. PURPOSE

The purpose of this policy is to regulate the SCM functions and systems of the Municipality.

III. OBJECTIVE

- a. To provide a framework to implement the provisions of section 217 of the Constitution of the Republic of South Africa.
- b. Implement a policy in the system that complies with all the applicable provisions of the Municipal Finance Management Act (MFMA).
- c. Ensure consistency with the legal framework for MSCM.
- d. Ensure that the municipality's strategic objectives are achieved.

9. DEFINITIONS

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

'Accounting Officer' in relation to a uMngeni local municipality, means the municipal manager as per section 60 of the Act;

'Bid' means a written offer, in the form determined by instruction, in response to an invitation for the procurement of goods or services or other form of procurement through a price quotation, a competitive bidding process, a limited bidding process or any other methods envisage in the Act

"Bidder" means any person/enterprise which has submitted a Bid;

"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;

"Competitive bid" means a bid in terms of a competitive bidding process;

"Competitive bidding process" means a competitive bidding process referred to in paragraph 12 (1) (d) of this Policy;

"Disability" in respect of a person, means a permanent or partial impairment of a physical, intellectual, or sensory function, which results in restricted, or lack of, ability to perform an activity in the manner, or within the range, considered normal for a human being;

“Emergency” means a serious, unexpected, and often dangerous situation requiring immediate action as set out in the MFMA SCM Regulations. An emergency case may include circumstances where municipal assets and officials lives are exposed to harm if action is not taken immediately. May also mean disaster affecting the community of uMngeni local municipality and necessitate immediate attention and other unforeseen emergencies identified from time to time;

- Poor planning cannot be treated as an emergency case. It is thus important for the officials to plan their procurement for the year ahead.
- The emergency situations require immediate action, subsequent to the unforeseen disaster.
- It is unjustifiable and unacceptable for procuring officials to be granted approval for emergency procurement and delay the implementation thereof.
- The delay then renders the emergency and urgent status of the procurement void.

“End user” means an UMNGENI LOCAL MUNICIPALITY official who has requested the goods and services who will receive such and utilise for the purpose it is intended;

“Final award”, in relation to bids or quotations submitted for a contract, means the final decision on which bid or quote to accept;

“Formal written price quotation” means quotations referred to in paragraph 12 (1) (c) of this Policy;

“Highest acceptable tender” means a tender that complies with all specifications and conditions of tender and that has the highest price compared to other tenders.

“in the service of the state” means to be –

- a. a member of –
 - (i) any municipal council;
 - (ii) any provincial legislature; or
 - (iii) the National Assembly or the National Council of Provinces;
- b. a member of the board of directors of any municipal entity;
- c. an official of any municipality or municipal entity;
- d. an employee of any national or provincial department, national or provincial public entity or constitutional institution within the meaning of the Public Finance Management Act, 1999 (Act No.1 of 1999);
- e. a member of the accounting authority of any national or provincial public entity; or
- f. an employee of Parliament or a provincial legislature;
- g. a member of a state owned enterprise

“list of accredited prospective providers” means the list of accredited prospective providers which uMNGENI LOCAL MUNICIPALITY must keep in terms of regulation 14 of Municipal SCM Regulations;

"long term contract" means a contract with a duration period exceeding one year;

"Lowest acceptable tender" means a tender that complies with all specifications and conditions of tender and that has the lowest price compared to other tenders;

"Other applicable legislation" means any other legislation applicable to municipal supply chain management, including –

- a) the Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000),
- b) the PPPFA regulations and all amendments.
- c) The Broad Based Black Economic Empowerment Act, 2003 (Act No. 53 of 2003),
- d) the regulations and all amendments; and
- e) The Construction Industry Development Board Act, 2000 (Act No. 38 of 2000),
- f) the regulations and all amendments.
- g) The Prevention and Combating of Corrupt Activities Act, 2004 (Act No. 12 of 2003), the regulations and all amendments.
- h) The Competition Act, 1998 (Act 89 of 1998), the regulations and all amendments.

"Petty Cash", means a small amount of cash, not exceeding the threshold set by the regulations, kept on hand for incidental purchases of low value goods and services.

"Price" means an amount of money tendered for goods or services, and includes all applicable taxes less all unconditional discounts;

"SMMEs" means small businesses; as defined in section 1 of the National Small Business Act, 1996 (Act. No. 102 of 1996);

"Single source": refers to when the competition exists in the market, but from a elected few suppliers due to technical capabilities and abilities comply with the requirements of the municipality;

"Sole Supplier:" refers in instances where there is no competition and only one service provider exist in the market, with sole distribution rights and/or patent rights or manufacturer;

"Strip & quote:" means a process to do the repairs to the municipal assets that requires diagnosis first to determines what repairs should be done. In this case the work is done by one service provider;

"Specific goals" means specific goals as contemplated in section 2(1)(d) of the Act which may include contracting with persons, or categories of persons, historically disadvantaged by unfair discrimination on the basis of race, gender and disability including the implementation of programmes of the Reconstruction and Development Programme as published in *Government Gazette* No. 16085 dated 23 November 1994;

"subcontracting" Subcontracting, in terms of CIDB, is a business strategy that is used by main contractors to deal with uncertainties in the construction market and to transfer risks, such as financial risks, completion risks and responsibility for employees. Subcontracting reduces direct costs and overheads, and allows main contractors to use more competitive local firms with their lower overhead costs and better knowledge of the local market conditions, practices and procedures. Subcontracting further facilitates the production of quality work through the use of specialist subcontractors with the necessary knowledge and skills in specialised trades. Overall, subcontracting allows the main contractor to reduce operating costs and thereby enhance competitiveness.

"tender" means a written offer in the form determined by an organ of state in response to an invitation to provide goods or services through price quotations, competitive tendering process or any other method envisaged in legislation;

"tender for income-generating contracts" means a written offer in the form determined by an organ of state in response to an invitation for the origination of income-generating contracts through any method envisaged in legislation that will result in a legal agreement between the organ of state and a third party that produces revenue for the organ of state, and includes, but is not limited to, leasing and disposal of assets and concession contracts, excluding direct sales and disposal of assets through public auctions;

"Treasury guidelines" means any guidelines on supply chain management issued by the Minister in terms of section 168 of the Act;

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

"the Regulations" means the Local Government: Municipal Finance Management Act, 2003, Municipal Supply Chain Management Regulations published by Government Notice 868 of 2005;

"urgent case" means cases where early delivery is critical and the invitation of competitive bids is either impossible or impractical, not due to improper planning.

"Youth" means persons between the ages of 14 and 35 as the National Youth Development Agency Act, Act No. 54 of 2008 defines.

ABBREVIATIONS AND SHORT TERMS

ABBREVIATION	EXPLANATION
AO	Accounting Officer
BAC	Bid Adjudication Committee
B-BBEE	Broad Base Black Economic Empowerment
BEC	Bid Evaluation Committee
BTEC	Bid Technical Evaluation Committee
BSC	Bid Specification Committee
CFO	Chief Financial Officer
CIDB	Construction Industry Development Board
CSD	Central Supplier Database
GCC	General Conditions of Contract
HOD	Head of Department
KZN	KwaZulu Natal
KZNPT	KwaZulu-Natal Provincial Treasury
IT	Information Technology
ISO	International Standards Organisation
HDP	Historical Disadvantaged Persons
KZNPT	KwaZulu Natal Provincial Treasury
MBAT	Municipal Bid Appeals Tribunal
MBD	Municipal Bidding Documents
MFMA	Municipal Finance Management Act
MSCM	Municipal Supply Chain Management
MSCMR	Municipal Supply Chain Management Regulations
NT	National Treasury
OoS	Organ of State
PM	Programme Manager
PPP	Public-Private Partnership
PPFA	Preferential Procurement Policy Framework Act, Act No. 5 of 2000
PPR22	Preferential Procurement Policy 2022
PT	Provincial Treasury
RDP	Reconstruction Development Programme
SABS	South African Bureau of Standards
SANAS	South African National Accreditation System
SARS	South African Revenue Service
SCC	Special Conditions of Contract
SCM	Supply Chain Management
SCMU	Supply Chain Management Unit
SITA	State Information Technology Agency
ULM	uMngeni Local Municipality

CHAPTER 1

IMPLEMENTATION OF SUPPLY CHAIN MANAGEMENT POLICY

10. Supply chain management policy

- (1) All officials and other role players in the supply chain management system of ULM must implement this Policy in a way that it –
 - a. gives effect to –
 - i. section 217 of the Constitution; and
 - ii. Part 1 of Chapter 11 and other applicable provisions of the Act;
 - b. is fair, equitable, transparent, competitive and cost effective;
 - c. complies with –
 - (i) the Regulations; and
 - (ii) any minimum norms and standards that may be prescribed in terms of section 168 of the Act;
 - d. is consistent with other applicable legislation;
 - e. does not undermine the objective for uniformity in supply chain management systems between organs of state in all spheres; and
 - f. is consistent with national economic policy concerning the promotion of investments and doing business with the public sector.
- (2) This Policy applies when ULM –
 - (a) procures goods or services;
 - (b) disposes goods no longer needed;
 - (c) selects contractors to provide assistance in the provision of municipal services otherwise than in circumstances where Chapter 8 of the Municipal Systems Act applies; or
 - (d) selects external mechanisms referred to in section 80 (1) (b) of the Municipal Systems Act for the provision of municipal services in circumstances contemplated in section 83 of that Act.
- (3) This Policy, except where provided otherwise, does not apply in respect of the procurement of goods and services contemplated in section 110(2) of the Act, including –
 - (a) water from the Department of Water Affairs or a public entity, another municipality or a municipal entity;
 - (b) electricity from Eskom or another public entity, another municipality or a municipal entity;
 - (c) institutions of higher learning identified through the bursary process; and
 - (d) membership of professional bodies.

11. Amendment of the supply chain management policy

- (1) The accounting officer must –
 - (a) at least annually review the implementation of this Policy; and
 - (b) when the accounting officer considers it necessary, submit proposals for the amendment of this Policy to the council.
- (2) If the accounting officer submits proposed amendments to the council that differs from the model policy issued by the National Treasury, the accounting officer must –
 - (a) ensure that such proposed amendments comply with the Regulations; and
 - (b) report any deviation from the model policy to the National Treasury.

(3) When amending this supply chain management policy the need for uniformity in supply chain practices, procedures and forms between organs of state in all spheres, particularly to promote accessibility of supply chain management systems for small businesses must be taken into account.

12. Delegation of supply chain management powers and duties

The council hereby delegates all powers and duties to the accounting officer which are necessary to enable the accounting officer –

- (a) to discharge the supply chain management responsibilities conferred on accounting officers in terms of –
 - (i) Chapter 8 of the Act; and
 - (ii) this Policy;
- (b) to maximise administrative and operational efficiency in the implementation of this Policy;
- (c) to enforce reasonable cost-effective measures for the prevention of fraud, corruption, favoritism and unfair and irregular practices in the implementation of this Policy; and
- (d) to comply with his or her responsibilities in terms of section 115 and other applicable provisions of the Act.
- (e) Sections 79 of the Act apply to the sub-delegation of powers and duties delegated to an accounting officer in terms of subparagraph (1).
- (f) The accounting officer may not sub-delegate any supply chain management powers or duties to a person who is not an official of ULM or to a committee which is not exclusively composed of officials of ULM; and except within the provisions of Government Gazette No. 43281 issued 5 May 2020 were municipalities/municipal entities are exempted from compliance with regulations 4(3) and 29(2) in certain circumstances.
- (g) This paragraph may not be read as permitting an official to whom the power to make final awards has been delegated, to make a final award in a competitive bidding process otherwise than through the committee system provided for in paragraph 26 of this Policy.

5. Sub-delegations

- (1) The accounting officer may in terms of section 79 of the Act sub-delegate, in writing, any supply chain management powers and duties, including those delegated to the accounting officer in terms of this Policy, but any such sub-delegation must be consistent with subparagraph (2) of this paragraph and paragraph 4 of this Policy.
- (2) The power to make a final award –
 - (a) above R10 million (Including all applicable taxes) may not be sub-delegated by the accounting officer;
 - (b) above R2 million (Including all applicable taxes), but not exceeding R10 million (Including all applicable taxes), may be sub-delegated but only to –
 - (i) the chief financial officer; or
 - (ii) a bid adjudication committee of which the chief financial officer is a member.

- (c) not exceeding R2 million (Including all applicable taxes) may be sub-delegated but only to –
 - (i) The chief financial officer; or
 - (ii) A bid adjudication committee.
- (3) An official or bid adjudication committee to which the power to make final awards has been sub-delegated in accordance with subparagraph (2) must within five days of the end of each month submit to the official referred to in subparagraph (4) a written report containing particulars of each final award made by such official or committee during that month, including–
 - (a) the amount of the award;
 - (b) the name of the person to whom the award was made; and
 - (c) the reason why the award was made to that person.
- (4) A written report referred to in subparagraph (3) must be submitted –
 - (a) to the accounting officer, in the case of an award by –
 - (i) the chief financial officer;
 - (ii) a director; or
 - (iii) a bid adjudication committee of which the chief financial officer is a member; or
 - (b) to the chief financial officer or the director responsible for the relevant bid, in the case of an award by –
 - (i) a manager referred to in subparagraph (2)(c)(ii); or
 - (ii) a bid adjudication committee of which the chief financial officer or a director is not a member.
- (5) Subparagraphs (3) and (4) of this policy do not apply to procurements out of petty cash.
- (6) This paragraph may not be interpreted as permitting an official to whom the power to make final awards has been sub-delegated, to make a final award in a competitive bidding process otherwise than through the committee system provided for in paragraph 26 of this Policy.
- (7) No supply chain management decision-making powers may be delegated to an advisor or consultant.

6. Oversight role of council

- (2) ULM council will maintain oversight over the implementation of this Policy.
- (3) For the purposes of such oversight the accounting officer must –
 - a. within 30 days of the end of each financial year, submit a report on the implementation of this Policy and the supply chain management policy of any municipal entity under the sole or shared control of the municipality, to the council of the municipality; and
 - b. whenever there are serious and material problems in the implementation of this Policy, immediately submit a report to the council.
- (4) The accounting officer must, within 10 days of the end of each quarter, submit a report on the implementation of the supply chain management policy to the mayor.
- (5) The reports must be made public in accordance with section 21A of the Municipal Systems Act.

7. Supply chain management unit

- (1) A supply chain management unit is hereby established to implement this Policy.
- (2) The supply chain management unit operates under the direct supervision of the chief financial officer or an official to whom this duty has been delegated to in terms of section 82 of the Act.

8. Training of supply chain management officials

The training of officials involved in implementing this Policy should be in accordance with any National Treasury guidelines on supply chain management training and the minimum competency levels prescribed by National Treasury within the prescribed timeframes.

CHAPTER 2

SUPPLY CHAIN MANAGEMENT SYSTEM

9. Establishment Of the Supply Chain Management Unit

The AO is hereby establishing the SCMU under the office of the CFO. This unit will be directly supervised by the CFO. The established SCMU will function through an SCM system provided for by this policy. The SCM system provided for by this is as follows:–

- a. Demand Management;
- b. Acquisition Management;
- c. Logistics Management;
- d. Disposal Management;
- e. Risk Management; And
- f. Performance Management.

10. Part 1: System of demand management

- (1) The accounting officer or his/ her delegate hereby establishes demand management to ensure that the resources required by ULM support its operational commitments and its strategic goals outlined in the Integrated Development Plan.
- (2) The demand management system must –
 - (a) provide for an effective system of demand management in order to ensure that the resources required to support the strategic and operational commitments of the municipality 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 municipality. The Standard Operating Procedure (SOP) will detail the implementations details.
 - (b) take into account any benefits of economies of scale that may be derived in the case of acquisitions of a repetitive nature; and
 - (c) provide for the compilation of the required specifications to ensure that its needs are met.
 - (d) To undertake appropriate industry analysis and research to ensure that innovations and technological benefits are maximized.

Part 2: Acquisition management

11. System of acquisition management

- (1) The accounting officer or his/ her delegate must implement the system of acquisition management set out in this Part to ensure –
 - (a) that goods and services are procured by ULM in accordance with authorised processes only;
 - (b) that expenditure on goods and services is incurred in terms of an approved budget in terms of section 15 of the Act;
 - (c) that the threshold values for the different procurement processes are complied with;
 - (d) that bid documentation, evaluation and adjudication criteria, and general conditions of a contract, are in accordance with any applicable legislation; and
 - (e) that any Relevant treasury guidelines on acquisition management are properly considered.
- (2) This supply chain management policy, except where provided otherwise in the Regulations, does not apply in respect of the procurement of goods and services contemplated in section 110 (2) of the Act, including –
 - (a) water from the Department of Water Affairs or a public entity, another municipality, or a municipal entity; and
 - (b) electricity from Eskom or another public entity, another municipality, or a municipal entity
- (3) A municipality or municipal entity procuring goods or services contemplated in section 110 (2) of the Act must make public the fact that it procures such goods or services otherwise than through its supply chain management system, including–
 - (a) The kind of goods or services; and
 - (b) The name of the supplier.

12. Range of procurement processes

- (1) The following are methods of procurement provided for by this policy for the procurement of goods and services by way of: -
 - (a) petty cash purchases, up to a transaction value of R2 000 (Including all applicable taxes);
 - (b) formal written price quotations for procurements of a transaction value over R2000 up to R300 000 (Including all applicable taxes); and
 - (c) a competitive bidding process for-
 - i. procurement above a transaction value of R300 000 (Including all applicable taxes); and
 - ii. the procurement of a long-term contract.
- (2) Accounting Officer may-
 - (a) lower, but not increase, the different thresholds values specified in subparagraph (1) or
 - (b) direct that –
 - i. written quotations be obtained for any specific procurement of a transaction value lower than R2 000.
 - ii. a competitive bidding process be followed for any specific procurement of a transaction value lower than R300 000.

- (3) the following provisions are to be adhered to -
- (a) goods or services may not deliberately split into parts or items of a lesser value merely to avoid complying with the requirements of the policy; and
 - (b) when determining transactions values, a requirement for goods or service consisting of different parts or items must as far as possible be treated and dealt with as a single transaction.
 - (c) All procurement must be evaluated in line with the acceptable tender then price and preference in accordance with the PPPFA Regulations unless petty cash is used.

13. General preconditions for consideration of written quotations or bids
the municipality may not consider a written quotation or bid unless the provider who submitted the quotation or bid:

- a. has furnished that provider's -
 - (i) full name;
 - (ii) identification number or company or other registration number; and
 - (iii) compliant CSD information as may be required.
- b. has authorised ULM to obtain tax information from the South Africa Revenue Services that the provider's tax matters are in order.
- c. has authorised ULM to obtain a CSD record to confirm the status is active; and
- d. has indicated -
 - (i) whether he or she is in the service of the state, or has been in the service of the state in the previous twelve months;
 - (ii) if the provider is not a natural person, whether any of its directors, managers, principal shareholders, or stakeholders are in the service of the state, or has been in the service of the state in the previous twelve months; or
 - (iii) whether a spouse, child or parent of the provider or of a director, manager, shareholder or stakeholder referred to in subparagraph (ii) is in the service of the state or has been in the service of the state in the previous twelve months.

14. List of accredited prospective service providers

- (1) In line with this policy:
 - (a) the accounting officer -
 - (i) to keep a list of accredited prospective providers of goods and services that must be used for the procurement requirements of the municipality or municipal entity through formal written price quotations; and
 - (ii) at least once a year through newspapers commonly circulating locally, the website of the municipality and any other appropriate ways, to invite prospective providers of goods or services to apply for evaluation and listing as prospective providers;
 - (c) specify the listing criteria for accredited prospective providers; and
 - (d) disallow the listing of any prospective provider whose name appears on the National Treasury's database of restricted service providers.
- (2) The list must be updated at least quarterly to include any additional prospective providers and any new commodities or types of services. Prospective providers must be allowed to submit applications for listing at any time.

(3) The list must be compiled per commodity and per type of service.

15. Petty cash purchases up to R2000 Including All Applicable Taxes

The conditions for the procurement of goods by means of petty cash purchases referred to in paragraph 12 (1) (a) of this Policy, are as follows –

- (a) The Chief Financial Officer may, in writing, delegate the responsibility to monitor petty cash purchases to the Accountant: Revenue/Income Officer.
- (b) limiting the number of petty cash purchases or the maximum amounts per month for each manager.
- (c) Goods and services may only be procured by way of petty cash, up to a transaction value of R2 000 (Including all applicable taxes).
- (d) Petty cash may only be used for the following types of expenditure: refreshments, catering, gifts, wheel repairs, and other small items.
- (e) For the implementation of the petty cash purchases, refer to ULM petty cash policy.

16. Formal written price quotations above R2000 up to R300 000 Including All Applicable Taxes

- (1) The conditions for the procurement of goods or services through formal written price quotations, are as follows:
 - (b) quotations must be obtained in writing from at least three different providers on the list of ULM prospective providers and whose names appear on the list of accredited prospective providers of the National Treasury Central Supplier Database.
 - (c) quotations may be obtained from providers who are not listed, provided that such providers meet the listing criteria set out in paragraph 14(1)(b) and (c) of this Policy.
 - (d) if it is not possible to obtain at least three quotations, the reasons must be recorded and approved by the Accounting officer or his/ her delegate and.
 - (e) the accounting officer or his/ her delegate must record the names of the potential providers and their written quotations.
- (2) A designated official referred to in subparagraph (1) (c) must within three days of the end of each month report to the Accounting officer or his/ her delegate on any approvals given during that month by that official in terms of that subparagraph.

17. Procedures for procuring goods or services through formal written price quotations

- (1) The procedure for the procurement of goods or services through formal written price quotations is as follows:
 - (a) All requirements in excess of R2000.00 (Including all applicable taxes) that are to be procured by means of formal written price quotations must, in addition to the

requirements of paragraph 17, be advertised for at least seven days on the website and an official notice board of the ULM;

- (b) When using the list of accredited prospective providers, the accounting officer or his/ her delegate must promote on-going competition amongst providers by inviting providers to submit quotations on a rotation basis;
- (c) All bids must be deposited to the tender-box designated by the tender document. The keys to the tender-box must be kept by SCM Manager or Senior Accountant. Closing/ opening of bids must be conducted in the presence of Internal Audit and end-user department representative. SCM must have an official dedicated email address to receive bids and a dedicated official/s must access that email.
- (d) The accounting officer must take all reasonable steps to ensure that the procurement of goods and services through written quotations or formal written price quotations is not abused;
- (e) The accounting officer or chief financial officer must on a monthly basis be notified in writing of all written quotations and formal written price quotations accepted by an official acting in terms of a sub-delegation;
- (f) Offers must be awarded based on compliance to specifications, ability and capability to deliver the goods and services as well as price and preference.
- (g) Evaluation of offers are subject to the preference point system in terms of the Preferential Procurement Regulations 2022 and awarded to the bidder who scored the highest points;
- (h) Record of approved specifications, minutes of the evaluation and approval memos must be kept on file for audit purposes.

18. Competitive Bids for Transactional Values Above R300 000 Including All Applicable Taxes

- (1) Goods or services above a transaction value of R300 000 (Including all applicable taxes) and Long-term contracts may only be procured through a competitive bidding process, subject to paragraph 2 (3) of this Policy.
- (2) No requirement for goods or services above an estimated transaction value of R300 000 (Including all applicable taxes), may deliberately be split into parts or items of lesser value merely for the sake of procuring the goods or services otherwise than through a competitive bidding process.

19. Process for competitive bidding

- (1) The procedures for the following stages of a competitive bidding process are as follows:
 - b. the compilation of bidding documentation

- c. the public invitation of bids
- d. site meetings or briefing sessions, if applicable
- e. the handling of bids submitted in response to public invitation
- f. the evaluation of bids
- g. the adjudication and award of contracts
- h. the administration of contracts; and
- i. proper record keeping

20. Bid Documentation for Competitive Bids

- (1) The criteria to which bid documentation for a competitive bidding process must comply, must:
- i. take into account –
 - i. the general conditions of contract and any special conditions of contract;
 - ii. any National and or Provincial Treasury guidelines on bid documentation; and
 - iii. the requirements of the CIDB, in the case of a bid relating to infrastructure or technical procurement.
 - ii. include evaluation and adjudication criteria, including any criteria required by other applicable legislation;
 - iii. compel bidders to declare any conflict of interest they may have in the transaction for which the bid is submitted;
 - iv. if the value of the transaction is expected to exceed R10 million (Including all applicable taxes), require bidders to furnish –
 - i. if the bidder is required by law to prepare annual financial statements for auditing, their audited annual financial statements –
 - 1. for the past three years; or
 - 2. since their establishment if established during the past three years;
 - ii. a certificate signed by the bidder certifying that the bidder has no undisputed commitments for municipal services towards a municipality or other service provider in respect of which payment is overdue for more than 30 days;
 - iii. particulars of any contracts awarded to the bidder by an organ of state during the past five years, including particulars of any material non-compliance or dispute concerning the execution of such contract;
 - iv. a statement indicating whether any portion of the goods or services are expected to be sourced from outside the Republic, and, if so, what portion and whether any portion of payment from the municipality is expected to be transferred out of the Republic; and
- (d) 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. ULM, through this policy, adopt to utilize the Municipal Bid Appeal Tribunal structure as developed by Provincial Treasury.

21. Public invitation for competitive bids

- (1) The procedure for the invitation of competitive bids, is as follows:
- (a) Any invitation to prospective providers to submit bids must be by means of a public advertisement in National Treasury's e-Tenders Portal and website of ULM or any other appropriate ways that may be necessitated by project.

- (b) For works/Infrastructure tenders CIDB i-Tender portal/ register of projects must be used.
- (c) the information contained in a public advertisement, must include –
 - (ii) the closure date for the submission of bids, which may not be less than 30 days in the case of transactions over R10 million (Including all applicable taxes), or which are of a long-term nature, or 14 days in any other case, from the date on which the advertisement is placed, subject to subparagraph (2) of this policy;
 - (iii) a statement that bids may only be submitted on the bid documentation provided by ULM; and
 - (iv) date, time and venue of any proposed site meetings or briefing sessions.
- (2) The accounting officer or his/ her delegate may determine a closure date for the submission of bids which is less than the 30 or 14 days requirement, but only if such shorter period can be justified on the grounds of urgency or emergency or any exceptional case where it is impractical or impossible to follow the official procurement process.
- (3) Bids submitted must be sealed and clearly indicated the bid details outside.
- (4) Where bids are requested in electronic format, such bids must be supplemented by sealed hard copies.

22. Procedure for Handling, Opening and Recording of Bids

- (1) The procedures for the handling, opening and recording of bids, are as follows:
 - (a) Bids–
 - (i) must be opened only in public;
 - (ii) must be opened at the same time and as soon as possible after the period for the submission of bids has expired; and
 - (iii) received after the closing time should not be considered and returned unopened immediately.
 - (iv) For two-envelope bidding process, only technical proposal must be opened in public. The financial proposal must be opened at price and preference point evaluation stage and only for the qualified bidders. The disqualified bidders financial proposal must be returned unopened.
 - (b) bidder or member of the public has the right to request that the names of the bidders who submitted bids in time must be read out and, if practical, also each bidder's total bidding price;
 - (c) No information, except the provisions in subparagraph (b), relating to the bid should be disclosed to bidders or other persons until the successful bidder is notified of the award; and
 - (d) The accounting officer or his/ her delegate must –
 - i. record in a register all bids received on time;
 - ii. make the register available for public inspection; and
 - iii. publish the entries in the register and the bid results on the website.

23. Negotiations With Preferred Bidders

- (1) The accounting officer or his/ her delegate may negotiate the final terms of a contract with bidders identified through a competitive bidding process as preferred bidders, provided that such negotiation –
 - (a) does not allow any preferred bidder a second or unfair opportunity;
 - (b) is not to the detriment of any other bidder; and
 - (c) does not lead to a higher price than the bid has submitted.
- (2) Minutes of such negotiations must be kept for record purposes.

24. Two-stage bidding process

- (1) A two-stage bidding process is allowed for –
 - (a) large complex projects;
 - (b) projects where it may be undesirable to prepare complete detailed technical specifications; or
 - (c) long term projects with a duration period exceeding three years; or
 - (d) as and when the AO deem it necessary.
- (2) In the first stage technical proposals on conceptual design or performance specifications should be invited, subject to technical as well as commercial clarifications and adjustments.
- (3) In the second stage final technical proposals and priced bids should be invited.

25. Committee system for competitive bids

- (1) A committee system for competitive bids is hereby established, consisting of the following committees for each procurement or cluster of procurements as the accounting officer or his/ her delegate may determine:
 - (a) a bid specification committee;
 - (b) a bid technical evaluation;
 - (c) a bid evaluation committee; and
 - (d) a bid adjudication committee;
- (2) the appointment by the accounting officer of the members of each committee, taking into account section 117 of the Act; and
- (3) an attendance or oversight process by a neutral or independent observer appointed by the accounting officer when this is appropriate for ensuring fairness and promoting transparency.
- (4) The committee system must be consistent with –
 - (a) paragraph 27, 28 and 29 of this Policy; and
 - (b) any other applicable legislation.
- (5) A supply chain management policy may allow the accounting officer to apply the committee system to formal written price quotations.

26. Bid Specification Committees

- (1) A bid specification committee must compile the specifications for each procurement of goods or services by the municipality.
- (2) Specifications –
 - (a) must be drafted in an unbiased manner to allow all potential suppliers to offer their goods or services;

- (b) must take account of any accepted standards such as those issued by SABS, the ISO, or an authority accredited or recognised by the SANAS with which the equipment or material or workmanship should comply;
 - (c) must, 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 labeling of conformity certification;
 - (e) may not make reference to any particular trademark, name, patent, design, type, specific origin or producer unless there is no other sufficiently precise or intelligible way of describing the characteristics of the work, in which case such reference must be accompanied by the word "equivalent or similar";
 - (f) must indicate each specific goal for which points may be awarded in terms of the points system set out in the supply chain management policy of the municipality; and
 - (g) must be approved by the accounting officer or his/ her delegate prior to publication of the invitation for bids in terms of paragraph 22 of this Policy.
- (3) A bid specification committee must be composed of three or more officials of the ULM preferably including the manager responsible for the function involved, and may, when appropriate, include external specialist advisors.
- (4) No person, advisor or corporate entity involved with the bid specification committee, or director of such a corporate entity, may bid for any resulting contracts.
- (5) The BSC may consider including functionality as part of the bid, however, not all bid need to have functionality. In a case functionality is considered necessary, the following must be taken to account:
- a. BSC shall indicate on the invitation to submit a bid if a bid shall be evaluated on functionality.
 - b. The evaluation criteria for measuring functionality shall be objective.
 - c. Where bids are evaluated on functionality, the following shall be clearly specified in the invitation to submit a bid –
 - i. The evaluation criteria for measuring functionality;
 - ii. The weight of each criterion;
 - iii. The applicable value; and
 - iv. The minimum qualifying score for functionality;
 - v. No bid shall be regarded as an acceptable bid if it fails to achieve a minimum score for functionality as indicated in the bid invitation.
 - d. Bidders that have achieved the minimum qualifying score for functionality shall be evaluated further for price and preference point systems.

27. Bid Evaluation Committees

- (1) A bid evaluation committee must –
- (a) evaluate bids in accordance with –
 - (i) the specifications for a specific procurement; and
 - (ii) the points system set out in terms of paragraph 27(2)(f).
 - (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,
 - (d) check the CSD compliance requirements; and
 - (e) submit to the adjudication committee a report and recommendations regarding the award of the bid or any other related matter.
- (2) A bid evaluation committee must as far as possible be composed of-
- (a) officials from departments requiring the goods or services; and
 - (b) at least one supply chain management practitioner of ULM.

28. Bid Adjudication Committees

- (1) A bid adjudication committee must –
- (a) consider the report and recommendations of the bid evaluation committee; and
 - (b) either –
 - i. depending on its delegations, make a final award or a recommendation to the accounting officer to make the final award; or
 - ii. make another recommendation to the accounting officer how to proceed with the relevant procurement.
- (2) A bid adjudication committee must consist of at least four senior managers of ULM which must include –
- (a) the chief financial officer or, if the chief financial officer is not available, another manager in the office of the CFO reporting directly to the chief financial officer and designated by the chief financial officer; and
 - (b) at least one senior supply chain management practitioner who is an official of ULM; and
 - (c) a technical expert in the relevant field who is an official, if such an expert exists.
- (3) The accounting officer must appoint the chairperson of the committee. If 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.
- (4) 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.
- (5) (a) If 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 –
- i. check in respect of the preferred bidder whether that bidder's municipal rates and taxes and municipal service charges are not in arrears, and;
 - ii. notify the accounting officer.
- b. The accounting officer may –
- i. after due consideration of the reasons for the deviation, ratify or reject the decision of the bid adjudication committee referred to in paragraph (a); and
 - ii. if the decision of the bid adjudication committee is rejected, refer the decision of the adjudication committee back to that committee for reconsideration.
- (6) The accounting officer may at any stage of a bidding process, refer any recommendation made by the evaluation committee or the adjudication committee back to that committee for reconsideration of the recommendation.
- (7) The accounting officer must comply with section 114 of the Act within 10 working days

29. Procurement of Banking Services

- (1) A contract for banking services –
 - (a) must be procured through competitive bids;
 - (b) must be consistent with section 7 the Act; and
 - (c) may not be for a period of more than five years at a time.
- (2) The process for procuring a contract for banking services must commence at least nine months before the end of an existing contract.
- (3) The closure date for the submission of bids may not be less than 60 days from the date on which the advertisement is placed in a newspaper in terms of paragraph 22(1). Bids must be restricted to banks registered in terms of the Banks Act, 1990 (Act No. 94 of 1990).

30. Procurement of IT Related Goods or Services

- (1) The accounting officer or his/ her delegate may request the State Information Technology Agency (SITA) to assist with the acquisition of IT related goods or services through a competitive bidding process.
- (2) Both parties must enter into a written agreement to regulate the services rendered by, and the payments to be made to, SITA.
- (3) The accounting officer or his/ her delegate must notify SITA together with a motivation of the IT needs if –
 - (a) the transaction value of IT related goods or services required in any financial year will exceed R50 million (Including all applicable taxes); or
 - (b) the transaction value of a contract to be procured whether for one or more years exceeds R50 million (Including all applicable taxes).
- (4) If SITA comments on the submission and ULM disagrees with such comments, the comments and the reasons for rejecting or not following such comments must be submitted to the council, the National Treasury, the Provincial Treasury and the Auditor General.

31. Procurement Of Goods and Services Under Contracts Secured by Other Organs of State

- (1) The accounting officer may procure goods or services under a contract secured by another organ of state, but only if –
 - (a) the contract has been secured by that other organ of state by means of a competitive bidding process applicable to that organ of state;
 - (b) there is no reason to believe that such contract was not validly procured;
 - (c) there are demonstrable discounts or benefits to do so; and
 - (d) that other organ of state and the provider have consented to such procurement in writing.
- (2) Subparagraphs (1)(c) and (d) do not apply if –
 - (a) a municipal entity procures goods or services through a contract secured by its parent municipality; or
 - (b) a municipality procures goods or services through a contract secured by a municipal entity of which it is the parent municipality.

- 32. Procurement of goods necessitating special safety arrangements**
- (1) The acquisition and storage of goods in bulk (other than water), which necessitate special safety arrangements, including gasses and fuel, should be avoided wherever possible.
 - (2) Where the storage of goods in bulk is justified, such justification must be based on sound reasons, including the total cost of ownership, cost advantages and environmental impact and must be approved by the accounting officer or his/her delegate.

33. Proudly SA Campaign

- (1) The ULM supports the Proudly SA Campaign to the extent that preference is given to procuring local goods and services as highlighted in the specific goals of the municipality.

34. Appointment Of Consultants

- (1) The accounting officer may procure consulting services provided that any Treasury guidelines in respect of consulting services are taken into account when such procurements are made.
- (2) Consultancy services must be procured through competitive bids if:
 - (a) the value of the contract exceeds R300 000 (Including all applicable taxes); or
 - (b) the duration period of the contract exceeds twelve months.

35. Deviation from, and ratification of minor breaches of procurement processes

- (1) The accounting officer may –
 - (a) dispense with the official procurement processes established by this Policy and to procure any required goods or services through any convenient process, which may include direct negotiations, but only –
 - i. in an emergency case as defined by this policy;
 - ii. if such goods or services are produced or available from a single provider only;
 - iii. for the acquisition of special works of art or historical objects where specifications are difficult to compile;
 - iv. acquisition of animals for zoos and/or nature and game reserves; or
 - v. in any other exceptional case where it is impractical or impossible to follow the official procurement processes; and
 - (b) ratify any minor breaches of the procurement processes by an official or committee acting in terms of delegated powers or duties which are purely of a technical nature.
- (2) The accounting officer or his/ her delegate must record the reasons for any deviations in terms of subparagraphs (1) (a) and (b) of this policy and report them to the next meeting of the council and include as a note to the annual financial statements.
 - (3) Subparagraph (2) does not apply to the procurement of goods and services contemplated in paragraph 2 (3) of this policy.

36. Unsolicited bids

- (1) In accordance with section 113 of the Act there is no obligation to consider unsolicited bids received outside a normal bidding process.
- (2) The accounting officer may decide in terms of section 113(2) of the Act to consider an unsolicited bid, only if –
 - (a) the product or service offered in terms of the bid is a demonstrably or proven unique innovative concept;
 - (b) the product or service will be exceptionally beneficial to, or have exceptional cost advantages;
 - (c) the person who made the bid is the sole provider of the product or service; and
 - (d) the reasons for not going through the normal bidding processes are found to be sound by the accounting officer.
- (3) If the accounting officer decides to consider an unsolicited bid that complies with subparagraph (2) of this policy, the decision must be made public in accordance with section 21A of the Municipal Systems Act, together with –
 - (a) reasons as to why the bid should not be open to other competitors;
 - (b) an explanation of the potential benefits if the unsolicited bid were accepted; and
 - (c) an invitation to the public or other potential suppliers to submit their comments within 30 days of the notice.
- (4) The accounting officer must submit all written comments received pursuant to subparagraph (3), including any responses from the unsolicited bidder to the National Treasury and the relevant provincial treasury for comment.
- (5) The adjudication committee must consider the unsolicited bid and may award the bid or make a recommendation to the accounting officer, depending on its delegations.
- (6) A meeting of the adjudication committee to consider an unsolicited bid must be open to the public.
- (7) When considering the matter, the adjudication committee must take into account –
 - (a) any comments submitted by the public; and
 - (b) any written comments and recommendations of the National Treasury or the relevant provincial treasury.
- (8) If any recommendations of the National Treasury or provincial treasury are rejected or not followed, the accounting officer or his/ her delegate must submit to the Auditor General, the relevant provincial treasury and the National Treasury the reasons for rejecting or not following those recommendations.
- (9) Such submission must be made within seven days after the decision on the award of the unsolicited bid is taken, but no contract committing ULM to the bid may be entered into or signed within 30 days of the submission.

37. Combating of abuse of supply chain management system

- (1) The accounting officer must–
 - (a) take all reasonable steps to prevent abuse of the supply chain management system;

- (b) investigate any allegations against an official or other role player of fraud, corruption, favoritism, unfair or irregular practices or failure to comply with this Policy, and when justified –
 - i. take appropriate steps against such official or other role player; or
 - ii. report any alleged criminal conduct to the South African Police Service;
- (c) check the National Treasury's database prior to awarding any contract to ensure that no recommended bidder, or any of its directors, is listed as a person prohibited from doing business with the public sector;
- (d) reject any bid from a bidder–
 - i. if any municipal rates and taxes or municipal service charges owed by that bidder or any of its directors to ULM, or to any other municipality or municipal entity, are in arrears for more than three months; or
 - ii. who during the last five years has failed to perform satisfactorily on a previous contract with ULM or any other organ of state after written notice was given to that bidder that performance was unsatisfactory;
- (e) reject a recommendation for the award of a contract if the recommended bidder, or any of its directors, has committed a corrupt or fraudulent act in competing for the particular contract;
- (f) cancel a contract awarded to a person if –
 - i. the person committed any corrupt or fraudulent act during the bidding process or the execution of the contract; or
 - ii. an official or other role player committed any corrupt or fraudulent act during the bidding process or the execution of the contract that benefited that person; and
- (g) reject the bid of any bidder if that bidder or any of its directors –
 - i. has abused the supply chain management system of ULM or has committed any improper conduct in relation to such system;
 - ii. has been convicted for fraud or corruption during the past five years;
 - iii. has willfully neglected, reneged on or failed to comply with any government, municipal or other public sector contract during the past five years; or
 - iv. has been listed in the Register for Tender Defaulters in terms of section 29 of the Prevention and Combating of Corrupt Activities Act (No 12 of 2004).
- (2) The accounting officer must inform the National Treasury and relevant provincial treasury in writing of any actions taken in terms of subparagraphs (1)(b)(ii), (e) or (f) of this policy.
- (3) cancellation of tenders: -
 - a. AO may, prior to the award of a tender, cancel the tender if:
 - i. Due to changed circumstances, there is no longer a need for the goods or services requested; or
 - ii. Funds are no longer available to cover the total envisaged expenditure; or
 - iii. No acceptable tenders are received; or
 - iv. Due to material irregularities in the tender process.

Part 3: Logistics, Disposal, Risk and Performance Management

38. Logistics management

- (1) Logistics management is hereby established, it must include -
- (b) Issuing of purchase orders;

- (c) the monitoring of spending patterns on types or classes of goods and services incorporating, where practical, the coding of items to ensure that each item has a unique number;
- (d) the setting of inventory levels that includes minimum and maximum levels and lead times wherever goods are placed in stock;
- (e) the placing of manual or electronic orders for all acquisitions other than those from petty cash;
- (f) before payment is approved, certification by the responsible officer that the goods and services are received or rendered on time and is in accordance with the order, the general conditions of contract and specifications where applicable and that the price charged is as quoted in terms of a contract;
- (g) appropriate standards of internal control and warehouse management to ensure that goods placed in stores are secure and only used for the purpose for which they were purchased;
- (h) regular checking to ensure that all assets including official vehicles are properly managed, appropriately maintained and only used for official purposes; and
- (i) monitoring and review of the supply vendor performance to ensure compliance with specifications and contract conditions for particular goods or services.

39. Disposal management

- (1) The criteria for the disposal or letting of assets, including unserviceable, redundant or obsolete assets are subject to sections 14 and 90 of the Act.
- (2) Assets may be disposed of by –
 - i. transferring the asset to another organ of state in terms of a provision of the Act enabling the transfer of assets;
 - ii. transferring the asset to another organ of state at market related value or, when appropriate, free of charge;
 - iii. selling the asset; or
 - iv. destroying the asset.
- (3) The accounting officer or his/ her delegate must ensure that –
 - a. immovable property is sold only at market related prices except when the public interest or the plight of the poor demands otherwise;
 - b. movable assets are sold either by way of written price quotations, a competitive bidding process, auction or at market related prices, whichever is the most advantageous;
 - c. firearms are not sold or donated to any person or institution within or outside the Republic unless approved by the National Conventional Arms Control Committee;
 - d. immovable property is let at market related rates except when the public interest or the plight of the poor demands otherwise;
 - e. all fees, charges, rates, tariffs, scales of fees or other charges relating to the letting of immovable property are annually reviewed;
 - f. where assets are traded in for other assets, the highest possible trade-in price is negotiated; and

- g. in the case of the free disposal of computer equipment, the provincial department of education is first approached to indicate within 30 days whether any of the local schools are interested in the equipment.

40. Risk management

- (1) The accounting officer or his/ her delegate must ensure that potential risks in the supply management system are identified, considered and avoided.
- (2) Risk management must include –
 - (a) the identification of risks on a case-by-case basis;
 - (b) the allocation of risks to the party best suited to manage such risks;
 - (c) acceptance of the cost of the risk where the cost of transferring the risk is greater than that of retaining it;
 - (d) the management of risks in a pro-active manner and the provision of adequate cover for residual risks; and
 - (e) the assignment of relative risks to the contracting parties through clear and unambiguous contract documentation.

41. Performance Management

- (1) The accounting officer will use the service of internal audit to monitor the SCM system in order to determine, on the basis of a retrospective analysis, whether the authorized supply chain management processes were followed and whether the objectives of this Policy were achieved.
- (2) Internal Audit will work with the Audit Committee to ensure achieving of this requirement.

Part 4: Other matters

42. Prohibition on awards to persons whose tax matters are not in order

- (1) No award may be made in terms of this Policy to a person whose tax matters have not been declared by the South African Revenue Service to be in order.
- (2) Before making an award to a person the accounting officer or his/ her delegate must first check with SARS whether that person's tax matters are in order.
- (3) If the tax status of the person is verified as non-compliant, the designated official must notify the person bidding and afford them a 7-day period to rectify their tax matter. The 7 days period is dependent on the urgency of the procurement.

43. Prohibition on awards to persons in the service of the state

- (1) Irrespective of the procurement process followed, no award may be made to a person in terms of this Policy –
 - (a) who is in the service of the state;
 - (b) if that person is not a natural person, of which any director, manager, principal shareholder or stakeholder is a person in the service of the state; or
 - (c) a person who is an advisor or consultant contracted with ULM.

44. Awards to close family members of persons in the service of the state

The accounting officer or his/ her delegate must ensure that the notes to the annual financial statements disclose particulars of any award of more than R2000

to a person who is a spouse, child or parent of a person in the service of the state, or has been in the service of the state in the previous twelve months, including –

- a. the name of that person;
- b. the capacity in which that person is in the service of the state; and
- c. the amount of the award.

45. Ethical standards

- (1) A code of ethical standards as set out in the "*National Treasury's code of conduct for supply chain management practitioners and other role players involved in supply chain management*" is hereby established for officials and other role players in the supply chain management system of ULM in order 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.
- (2) A breach of the code of ethics must be dealt with as follows -
 - (a) in the case of an employee, in terms of the disciplinary procedures of ULM envisaged in section 67(1)(h) of the Municipal Systems Act;
 - (b) in the case a role player who is not an employee, through other appropriate means in recognition of the severity of the breach.
 - (c) In all cases, financial misconduct must be dealt with in terms of chapter 15 of the Act.

46. Inducements, rewards, gifts and favors to ULM, officials and other role players

- (1) No person who is a provider or prospective provider of goods or services, or a recipient or prospective recipient of goods disposed or to be disposed of may either directly or through a representative or intermediary promise, offer or grant –
 - (a) any inducement or reward to ULM for or in connection with the award of a contract; or
 - (b) any reward, gift, favour or hospitality to –
 - i. any official; or
 - ii. any other role player involved in the implementation of this Policy.
- (2) The accounting officer or his/ her delegate must promptly report any alleged contravention of subparagraph (1) to the National Treasury for considering whether the offending person, and any representative or intermediary through which such person is alleged to have acted, should be listed in the National Treasury's database of persons prohibited from doing business with the public sector.
- (3) Subparagraph (1) does not apply to gifts less than R350 in value.

47. Sponsorships

The accounting officer must promptly disclose to the National Treasury and the relevant provincial treasury any sponsorship promised, offered or granted, whether directly or through a representative or intermediary, by any person who is –

- (a) a provider or prospective provider of goods or services; or

- (b) a recipient or prospective recipient of goods disposed or to be disposed.

48. Objections and complaints

- 48.1 Persons aggrieved by decisions or actions taken in the implementation of this supply chain management system, may lodge within 14 days of the decision or action, a written objection or complaint against the decision or action.
- 48.2 The person hearing the objection must within 30 days after receipt of the written representation from the objector determine whether the objection is frivolous, vexatious or without merit.
- 48.3 If the person hearing the objection finds that the objection is frivolous, vexatious or without merit, he/she
- a. must dismiss the objection and in writing notify the objector and any other interested party of his/her decision together with reasons for the decision; and
 - b. must make an appropriate order as to costs. Which may include the costs to the Municipality of having the objection heard

49. Resolution of disputes, objections, complaints and queries

- (1) The accounting officer will appoint an independent and impartial person, not directly involved in the supply chain management processes –
 - (a) to assist in the resolution of disputes between the uMngeni Municipality and other persons regarding –
 - i. any decisions or actions taken in the implementation of the supply chain management system; or
 - ii. any matter arising from a contract awarded in the course of the 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 accounting officer, or another official designated by the accounting officer, is responsible for assisting the appointed person to perform his or her functions effectively.
- (3) The person appointed must either be a qualified and experienced legal practitioner or a qualified and experienced supply chain practitioner. The appointed person must–
 - (a) strive to resolve promptly all disputes, objections, complaints or queries received; and
 - (b) submit monthly reports to the accounting officer on all disputes, objections, complaints or queries received, attended to or resolved.
- (4) A dispute, objection, complaint or query may be referred to the relevant 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.

- (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 paragraph must not be read as affecting a person's rights to approach a court at any time.

50. Contracts Providing for Compensation Based on Turnover

- (1) If a service provider acts on behalf of ULM 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 ULM must stipulate –
 - b. a cap on the compensation payable to the service provider; and
 - c. that such compensation must be performance based.

CHAPTER 3

PREFERENTIAL PROCUREMENT

1. (1) ULM is hereby determining its preferential procurement as part of this policy that must be implemented within the following framework:
 - (a) A preference point system must be followed;
 - (b) (i) for contracts with a Rand value above R50 million a maximum of 10 points may be allocated for specific goals as contemplated in paragraph (d) of the PPPFA provided that the lowest acceptable tender scores 90 points for price;
(ii) for contracts with a Rand value equal to or below R50 million a maximum of 20 points may be allocated for specific goals as contemplated in paragraph (d) the PPPFA provided that the lowest acceptable tender scores 80 points for price;
 - (b) any other acceptable tenders which are higher in price must score fewer points, on a pro rata basis, calculated on their tender prices in relation to the lowest acceptable tender, in accordance with a prescribed formula;
 - (c) the specific goals may include:
 - i. contracting with persons, or categories of persons, historically disadvantaged by unfair discrimination on the basis of race, gender or disability;
 - ii. implementing the programmes of the Reconstruction and Development Programme as published in Government Gazette No. 16085 dated 23 November 1994;
 - (d) any specific goal for which a point may be awarded, must be clearly specified in the invitation to submit a tender;
 - (e) the contract must be awarded to the tenderer who scores the highest points, unless objective criteria in addition to those contemplated in paragraphs (d) and (e) justify the award to another tenderer; and
 - (f) any contract awarded on account of false information furnished by the tenderer in order to secure preference in terms of this Act, may be cancelled at the sole discretion of the organ of state without prejudice to any other remedies the organ of state may have.
 - (2) Any goals contemplated in subsection (1) (e) of the PPPFA must be measurable, quantifiable and monitored for compliance.
 - (3) Organs of state may set goals at policy level, sector level and, or at each tender planning stage to advance the Historically Disadvantaged.
 - (4) Where procurement opportunities for designated groups have been identified, the invitation to tender must clearly indicate the specific goals for which a point may be awarded.

2. The Specific Goals

- (1) ULM will be applying the following specific goals to advance the businesses interested in doing business with the municipality:
 - i. race, or
 - ii. gender or;
 - iii. disability;
- (2) Ownership verification may be conducted through the Companies and Intellectual Property Commission (CIPC), Central Suppliers Database, B-BBEE and or any other legislated mechanisms.
- (3) Over and above the awarding of preference points in favour of HDPs, the following activities will be considered as a contribution towards achieving the goals of the RDP (published in Government Gazette No. 16085 dated 23 November 1994):
 - a. The promotion of South African owned enterprises;
 - b. The promotion of export orientated production to create jobs;
 - c. The promotion of SMMEs;
 - d. The creation of new jobs or the intensification of labour absorption;
 - e. The promotion of enterprises located in KZN in a case of Capital Projects to be delivered for the municipality;
 - f. The promotion of enterprises located in uMgungundlovu in a case of Capital Projects to be delivered for the municipality;
 - g. The promotion of enterprises located in uMngeni Local Municipality area for work to be done or services to be rendered;
 - h. The promotion of enterprises located in rural areas;
 - i. The upliftment of communities through, but not limited to, housing, transport, schools, infrastructure donations, and charity organisations.
- (4) The municipality's strategy of deciding on the areas of focus in allocation of specific goals for preference points will be informed by the continuous research by the Local Economic Development department working together with SCM. SCM Demand Management is responsible for the specifying of relevant specific goal in each tender to be advertised at the compilation of draft bid document before sending to BSC.
- (5) This policy must be read in conjunction with the PPPFA and PPR22 for enforcement.

3. SUBCONTRACTING

As part of the enhanced empowerment, the municipality may also apply subcontracting as part of the tender process or as part of contract management. Subcontracting that is part of the tender process will be in line with the municipality's specific goals where preference points will be awarded to a bidder who is willing to subcontract.

Where subcontracting is a contract condition, the requirement to subcontract will be after the award of a tender. The process will be detailed in the bid at the time of advertising.