

AANHANGSEL

BEGROTING-VERWANTE BELEIDE VIR 2017/18

In terme van die begrotingsregulasies moet munisipaliteite jaarliks sekere begroting-verwante beleide nagaan en hersien, indien nodig. (Vir oudit doeleindes word die aangeleentheid in Engels hanteer).

Policies required by the budget regulations to the MFMA

Description	Comments
(a) the tariffs policy which the municipality must adopt in terms of section 74 of the Municipal Systems Act;	Revised
(b) the rates policy which the municipality must adopt in terms of section 3 of the Municipal Property Rates Act;	Revised
(c) the credit control and debt collection policy which the municipality must adopt in terms of section 96 of the Municipal Systems Act;	Revised
(d) the cash management and investment policy which the municipality must adopt in terms of section 13(2) of the Act;	Revised
(e) a borrowing policy which must comply with Chapter 6 of the Act;	Revised
(f) a funding and reserves policy;	Revised
(g) a policy related to the long-term financial plan; (g) a policy related to virements	NEW POLICIES Will be discussed and adopted by council at the approval of the final budget.
(h) the supply chain management policy which the municipality is required to adopt in terms of section 111 of the Act;	Revised
(i) any policies dealing with the management and disposal of assets;	Revised
(j) any policies dealing with infrastructure investment and capital projects, including (i) the policy governing the planning and approval of capital projects; and (ii) the policy on developer contributions for property developments;	Included in asset management policy section 16 Separate policy
(k) the indigents policy of the municipality;	Revised
(l) any policies related to the provision of free basic services;	Included in tariff and indigent policies
(m) any policies related to budget implementation and	Budget policy

monitoring including:

(i) a policy dealing with the shifting of funds within votes; (ii) a policy dealing with the introduction of adjustments budgets; (ii) policies dealing with unforeseen and unavoidable expenditure; and (iii) policies dealing with management and oversight;	Budget policy section 6.1 Budget policy section 6.3 Budget policy section 6.2 Budget policy section 5
(n) any policies related to managing electricity and water including: (i) a policy related to the management of losses: and (ii) a policy to promote conservation and efficiency;	Tariff policy
(o) any policies relating to personnel including policies on overtime, vacancies and temporary staff;	Recruitment policy – overtime leave etc determined by law and collective agreement
(p) any policies dealing with municipal entities, including: (i) the service delivery agreement; and (ii) the dividend preference of the municipality; and	N/A no municipal entities
(q) any other budget-related or financial management policies of the municipality.	Please refer below

Other policies

Description	<u>Comments</u>
Risk policy	<u>Not revised</u>
ICT Policy	To be submitted at council meeting in April

Changes to policies

TARIFF POLICY:

CURRENT POLICY	RECOMMENDED ALTERATIONS
<p>4.4 Categories of consumption shall be as follows:</p> <p>(i) All other domestic consumers shall be charged for actual water consumption at a stepped tariff per kl as determined by the council, from time to time on water consumption per month, according to the categories set out below:</p> <p>4.5 Drought tariffs</p> <p>(i) When drought tariffs are implemented, the 6 kiloliter free water will not be applicable. Consumers will thus pay from the first kiloliter consumed</p>	<p>4.4 Categories of consumption shall be as follows:</p> <p>(ii) All other domestic consumers shall be charged for actual water consumption at a stepped tariff per kl as determined by the council, from time to time on water consumption per month, according to the categories set out below:</p> <p>4.5 Drought tariffs</p> <p>(ii) When drought tariffs are implemented, the free 6 kilolitre water to indigent households will not be applicable</p>
<p>5. ELECTRICITY</p> <p>5.1 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.</p> <p>5.2 Categories of consumption and charges shall be as follows:</p> <p>(iv) All domestic electricity consumers other than registered indigents may additionally be billed a basic charge per meter installed. The exemption applicable to prepaid meters is made in order to encourage the installation of such meters;</p>	<p>5. ELECTRICITY</p> <p>5.1 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.</p> <p>5.2 Categories of consumption and charges shall be as follows:</p> <p>(iv) All domestic electricity consumers other than registered indigents may additionally be billed a basic charge per meter installed. The <i>special</i> exemption applicable to <i>certain users</i> of prepaid meters is made in order to encourage the installation of such</p>

<p>New paragraph in policy</p>	<p>meters;</p> <p><i>7.5 All septic tank users in the normal service route of the municipality will be charged a monthly fee that will include one tank clearing per month. Additional clearings will be charged as per tariffs.</i></p>
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RATES POLICY:

CURRENT POLICY	RECOMMENDED ALTERATIONS										
<p>9. DIFFERENTIAL RATES</p> <p>(1) The following criteria as provided for in section 8(1) of the Act will be used when levying different rates for different categories of properties-</p> <p>(a) Use of the property; or (b) Permitted use of the property.</p>	<p>9. DIFFERENTIAL RATES</p> <p>(1) The following criteria as provided for in section 8(1) of the Act will be used when levying different rates for different categories of properties-</p> <p>(a) Use of the property; or (b) Permitted use of the property. (2) <i>Section 19 rate ratio between residential and non-residential categories of property as per Government Notice Number R363 of 27 March 2009-</i></p> <table border="1" data-bbox="979 1339 1457 1883"> <thead> <tr> <th><u>Property Category</u></th> <th><u>Ratio</u></th> </tr> </thead> <tbody> <tr> <td><i>Residential</i></td> <td><i>1:1</i></td> </tr> <tr> <td><i>Agricultural property</i></td> <td><i>1:0.25</i></td> </tr> <tr> <td><i>Public service infrastructure property</i></td> <td><i>1:0.25</i></td> </tr> <tr> <td><i>Public benefit organisation property</i></td> <td><i>1:0.25</i></td> </tr> </tbody> </table>	<u>Property Category</u>	<u>Ratio</u>	<i>Residential</i>	<i>1:1</i>	<i>Agricultural property</i>	<i>1:0.25</i>	<i>Public service infrastructure property</i>	<i>1:0.25</i>	<i>Public benefit organisation property</i>	<i>1:0.25</i>
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<i>Public benefit organisation property</i>	<i>1:0.25</i>										
<p>10.1 EXEMPTIONS</p> <p>(1) In terms of section 15(1)(a) of the Act the owners of the following categories of properties are</p>	<p>10.1 EXEMPTIONS</p> <p>(1) <i>In terms of section 17(1) of the Act the owners of the following categories of properties are exempted from paying rates:</i> (a) <i>subject to paragraph (aA), on the first 30%</i></p>										

exempted from paying rates:

- (a) Property registered in the name of any private school which is registered in terms of any law;
- (b) Property owned by a religious body or organisation, and exclusively used as a place of assembly for public worship, provided that where such property is used as or for the purposes of a dwelling the exemption contemplated by this paragraph shall only apply if such property is so used by:
 - A minister of religion or an employee in the full-time service of such body or organisation; and
- (c) Property owned by a church and used for the residence of a minister of religion in the full-time service of such church.

of the market value of public service infrastructure;

(aA) on any property referred to in paragraphs (a), (b), (e), (g) and (h) of the definition of "public service infrastructure";

This will be phased in over 5 years as per section 93A of the Act

(b) on any part of the seashore as defined in the National Environmental Management: Integrated Coastal Management Act, 2008 (Act 24 of 2008);

(c) on any part of the territorial waters of the Republic as determined in terms of the Maritime Zones Act, 1994 (Act 15 of 1994);

(d) on any islands of which the state is the owner, including the Prince Edward Islands referred to in the Prince Edward Islands Act, 1948 (Act 43 of 1948);

(e) on those parts of a special nature reserve, national park or nature reserve within the meaning of the National Environmental

Management: Protected Areas Act, 2003 (Act 57 of 2003), or of a national botanical garden within the meaning of the National

Environmental Management: Biodiversity Act, 2004 (Act 10 of 2004) which are not developed or used for commercial, business or residential or agricultural purposes;

(f) on mining rights or a mining permit within the meaning of the Mineral and Petroleum Resources Development Act, 2002 (Act 28 of 2002), excluding any building, other immovable structures and infrastructure above the surface of the mining property required for purposes of mining;

(g) on a property belonging to a land reform beneficiary or his or her heirs, dependants or spouse:

Provided that this exclusion lapses:

(i) ten years from the date on which such beneficiary's title was registered in the office of the Registrar of Deeds; or

(ii) upon alienation of the property by the land reform beneficiary or his or her heirs, dependants or spouse;

(h) on the first R15 000 of the market value of a property assigned in the valuation roll or supplementary valuation roll of a municipality to a category determined by the municipality:

(i) for residential properties; or

(ii) for properties used for multiple purposes, provided one or more components of the property are used for residential purposes; or

(i) on a property registered in the name of and used primarily as a place of public worship by

a religious community, including the official residence registered in the name of that community which is occupied by the office-bearer of that community who officiates at services at that place of worship.

(1) Rebates for the following categories of owners will be considered:

- a) Indigent owners
- b) Owners dependent on pensions or social grants
- c) Owners temporarily without income
- d) Owners of residential property with a market value lower than an amount determined by the municipality
- e) Owners of agricultural property who are *bona fide* farmers

(1) The abovementioned owners may be granted a rebate on the rates payable on their property if they meet the following criteria-

- Registered owner of the property;
- Must reside on the property;
- Owners of agricultural property should be taxed by SARS as a farmer and the most recent tax assessment must be provided as proof. Where the owner is not taxed as a farmer, proof is required that income from farming activities exceeds 40% of the household income. Proof in the form of the last tax return must be submitted.

(1) Rebates for the following categories of owners will be considered:

- a) Indigent owners
- b) Owners dependent on pensions or social grants
- c) Owners temporarily without income
- d) Owners of residential property with a market value lower than an amount determined by the municipality
- e) Owners of agricultural property who are *bona fide* farmers

f) *State owned property (Excluding state owned property that qualify for an exemption or differential rate)*

(2) The abovementioned owners may be granted a rebate on the rates payable on their property if they meet the following criteria-

- Registered owner of the property;
- Must reside on the property;
- Income must not exceed an amount annually set by the Council; and
- Applications for the rebate must be submitted before 30 June. Late applications will be considered by the Director of Financial Services.

<ul style="list-style-type: none"> ▪ Income must not exceed an amount annually set by the Council; and ▪ Applications for the rebate must be submitted before 30 June. Late applications will be considered by the Director of Financial Services. 	<ul style="list-style-type: none"> ▪ Owners of agricultural property should be taxed by SARS as a farmer and the most recent tax assessment must be provided as proof. Where the owner is not taxed as a farmer, proof is required that income from farming activities exceeds 40% of the household income. Proof in the form of the last tax return must be submitted. ▪ <i>Agricultural property (excluding mixed use and game farming) and state owned property rebates will automatically be applied based on the classification of the property in the valuation roll.</i>
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CREDIT CONTROL AND DEBT COLLECTION POLICY:

CURRENT POLICY	RECOMMENDED ALTERATIONS
<p>6.3 Disconnection of Service(s)</p> <p>(d) Such notification will indicate the planned date to cut the service and will notify the clients that they have the opportunity to make acceptable arrangements with the municipality, within 7 working days and make a payment of at least the last months' levy as well as part of the amount in arrears, in order to prevent the municipality to cut the service.</p> <p>The amount on the notice will be</p>	<p>6.3 Disconnection of Service(s)</p> <p>(d) Such notification will indicate the planned date to cut the service and will notify the clients that they have the opportunity to make acceptable arrangements with the municipality, within 7 working days and make a payment of at least the last months' levy as well as part of the amount in arrears, in order to prevent the municipality to cut the service.</p> <p>The amount on the notice will be calculated</p>

<p>calculated using the following principles:</p> <p>Business clients: 10% of the outstanding amount plus the current amount.</p> <p>Residential clients: 5% of the outstanding amount plus the current amount.</p> <p>Indigent consumers: 2% of the outstanding amount plus the current amount.</p> <p>(g) After suspension of services, clients still have to make arrangements and must pay a re-connection fee, as determined by Council, together with the current levy and at least 5% of the outstanding amount before services will be re-connected.</p>	<p>using the following principles:</p> <p>Business clients: 10% of the outstanding amount plus the current amount.</p> <p>Residential clients: 5% of the outstanding amount plus the current amount.</p> <p>Indigent consumers: 2% of the outstanding amount plus the current amount.</p> <p>An administration fee of R30.00 will be charged for the notice issued.</p> <p>The current approved reconnection fee will be charged due to disconnection of services. The amount is payable in advance before the reconnection of services.</p> <p>(g) After suspension of services, clients still have to make arrangements and must pay a re-connection fee, as determined by Council, together with the current levy and at least 5% of the outstanding amount before services will be re-connected. Clients that have defaulted previous six month will have to pay full amount due in order to avoid disconnection.</p> <p>(k) The municipality would normally only enter into arrangements with the registered owners, but may enter into an arrangement with a tenant or occupier if written permission is obtained from the registered owner:</p> <ul style="list-style-type: none"> • Authorising the tenant to enter into an arrangement in terms of this policy; and • Authorising the reconnection or restoration of any service. <p>(l) The municipality may restrict, disconnect or discontinue any service to a property;</p> <ul style="list-style-type: none"> • If the registered owner withdraws, in writing, any permission granted in terms of sub-item (k) where the tenant has defaulted on the arrangement made; and • No new application for any service to the
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	property will be authorised until all the arrears have been settled in full
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BANKING, CASH AND INVESTMENT POLICY

CURRENT POLICY	RECOMMENDED ALTERATIONS
<p>10. RAISING OF DEBT</p> <p>10.1 The municipal manager is responsible for the raising of debt, but may delegate this function to the chief financial officer, who shall then manage this responsibility in consultation with the municipal manager.</p> <p>10.2 All debt shall be raised in strict compliance with the requirements of the Municipal Finance Management Act 2003, and only with the prior approval of the council.</p> <p>10.3 Long-term debt shall be raised only to the extent that such debt is provided for as a source of necessary finance in the capital component of the approved annual budget or adjustments budget.</p> <p>10.4 Short-term debt shall be raised only when it is unavoidable to do so in terms of cash requirements, whether for the capital or operating budgets or to settle any other obligations, and provided the need for such short-term debt, both as to extent and duration, is clearly indicated in the cash flow estimates prepared by the chief financial officer.</p> <p>10.5 Short-term debt shall be raised only to anticipate a certain long-term debt agreement or a certain inflow of operating revenues.</p>	<p>10. RAISING OF DEBT</p> <p><i>Raising of debt is covered in the borrowing policy</i></p> <p>10.1 The municipal manager is responsible for the raising of debt, but may delegate this function to the chief financial officer, who shall then manage this responsibility in consultation with the municipal manager.</p> <p>10.2 All debt shall be raised in strict compliance with the requirements of the Municipal Finance Management Act 2003, and only with the prior approval of the council.</p> <p>10.3 Long-term debt shall be raised only to the extent that such debt is provided for as a source of necessary finance in the capital component of the approved annual budget or adjustments budget.</p> <p>10.4 Short-term debt shall be raised only when it is unavoidable to do so in terms of cash requirements, whether for the capital or operating budgets or to settle any other obligations, and provided the need for such short-term debt, both as to extent and duration, is clearly indicated in the cash flow estimates prepared by the chief financial officer.</p> <p>10.5 Short-term debt shall be raised only to anticipate a certain long-term debt agreement or a certain inflow of operating revenues.</p>
<p>11. INTEREST ON INVESTMENTS</p>	<p>11. INTEREST ON INVESTMENTS</p>

11.1 The interest accrued on all the 11.1 municipality's investments shall, in compliance with the requirements of generally recognized accounting practice, be recorded in the first instance in the municipality's operating account as ordinary operating revenues, and shall thereafter be appropriated, at the end of each month,

to the fund or account in respect of which such investment was made.

11.2 If the accrual of interest to unutilised capital receipts and trust funds results 11.2 in a surplus standing to the account of any such funds, that is, an amount surplus to the resources required in respect of such funds or accounts, such surplus amount shall be credited by the chief financial officer to the appropriation account and re-appropriated to the asset financing reserve.

The interest accrued on all the municipality's investments shall, in compliance with the requirements of generally recognized accounting practice, be recorded in the first instance in the municipality's operating account as ordinary operating revenues, and shall thereafter be appropriated, at the end of each month, to the fund or account in respect of which such investment was made.

~~If the accrual of interest to unutilised capital receipts and trust funds results in a surplus standing to the account of any such funds, that is, an amount surplus to the resources required in respect of such funds or accounts, such surplus amount shall be credited by the chief financial officer to the appropriation account and re-appropriated to the asset financing reserve.~~

BORROWING POLICY

CURRENT POLICY	RECOMMENDED ALTERATIONS
<p>1. Security</p> <p>a) The Municipal Finance Management Act provides that the Municipality may provide security for any of its debt obligations, including the giving of a lien, pledging, mortgaging or ceding an asset, or giving any other form of collateral. It may cede as security any category of revenue or rights of future revenue. Some Lenders may require the Municipality to agree to restrictions on debt that the Municipality may incur in future until the secured debt is settled.</p> <p>b) Currently one DBSA loan requires cession of the rental revenue the Bank.</p>	<p>1. Security</p> <p>a) The Municipal Finance Management Act provides that the Municipality may provide security for any of its debt obligations, including the giving of a lien, pledging, mortgaging or ceding an asset, or giving any other form of collateral. It may cede as security any category of revenue or rights of future revenue. Some Lenders may require the Municipality to agree to restrictions on debt that the Municipality may incur in future until the secured debt is settled.</p> <p>b) Currently one DBSA loan requires cession of the rental revenue the Bank.</p>

FUNDING AND RESERVES POLICY

CURRENT POLICY	RECOMMENDED ALTERATIONS
<p style="text-align: center;">10. Capital Replacement Reserve (CRR)</p> <p>a. 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:</p> <ul style="list-style-type: none"> ■ Un-appropriated cash-backed surpluses to the extent that such surpluses are not required for operational purposes; ■ Interest on the investments of the CRR; and or in terms of the investments policy; 	<p style="text-align: center;">10. Capital Replacement Reserve (CRR)</p> <p>a. 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:</p> <ul style="list-style-type: none"> ■ Un-appropriated cash-backed surpluses to the extent that such surpluses are not required for operational purposes; ■ Interest on the investments of the CRR; and or in terms of the investments policy; <i>if the CRR is invested in a separate account or investment</i>

SCM POLICY

CURRENT POLICY	RECOMMENDED ALTERATIONS
<p style="text-align: center;">ANNEXURE 2</p> <p style="text-align: center;">EVALUATION OF TENDERS</p> <p>1. Preference Points System</p> <p>1.3The limits set in the PPPFA regulations are as follows:</p> <ul style="list-style-type: none"> ◆ The 80/20 system for requirements with a Rand value of up to R 500 000. ◆ The 90/10 system for requirements with a Rand value above R 500 000. 	<p style="text-align: center;">ANNEXURE 2</p> <p style="text-align: center;">EVALUATION OF TENDERS</p> <p>1.3The limits set in the PPPFA regulations are as follows:</p> <ul style="list-style-type: none"> ◆ The 80/20 system for requirements with a Rand value of up to R 1 000 000. ◆ The 90/10 system for requirements with a Rand value above R 1 000 000.

1.4 Preference points for any bid or quotation above R 10 000 shall be awarded for:

- (a) Price; and
- (b) Specific contract participation goals

1.5 Regarding specific contract participation goals, points are awarded for:

- (a) Historically Disadvantaged Individuals (HDI's):
 - (i) who had no franchise in national elections before the 1983 and 1993 constitutions;
 - (ii) who is a female; and/or
 - (iii) who has a disability; and
- (b) Other specific goals (RDP goals):
 - (i) Promotion of SMMEs;
 - (ii) Human resource development;
 - (iii) Upliftment of communities; and
 - (iv) Enterprises located within Prince Albert municipal area.

2. Allocation of points

Subject to a good rating by Council, points will be allocated for the following criteria to the maxima as indicated:

CRITERIA
PRICE

1.4 Preference points for any bid or quotation above R 30 000 shall be awarded for:

- (a) Price;
- (b) *Bee*;
- (c) *Functionality for awards over R200,000 or contract longer than year*;
- (d) Specific contract participation goals, *if deemed appropriate by the bid specification committee*

1.5 Regarding specific contract participation goals, points are awarded for:

- (a) Historically Disadvantaged Individuals (HDI's):
 - (i) who had no franchise in national elections before the 1983 and 1993 constitutions;
 - (ii) who is a female; and/or
 - (iii) who has a disability;
- and
- (b) Other specific goals (RDP goals):
 - (i) Promotion of SMMEs;
 - (ii) Human resource development;
 - (iii) Upliftment of communities; and
 - (iv) Enterprises located within Prince Albert municipal area.

2. Allocation of points

The allocation of points will be agreed by the bid specification committee and included in the tender documents or request for quotation

(Value for money substantially to specification)			
EQUITY OWNERSHIP AND CONTROL		12	6
% owned by HDI's – no franchise in elections prior to 1983		4	2
% owned by disabled persons		2	1
% owned by women		4	2
% HDI's in executive management and/or executive board and board committees		2	1
RDP GOALS		8	4
Promotion of SMME's		3	1½
Skills development expenditure as a proportion (%) of total payroll		1	½
Contribution towards upliftment of communities as a proportion (%) of turnover		1	½
Enterprise located within Prince Albert area		3	1½
MAXIMUM TOTAL POINTS		100	100

The total number of tender adjudication points awarded is the sum of the points attained by the tender from each section listed in the above mentioned table.

ASSET MANAGEMENT POLICY

CURRENT POLICY	RECOMMENDED ALTERATIONS
<p>ACCOUNTING STANDARDS</p> <p>This document constitutes a policy statement and shall not take precedence over the standards specified by the Accounting Standards Board. The relevant accounting standards include:</p> <ul style="list-style-type: none"> • GRAP 1 – Presentation of Financial Statements; • GRAP 13 – Leases; • GRAP 16 – Investment Property; • GRAP 17 - Property, Plant and Equipment; • GRAP 100 - Non – current Assets Held for Sale and Discontinued Operations; • GRAP 101 - Agricultural; • GRAP 102 – Intangible Assets; and • IAS 36 - Impairment of Assets 	<p>ACCOUNTING STANDARDS</p> <p>This document constitutes a policy statement and shall not take precedence over the standards specified by the Accounting Standards Board. The relevant accounting standards include:</p> <ul style="list-style-type: none"> • GRAP 1 – Presentation of Financial Statements; • GRAP 13 – Leases; • GRAP 16 – Investment Property; • GRAP 17 - Property, Plant and Equipment; • GRAP 100 - Non – current Assets Held for Sale and Discontinued Operations; • GRAP 101 27 - Agricultural; • GRAP 102 31 – Intangible Assets; and • IAS 36 - Impairment of Assets

INDIGENT POLICY

CURRENT POLICY	RECOMMENDED ALTERATIONS
<p>3. EXTENT OF INDIGENT SUPPORT</p> <p>4.1 The subsidies on rates and the specified service charges will be determined as part of each annual budget and in terms of the municipality’s policies on property rates and tariffs.</p> <p>4.2 The source of funding of the indigent subsidy, is that portion of the equitable share contribution towards the municipality, made from the National Government’s Fiscus and as provided for in the budget. As such, the subsidy can only be credited to the qualifying</p>	<p>4. EXTENT OF INDIGENT SUPPORT</p> <p>4.3 The subsidies on rates and the specified service charges will be determined as part of each annual budget and in terms of the municipality’s policies on property rates and tariffs.</p> <p>4.4 The source of funding of the indigent subsidy, is that portion of the equitable share contribution towards the municipality, made from the National Government’s Fiscus and as provided for in the budget. As such, the subsidy can only be credited to the qualifying</p>

customer's accounts until the amount received by the Municipality from National Government for this purpose has been exhausted, whereupon no further credits will be made, or the level of the credits reduced, until further national funds are received.

In respect of water, a 100% subsidy up to 6kl per household per month will apply. In respect of electricity, a 100% subsidy up to 70kwh per month will apply. If consumption exceeds any of the above per metering period (month), the consumer will be charged at normal tariffs for actual consumption on the quantity exceeding the above mentioned limits

3. CRITERIA FOR QUALIFICATION

In order to qualify for indigent support the following criteria must be met:

- 3.1. Households where the verified total gross monthly income of owners/tenants does not exceed the level as determined in Council's tariff policy from time to time, qualify for a subsidy. Only the boarding amount of children/ boarders/tenants who are employed, will be taken into account and not their total gross salary/income, when determining the total gross monthly income of a household.

~~customer's accounts until the amount received by the Municipality from National Government for this purpose has been exhausted, whereupon no further credits will be made, or the level of the credits reduced, until further national funds are received.~~

~~In respect of water, a 100% subsidy up to 6kl per household per month will apply. In respect of electricity, a 100% subsidy up to 50kwh per month will apply. If consumption exceeds any of the above per metering period (month), the consumer will be charged at normal tariffs for actual consumption on the quantity exceeding the above mentioned limits~~

3. CRITERIA FOR QUALIFICATION

~~In order to qualify for indigent support the following criteria must be met:~~

- ~~3.2. Households where the verified total gross monthly income of owners/tenants does not exceed the level as determined in Council's tariffs ~~policy~~ from time to time, qualify for a subsidy. Only the boarding amount of children/ boarders/tenants who are employed, will be taken into account and not their total gross salary/income, when determining the total gross monthly income of a household.~~

BUDGET POLICY

Only new sections inserted no old sections revised

6.1 BUDGET TRANSFERS AND VIREMENTS

The municipality does not allow budget transfers within the same vote. Any changes shall be made using the adjustment budget process.

6.2. FRAMEWORK FOR UNFORESEEN AND UNAVOIDABLE EXPENDITURE

(a) The mayor of a municipality may authorize expenditure in terms of section 29 of the Act only if –

- a. the expenditure could not have been foreseen at the time the annual budget of the municipality was passed; and
- b. the delay that will be caused pending approval of an adjustments budget by the municipal council in terms of section 28(2)(c) of the Act to authorize the expenditure may –
 - i. result in significant financial loss for the municipality;
 - ii. cause a disruption or suspension, or a serious threat to the continuation, of a basic municipal service;
 - iii. lead to loss of life or serious injury or significant damage to property; or
 - iv. obstruct the municipality from instituting or defending legal proceedings on an urgent basis.

(b) The mayor of a municipality may not authorize expenditure in terms of section 29 of the Act if the expenditure –

- a. was considered by the council, but not approved in the annual budget or an adjustments budget;
- b. is required for –
 - i. price increases of goods or services during the financial year;
 - ii. new municipal services or functions during the financial year;
 - iii. the extension of existing municipal services or functions during the financial year;
 - iv. the appointment of personnel during the financial year; or
 - v. allocating discretionary appropriations to any vote during the financial year; or
- c. would contravene any existing council policy; or
- d. is intended to ratify irregular or fruitless and wasteful expenditure.

6.3. ADJUSTMENT BUDGET

(a) Each adjustments budget shall reflect realistic excess, however nominal, of current revenues over expenses.

(b) The chief financial officer shall ensure that the adjustments budgets comply with the requirements of the National Treasury, reflect the budget priorities determined by the executive mayor, are aligned with the IDP, and comply with all budget-related policies, and shall make recommendations to the executive mayor on the revision of the IDP and the budget-related policies where these are indicated.

(c) Council may revise its annual budget by means of an adjustments budget as regulated.

(d) The Accounting Officer must promptly adjust its budgeted revenues and expenses if a material under-collection of revenues arises or is apparent.

(e) 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.

(f) The Council shall in such adjustments budget, and within the prescribed framework, confirm unforeseen and unavoidable expenses on the recommendation of the Executive Mayor.

(g) Only the Executive mayor shall table an adjustment budget. Adjustments budget shall be done once as part of the mid-year budget performance assessment:

(h) An adjustments budget must contain all of the following:

a. an explanation of how the adjustments affect the approved annual budget;

b. appropriate motivations for material adjustments; and

c. 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, may not be used to balance any adjustments budget, but may 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 and or per National Treasury Regulations.

(k) Unauthorised expenses may be authorised in an adjustments budget.