

THE ADMINISTRATOR



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BEAUFORT WEST MUNICIPALITY



ANNUAL BUDGET 2026 / 2027

SIRKULASIE		OPDRAG

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1.1 MAYORAL REPORT

Honourable Speaker and Council, as required by section 3 of Schedule A of the Municipal Budget Regulations, I hereby wish to report in summary as follows on the annual budget of the municipality.

An overview of the 2026/27 Medium Term Revenue and Expenditure Framework are as follows:

Description	Budget Year 2025/26		2026/27 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
Total Revenue (excluding capital transfers and contributions)	554,322	526,209	530,994	529,047	560,940
Total Expenditure	551,925	524,145	518,911	517,338	553,056
Operating Surplus/(Deficit)	2,397	2,064	12,083	11,709	7,884
Transfers and subsidies - capital (monetary allocations)	69,734	71,119	52,395	22,085	22,736
Transfers and subsidies - capital (in-kind)		1,049			
Surplus/ (Deficit) for the year	72,131	74,232	64,479	33,794	30,620
Capital expenditure & funds sources					
Capital expenditure	62,018	65,145	48,007	23,586	21,859
Capital transfers recognised	60,638	62,915	45,561	19,204	19,770
Borrowing					
Internally generated funds	1,380	2,230	1,734	4,382	2,089
Total sources of capital funds	62,018	65,145	47,295	23,586	21,859

The proposed operating revenue budget amounts to R 530,994 million for the 2026/27 budget year, R 529,047 and R 560,940 million respectively for the two outer years. When compared to the adjusted budget the operating revenue is projected to increase by R 4,785 million.

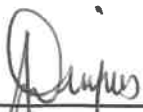
A total operating expenditure budget of R 518,911 million is proposed for the 2026/27 budget year, R 517,338 million and R 553,056 million respectively for the two outer years. The expenditure budget is projected to decreased by R 5,234 million to R 518,911 million when compared to the adjusted expenditure budget.

Given the revenue and expenditure projection above, the 2026/27 budget year will have a projected operating surplus of R 12,083 million and will decrease year on year to R 11,709 million in 2027/28 budget year and to R 7,884 million in the 2028/29 budget year.

A capital budget amounting to R 47,295 million is proposed for the 2026/27 budget year (R 23,586 million and R 21,859 million for the two outer years). Given the current financial position of the municipality the capital budget is mainly funded by national grants.

That being said Honourable Speaker and Council the financial position remains vulnerable, but the municipality is currently working with both National and Provincial Government to

implement the Financial Recovery Plan to turn our financial position around and to put the municipality on a sound financial path again.



Clr. GJ Duimpies
Executive Mayor

1.2 BUDGET RELATED RESOLUTIONS

The MFMA stipulates that the Mayor must table the annual budget at a council meeting at least 90 days before the start of the budget year and the Mayor must take all reasonable steps to ensure that the municipality approves its annual budget before the start of the budget year.

Council acting in terms of section of the Municipal Finance Management Act (Act 56 of 2003) approves and adopts:

- That Council approve the Annual Budget of the Municipality for the financial year 2026/27 and indicative for the two projected outer years, 2027/28 and 2028/29, as set out in the Annual Budget Tables, be approved;
- Budgeted Financial Performance (revenue and expenditure by standard classification) reflected in Table A2;
- Budgeted Financial Performance (revenue and expenditure by municipal vote) as reflected in Table A3;
- Budgeted Financial Performance (revenue by source and expenditure by type) as reflected in Table A4;
- Multi-year and single year capital appropriations by municipal vote and standard classification and associated funding by source as reflected in Table A5;
- Capital detailed budget reflected in **Annexure C**;
- That Council approve the property rates tariffs increases for 2026/27 MTREF as per **(Annexure A)** and tariffs for service charges and other sundry tariffs as per **(Annexure B)**;
- That Council takes cognisance of the 2026/27 Service Level Standards **(Annexure E)**; and
- That Council take note and approve the 2026/27 MTREF Budget Policy Amendments **(Annexure H)**.

1.3 EXECUTIVE SUMMARY

The main objective of a municipal budget is to allocate realistically expected resources to the service delivery goals or performance objectives identified as priorities in the approved Integrated Development Plan.

As is annually the case, the municipality was confronted with numerous challenges during the budget process. It remains a complex task balancing the needs of the community with limited resources whilst having to operate within the legislative framework determined by the various spheres of government in ensuring a credible, funded budget is implemented. Some of the crucial factors considered in the Budget Process are listed and discussed below for further clarity.

The economy is expected to grow by 1.6 per cent in 2026, up from 1.4 per cent in 2025. Real GDP growth is forecast to reach 2 per cent by 2028, supported by continued momentum on structural reforms, improving confidence, lower interest rates and higher investment. A lower inflation target and improved management of the public finances have helped to boost investor confidence and reduce borrowing costs. Removing obstacles to reform and speeding up the pace of critical change in electricity, transport and water would unlock higher rates of investment, growth and job creation. Medium-term growth will be underpinned by household consumption on the back of rising purchasing power, moderate employment recovery and wealth gains. Power have gradually improved during the first quarter of 2025. It's emphasized that rapid implementation of energy and logistics reforms is crucial for economic growth.

The economy continues to face structural constraints, including elevated unemployment, transport bottlenecks and infrastructure backlogs. Sustained growth requires faster implementation of reforms especially in energy, water and transport, continued fiscal prudence, and improved public-sector service delivery and efficiency. The growth strategy continues to focus on:

- Maintaining macroeconomic stability
- Implementing structural reforms
- Boosting state capability
- Raising the level of public infrastructure investment.

The employment growth in South Africa lags, given that sustainable improvement in employment requires faster GDP growth and better education and skills development.

Global growth is projected at 3.3 percent for 2026 and 3.2 percent for 2027, revised slightly up since the October 2025 World Economic Outlook. Technology investment, fiscal and monetary support, accommodative financial conditions, and private sector adaptability offset trade policy shifts.

At the end of 2025, nearly all advanced economies enjoyed per capita incomes exceeding their 2019 level, but about one in four developing economies had lower per capita incomes.

Household consumption growth was expected to reach 3.1 per cent in 2025 before moderating to 1.8 per cent in 2026. This reflects a normalisation from previous above trend growth, as inflation moderates and temporary income boosts from one-off factors such as the two-pot retirement system unwind. From 2026 to 2028, household consumption is forecast to average 2 per cent, continuing to benefit from rising wages, lower inflation, gradual interest rate easing, a stable power supply and improved sentiment.

The following macro-economic forecasts was considered when preparing the 2026/27 MTREF municipal budget.

Table 1: Macroeconomic performance and projections, 2025 - 2029

Fiscal year	2024/25	2025/26	2026/27	2027/28	2028/29
	Actual	Estimate	Forecast		
CPI Inflation	4.4%	3.2%	3.4%	3.3%	3.2%

Source: National Treasury Budget Review 2026.

The current economic climate, characterised by subdued GDP growth, persistent inflationary pressures, and the broader global impact of conflict in the Middle East, is placing increasing financial strain on households and businesses, thereby affecting their ability to meet municipal payment obligations. Experience has shown that, particularly during an election year, the successful and consistent application of municipal policies is largely dependent on the resolve and resilience of administrative leadership. In this regard, it must be emphasised that administration does not have discretion in the implementation of policies, but is mandated to apply Council-approved policies in compliance with applicable legislation, including the Municipal Finance Management Act. These combined factors, together with the growing shift toward alternative energy sources, continue to exert significant pressure on the municipality's revenue base.

A Financial Recovery Plan (FRP) was approved by Council on 23 March 2022. Financial recovery plans are prepared for municipalities where interventions are implemented in terms of Section 139, read together with Section 142, of the MFMA. They are largely prepared for municipalities under financial distress.

The mandatory FRP will be used as an instrument to guide the municipality in addressing the financial crisis in the municipality as well as to ensure that the municipality regains its financial health within the shortest timeframe whilst ensuring that all issues which adversely affect the financial health of the municipality are comprehensively addressed. This will allow the Municipality to give effect to the financial recovery plan and the overall recovery process. This budget was prepared against the backdrop of the Financial Recovery Plan and its recommendations.

The municipality qualified and received its first one third (1/3) debt write-off to the value of R25,587,223.02 during the first cycle of its participation in the programme and is awaiting the final outcome from National Treasury on the write-off of the second tranche. The Municipality is also participating in the debt relief under the Department of Water Affairs and Forestry. This municipal debt relief is an extraordinary support and breakthrough as part of the Beaufort West Municipality's recovery efforts. More must still be done to maintain and improve adherence to the conditions of the debt relief programme to ensure approval over the remaining two years of the programme.

As a participant in the municipal debt relief programmes the municipality will benefit from the smart meter grant that will be rolled out to affected municipalities on the programme. The implementation of this will mean that metering issues will be resolved and revenue generated from water and electricity will increase over MTREF. The municipality were allocated R 21 million as part of the Smart Meter Grant programme of National Treasury in the 2025/26 budget year and anticipates further assistance in the respect.

More must be done by the municipality to improve its financial situation by:

- ❖ Improving the effectiveness of revenue management processes and procedures to improve the collection rate over the MTREF;
- ❖ Cost containment measures must be strengthened to, amongst other things, control unnecessary spending on nice-to-have items and non-essential activities;
- ❖ Ensuring value for money through the procurement process;
- ❖ Providing free basic services to households that qualify in terms of the Indigent Policy of the municipality;
- ❖ Curbing the consumption of water and electricity by the indigents to ensure that they do not exceed their allocation;
- ❖ A review of the current organogram structure must be done as the current structure is unaffordable for this municipality;
- ❖ With the above said only critical vacant positions should be prioritised.

In order to achieve financial sustainability, there must be both an administrative and political will to implement the changes required to improve the performance of the municipality.

Annexures A outlines the proposed property rates tariffs increases for 2026/27 budget year and further rebates on property rates and **Annexure B** the proposed increases in tariffs for service charges and other sundry tariffs as well as the indigent subsidy that will be given to households that qualify in terms of the Indigent Policy of the Municipality.

1.3.1. Operating Revenue Budget

The projected total revenue budget for the 2026/27 budget year will amount to R 583,390 million. This includes transfers and subsidies capital to the value of R 52,395 million. If transfers and subsidies capital are excluded, the projected total revenue (excluding capital transfers and contributions) / operating revenue amounts to R 530,994 million.

The municipality rely on a mixture of revenue sources to deliver services within the municipal area. The largest contributor is service charges, which is projected to generate to generate R 218,074 million and account for 41.1% of total revenue (excluding capital transfers and contributions). Other own revenue provide the next significant share at R 134,736 million or 25.4%, while operating transfers and subsidies contributes R 113,524 million or 21.4%. Property rates make up R 61,449 million or 11.6% and investment revenue R 3,212 or 0.6% of total revenue (excluding capital transfers and contributions).

Services charges makes up a significant portion of operational revenue. Within this category, electricity sales dominate, contributing R 145,248 million or 27.4% of total service charges. Water services account for R 37,277 million (7%), followed by waste water management at R 22,387 million (4.2%) and waste management at R 13,162 million (2.5%).

The projected operational revenue budget for 2026/27 of R 530,994 million shows an increase of R 4,785 million or 0.9% when compared to the adjusted operational budget of 2025/26 of R 526,209 million. The outer years are projected to decrease by 0.4 per cent in 2027/28 and 6 per cent increase in 2028/29.

The main reason for the decrease in operating revenue from the 2026/27 to the 2027/28 budget year is due to the municipality's participation in the Eskom Debt Relief Programme that will come to an end in the 2026/27 financial year. If the municipality comply with the conditions set out in MFMA Circular No. 124, National Treasury instruct Eskom to write-off one third (1/3) of the total municipal relief debt of R76,761,669.06 amounting to the value of R25,587,223.02 each year. If municipality is assessed to be compliant with the conditions in the 2025/26 financial year, 2026/27 will be the last year that the municipality will benefit from the programme and the full R 76,761,669.06 will be written off.

The municipality is also currently participating in the Water Debt Relief Programme of National Treasury over a three year period. If the municipality comply with the conditions an amount of R 17,407,630.68 owed to the Department of Water and Sanitation (DWS) will be written off.

The tables below, indicates the operating transfers and subsidies that will be allocated to the municipality from National, Provincial Government and Other Grant Providers in the 2026/27 budget year.

Transfer and subsidies - Operational	
National Government	
Monetary Allocations	100,238,650
Local Government Equitable Share	95,841,000
Municipal Infrastructure Grant (MIG)	819,650
Local Government Financial Management Grant (FMG)	2,100,000
Expanded Public Works Programme Integrated Grant (EPWP)	1,478,000
Provincial Government	
Monetary Allocations	8,839,000
Department of Infrastructure : Financial Assistance to Municipalities for Maintenance and Construction of Transport Infrastructure	100,000
Department Cultural Affairs & Sport: Replacement Funding for most vulnerable B3 Municipalities	7,563,000
Department of Local Government : Community Development Workers (CDW) Operational Support Grant	216,000
Department of Mobility : Inter-Town Rural Transport Solution	960,000
Other Grant Providers	
Monetary Allocations	4,446,200
SETA : Chemical Industries Education & Training Authority	4,446,200
Total Transfer and subsidies - Operational	113,523,850

1.3.2. Operating Expenditure Budget

The total projected operational expenditure budget for 2026/27 budget year will amount to R 518,911 million. The operational expenditure budget for 2026/27 of R 518,911 million shows a decrease of R 5,234 or 1 per cent when compared to the adjusted operational budget of 2025/26 of R 524,145 million. The total expenditure budget is projected to decrease by 0.3 per cent in 2027/28 and increase by 6.9 per cent in the 2028/29 budget year.

Above CPI wage agreements, rising bulk electricity and water tariffs as well as fuel prices drive up the cost of delivering services. These external increases are largely outside the municipality's control but directly exert upward pressure on the operating budget, limiting flexibility in other spending areas.

Employee related costs

Employee related cost remain the largest expenditure item, accounting to 30.1 per cent of the total operating expenditure in 2026/27, 31.8 and 31.2 per cent for the two outer years. The growth of 8.5% from the 2025/26 adjusted budget to the 2026/27 budget is attributed to the annual salary increase as well as notch increases to those employees that qualify and budgeting to fill critical vacancies

The salary and wage collective agreement was signed by the parties of the South African Local Government Bargaining Council (SALGBC) on Friday, 6 September 2024. It is a five-year agreement effective from July 1, 2024, to June 30, 2029.

In respect of the 2026/27 financial year, all employees covered by this agreement shall receive, with effect from 1 July 2026, a salary increase linked to the Consumer Price Index (CPI) plus 0.75 per cent.

The South African Local Government Bargaining Council in Circular no. 04/2026 dated 13 March 2026, communicated that the salary and wage increase in terms of clause 6.8 of the Collective Agreement shall be 4.7% with effect from 1 July 2026. The Municipality budgeted accordingly as well as of notch increase to those employees who qualify.

The remuneration of the Municipal Manager and Senior Managers directly accountable to the Municipal Manager were budgeted in accordance with the actual cost published in the Government Gazette on the Local Government: Upper Limits of Total Remuneration Packages Payable to Municipal Managers and Managers Directly Accountable to Municipal Managers published by DCoG.

The upper limits dated 18 December 2025 issued by DCoG and approved by Council in April 2026 were used as a base line for the remuneration increase of the Municipal Manager and

Senior Managers directly accountable to the Municipal Manager, as well as performance bonuses based on their annual packages. The latest upper limits increased the grading of senior managers from a two to a three, resulting in an increase in the salary ranges.

Remuneration of councillors

The of remuneration of councillors were budgeted in accordance with the actual cost approved in accordance with the Government Gazette on the Remuneration of Public Office Bearers Act: Determination of Upper Limits of Salaries, Allowances and Benefits of Different Members of Municipal Councils published annually by DCoG and were increased based on the projected 4% over the 2026/27 Medium Term Revenue & Expenditure Framework (MTREF).

The remuneration of councillors accounts to 1.6 per cent of the total operating expenditure year on year over the 2026/27 MTREF.

Bulk purchases – electricity

Bulk purchases electricity is the second largest expenditure item, accounting for 25.4% of the total operating expenditure in 2026/27, 27.7% and 28.2% respectively in the two outer years.

The trend of higher than inflation bulk electricity tariff increase approved by NERSA for municipalities depicted below has put further pressure on the operating expenditure budget that has to be recovered from consumers through tariff increases.

NERSA Increase	6.90%	17.80%	8.60%	18.50%	12.70%	11.32%
Financial Year	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26

The National Energy Regulator of South Africa (NERSA) is responsible for the price determination of the bulk costs of electricity. The National Energy Regulator of South Africa (NERSA) announced today that the Energy Regulator, at its meeting held on 5 March 2026, considered and approved the Eskom Retail Tariffs and Structural Adjustment (ERTSA) application, at an average tariff increase of 8.76% for Eskom direct customers and 9.01% for municipalities.

The approved standard tariff increase of 8.76% will be implemented from 1 April 2026 until 31 March 2027 for Eskom direct customers, and the 9.01% increase will be implemented from 1 July 2026 until 30 June 2027 for municipal customers, in accordance with the requirements of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) ('MFMA'). This difference in percentages is brought about by the differences in implementation dates between Eskom direct customers and municipalities buying from

Eskom. According to the ERTSA Methodology, Eskom must recover the full allowed revenue within its financial year, which is from April to March. However, the municipal financial year is from July to June.

Municipalities are advised to make use of NT's Cost Reflective Tariff Tool when developing their electricity tariffs. Municipalities are reminded that municipal tariff applications to NERSA must be accompanied by a credible electricity cost of supply study (COSS). No tariff applications will be approved by NERSA if not supported by a COSS.

Given the absence of an approved tariff increase for the two outer years of the MTEF, the increase is projected to be 8.83 per cent in 2027/28 and 8.92 per cent in 2028/29.

Inventory consumed

The increase in the cost of inventory consumed were increased with inflation, water inventory purchased contributes to about 55% percent or R 17,6 million of the total cost. The other cost relate to materials and supplies as well as consumables to deliver services and for the municipality to operate effectively.

Debt impairment

Debt impairment is calculated based on the collection, i.e. level of payments of the annual billed revenue. This is based on the collection rates of property rates, service charges (electricity, water, sanitation and refuse) and traffic fines.

Depreciation and amortisation

The above cost was estimated, using the straight line method, to allocate their cost to their residual values over the estimated useful lives of the assets.

Interest

Provision was made for the interest payable current annuity loans, long service awards, interest on non-current provisions as well as interest on the bank overdraft and overdue accounts.

Irrecoverable debts written off

Irrecoverable debt written off accounts to R 53,723 million or 10.4% of the operating expenditure budget and is expected to decline to 5% and increase to 5.1% of total operating expenditure in the two outer years. The municipality will put strategies in place to improve credit control and collections efforts, tightening credit management and addressing historical arrears more decisively by implementing it credit control and debt collections policy as well as effective indigent management.

Contracted services and Operational costs

Contracted services were increased based on existing contract conditions as well additional expenditure funded by grant income. Operational cost were budgeted based on the prevailing growth rates, adjusted with CPI and prior actual expenditure trends.

1.3.3. CAPITAL EXPENDITURE BUDGET

A capital budget of R 47,295 million is proposed for the 2026/27 budget year, R 23,586 million and R 21,859 million for the two outer budget years.

The capital budget will be spend by the different directorates on the following functional areas over the 2026/27 Medium Term Revenue & Expenditure Framework (MTREF):

WC053 Beaufort West - Table A5 Budgeted Capital Expenditure by Functional Classification and Funding									
Vote Description	Ref	2024/25	Budget Year 2025/26				2026/27 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
R thousand	1								
Capital expenditure - Vote									
Multi-year expenditure to be appropriated	2								
Vote 1 - MUNICIPAL MANAGER		-	-	-	-	-	-	-	-
Vote 2 - DIRECTORATE: INFRASTRUCTURE SERVICES		6,072	8,581	33,518	-	-	35,028	18,303	6,576
Vote 3 - DIRECTORATE: ELECTRO-TECHNICAL SERVICES		-	-	-	-	-	-	-	-
Vote 4 - DIRECTORATE: CORPORATE SERVICES		101	-	230	-	-	870	940	-
Vote 5 - DIRECTORATE: FINANCIAL SERVICES		-	-	300	-	-	150	150	150
Vote 6 - DIRECTORATE: COMMUNITY SERVICES		6,764	12,855	1,429	-	-	3,310	4,193	8,525
Capital multi-year expenditure sub-total	7	12,937	21,447	35,477	-	-	39,358	23,586	15,251
Single-year expenditure to be appropriated	2								
Vote 1 - MUNICIPAL MANAGER		-	-	388	-	-	-	-	-
Vote 2 - DIRECTORATE: INFRASTRUCTURE SERVICES		3,769	33,678	19,232	-	-	7,937	-	696
Vote 3 - DIRECTORATE: ELECTRO-TECHNICAL SERVICES		-	-	-	-	-	-	-	-
Vote 4 - DIRECTORATE: CORPORATE SERVICES		1,490	230	179	-	-	-	-	-
Vote 5 - DIRECTORATE: FINANCIAL SERVICES		76	100	-	-	-	-	-	-
Vote 6 - DIRECTORATE: COMMUNITY SERVICES		11,235	6,563	9,869	-	-	-	-	5,913
Capital single-year expenditure sub-total		16,570	40,572	29,669	-	-	7,937	-	6,609
Total Capital Expenditure - Vote		29,507	62,018	65,145	-	-	47,295	23,586	21,859
Capital Expenditure - Functional									
Governance and administration		729	330	530	-	-	1,020	1,090	150
Executive and council		-	-	-	-	-	-	-	-
Finance and administration		729	330	530	-	-	1,020	1,090	150
Internal audit		-	-	-	-	-	-	-	-
Community and public safety		7,702	7,555	11,207	-	-	3,310	4,022	-
Community and social services		1,068	992	1,608	-	-	2,743	4,022	-
Sport and recreation		6,633	6,563	8,550	-	-	567	-	-
Public safety		-	-	1,049	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-
Economic and environmental services		1,042	12,828	11,554	-	-	6,035	200	1,825
Planning and development		616	200	688	-	-	200	200	200
Road transport		426	12,628	10,866	-	-	5,835	-	1,625
Environmental protection		-	-	-	-	-	-	-	-
Trading services		20,035	41,304	41,854	-	-	36,930	18,274	19,884
Energy sources		6,072	7,826	8,106	-	-	3,954	4,544	5,446
Water management		3,145	18,952	18,952	-	-	3,775	-	-
Waste water management		-	14,526	14,526	-	-	29,202	13,559	-
Waste management		10,818	-	270	-	-	-	171	14,438
Other		-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional	3	29,507	62,018	65,145	-	-	47,295	23,586	21,859
Funded by:									
National Government		20,803	57,596	57,299	-	-	41,578	19,204	19,770
Provincial Government		3,443	3,043	4,567	-	-	3,983	-	-
District Municipality		-	-	-	-	-	-	-	-
Transfers and subsidies - capital (monetary allocations) (Nat/Prov Departm Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educ Institutions)		490	-	1,049	-	-	-	-	-
Transfers recognised - capital	4	24,706	60,638	62,915	-	-	45,561	19,204	19,770
Borrowing	6	-	-	-	-	-	-	-	-
Internally generated funds		4,802	1,380	2,230	-	-	1,734	4,382	2,089
Total Capital Funding	7	29,507	62,018	65,145	-	-	47,295	23,586	21,859

As per the table above that the capital expenditure for 2026/27 budget year will be allocated mainly to the following functional areas:

Trading services – R 36,930 million with expenditure on:

- Energy sources – R 3,954 million;
- Water management – R 3,775 million; and
- Waste water management – R 29,202 million.

Community and public safety – R 3,310 million with expenditure on:

- Community and social services – R 2,743 million and
- Sport and recreation – R 567 million.

Economic and environmental services – R 6,035 million with expenditure on:

- Planning and development – R 200 thousand and
- Road transport – R 5,835 million.

Governance and administration – R 1,020 million.

In analysing what will be procured with the 2026/27 capital budget, the summary by asset class provides a holistic picture for the Municipality. The summary by asset class can be obtained in Table A9 and Supporting Tables SA34 a, b and e. For easy reference a summary of main classifications of expenses are extracted below:

- Infrastructure Assets – R 42,556,318;
- Community Assets – R 3,518,758;
- Computer Equipment – R 870,000;
- Furniture and Office Equipment – R 150,000 and
- Machinery and Equipment – R 200,000.

Taking into consideration the current financial situation of the municipality and the fact that the municipality is still under financial recovery, the capital budget will be financed as follows over the 2026/27 Medium Term & Expenditure Framework:

Funding Source	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29	% of Total Budget
Integrated National Electrification Programme Grant (INEP)	-	4,544,348	4,750,435	0.0%
Municipal Infrastructure Grant (MIG)	13,542,041	14,659,738	15,019,912	28.6%
Water Services Infrastructure Grant (WSIG)	28,035,652	-	-	59.3%
Department of Local Government : Municipal Water Resilience Grant	3,774,782	-	-	8.0%
Department of Mobility : Inter-Town Rural Transport Solution Grant	208,695	-	-	0.4%
Transfer from Operational Revenue (CRR)	1,733,906	4,382,248	2,089,130	3.7%
Total	47,295,076	23,586,334	21,859,477	100.0%

The Beaufort West Municipality is largely dependent on national and provincial grants to fund its capital programme over the 2026/27 MTREF.

The detailed capital projects are shown in **Annexure C** of this document. The annexure indicate the total amount per Directorate and functional area

1.3.4. Proposed Rates and Tariffs for 2026/27 Medium Term Revenue and Expenditure Framework (MFREF)

Annexures **A** and **B** the annexure shows the proposed property rates and tariff increases over the 2026/27 Medium Term Revenue and Expenditure Framework (MTREF) as well as the different subsidies that will be given.

1.4 ANNUAL BUDGET TABLES

Table A1 Budget Summary

WC053 Beaufort West - Table A1 Budget Summary								
Description	2024/25	Current Year 2025/26				2026/27 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2026/27	Budget Year +1 2027/28
Financial Performance								
Property rates	55,326	57,971	57,971	-	-	61,449	65,136	69,044
Service charges	164,388	204,962	202,231	-	-	218,074	235,184	253,666
Investment revenue	3,059	2,915	3,485	-	-	3,212	3,393	3,588
Transfer and subsidies - Operational	99,321	154,791	131,174	-	-	113,524	110,608	114,075
Other own revenue	115,188	133,683	131,348	-	-	134,736	114,725	120,567
Total Revenue (excluding capital transfers and contributions)	437,282	554,322	526,209	-	-	530,994	529,047	560,940
Employee costs	133,434	151,147	144,035	-	-	156,324	164,580	172,540
Remuneration of councillors	6,536	7,320	7,742	-	-	8,052	8,374	8,710
Depreciation, amortisation and impairment	31,601	26,085	26,085	-	-	26,986	28,336	29,752
Interest, Dividends and Rent on Land	10,862	1,395	7,255	-	-	5,880	5,472	5,017
Inventory consumed and bulk purchases	127,427	148,961	151,556	-	-	163,683	176,735	191,291
Transfers and subsidies	-	-	-	-	-	-	-	-
Other expenditure	154,197	217,016	187,470	-	-	157,985	133,841	145,746
Total Expenditure	464,057	551,925	524,145	-	-	518,911	517,338	553,056
Surplus/(Deficit)	(26,775)	2,397	2,064	-	-	12,083	11,709	7,884
Transfers and subsidies - capital (monetary allocations)	27,725	69,734	71,119	-	-	52,395	22,005	22,736
Transfers and subsidies - capital (in-kind)	460	-	1,049	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	1,410	72,131	74,232	-	-	64,479	33,794	30,620
Share of Surplus/Deficit attributable to Associates	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	1,410	72,131	74,232	-	-	64,479	33,794	30,620
Capital expenditure & funds sources								
Capital expenditure	29,507	62,018	65,145	-	-	47,295	23,586	21,859
Transfers recognised - capital	24,706	60,638	62,915	-	-	45,561	19,204	19,770
Borrowing	-	-	-	-	-	-	-	-
Internally generated funds	4,802	1,380	2,230	-	-	1,734	4,382	2,089
Total sources of capital funds	29,507	62,018	65,145	-	-	47,295	23,586	21,859
Financial position								
Total current assets	83,353	101,081	89,666	-	-	106,879	146,041	188,888
Total non current assets	462,332	494,518	512,522	-	-	532,831	528,082	520,189
Total current liabilities	128,413	94,499	126,198	-	-	94,678	86,812	80,104
Total non current liabilities	102,325	72,816	86,811	-	-	91,373	99,858	110,900
Community wealth/Equity	314,947	428,284	389,179	-	-	453,658	487,452	518,072
Cash flows								
Net cash from (used) operating	32,294	63,527	77,319	-	-	67,581	35,274	41,351
Net cash from (used) investing	(29,627)	(62,018)	(64,096)	-	-	(54,389)	(27,124)	(25,138)
Net cash from (used) financing	(1,181)	(1,189)	(1,169)	-	-	(651)	(708)	(787)
Cash/cash equivalents at the year end	17,369	19,295	27,791	-	-	40,332	47,773	63,199
Cash backing/surplus reconciliation								
Cash and investments available	-	-	-	-	-	41,923	49,365	64,791
Application of cash and investments	-	-	-	-	-	27,359	(11,538)	(45,468)
Balance - surplus (shortfall)	-	-	-	-	-	14,564	60,903	110,259

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

WC053 Beaufort West - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)								
Functional Classification Description	Ref	2024/25	Budget Year 2025/26			2026/27 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
R thousand								
Revenue - Functional								
<i>Governance and administration</i>		198,339	200,934	99,594	-	99,134	97,437	103,882
Executive and council		17,239	12,222	12,278	-	12,901	12,112	12,675
Finance and administration		180,850	188,712	87,317	-	86,233	85,325	91,208
Internal audit		250	-	-	-	-	-	-
<i>Community and public safety</i>		33,638	40,364	106,278	-	97,241	102,693	102,848
Community and social services		9,407	9,883	10,901	-	11,190	13,539	8,900
Sport and recreation		6,637	7,060	9,245	-	821	180	190
Public safety		17,594	23,022	85,976	-	85,231	88,825	93,608
Housing		-	399	157	-	-	150	150
Health		-	-	-	-	-	-	-
<i>Economic and environmental services</i>		1,787	16,025	14,804	-	8,381	1,115	3,016
Planning and development		1,298	1,591	2,397	-	1,571	1,059	1,091
Road transport		490	14,434	12,407	-	6,810	56	1,925
Environmental protection		-	-	-	-	-	-	-
<i>Trading services</i>		231,721	366,733	377,701	-	378,633	349,886	373,929
Energy sources		121,883	167,407	189,406	-	190,175	178,757	194,391
Water management		39,756	110,874	105,590	-	88,125	88,430	89,529
Waste water management		36,673	58,982	53,865	-	74,403	55,277	45,804
Waste management		33,409	29,470	28,840	-	25,931	27,423	44,205
<i>Other</i>	4	-	-	-	-	-	-	-
Total Revenue - Functional	2	465,486	624,056	598,377	-	583,390	551,131	583,676
Expenditure - Functional								
<i>Governance and administration</i>		122,169	90,716	119,005	-	131,644	135,243	140,981
Executive and council		25,969	25,387	38,150	-	33,370	34,666	36,136
Finance and administration		94,798	63,836	79,389	-	96,690	98,867	103,083
Internal audit		1,403	1,493	1,466	-	1,584	1,710	1,762
<i>Community and public safety</i>		103,687	147,101	119,857	-	112,030	89,393	99,016
Community and social services		10,921	13,992	15,628	-	14,137	14,752	15,061
Sport and recreation		9,024	9,873	9,798	-	9,965	10,637	11,466
Public safety		82,401	121,276	92,885	-	86,593	62,393	70,796
Housing		1,341	1,960	1,546	-	1,335	1,613	1,694
Health		-	-	-	-	-	-	-
<i>Economic and environmental services</i>		29,947	32,488	32,081	-	34,585	35,735	37,554
Planning and development		11,890	10,337	10,296	-	11,729	11,510	11,967
Road transport		18,057	22,151	21,784	-	22,856	24,225	25,587
Environmental protection		-	-	-	-	-	-	-
<i>Trading services</i>		208,273	281,621	253,202	-	240,652	256,967	275,504
Energy sources		128,533	156,768	157,276	-	159,694	172,687	186,874
Water management		42,412	86,802	60,544	-	43,897	45,962	47,904
Waste water management		20,630	18,809	15,417	-	16,366	17,294	18,161
Waste management		16,698	19,243	19,965	-	20,695	21,024	22,565
<i>Other</i>	4	-	-	-	-	-	-	-
Total Expenditure - Functional	3	464,075	551,925	524,145	-	518,911	517,338	553,056
Surplus/(Deficit) for the year		1,410	72,131	74,232	-	64,479	33,794	30,620

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

WC053 Beaufort West - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)								
Vote Description	Ref	2024/25	Budget Year 2025/26			2026/27 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
Revenue by Vote	1							
Vote 1 - MUNICIPAL MANAGER		8,467	8,758	9,679	-	8,292	7,997	8,836
Vote 2 - DIRECTORATE: INFRASTRUCTURE SERVICES		201,389	278,785	341,955	-	361,712	324,238	333,433
Vote 3 - DIRECTORATE: ELECTRO-TECHNICAL SERVICES		-	-	-	-	-	-	-
Vote 4 - DIRECTORATE: CORPORATE SERVICES		19,639	11,741	16,595	-	17,282	12,602	12,288
Vote 5 - DIRECTORATE: FINANCIAL SERVICES		166,616	109,006	71,526	-	71,758	75,980	80,466
Vote 6 - DIRECTORATE: COMMUNITY SERVICES		69,376	215,765	158,622	-	124,345	130,315	148,653
		-	-	-	-	-	-	-
Total Revenue by Vote	2	465,486	624,056	598,377	-	583,390	551,131	583,676
Expenditure by Vote to be appropriated	1							
Vote 1 - MUNICIPAL MANAGER		15,855	7,159	5,789	-	7,904	8,704	9,073
Vote 2 - DIRECTORATE: INFRASTRUCTURE SERVICES		229,608	256,365	275,978	-	265,046	282,859	302,156
Vote 3 - DIRECTORATE: ELECTRO-TECHNICAL SERVICES		-	-	-	-	-	-	-
Vote 4 - DIRECTORATE: CORPORATE SERVICES		43,055	52,445	74,186	-	67,535	65,412	67,653
Vote 5 - DIRECTORATE: FINANCIAL SERVICES		56,087	22,803	36,392	-	51,717	56,104	58,603
Vote 6 - DIRECTORATE: COMMUNITY SERVICES		119,470	213,153	131,800	-	126,710	104,259	115,572
		-	-	-	-	-	-	-
Total Expenditure by Vote	2	464,075	551,925	524,145	-	518,911	517,338	553,056
Surplus/(Deficit) for the year	2	1,410	72,131	74,232	-	64,479	33,794	30,620

Table A4 Budgeted Financial Performance (revenue and expenditure)

WC053 Beaufort West - Table A4 Budgeted Financial Performance (revenue and expenditure)									
Description	Ref	2024/25	Budget Year 2025/26				2026/27 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
R thousand									
Revenue									
Exchange Revenue									
Service charges - Electricity	2	106,461	138,976	133,868	-	-	145,248	157,594	170,989
Service charges - Water	2	27,119	29,856	35,167	-	-	37,277	39,514	41,885
Service charges - Waste Water Management	2	19,772	22,939	21,120	-	-	22,387	23,730	25,154
Service charges - Waste Management	2	11,036	13,190	12,075	-	-	13,162	14,346	15,637
Sale of Goods and Rendering of Services	2	777	1,017	1,017	-	-	1,095	1,172	1,242
Agency services	2	1,366	1,697	1,503	-	-	1,653	1,818	2,000
Interest	-	-	-	-	-	-	-	-	-
Interest earned from Receivables	2	9,154	12,711	8,577	-	-	9,006	9,456	9,929
Interest earned from Current and Non Current Assets	2	3,059	2,915	3,485	-	-	3,212	3,393	3,588
Dividends	2	-	-	-	-	-	-	-	-
Rent on Land	2	-	-	-	-	-	-	-	-
Rental from Fixed Assets	2	1,181	1,981	1,284	-	-	1,349	1,416	1,487
Licence and permits	2	81	273	190	-	-	202	214	225
Special rating levies	2	-	-	-	-	-	-	-	-
Construction Contract Revenue	2	-	-	-	-	-	-	-	-
Development Charges	2	-	-	-	-	-	-	-	-
Operational Revenue	2	7,997	1,859	1,859	-	-	1,961	2,059	2,182
Non-Exchange Revenue									
Property rates	2	55,326	57,971	57,971	-	-	61,449	65,136	69,044
Surcharges and Taxes	2	-	-	-	-	-	-	-	-
Fines, penalties and forfeits	2	66,860	83,479	83,476	-	-	82,976	87,403	92,023
Licences or permits	2	151	208	158	-	-	168	179	188
Transfer and subsidies - Operational	2	99,321	154,791	131,174	-	-	113,524	110,608	114,075
Interest	2	3,072	3,655	2,689	-	-	2,823	2,965	3,113
Fuel Levy	2	-	-	-	-	-	-	-	-
Operational Revenue	2	1,370	1,215	1,966	-	-	2,114	2,240	2,375
Gains on disposal of Fixed and Intangible Assets	2	-	-	-	-	-	-	-	-
Other Gains	2	23,178	25,587	28,628	-	-	31,390	5,803	5,803
Discontinued Operations	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		437,282	554,322	528,209	-	-	530,994	529,047	560,940
Expenditure									
Employee related costs	2	133,434	151,147	144,035	-	-	156,324	164,580	172,540
Remuneration of councillors	2	6,536	7,320	7,742	-	-	8,052	8,374	8,710
Bulk purchases - electricity	2	106,242	121,951	120,677	-	-	131,550	143,166	155,936
Inventory consumed	2,8	21,186	27,010	30,879	-	-	32,133	33,569	35,354
Debt impairment	2,3	(26,550)	66,155	(11,661)	-	-	23,680	28,050	33,874
Depreciation, amortisation and impairment	2	31,601	26,085	26,085	-	-	26,986	28,336	29,752
Interest, Dividends and Rent on Land	2	10,862	1,395	7,255	-	-	5,880	5,472	5,017
Contracted services	2	25,067	76,115	53,465	-	-	34,208	34,402	36,002
Transfers and subsidies	2	-	-	-	-	-	-	-	-
Irrecoverable debts written off	2	120,178	32,970	99,150	-	-	53,723	25,987	28,297
Operational costs	2	32,223	41,775	46,516	-	-	46,375	45,402	47,573
Disposal of Fixed and Intangible Assets	2	2,056	-	-	-	-	-	-	-
Other Losses	2	1,226	-	-	-	-	-	-	-
Total Expenditure		464,057	551,925	524,145	-	-	518,911	517,338	553,056
Surplus/(Deficit)		(26,775)	2,397	2,064	-	-	12,083	11,709	7,884
Transfers and subsidies - capital (monetary allocations)	6	27,725	69,734	71,119	-	-	52,395	22,085	22,736
Transfers and subsidies - capital (in-kind)	6	460	-	1,049	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		1,410	72,131	74,232	-	-	64,479	33,794	30,620
Income Tax	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after Income tax		1,410	72,131	74,232	-	-	64,479	33,794	30,620
Share of Surplus/Deficit attributable to Joint Venture	-	-	-	-	-	-	-	-	-
Share of Surplus/Deficit attributable to Minorities	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		1,410	72,131	74,232	-	-	64,479	33,794	30,620
Share of Surplus/Deficit attributable to Associate	7	-	-	-	-	-	-	-	-
Intercompany/Parent subsidiary transactions	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	1	1,410	72,131	74,232	-	-	64,479	33,794	30,620

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

WC053 Beaufort West - Table A5 Budgeted Capital Expenditure by Functional Classification and Funding									
Vote Description	Ref	Budget Year 2025/26					2026/27 Medium Term Revenue & Expenditure Framework		
		2024/25					Budget Year	Budget Year +1	Budget Year +2
R thousand	1	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	2026/27	2027/28	2028/29
Capital expenditure - Vote									
Multi-year expenditure to be appropriated									
Vote 1 - MUNICIPAL MANAGER	2	-	-	-	-	-	-	-	-
Vote 2 - DIRECTORATE: INFRASTRUCTURE SERVICES		6,072	8,591	33,518	-	-	35,028	18,303	6,576
Vote 3 - DIRECTORATE: ELECTRO-TECHNICAL SERVICES		-	-	-	-	-	-	-	-
Vote 4 - DIRECTORATE: CORPORATE SERVICES		101	-	230	-	-	870	940	-
Vote 5 - DIRECTORATE: FINANCIAL SERVICES		-	-	300	-	-	150	150	150
Vote 6 - DIRECTORATE: COMMUNITY SERVICES		6,764	12,855	1,429	-	-	3,310	4,193	8,525
Capital multi-year expenditure sub-total	7	12,937	21,447	35,477	-	-	39,358	23,586	15,251
Single-year expenditure to be appropriated									
Vote 1 - MUNICIPAL MANAGER	2	-	-	388	-	-	-	-	-
Vote 2 - DIRECTORATE: INFRASTRUCTURE SERVICES		3,769	33,678	19,232	-	-	7,937	-	696
Vote 3 - DIRECTORATE: ELECTRO-TECHNICAL SERVICES		-	-	-	-	-	-	-	-
Vote 4 - DIRECTORATE: CORPORATE SERVICES		1,490	230	179	-	-	-	-	-
Vote 5 - DIRECTORATE: FINANCIAL SERVICES		76	100	-	-	-	-	-	-
Vote 6 - DIRECTORATE: COMMUNITY SERVICES		11,235	6,563	9,869	-	-	-	-	5,913
Capital single-year expenditure sub-total		16,570	40,572	29,669	-	-	7,937	-	6,609
Total Capital Expenditure - Vote		29,507	62,018	65,145	-	-	47,295	23,586	21,859
Capital Expenditure - Functional									
Governance and administration									
Executive and council		-	-	-	-	-	-	-	-
Finance and administration		729	330	530	-	-	1,020	1,090	150
Internal audit		-	-	-	-	-	-	-	-
Community and public safety		7,702	7,555	11,207	-	-	3,310	4,022	-
Community and social services		1,068	992	1,608	-	-	2,743	4,022	-
Sport and recreation		6,633	6,563	8,550	-	-	567	-	-
Public safety		-	-	1,049	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-
Economic and environmental services		1,042	12,828	11,554	-	-	6,035	200	1,825
Planning and development		616	200	688	-	-	200	200	200
Road transport		426	12,628	10,866	-	-	5,835	-	1,625
Environmental protection		-	-	-	-	-	-	-	-
Trading services		20,035	41,304	41,854	-	-	36,930	18,274	19,884
Energy sources		6,072	7,826	8,106	-	-	3,954	4,544	5,446
Water management		3,145	18,952	18,952	-	-	3,775	-	-
Waste water management		-	14,526	14,526	-	-	29,202	13,559	-
Waste management		10,818	-	270	-	-	-	171	14,438
Other		-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional	3	29,507	62,018	65,145	-	-	47,295	23,586	21,859
Funded by:									
National Government		20,803	57,595	57,299	-	-	41,578	19,204	19,770
Provincial Government		3,443	3,043	4,567	-	-	3,983	-	-
District Municipality		-	-	-	-	-	-	-	-
Transfers and subsidies - capital (monetary allocations) (Nat / Prov Departm Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educ Institutions)		460	-	1,049	-	-	-	-	-
Transfers recognised - capital	4	24,706	60,638	62,915	-	-	45,561	19,204	19,770
Borrowing	6	-	-	-	-	-	-	-	-
Internally generated funds		4,802	1,380	2,230	-	-	1,734	4,382	2,089
Total Capital Funding	7	29,507	62,018	65,145	-	-	47,295	23,586	21,859

Table A6 Budgeted Financial Position

WC053 Beaufort West - Table A6 Budgeted Financial Position									
Description	Ref	2024/25	Budget Year 2025/26				2026/27 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
R thousand									
ASSETS									
Current assets									
Cash and cash equivalents	1	15,777	19,295	27,791	-	-	40,332	47,773	63,199
Short term investments	2	-	-	-	-	-	-	-	-
Trade and other receivables from exchange transactions	3	26,166	23,276	17,791	-	-	30,679	30,963	31,254
Receivables from non-exchange transactions	3	24,394	28,747	18,109	-	-	22,508	53,944	81,073
Current portion of non-current receivables	4	12,752	1,599	1,599	-	-	1,599	1,599	1,599
Inventory	5	4,063	3,058	4,063	-	-	4,063	4,063	4,063
VAT Receivable	6	-	14,761	12,966	-	-	352	352	352
Other current assets	7	201	10,345	7,346	-	-	7,346	7,346	7,346
Total current assets		83,353	101,081	89,666	-	-	106,879	146,041	186,888
Non current assets									
Investments	8	1,592	-	1,592	-	-	1,592	1,592	1,592
Investment property	9	5,122	5,412	4,897	-	-	4,672	4,437	4,189
Property, plant and equipment	10	450,987	484,851	490,282	-	-	510,825	506,321	498,667
Biological assets	11	-	-	-	-	-	-	-	-
Living resources	12	-	-	-	-	-	-	-	-
Heritage assets	13	3,340	3,340	3,340	-	-	3,340	3,340	3,340
Intangible assets	14	1,032	1,343	1,022	-	-	1,013	1,003	992
Trade and other receivables from exchange transactions	15	209	(511)	186	-	-	186	186	186
Non-current receivables from non-exchange transactions	15	50	83	11,203	-	-	11,203	11,203	11,203
Other non-current assets	16	-	-	-	-	-	-	-	-
Total non current assets		462,332	494,518	512,522	-	-	532,831	528,082	520,169
TOTAL ASSETS		545,686	595,599	602,188	-	-	639,710	674,122	709,076
LIABILITIES									
Current liabilities									
Bank overdraft	17	-	-	-	-	-	-	-	-
Financial liabilities	18	1,169	651	651	-	-	706	787	426
Consumer deposits	19	2,793	2,682	2,793	-	-	2,793	2,793	2,793
Trade and other payables from exchange transactions	20	96,903	62,347	87,765	-	-	58,761	49,912	42,834
Trade and other payables from non-exchange transactions	21	-	0	779	-	-	779	779	779
Provision	22	16,345	19,265	23,049	-	-	21,816	22,720	23,851
VAT Payable	23	7,350	9,553	11,161	-	-	7,711	7,711	7,711
Other current liabilities	24	3,853	-	-	-	-	2,110	2,110	2,110
Total current liabilities		128,413	94,499	126,198	-	-	94,678	86,812	80,104
Non current liabilities									
Financial liabilities	25	2,573	1,921	1,921	-	-	1,213	426	0
Provision	26	63,379	28,017	35,178	-	-	31,222	33,927	36,741
Long term portion of trade payables	27	13,528	14,097	11,856	-	-	7,232	5,707	5,707
Other non-current liabilities	28	22,846	28,780	37,855	-	-	51,706	59,798	68,452
Total non current liabilities		102,325	72,816	86,811	-	-	91,373	99,858	110,900
TOTAL LIABILITIES		230,738	167,315	213,008	-	-	186,052	186,670	191,004
NET ASSETS		314,947	428,284	389,179	-	-	453,658	487,452	518,072
COMMUNITY WEALTH/EQUITY									
Accumulated surplus/(deficit)	29	310,843	424,180	385,075	-	-	449,554	483,347	513,968
Reserves and funds	30	4,104	4,104	4,104	-	-	4,104	4,104	4,104
Other	31	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	32	314,947	428,284	389,179	-	-	453,658	487,452	518,072

Table A7 Budgeted Cash Flows

WC053 Beaufort West - Table A7 Budgeted Cash Flows									
Description	Ref	2024/25	Budget Year 2025/26			2026/27 Medium Term Revenue & Expenditure Framework			
			Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2026/27	Budget Year +1 2027/28
CASH FLOW FROM OPERATING ACTIVITIES									
Receipts									
Property rates		42,169	51,150	43,264	-	-	55,304	58,622	62,140
Service charges		141,324	190,836	188,295	-	-	210,723	227,300	245,207
Other revenue		66,839	101,364	97,168	-	-	99,673	103,494	111,138
Transfers and Subsidies - Operational	1	100,971	108,791	106,280	-	-	113,524	110,608	114,075
Transfers and Subsidies - Capital	1	28,315	69,734	74,683	-	-	52,395	22,085	22,736
Interest		4,699	2,915	10,808	-	-	13,606	14,307	15,048
Dividends		-	-	-	-	-	-	-	-
Payments									
Suppliers and employees		(351,374)	(459,867)	(441,784)	-	-	(474,909)	(498,922)	(527,342)
Finance charges		(649)	(1,395)	(1,395)	-	-	(2,735)	(2,220)	(1,651)
Transfers and Subsidies	1	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES		32,294	63,527	77,319	-	-	67,581	35,274	41,351
CASH FLOWS FROM INVESTING ACTIVITIES									
Receipts									
Proceeds on disposal of PPE		-	-	-	-	-	-	-	-
Decrease (increase) in non-current receivables		-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		-	-	-	-	-	-	-	-
Insurance Refund - Capital		-	-	-	-	-	-	-	-
Interest on Short Term Investment (Greater than 90 days) and Long Term Investments		-	-	-	-	-	-	-	-
Payments									
Capital assets		(29,627)	(62,018)	(64,096)	-	-	(54,389)	(27,124)	(25,138)
Retention (Capital)		-	-	-	-	-	-	-	-
NET CASH FROM/(USED) INVESTING ACTIVITIES		(29,627)	(62,018)	(64,096)	-	-	(54,389)	(27,124)	(25,138)
CASH FLOWS FROM FINANCING ACTIVITIES									
Receipts									
Short term loans		-	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		-	-	-	-	-	-	-	-
Payments									
Repayment of borrowing		(1,181)	(1,169)	(1,169)	-	-	(651)	(708)	(787)
NET CASH FROM/(USED) FINANCING ACTIVITIES		(1,181)	(1,169)	(1,169)	-	-	(651)	(708)	(787)
NET INCREASE/ (DECREASE) IN CASH HELD									
		1,485	340	12,054	-	-	12,541	7,442	15,426
Cash/cash equivalents at the year begin:	2	15,883	18,955	15,737	-	-	27,791	40,332	47,773
Cash/cash equivalents at the year end:	2	17,369	19,295	27,791	-	-	40,332	47,773	63,199

Table A8 Cash backed reserves/accumulated surplus reconciliation

WC053 Beaufort West - Table A8 Cash backed reserves/accumulated surplus reconciliation				
Description	Ref	2026/27 Medium Term Revenue & Expenditure Framework		
		Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
R thousand				
Cash and investments available				
Cash/cash equivalents at the year end	1	40,332	47,773	63,199
Other current investments > 90 days		-	-	-
Non current Investments	1	1,592	1,592	1,592
Cash and investments available:		41,923	49,365	64,791
Application of cash and investments				
Unspent conditional transfers		779	779	779
Unspent borrowing				
Statutory requirements	2	7,359	7,359	7,359
Other working capital requirements	3	(6,700)	(46,501)	(81,361)
Other provisions		21,816	22,720	23,651
Long term investments committed	4	-	-	-
Reserves to be backed by cash/investments	5	4,104	4,104	4,104
Total Application of cash and investments:		27,359	(11,538)	(45,468)
Surplus(shortfall) - Excluding Non-Current Creditors Trf to Debt Relief Benefits		14,564	60,903	110,259
Creditors transferred to Debt Relief - Non-Current portion		-	-	-
Surplus(shortfall) - Including Non-Current Creditors Trf to Debt Relief Benefits		14,564	60,903	110,259

Table A10 Basic service delivery measurement

WC053 Beaufort West - Table A10 Basic service delivery measurement								
Description	Ref	2024/25	Budget Year 2025/26			2026/27 Medium Term Revenue & Expenditure Framework		
		Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
Household service targets								
Water:								
Piped water inside dwelling	1	12,545	12,499	12,545	--	12,545	12,545	12,545
Piped water inside yard (but not in dwelling)		2,623	2,122	2,623	--	2,623	2,623	2,623
Using public tap (at least min.service level)	2	44	49	44	--	44	44	44
Other water supply (at least min.service level)	4	39	31	39	--	39	39	39
<i>Minimum Service Level and Above sub-total</i>		15,251	14,701	15,251	--	15,251	15,251	15,251
Using public tap (< min.service level)	3	--	--	--	--	--	--	--
Other water supply (< min.service level)	4	92	260	92	--	92	92	92
No water supply		--	--	--	--	--	--	--
<i>Below Minimum Service Level sub-total</i>		92	260	92	--	92	92	92
Total number of households	5	15,343	14,961	15,343	--	15,343	15,343	15,343
Sanitation/sewerage:								
Flush toilet (connected to sewerage)		12,792	12,383	12,792	--	12,792	12,792	12,792
Flush toilet (with septic tank)		1,613	1,568	1,613	--	1,613	1,613	1,613
Chemical toilet		--	--	--	--	--	--	--
Pit toilet (ventilated)		350	355	350	--	350	350	350
Other toilet provisions (> min.service level)		7	31	7	--	7	7	7
<i>Minimum Service Level and Above sub-total</i>		14,762	14,337	14,762	--	14,762	14,762	14,762
Bucket toilet		245	--	245	--	245	245	245
Other toilet provisions (< min.service level)		--	--	--	--	--	--	--
No toilet provisions		275	305	275	--	275	275	275
<i>Below Minimum Service Level sub-total</i>		520	305	520	--	520	520	520
Total number of households	5	15,282	14,642	15,282	--	15,282	15,282	15,282
Energy:								
Electricity (at least min.service level)		961	1,006	961	--	961	961	961
Electricity - prepaid (min.service level)		11,892	11,833	11,892	--	11,892	11,892	11,892
<i>Minimum Service Level and Above sub-total</i>		12,853	12,839	12,853	--	12,853	12,853	12,853
Electricity (< min.service level)		--	--	--	--	--	--	--
Electricity - prepaid (< min.service level)		--	--	--	--	--	--	--
Other energy sources		--	--	--	--	--	--	--
<i>Below Minimum Service Level sub-total</i>		--	--	--	--	--	--	--
Total number of households	5	12,853	12,839	12,853	--	12,853	12,853	12,853
Refuse:								
Removed at least once a week		12,978	12,978	12,978	--	12,978	12,978	12,978
<i>Minimum Service Level and Above sub-total</i>		12,978	12,978	12,978	--	12,978	12,978	12,978
Removed less frequently than once a week		--	--	--	--	--	--	--
Using communal refuse dump		--	--	--	--	--	--	--
Using own refuse dump		--	--	--	--	--	--	--
Other rubbish disposal		--	--	--	--	--	--	--
No rubbish disposal		--	--	--	--	--	--	--
<i>Below Minimum Service Level sub-total</i>		--	--	--	--	--	--	--
Total number of households	5	12,978	12,978	12,978	--	12,978	12,978	12,978
Households receiving Free Basic Service								
Water (6 kilolitres per household per month)	7	6,146	8,500	8,500	--	7,100	7,100	7,100
Sanitation (free minimum level service)		6,102	8,500	8,500	--	7,100	7,100	7,100
Electricity/other energy (50kwh per household per month)		5,968	8,500	8,500	--	7,100	7,100	7,100
Refuse (removed at least once a week)		6,098	8,500	8,500	--	7,100	7,100	7,100
Informal Settlements		--	--	--	--	--	--	--
Cost of Free Basic Services provided - Formal Settlements (R'000)								
Water (6 kilolitres per indigent household per month)		14,525	11,035	9,580	--	20,343	21,563	22,857
Sanitation (free sanitation service to indigent households)		10,155	10,748	12,080	--	14,952	15,849	16,800
Electricity/other energy (50kwh per indigent household per month)		9,229	9,560	9,560	--	12,206	13,243	14,369
Refuse (removed once a week for indigent households)		6,825	7,434	8,250	--	10,098	11,007	11,997
Cost of Free Basic Services provided - Informal Formal Settlements (R'000)								
Total cost of FBS provided	8	40,734	38,777	39,450	--	57,598	61,662	66,022
Highest level of free service provided per household								
Property rates (R value threshold)		--	--	--	--	--	--	--
Water (kilolitres per household per month)		6	6	6	--	6	6	6
Sanitation (kilolitres per household per month)		--	--	--	--	--	--	--
Sanitation (Rand per household per month)		156	166	166	--	175	186	197
Electricity (kwh per household per month)		50	50	50	--	50	50	50
Refuse (average litres per week)		100	109	109	--	119	129	141
Revenue cost of subsidised services provided (R'000)								
Property rates (tariff adjustment) (Impenmissable values per section 17 of MPRA)	9	--	138	138	--	146	155	164
Property rates exemptions, reductions and rebates and Impenmissable values in excess of section 17 of MPRA)		--	--	--	--	--	--	--
Water (In excess of 6 kilolitres per indigent household per month)		--	--	--	--	--	--	--
Sanitation (In excess of free sanitation service to indigent households)		--	--	--	--	--	--	--
Electricity/other energy (In excess of 50 kwh per indigent household per month)		--	--	--	--	--	--	--
Refuse (In excess of one removal a week for indigent households)		--	--	--	--	--	--	--
Municipal Housing - rental rebates		--	--	--	--	--	--	--
Housing - top structure subsidies	6	--	--	--	--	--	--	--
Other		--	--	--	--	--	--	--
Total revenue cost of subsidised services provided		--	138	138	--	146	155	164

PART 2 - SUPPORTING DOCUMENTATION

2.1 - BUDGET PROCESS OVERVIEW

POLITICAL OVERSIGHT OF THE BUDGET PROCESS

Section 53 (1) (a) of the MFMA (no 56 of 2003) stipulates that the Mayor of a municipality must provide general political guidance over the budget process and the priorities that must guide the preparation of a budget.

Political oversight of the budget process is necessary to ensure that the needs and priorities of the community, as set out in the IDP, are properly linked to the municipality's spending plans.

SCHEDULE OF KEY DEADLINES RELATING TO THE BUDGET PROCESS

The Executive Mayor must, according to the MFMA, co-ordinate the processes for preparing the Annual Budget and for reviewing the municipality's IDP and budget-related policies. The Executive Mayor therefore tabled a schedule of key deadlines with regards to the budgetary process and the review of the municipality's IDP, in council on the 29 August 2025.

2.2 - ALIGNMENT BETWEEN BUDGET AND THE INTEGRATED DEVELOPMENT PLAN (IDP)

The IDP serves as a guideline to the municipality for the correct budget and resource allocations in ensuring that it meets the needs of its residents. It is also an integrated inter-governmental system of planning which requires the involvement of all three spheres of government. Contributions are made by provincial and national government to assist municipal planning and therefore government has created a range of policies and strategies to support and guide development and to ensure alignment between all spheres of government as stated by the section 24 of the Municipal Systems Act, No 32 of 2000.

The Municipality's budget is influenced by the municipal strategic focus areas and strategic objectives as identified in the IDP. The Service Delivery Budget Implementation Plan (SDBIP) ensures that the Municipality implements programmes and projects based on the IDP targets and associated budgets.

The budget has been compiled in accordance with the municipality's IDP document. Also refer to tables SA3, SA4 and SA5 which is aligned with the strategic objectives and goals of the municipality.

The following table highlights the IDP's five strategic focus area's and six municipal key strategic objectives for the 2026/27 – 2028/29 MTREF and further planning refinements that have directly informed the compilation of the budget.

Strategic Focus Area	National Key Performance Area	Strategic Objectives
Service to the people	Infrastructure Development and Basic Service Delivery	SO1: Provide, maintain and expand basic services to all people in the municipal area.
		SO2: Sustainable, safe and healthy environment.
Sustainable Economic Growth	Local Economic Development (LED)	SO3: Promote broad-based growth and development.
Transparent Organisation	Good Governance and Public Participation	SO4: Maintain an ethical, accountable and transparent administration.
Well-run Administration	Municipal Transformation and Organisational Development	SO5: Enabling a diverse and capacitated workforce.
Financial Sustainability	Municipal Financial Viability	SO6: Uphold sound financial management principles and practices.

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

WC053 Beaufort West - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)		Budget Year 2025/26					2026/27 Medium Term Revenue & Expenditure Framework		
Strategic Objective	Strategic Focus Area	Original Budget		Full Year Forecast	Adjusted Budget	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29	
		Original Budget	Adjusted Budget						
R thousand									
SO1 : Provide, maintain and expand basic services to all people in the municipal area	SFA 1 : Service to the people	390,701	402,100	-	369,518	354,230	379,213		
SO2 : Sustainable, safe and healthy environment	SFA 1 : Service to the people	42,514	105,157	-	123,035	107,583	110,053		
SO3 : Promote broad-based growth and development	SFA 2 : Sustainable Economic Growth	1,591	2,397	-	1,571	1,059	1,091		
SO4 : Maintain an ethical, accountable and transparent administration	SFA 5 : Transparent Organisation	3,465	3,465	-	4,609	4,115	3,839		
SO5 : Enabling a diverse and capacitated workforce	SFA 3 : Well-run Administration	11,448	13,732	-	12,898	8,164	9,014		
SO6 : Uphold sound financial management principles and practices	SFA 4 : Financial Sustainability	174,337	71,526	-	71,758	75,980	80,466		
Allocations to other priorities									
Total Revenue (excluding capital transfers and contributions)		624,056	598,377	-	583,390	551,131	583,676		

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

Strategic Objective		Strategic Focus Area		Budget Year 2025/26			2026/27 Medium Term Revenue & Expenditure Framework		
R thousand		Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29		
SO1 : Provide, maintain and expand basic services to all people in the municipal area	SFA 1 : Service to the people	321,471	292,283	-	274,823	283,069	313,346		
SO2 : Sustainable, safe and healthy environment	SFA 1 : Service to the people	144,154	117,287	-	115,863	93,612	103,519		
SO3 : Promote broad-based growth and development	SFA 2 : Sustainable Economic Growth	10,337	10,296	-	11,729	11,510	11,967		
SO4 : Maintain an ethical, accountable and transparent administration	SFA 5 : Transparent Organisation	21,552	35,760	-	28,944	29,722	31,008		
SO5 : Enabling a diverse and capacitated workforce	SFA 3 : Well-run Administration	31,591	32,127	-	35,836	33,320	34,613		
SO6 : Uphold sound financial management principles and practices	SFA 4 : Financial Sustainability	22,820	36,392	-	51,717	56,104	58,603		
Allocations to other priorities									
Total Expenditure		551,925	524,145	-	518,911	517,338	553,056		

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

Strategic Objective		Strategic Focus Area		Budget Year 2025/26			2026/27 Medium Term Revenue & Expenditure Framework		
		Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29		
R thousand									
SO1 : Provide, maintain and expand basic services to all people in the municipal area	SFA 1 : Service to the people	45,970	46,653	-	14,130	4,544	7,072		
SO2 : Sustainable, safe and healthy environment	SFA 1 : Service to the people	15,518	17,274	-	31,945	17,752	14,438		
SO3 : Promote broad-based growth and development	SFA 2 : Sustainable Economic Growth	200	688	-	200	200	200		
SO5 : Enabling a diverse and capacitated workforce	SFA 3 : Well-run Administration	230	230	-	870	940	-		
SO6 : Uphold sound financial management principles and practices	SFA 4 : Financial Sustainability	100	300	-	150	150	150		
Total Capital Expenditure		62,018	65,145	-	47,295	23,586	21,859		

2.3 - BUDGET-RELATED POLICIES OVERVIEW AND AMENDMENTS

All budget related policies was workshopped with council on the 25 March 2026 and any further amendments will be tabled and approved with the final budget on or before the 29th of May 2026.

See attached **Annexure G** – 2026/27 MTREF Budget Policy Amendments.

2.4 - OVERVIEW OF BUDGET ASSUMPTIONS

The following budget assumptions were taken into consideration when preparing the 2026/27 Medium Term Expenditure Framework (MTREF):

- National Treasury's guidelines and macroeconomic policy;
- National, Provincial and Local economic conditions;
- The municipality's Integrated Development Plan (IDP);
- The Financial Recovery Plan;
- The Municipal Debt Relief Conditions;
- Grants allocated to the municipality in terms of National Division of Revenue Bill (B6-2026) (DoRA) and grants published in Provincial Gazette No. 9206 of 12 March 2026;
- Electricity tariff increases as approved by the National Electricity Regulator of South Africa (NERSA). Municipal licensees are required to submit their electricity tariff applications by no later than 31 March 2026.
- Service charges tariff increases are proposed (electricity 8.5 per cent (as per the Cost of Supply Study), water 6 per cent, sanitation 6.0 per cent and refuse 9.0 per cent);
- Property rates tariff increase by 6 per cent;
- Cash flow and revenue collections are projected on average at 90% of property rates and service charges.
- Other sundry tariffs will increase by 6%;
- The salary and wage collective agreement was signed by the parties of the South African Local Government Bargaining Council (SALGBC) on Friday, 6 September 2024. It is a five-year agreement effective from July 1, 2024, to June 30, 2029.
- In respect of the 2026/27 financial year, all employees covered by this agreement shall receive, with effect from 1 July 2026, a salary increase linked to the Consumer Price Index (CPI) plus 0.75 per cent.
- The South African Local Government Bargaining Council in Circular no. 04/2026 dated 13 March 2026, communicated that the salary and wage increase in terms of clause 6.8 of the Collective Agreement shall be 4.7% with effect from 1 July 2026. The Municipality budgeted accordingly as well as of notch increase to those employees who qualify.
- The remuneration of staff amounts to 30.1 per cent of the total operating expenditure in 2026/27 and 31.8 and 31.2 per cent for two outer years.
- The remuneration of the Municipal Manager and Senior Managers directly accountable to the Municipal Manager were budgeted in accordance with the actual

cost published in the Government Gazette on the Local Government: Upper Limits of Total Remuneration Packages Payable to Municipal Managers and Managers Directly Accountable to Municipal Managers published by DCoG. Over the 2026/27 Medium Term Revenue & Expenditure Framework (MTREF) an increase of 4% was budgeted year as well as performance bonuses based on their annual packages.

- The of remuneration of councillors were budgeted in accordance with the actual cost approved in accordance with the Government Gazette on the Remuneration of Public Office Bearers Act: Determination of Upper Limits of Salaries, Allowances and Benefits of Different Members of Municipal Councils published annually by DCoG and were increased based on 4 percent increase year-on-year over the 2026/27 Medium Term Revenue & Expenditure Framework (MTREF).
- The National Energy Regulator of South Africa (NERSA) is responsible for the price determination of the bulk costs of electricity. The National Energy Regulator of South Africa (NERSA) announced today that the Energy Regulator, at its meeting held on 5 March 2026, considered and approved the Eskom Retail Tariffs and Structural Adjustment (ERTSA) application, at an average tariff increase of 8.76% for Eskom direct customers and 9.01% for municipalities.
- The approved standard tariff increase of 8.76% will be implemented from 1 April 2026 until 31 March 2027 for Eskom direct customers, and the 9.01% increase will be implemented from 1 July 2026 until 30 June 2027 for municipal customers, in accordance with the requirements of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) ('MFMA'). This difference in percentages is brought about by the differences in implementation dates between Eskom direct customers and municipalities buying from Eskom. According to the ERTSA Methodology, Eskom must recover the full allowed revenue within its financial year, which is from April to March. However, the municipal financial year is from July to June.
- Municipalities are advised to make use of NT's Cost Reflective Tariff Tool when developing their electricity tariffs. Municipalities are reminded that municipal tariff applications to NERSA must be accompanied by a credible electricity cost of supply study (COSS). No tariff applications will be approved by NERSA if not supported by a COSS.
- Given the absence of an approved tariff increase for the two outer years of the MTEF, the increase is projected to be 8.83 per cent in 2027/28 and 8.92 per cent in 2028/29.
- Bulk purchased for water were increased with CPI.
- Other expenditure items were increased in line with inflation whilst others were increase in line with existing contract conditions.

2.5 - OVERVIEW OF BUDGET FUNDING

FUNDING THE BUDGET

Section 18(1) of the MFMA states that an annual budget may only be funded from:

- Realistically anticipated revenues to be collected;
- Cash backed accumulated funds from previous years' surpluses not committed for other purposes; and
- Borrowed funds, but only for the capital budget referred to in section 17.

Achievement of this requirement in totality effectively means that a Council has 'balanced' its budget by ensuring that budgeted outflows will be offset by a combination of planned inflows as well as prior years' accumulated cash surpluses.

The Western Cape Provincial Government approved an intervention in Beaufort West Municipality in terms of section 139(5) of the Constitution. A mandatory Financial Recovery Plan (FRP) was approved and are now being implemented. When the 2026/27 Medium Term Revenue Expenditure (MTREF) budget was prepared the Financial Recovery Plan (FRP) targets, budget parameters was also taken into consideration.

The municipality applied for the municipal debt relief in terms of MFMA Circular 124 and approval was granted to the municipality. The municipality is now working on the conditions set out in the Circular to ensure that the Eskom Debt will be written off over the three-year period, the Municipality received approval for the first tranche to be written off and are awaiting confirmation of the second tranche write-off. As a participant in the municipal debt relief programme the municipality will be benefit from the smart meter grant that will be rolled out to affected municipalities on the programme. The implementation of this will mean that metering issues will be resolved and revenue generated from water and electricity will increase over MTREF. The municipality were allocated R 13,391 million as part of the Smart Meter Grant programme of National Treasury in the 2025/26 budget year to install 1,400 water meters.

The municipality qualified and received its first one third (1/3) debt write-off to the value of R25,587,223.02 during the first cycle of its participation in the programme. This municipal debt relief is an extraordinary support and breakthrough as part of the Beaufort West Municipality's recovery efforts. More must still be done to maintain and improve adherence to the conditions of the debt relief programme to ensure that the municipality receive the remaining two third (2/3) debt write-off over the remaining two years of the programme.

On 04 September 2025 the Municipality entered into the Water Debt Relief Programme with the Department of Water and Sanitation, the conditions are similar to that of the Eskom debt relief programme and includes;

- 1) Maintaining the bulk water current account;
- 2) From the water debt relief effective date, the Municipality must fully pay and maintain its consolidated water accounts within 30 days of receiving the relevant invoices;
- 3) Consolidated Proof of payments must be submitted to National Treasury;
- 4) Proper treatment in terms of Accounting and MSCOA;
- 5) Reporting performance as part of the S71 reporting;
- 6) The Municipality's self-assessment in the format of a compliance certificate;
- 7) Reporting on water losses; and
- 8) In the case of slow progress, municipal intervention should be evident.

The operational and capital expenditure will be financed as follow:

Operating Budget:

The table below identifies the sources of funding for the 2026/27 operating budget:

Sources of Revenue	Amount	% of Total Revenue
Service charges - Electricity	145,247,543	27.4%
Service charges - Water	37,277,349	7.0%
Service charges - Waste Water Management	22,387,200	4.2%
Service charges - Waste Management	13,161,750	2.5%
Sale of Goods and Rendering of Services	1,095,173	0.2%
Agency services	1,653,080	0.3%
Interest earned from Receivables	9,005,775	1.7%
Interest earned from Current and Non Current Assets	3,211,500	0.6%
Rental from Fixed Assets	1,348,646	0.3%
Licence and permits	201,794	0.0%
Operational Revenue	1,960,716	0.4%
Property rates	61,449,005	11.6%
Fines, penalties and forfeits	82,975,765	15.6%
Licences or permits	168,365	0.0%
Transfer and subsidies - Operational	113,523,850	21.4%
Interest	2,823,447	0.5%
Operational Revenue	2,113,593	0.4%
Other Gains	31,389,767	5.9%
Total Revenue (excluding capital transfers and contributions)	530,994,318	100.0%

Capital Budget:

The table below identifies the sources of funding for the 2026/27 capital budget:

Funding Source	Budget Year 2026/27	% of Total Budget
Integrated National Electrification Programme Grant (INEP)	-	0.0%
Municipal Infrastructure Grant (MIG)	13,542,041	28.6%
Water Services Infrastructure Grant (WSIG)	28,035,652	59.3%
Department of Local Government : Municipal Water Resilience Grant	3,774,782	8.0%
Department of Mobility : Inter-Town Rural Transport Solution Grant	208,695	0.4%
Transfer from Operational Revenue (CRR)	1,733,906	3.7%
Total	47,295,076	100.0%

Rates, tariffs and other charges:

Please refer to **Annexures A** and **B** the annexure shows the proposed property rates and tariff increases over the 2026/27 Medium Term Revenue and Expenditure Framework (MTREF).

2.6 - EXPENDITURE ON ALLOCATIONS AND GRANT PROGRAMMES

Supporting Table SA18 Transfers and grant receipts

WC053 Beaufort West - Supporting Table SA18 Transfers and grant receipts								
R thousand	Description	Ref	Budget Year 2025/26			2025/27 Medium Term Revenue & Expenditure Framework		
			Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2025/27	Budget Year +1 2027/28	Budget Year +2 2028/29
RECEIPTS								
Operating								
National Government								
Monetary Allocations								
	Local Government Equitable Share		92,780	92,780	--	95,841	99,310	102,729
	Municipal Infrastructure Grant (MIG)		812	1,152	--	820	887	909
	Local Government Financial Management Grant (FMG)		2,000	2,000	--	2,100	2,200	2,300
	Expanded Public Works Programme Integrated Grant (EPWP)		1,569	1,569	--	1,478	--	--
	Smart Meters Grant		46,000	18,256	--	--	--	--
	Total Monetary Allocations		143,161	115,757	--	100,239	102,397	105,938
Total Operating/National Government								
Provincial Government								
Monetary Allocations								
	Provincial Treasury: Western Cape Financial Management Capacity Building Grant		485	495	--	--	--	--
	Provincial Treasury: Western Cape Municipal Financial Recovery Services Grant		--	--	--	--	--	--
	Department of Infrastructure: Financial Assistance to Municipalities for Maintenance and Construction of Transport Infrastructure		--	--	--	100	58	58
	Department of Infrastructure: Title Deeds Restoration Grant		299	157	--	--	180	180
	Department of Infrastructure: Human Settlements Development Grant (Beneficiaries)		--	--	--	--	--	--
	Department Cultural Affairs & Sport: Replacement Funding for most vulnerable B3 Municipalities		7,272	7,272	--	7,363	7,539	7,715
	Department Cultural Affairs & Sport: Library Service - Community Library Services Grant		400	400	--	--	--	--
	Department of Local Government: Municipal Energy Resilience Grant		300	300	--	--	150	--
	Department of Local Government: Thusing Sanxas Centres Grant (Sustainability: Operational Support Grant)		226	226	--	218	216	218
	Department of Local Government: Community Development Workers (CDW) Operational Support Grant		--	1,120	--	--	--	--
	Department of Local Government: Western Cape Municipal Interventions Grant		--	--	--	260	--	--
	Department of Mobility: Inter-Town Rural Transport Solution		--	--	--	--	--	--
	Total Monetary Allocations		9,992	9,970	--	8,839	8,211	8,137
Total Operating/Provincial Government								
District Municipalities								
Monetary Allocations								
	Central Karoo District Municipality		--	--	--	--	--	--
Total Monetary Allocations								
Allocations In-kind								
	Other transfers/grants [insert description]		--	--	--	--	--	--
Total Allocations In-kind								
Total Operating/District Municipalities								
Other Grant Providers								
Monetary Allocations								
	SETA: Chemical Industries Education & Training Authority		2,538	2,538	--	4,446	--	--
	Services SETA		--	--	--	--	--	--
	SETA: Local Government Sector Education and Training Authority		--	280	--	--	--	--
	Total Monetary Allocations		2,538	3,118	--	4,446	--	--
Allocations In-kind								
	[insert description]		--	--	--	--	--	--
Total Allocations In-kind								
Total Operating/Other Grant Providers								
Total Operating								
		5	154,791	128,845	--	113,524	110,608	114,075
Capital								
National Government								
Monetary Allocations								
	Municipal Infrastructure Grant (MIG)		22,234	21,894	--	15,973	16,859	17,273
	Integrated National Electrification Programme Grant (INEP)		9,000	9,000	--	--	5,226	5,483
	Water Services Infrastructure Grant		35,000	35,000	--	32,241	--	--
	Local Government Financial Management Grant (FMG)		--	--	--	--	--	--
	Total Monetary Allocations		66,234	65,894	--	47,814	22,085	22,736
Total Capital/National Government								
Provincial Government								
Monetary Allocations								
	Department of Local Government: Municipal Water Resilience Grant		3,500	3,500	--	4,341	--	--
	Department of Local Government: Municipal Interventions Grant		--	--	--	--	--	--
	Department Cultural Affairs & Sport: Library Service - Community Library Services Grant		--	--	--	--	--	--
	Department Cultural Affairs & Sport: Development of Sport and Recreation Facilities		--	--	--	--	--	--
	Department of Mobility: Inter-Town Rural Transport Solution		--	--	--	240	--	--
	Total Monetary Allocations		3,500	3,500	--	4,581	--	--
Allocations In-kind								
	Other transfers/grants [insert description]		--	--	--	--	--	--
Total Allocations In-kind								
Total Capital/Provincial Government								
District Municipalities								
Monetary Allocations								
	Other transfers/grants [insert description]		--	--	--	--	--	--
Total Monetary Allocations								
Allocations In-kind								
	Other transfers/grants [insert description]		--	--	--	--	--	--
Total Allocations In-kind								
Total Capital/District Municipalities								
Other Grant Providers								
Monetary Allocations								
	[insert description]		--	--	--	--	--	--
Total Monetary Allocations								
Allocations In-kind								
	[insert description]		--	--	--	--	--	--
Total Allocations In-kind								
Total Capital/Other Grant Providers								
Total Capital								
		5	69,734	69,394	--	52,395	22,085	22,736
TOTAL RECEIPTS OF TRANSFERS AND GRANTS								
			224,525	198,239	--	165,919	132,693	136,811

Supporting Table SA19 Expenditure on transfers and grant programme

WC053 Beaufort West - Supporting Table SA19 Expenditure on transfers and grant programme									
R thousand	Description	Ref	Budget Year 2025/26			2026/27 Medium Term Revenue & Expenditure Framework			
			Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
EXPENDITURE									
Operating									
National Government									
Monetary Allocations									
	Local Government Equitable Share		88 849	92 780	92 780	--	95 841	99 310	102 728
	Municipal Infrastructure Grant (MIG)		782	812	1 152	--	820	887	909
	Local Government Financial Management Grant (FMG)		1 907	2 000	2 000	--	2 100	2 200	2 300
	Expanded Public Works Programme Integrated Grant (EPWP)		1 226	1 569	1 569	--	1 478	--	--
	Smart Meters Grant		--	46 000	16 256	--	--	--	--
	Total Monetary Allocations		92 764	143 161	115 737	--	100 239	102 397	105 938
	Total National Government		92 764	143 161	115 737	--	100 239	102 397	105 938
Provincial Government									
Monetary Allocations									
	Provincial Treasury : Western Cape Financial Management Capacity Building Grant		2 304	495	918	--	--	--	--
	Provincial Treasury : Western Cape Municipal Financial Recovery Services Grant		1 110	--	--	--	--	--	--
	Department of Infrastructure : Financial Assistance to Municipalities for Maintenance and Construction of Transport Infrastructure		--	--	--	--	100	56	56
	Department of Infrastructure : Title Deeds Restoration Grant		--	399	157	--	--	100	150
	Department of Infrastructure : Human Settlements Development Grant (Beneficiaries)		--	--	--	--	--	--	--
	Department Cultural Affairs & Sport: Replacement Funding for most vulnerable B3 Municipalities		--	7 272	7 500	--	7 563	7 638	7 713
	Department Cultural Affairs & Sport: Library Service - Community Library Services Grant		--	--	411	--	--	--	--
	Department of Local Government : Municipal Energy Resilience Grant		--	400	400	--	--	--	--
	Department of Local Government : Thusong Service Centres Grant (Sustainability: Operational Support Grant)		--	300	300	--	--	150	--
	Department of Local Government : Community Development Workers (CDW) Operational Support Grant		201	226	281	--	219	216	216
	Department of Local Government : Western Cape Municipal Interventions Grant		724	--	1 799	--	--	--	--
	Department of Mobility : Inter-Town Rural Transport Solution		--	--	--	--	980	--	--
	Total Monetary Allocations		4 339	9 092	11 784	--	8 839	8 211	8 137
	Total Provincial Government		4 339	9 092	11 784	--	8 839	8 211	8 137
District Municipalities									
Monetary Allocations									
	Central Karoo District Municipality		342	--	114	--	--	--	--
	Total Monetary Allocations		342	--	114	--	--	--	--
	Allocations In-kind		--	--	--	--	--	--	--
	Other transfers/grants (insert description)		--	--	--	--	--	--	--
	Total Allocations In-kind		--	--	--	--	--	--	--
	Total Operating/District Municipalities		342	--	114	--	--	--	--
Other Grant Providers									
Monetary Allocations									
	SETA: Chemical Industries Education & Training Authority		1 283	2 538	2 959	--	4 446	--	--
	Services SETA		587	--	--	--	--	--	--
	SETA : Local Government Sector Education and Training Authority		7	--	580	--	--	--	--
	Total Monetary Allocations		1 877	2 538	3 539	--	4 446	--	--
	Allocations In-kind		--	--	--	--	--	--	--
	Other transfers/grants (insert description)		--	--	--	--	--	--	--
	Total Allocations In-kind		--	--	--	--	--	--	--
	Total Operating/Other Grant Providers		1 877	2 538	3 539	--	4 446	--	--
	Total operating expenditure of Transfers and Grants		97 102	152 253	127 522	--	113 524	110 608	114 075
Capital									
National Government									
Monetary Allocations									
	Municipal Infrastructure Grant (MIG)		16 847	22 234	21 894	--	15 573	16 859	17 273
	Integrated National Electrification Programme Grant (INEP)		6 983	9 000	9 000	--	--	5 226	5 483
	Water Services Infrastructure Grant		--	35 000	35 000	--	32 241	--	--
	Local Government Financial Management Grant (FMG)		23	--	--	--	--	--	--
	Total Monetary Allocations		23 853	66 234	65 894	--	47 814	22 085	22 736
	Total National Government		23 853	66 234	65 894	--	47 814	22 085	22 736
Provincial Government									
Monetary Allocations									
	Department of Local Government : Municipal Water Resilience Grant		2 500	3 500	3 500	--	4 341	--	--
	Department of Local Government : Municipal Interventions Grant		392	--	446	--	--	--	--
	Department Cultural Affairs & Sport: Library Service - Community Library Services Grant		910	--	179	--	--	--	--
	Department Cultural Affairs & Sport : Development of Sport and Recreation Facilities		--	--	1 100	--	--	--	--
	Department of Mobility : Inter-Town Rural Transport Solution		--	--	--	--	240	--	--
	Total Monetary Allocations		3 802	3 500	5 225	--	4 581	--	--
	Total Provincial Government		3 802	3 500	5 225	--	4 581	--	--
District Municipalities									
Monetary Allocations									
	Other transfers/grants (insert description)		--	--	--	--	--	--	--
	Total Monetary Allocations		--	--	--	--	--	--	--
	Allocations In-kind		--	--	--	--	--	--	--
	Other transfers/grants (insert description)		--	--	--	--	--	--	--
	Total Allocations In-kind		--	--	--	--	--	--	--
	Total Capital/District Municipalities		--	--	--	--	--	--	--
Other Grant Providers									
Monetary Allocations									
	Other transfers/grants (insert description)		--	--	--	--	--	--	--
	Total Monetary Allocations		--	--	--	--	--	--	--
	Allocations In-kind		--	--	--	--	--	--	--
	Other transfers/grants (insert description)		--	--	--	--	--	--	--
	Total Allocations In-kind		--	--	--	--	--	--	--
	Total Capital/Other Grant Providers		--	--	--	--	--	--	--
	Total capital expenditure of Transfers and Grants		27 725	69 734	71 119	--	52 395	22 085	22 736
	TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		127 047	224 525	202 293	--	165 919	132 693	136 811

2.7 - COUNCILLOR ALLOWANCES AND SENIOR MANAGERS

Supporting Table SA22 Summary councillor and staff benefits

WC053 Beaufort West - Supporting Table SA22 Summary councillor and staff benefits								
Summary of Employee and Councillor remuneration								
R thousand	Ref	2024/25	Budget Year 2025/26			2026/27 Medium Term Revenue & Expenditure Framework		
		Audited Outcome C	Original Budget D	Adjusted Budget E	Full Year Forecast F	Budget Year 2026/27 G	Budget Year +1 2027/28 H	Budget Year +2 2028/29 I
Councillors (Political Office Bearers plus Other)								
Allowances and Service Related Benefits								
Basic Salary								
		5,787	5,548	7,083	--	7,348	7,645	7,954
Cell phone Allowance								
		563	584	562	--	584	607	632
Housing Allowance								
		--	--	--	--	--	--	--
In-kind Benefits								
		--	--	--	--	--	--	--
Market Related Non-pensionable Allowance								
		--	--	--	--	--	--	--
Motor Vehicle Allowance								
		136	136	88	--	88	88	88
Other-leave Allowance								
		90	51	48	--	51	54	58
Out-of-pocket Expenses								
		--	--	--	--	--	--	--
Traveling Allowance								
		--	--	--	--	--	--	--
Use of Personal Facilities								
		--	--	--	--	--	--	--
Total Allowances and Service Related Benefits								
		6,836	7,320	7,742	--	8,062	8,374	8,710
Social Contributions								
Medical Aid Benefits								
		--	--	--	--	--	--	--
Pension Fund Contributions								
		--	--	--	--	--	--	--
Total Social Contributions								
		--	--	--	--	--	--	--
Total Councillors								
		6,836	7,320	7,742	--	8,062	8,374	8,710
% Increase								
		--	12.0%	8.9%	(100.0%)	--	4.0%	4.0%
Senior Managers of the Municipality								
Salaries and Allowances								
Basic Salary								
		2,804	4,331	2,445	--	5,571	5,901	6,248
Bonuses								
		936	325	271	--	469	848	891
Allowances								
Accommodation, Travel and Incidental								
		--	--	--	--	--	--	--
Cellular and Telephone								
		89	72	58	--	150	159	150
Housing Benefits								
		--	--	--	--	--	--	--
Non-pensionable								
		72	81	--	--	--	--	--
Travel or Motor Vehicle								
		261	181	281	--	301	307	301
Voluntary Work								
		--	--	--	--	--	--	--
Total Allowances								
		453	338	389	--	481	481	481
Service Related Benefits								
Aging								
		49	0	188	--	--	--	--
Bonus								
		--	--	--	--	--	--	--
Danger Allowance								
		--	--	--	--	--	--	--
Entertainment								
		--	--	--	--	--	--	--
Fire Brigade								
		--	--	--	--	--	--	--
In-kind Benefits								
		--	--	--	--	--	--	--
Leave Pay								
		--	--	--	--	--	--	--
Lifeguard/Duty Squads								
		--	--	--	--	--	--	--
Long Service Award								
		--	--	--	--	--	--	--
Overtime								
		--	--	--	--	--	--	--
Scarcity								
		255	348	240	--	480	488	510
Standby Allowance								
		--	--	--	--	--	--	--
Tools Allowance								
		--	--	--	--	--	--	--
Uniform/Special/Protective Clothing								
		--	--	--	--	--	--	--
Leave gratuity								
		--	--	--	--	--	--	--
Long Term Service Award								
		--	--	--	--	--	--	--
Total Service Related Benefits								
		312	348	429	--	482	488	510
Total Salaries and Allowances								
		4,445	8,330	3,810	--	8,904	7,988	8,100
Social Contributions								
Bargaining Council								
		0	0	0	--	1	1	1
Group Life Insurance								
		--	--	--	--	--	--	--
Medical								
		223	100	194	--	220	229	229
Unemployment Insurance								
		454	358	51	--	506	506	506
Total Social Contributions								
		8	9	6	--	11	12	13
Total Post-retirement Benefit								
		685	468	711	--	747	748	748
Total Post-retirement Benefit								
		--	--	--	--	--	--	--
Costs Capitalised to PPE								
		--	--	--	--	--	--	--
Sub Total - Senior Managers of Municipality								
		6,130	8,808	4,221	--	7,701	8,434	8,648
% Increase								
		--	13.2%	(27.3%)	(100.0%)	--	9.9%	4.9%
Other Municipal Staff								
Salaries and Allowances								
Basic Salary								
		65,951	104,238	82,732	--	108,933	109,085	111,371
Bonuses								
		--	--	--	--	--	--	--
Allowances								
Accommodation, Travel and Incidental								
		--	--	--	--	--	--	--
Cellular and Telephone								
		142	156	136	--	143	143	131
Housing Benefits								
		3,480	3,968	3,389	--	3,760	4,040	4,181
Non-pensionable								
		--	--	--	--	--	--	--
Travel or Motor Vehicle								
		333	324	291	--	288	291	387
Voluntary Work								
		--	--	--	--	--	--	--
Total Allowances								
		3,848	4,449	3,778	--	4,158	4,444	4,658
Service Related Benefits								
Aging								
		1,838	881	1,588	--	793	816	781
Bonus								
		5,632	7,688	6,628	--	8,081	8,413	8,572
Danger Allowance								
		--	--	--	--	--	--	--
Entertainment								
		--	--	--	--	--	--	--
Fire Brigade								
		--	--	--	--	--	--	--
In-kind Benefits								
		--	--	--	--	--	--	--
Leave Pay								
		--	--	--	--	--	--	--
Lifeguard/Duty Squads								
		541	--	578	--	401	618	638
Long Service Award								
		--	--	--	--	--	--	--
Overtime								
		4,718	1,209	1,024	--	737	1,321	--
Scarcity								
		--	4,793	6,018	--	6,237	6,993	3,950
Standby Allowance								
		2,431	2,734	2,897	--	3,038	3,213	3,162
Tools Allowance								
		--	--	--	--	--	--	--
Uniform/Special/Protective Clothing								
		100	217	180	--	230	261	260
Leave gratuity								
		--	--	--	--	--	--	--
Long Term Service Award								
		454	--	--	--	--	--	--
Total Service Related Benefits								
		16,918	17,322	16,882	--	19,700	21,238	20,095
Total Salaries and Allowances								
		108,712	123,009	116,410	--	130,182	134,748	136,024
Social Contributions								
Bargaining Council								
		53	65	56	--	68	72	75
Group Life Insurance								
		34	36	32	--	34	36	38
Medical								
		2,659	2,972	2,695	--	2,981	3,152	3,187
Unemployment Insurance								
		13,600	16,755	16,008	--	17,838	18,412	20,003
Total Social Contributions								
		800	837	834	--	892	952	1,057
Total Post-retirement Benefit								
		17,148	20,668	18,818	--	21,818	22,989	24,969
Total Post-retirement Benefit								
		4,447	1,867	5,588	--	5,992	6,428	6,788
Total Post-retirement Benefit								
		4,447	1,867	5,588	--	5,992	6,428	6,788
Costs Capitalised to PPE								
		--	--	--	--	--	--	--
Sub Total - Other Municipal Staff								
		128,308	148,341	138,814	--	167,792	163,769	167,181
% Increase								
		--	13.3%	(9.8%)	(100.0%)	--	3.9%	2.1%
Total Parent Municipality								
		139,970	189,497	181,778	--	173,848	180,871	184,739
TOTAL SALARY, ALLOWANCES & BENEFITS								
		139,970	189,497	181,778	--	173,848	180,871	184,739
% Increase								
		--	13.2%	(4.2%)	(100.0%)	--	4.0%	2.3%
TOTAL MANAGERS AND STAFF								
		133,434	181,147	164,035	--	168,493	172,197	178,028

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

WC053 Beaufort West - Supporting Table SA23 Salaries, allowances & benefits (political office bearers/councillors/senior managers)								
Disclosure of Salaries, Allowances & Benefits 1.	Ref	No.	Salary	Contributions	Allowances	Performance Bonuses	In-kind benefits	Total Package
				1.				2.
Rand per annum								
Councillors	3							
Speaker	4	1	841,593	-	48,885			890,478
Chief Whip			-	-	-			-
Executive Mayor		1	1,051,991	-	48,885			1,100,876
Deputy Executive Mayor		1	841,593	-	48,885			890,478
Executive Committee		2	1,509,810	-	165,952			1,675,762
Total for all other councillors		8	3,103,486	-	391,080			3,494,566
Total Councillors	8	13	7,348,473	-	703,687			8,052,160
Senior Managers of the Municipality	5							
Municipal Manager (MM)		1	1,962,532	2,284	167,378	-		2,132,194
Chief Finance Officer		1	915,681	309,387	243,995	193,412		1,662,475
Director Corporate Services		1	1,161,885	256,805	193,349	212,660		1,824,699
Director Infrastructure Services		1	943,908	345,187	249,761	202,808		1,741,664
			-	-	-	-		-
<i>List of each official with packages >= senior manager</i>								
Total Senior Managers of the Municipality	8,10	4	4,984,006	913,663	854,483	608,880		7,361,032
A Heading for Each Entity	6,7							
List each member of board by designation								
Total for municipal entities	8,10	-	-	-	-	-		-
TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION	10	17	12,332,479	913,663	1,558,170	608,880		15,413,192

2.8 - ALLOCATIONS AND GRANTS MADE BY THE MUNICIPALITY

Supporting Table SA21 Transfers and grants made by the municipality

Any allocation made to an outside body must comply with the requirements of section 67 of the MFMA. This stipulates that before transferring funds to an outside organisation the Municipal Manager, as Accounting Officer, must be satisfied that the organisation or body has the capacity to comply with the agreement and has adequate financial management and other systems in place.

The Beaufort West Municipality did not budget for any transfers and grants to any outside bodies.

Supporting Table SA29 Budgeted monthly capital expenditure (functional classification)

R thousand	Description	Ref	Budget Year 2026/27												Medium Term Revenue and Expenditure Framework				
			July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29		
1	Capital Expenditure - Functional																		
	Governance and administration																		
	Executive and council		85	85	85	85	85	85	85	85	85	85	85	85	85	85	1,020	1,090	150
	Finance and administration		85	85	85	85	85	85	85	85	85	85	85	85	85	85	1,020	1,090	150
	Internal audit		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Community and public safety																		
	Community and social services		276	276	276	276	276	276	276	276	276	276	276	276	276	276	3,310	4,022	-
	Sport and recreation		229	229	229	229	229	229	229	229	229	229	229	229	229	229	2,743	4,022	-
	Public safety		47	47	47	47	47	47	47	47	47	47	47	47	47	47	567	-	-
	Housing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Health		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Economic and environmental services																		
	Planning and development		503	503	503	503	503	503	503	503	503	503	503	503	503	503	6,035	200	1,825
	Road transport		17	17	17	17	17	17	17	17	17	17	17	17	17	17	200	200	200
	Environmental protection		486	486	486	486	486	486	486	486	486	486	486	486	486	486	5,835	-	1,625
	Trading services																		
	Energy sources		3,078	3,078	3,078	3,078	3,078	3,078	3,078	3,078	3,078	3,078	3,078	3,078	3,078	3,078	36,830	18,274	18,884
	Water management		329	329	329	329	329	329	329	329	329	329	329	329	329	329	3,954	4,544	5,446
	Waste water management		315	315	315	315	315	315	315	315	315	315	315	315	315	315	3,775	-	-
	Waste management		2,433	2,433	2,433	2,433	2,433	2,433	2,433	2,433	2,433	2,433	2,433	2,433	2,433	2,433	29,202	13,559	-
	Other																	171	14,438
	Total Capital Expenditure - Functional	2	3,941	3,941	3,941	3,941	3,941	3,941	3,941	3,941	3,941	3,941	3,941	3,941	3,941	3,941	47,295	23,386	21,859
	Funded by:																		
	National Government		3,465	3,465	3,465	3,465	3,465	3,465	3,465	3,465	3,465	3,465	3,465	3,465	3,465	3,465	41,578	19,204	19,770
	Provincial Government		332	332	332	332	332	332	332	332	332	332	332	332	332	332	3,983	-	-
	District Municipality		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Transfers and subsidies - capital (monetary allocations) (Nat/Prov Depts/Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educ Institutions)		3,797	3,797	3,797	3,797	3,797	3,797	3,797	3,797	3,797	3,797	3,797	3,797	3,797	3,797	45,561	19,204	18,770
	Transfers recognised - capital																		
	Borrowing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Internally generated funds		144	144	144	144	144	144	144	144	144	144	144	144	144	144	1,734	4,382	2,069
	Total Capital Funding		3,941	3,941	3,941	3,941	3,941	3,941	3,941	3,941	3,941	3,941	3,941	3,941	3,941	3,941	47,295	23,598	21,859

2.10 – CONTRACTS HAVING FUTURE BUDGETARY IMPLICATIONS

Supporting Table SA33 Contracts having future budgetary implications

WC053 Beaufort West - Supporting Table SA33 Contracts having future budgetary implications														
Description	Ref	Preceding	Budget Year	2026/27 Medium Term Revenue & Expenditure Framework			Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Total
		Years	2025/26	Budget Year	Budget Year +1	Budget Year +2	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36	Contract Value
R thousand	1,3	Total	Original Budget	2026/27	2027/28	2028/29	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate
Parent Municipality:														
Revenue Obligation By Contract														
Contract 1	2	-	-	-	-	-	-	-	-	-	-	-	-	-
Contract 2		-	-	-	-	-	-	-	-	-	-	-	-	-
Contract 3 etc		-	-	-	-	-	-	-	-	-	-	-	-	-
Total Operating Revenue Implication		-	-	-	-	-	-	-	-	-	-	-	-	-
Expenditure Obligation By Contract														
Auditor General of South Africa	2	6,193	6,779	451	-	-	-	-	-	-	-	-	-	13,423
Department of Mobility		2,965	2,225	2,750	3,378	1,525	-	-	-	-	-	-	-	12,833
Contract 3 etc		-	-	-	-	-	-	-	-	-	-	-	-	-
Total Operating Expenditure Implication		9,148	9,004	3,201	3,378	1,525	-	-	-	-	-	-	-	26,256
Capital Expenditure Obligation By Contract														
Contract 1	2	-	-	-	-	-	-	-	-	-	-	-	-	-
Contract 2		-	-	-	-	-	-	-	-	-	-	-	-	-
Contract 3 etc		-	-	-	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure Implication		-	-	-	-	-	-	-	-	-	-	-	-	-
Total Parent Expenditure Implication		9,148	9,004	3,201	3,378	1,525	-	-	-	-	-	-	-	26,256
Total Entity Expenditure Implication		-	-	-	-	-	-	-	-	-	-	-	-	-

The Beaufort West Municipality entered into payment agreements with the Auditor General of South Africa (AGSA) and the Provincial Department of Mobility.

The table above indicate cash outflows year-on-year over the period of the arrangements with each creditor, with the last payments due in the 2028/29 financial year.

2.11 - CAPITAL EXPENDITURE DETAILS

Supporting Table SA34a Capital expenditure on new assets by asset class

WC053 Beaufort West - Supporting Table SA34a Capital expenditure on new assets by asset class									
R thousand	Description	Ref 1	2024/25	Budget Year 2025/26			2026/27 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
Capital expenditure on new assets by Asset Class/Sub-class									
	Infrastructure		189	30,435	30,435	-	31,990	-	696
	Roads Infrastructure		-	-	-	-	-	-	-
	Roads		-	-	-	-	-	-	-
	Road Structures		-	-	-	-	-	-	-
	Road Furniture		-	-	-	-	-	-	-
	Capital Spares		-	-	-	-	-	-	-
	Storm water Infrastructure		-	-	-	-	-	-	-
	Drainage Collection		-	-	-	-	-	-	-
	Storm water Conveyance		-	-	-	-	-	-	-
	Attenuation		-	-	-	-	-	-	-
	Electrical Infrastructure		-	-	-	-	3,954	-	696
	Power Plants		-	-	-	-	-	-	-
	HV Substations		-	-	-	-	-	-	-
	HV Switching Station		-	-	-	-	-	-	-
	HV Transmission Conductors		-	-	-	-	-	-	-
	MV Substations		-	-	-	-	-	-	-
	MV Switching Stations		-	-	-	-	-	-	-
	MV Networks		-	-	-	-	-	-	-
	LV Networks		-	-	-	-	3,954	-	696
	Capital Spares		-	-	-	-	-	-	-
	Water Supply Infrastructure		-	15,909	15,909	-	28,036	-	-
	Dams and Weirs		-	-	-	-	-	-	-
	Boreholes		-	-	-	-	-	-	-
	Reservoirs		-	-	-	-	-	-	-
	Pump Stations		-	-	-	-	-	-	-
	Water Treatment Works		-	15,909	15,909	-	28,036	-	-
	Bulk Mains		-	-	-	-	-	-	-
	Distribution		-	-	-	-	-	-	-
	Distribution Points		-	-	-	-	-	-	-
	PRV Stations		-	-	-	-	-	-	-
	Capital Spares		-	-	-	-	-	-	-
	Sanitation Infrastructure		-	14,526	14,526	-	-	-	-
	Pump Station		-	-	-	-	-	-	-
	Retikulation		-	-	-	-	-	-	-
	Waste Water Treatment Works		-	14,526	14,526	-	-	-	-
	Outfall Sewers		-	-	-	-	-	-	-
	Toilet Facilities		-	-	-	-	-	-	-
	Capital Spares		-	-	-	-	-	-	-
	Solid Waste Infrastructure		189	-	-	-	-	-	-
	Landfill Sites		189	-	-	-	-	-	-
	Waste Transfer Stations		-	-	-	-	-	-	-
	Waste Processing Facilities		-	-	-	-	-	-	-
	Waste Drop-off Points		-	-	-	-	-	-	-
	Waste Separation Facilities		-	-	-	-	-	-	-
	Electricity Generation Facilities		-	-	-	-	-	-	-
	Capital Spares		-	-	-	-	-	-	-
	Rail Infrastructure		-	-	-	-	-	-	-
	Rail Lines		-	-	-	-	-	-	-
	Rail Structures		-	-	-	-	-	-	-
	Rail Furniture		-	-	-	-	-	-	-
	Drainage Collection		-	-	-	-	-	-	-
	Storm water Conveyance		-	-	-	-	-	-	-
	Attenuation		-	-	-	-	-	-	-
	MV Substations		-	-	-	-	-	-	-
	LV Networks		-	-	-	-	-	-	-
	Capital Spares		-	-	-	-	-	-	-
	Coastal Infrastructure		-	-	-	-	-	-	-
	Sand Pumps		-	-	-	-	-	-	-
	Piers		-	-	-	-	-	-	-
	Revetments		-	-	-	-	-	-	-
	Promenades		-	-	-	-	-	-	-
	Capital Spares		-	-	-	-	-	-	-
	Information and Communication Infrastructure		-	-	-	-	-	-	-
	Data Centres		-	-	-	-	-	-	-
	Core Layers		-	-	-	-	-	-	-
	Distribution Layers		-	-	-	-	-	-	-
	Capital Spares		-	-	-	-	-	-	-

WC053 Beaufort West - Supporting Table SA34a Capital expenditure on new assets by asset class

Description	Ref	2024/25	Budget Year 2025/26			2026/27 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
Capital expenditure on new assets by Asset Class/Sub-class								
Community Assets								
Community Facilities		-	-	-	-	-	-	-
Halls		-	-	-	-	-	-	-
Centres		-	-	-	-	-	-	-
Crèches		-	-	-	-	-	-	-
Clinics/Care Centres		-	-	-	-	-	-	-
Fire/Ambulance Stations		-	-	-	-	-	-	-
Testing Stations		-	-	-	-	-	-	-
Museums		-	-	-	-	-	-	-
Galleries		-	-	-	-	-	-	-
Theatres		-	-	-	-	-	-	-
Libraries		-	-	-	-	-	-	-
Cemeteries/Crematoria		-	-	-	-	-	-	-
Police		-	-	-	-	-	-	-
Parks		-	-	-	-	-	-	-
Public Open Space		-	-	-	-	-	-	-
Nature Reserves		-	-	-	-	-	-	-
Public Ablution Facilities		-	-	-	-	-	-	-
Markets		-	-	-	-	-	-	-
Stalls		-	-	-	-	-	-	-
Abattoirs		-	-	-	-	-	-	-
Airports		-	-	-	-	-	-	-
Taxi Ranks/Bus Terminals		-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-
Sport and Recreation Facilities		-	-	-	-	-	-	-
Indoor Facilities		-	-	-	-	-	-	-
Outdoor Facilities		-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-
Heritage assets								
Monuments		-	-	-	-	-	-	-
Historic Buildings		-	-	-	-	-	-	-
Works of Art		-	-	-	-	-	-	-
Conservation Areas		-	-	-	-	-	-	-
Other Heritage		-	-	-	-	-	-	-
Investment properties								
Revenue Generating		-	-	-	-	-	-	-
Improved Property		-	-	-	-	-	-	-
Unimproved Property		-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-
Improved Property		-	-	-	-	-	-	-
Unimproved Property		-	-	-	-	-	-	-
Other assets								
Operational Buildings		-	-	-	-	-	-	-
Municipal Offices		-	-	-	-	-	-	-
Pay/Enquiry Points		-	-	-	-	-	-	-
Building Plan Offices		-	-	-	-	-	-	-
Workshops		-	-	-	-	-	-	-
Yards		-	-	-	-	-	-	-
Stores		-	-	-	-	-	-	-
Laboratories		-	-	-	-	-	-	-
Training Centres		-	-	-	-	-	-	-
Manufacturing Plant		-	-	-	-	-	-	-
Depots		-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-
Steff Housing		-	-	-	-	-	-	-
Social Housing		-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-
Biological or Cultivated Assets								
Biological or Cultivated Assets		-	-	-	-	-	-	-
Intangible Assets								
Servitudes		-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-
Water Rights		-	-	-	-	-	-	-
Effluent Licenses		-	-	-	-	-	-	-
Solid Waste Licenses		-	-	-	-	-	-	-
Computer Software and Applications		-	-	-	-	-	-	-
Local Settlement Software Applications		-	-	-	-	-	-	-
Unspecified		-	-	-	-	-	-	-
Computer Equipment		553	230	230	-	870	940	-
Computer Equipment		553	230	230	-	870	940	-
Furniture and Office Equipment		103	100	300	-	150	150	150
Furniture and Office Equipment		103	100	300	-	150	150	150
Machinery and Equipment		616	200	688	-	200	200	200
Machinery and Equipment		616	200	688	-	200	200	200
Transport Assets		10,629	-	1,599	-	-	-	5,913
Transport Assets		10,629	-	1,599	-	-	-	5,913
Land		-	-	-	-	-	-	-
Land		-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-
Living resources		-	-	-	-	-	-	-
Mature		-	-	-	-	-	-	-
<i>Polking and Protection</i>		-	-	-	-	-	-	-
<i>Zoological plants and animals</i>		-	-	-	-	-	-	-
Immature		-	-	-	-	-	-	-
<i>Polking and Protection</i>		-	-	-	-	-	-	-
<i>Zoological plants and animals</i>		-	-	-	-	-	-	-
Total Capital Expenditure on new assets	1	12,090	30,965	33,252	-	33,210	1,290	6,959

WC053 Beaufort West - Supporting Table SA34b Capital expenditure on the renewal of existing assets by asset class

Description	Ref	2024/25	Budget Year 2025/26			2026/27 Medium Term Revenue & Expenditure Framework		
		Audited Outcomes	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
Capital expenditure on renewal of existing assets by Asset Class/Sub-class								
Community Assets								
Community Facilities		-	-	-	-	-	-	-
Halls		-	-	-	-	-	-	-
Centres		-	-	-	-	-	-	-
Crèches		-	-	-	-	-	-	-
Clinics/Care Centres		-	-	-	-	-	-	-
Fire/Ambulance Stations		-	-	-	-	-	-	-
Testing Stations		-	-	-	-	-	-	-
Museums		-	-	-	-	-	-	-
Galleries		-	-	-	-	-	-	-
Theatres		-	-	-	-	-	-	-
Libraries		-	-	-	-	-	-	-
Cemeteries/Crematoria		-	-	-	-	-	-	-
Police		-	-	-	-	-	-	-
Parks		-	-	-	-	-	-	-
Public Open Space		-	-	-	-	-	-	-
Nature Reserves		-	-	-	-	-	-	-
Public Abkton Facilities		-	-	-	-	-	-	-
Markets		-	-	-	-	-	-	-
Stalls		-	-	-	-	-	-	-
Abattoirs		-	-	-	-	-	-	-
Airports		-	-	-	-	-	-	-
Taxi Ranks/Bus Terminals		-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-
Sport and Recreation Facilities		-	-	-	-	-	-	-
Indoor Facilities		-	-	-	-	-	-	-
Outdoor Facilities		-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-
Heritage assets								
Monuments		-	-	-	-	-	-	-
Historic Buildings		-	-	-	-	-	-	-
Works of Art		-	-	-	-	-	-	-
Conservation Areas		-	-	-	-	-	-	-
Other Heritage		-	-	-	-	-	-	-
Investment properties								
Revenue Generating		-	-	-	-	-	-	-
Improved Property		-	-	-	-	-	-	-
Unimproved Property		-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-
Improved Property		-	-	-	-	-	-	-
Unimproved Property		-	-	-	-	-	-	-
Other assets								
Operational Buildings		-	-	-	-	-	-	-
Municipal Offices		-	-	-	-	-	-	-
Pay/Enquiry Points		-	-	-	-	-	-	-
Building Plan Offices		-	-	-	-	-	-	-
Workshops		-	-	-	-	-	-	-
Yards		-	-	-	-	-	-	-
Stores		-	-	-	-	-	-	-
Laboratories		-	-	-	-	-	-	-
Training Centres		-	-	-	-	-	-	-
Manufacturing Plant		-	-	-	-	-	-	-
Dapots		-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-
Staff Housing		-	-	-	-	-	-	-
Social Housing		-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-
Biological or Cultivated Assets								
Biological or Cultivated Assets		-	-	-	-	-	-	-
Intangible Assets								
Services		101	-	-	-	-	-	-
Licences and Rights		101	-	-	-	-	-	-
Water Rights		-	-	-	-	-	-	-
Effluent Licenses		-	-	-	-	-	-	-
Solid Waste Licenses		-	-	-	-	-	-	-
Computer Software and Applications		101	-	-	-	-	-	-
Local Settlement Software Applications		-	-	-	-	-	-	-
Unspecified		-	-	-	-	-	-	-
Computer Equipment								
Computer Equipment		-	-	-	-	-	-	-
Furniture and Office Equipment								
Furniture and Office Equipment		-	-	-	-	-	-	-
Machinery and Equipment								
Machinery and Equipment		-	-	-	-	-	-	-
Transport Assets								
Transport Assets		-	-	-	-	-	-	-
Land								
Land		-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals								
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-
Living resources								
Mature		-	-	-	-	-	-	-
Packing and Protection		-	-	-	-	-	-	-
Zoological plants and animals		-	-	-	-	-	-	-
Immature		-	-	-	-	-	-	-
Packing and Protection		-	-	-	-	-	-	-
Zoological plants and animals		-	-	-	-	-	-	-
Total Capital Expenditure on renewal of existing assets	1	101	77	-	-	1,166	13,559	-

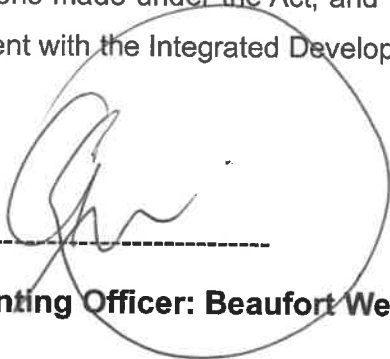
Supporting Table SA34e Capital expenditure on the upgrading of existing assets by asset class

WC053 Beaufort West - Supporting Table SA34e Capital expenditure on the upgrading of existing assets by asset class								
Description	Ref	2024/25	Budget Year 2025/26			2026/27 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2026/27	Budget Year +1 2026/27	Budget Year +2 2027/28
R thousand	1							
Capital expenditure on upgrading of existing assets by Asset Class/Sub-class								
Infrastructure		9,643	23,421	21,735	-	9,401	4,715	14,901
Roads Infrastructure		426	12,551	10,866	-	5,626	-	1,625
Roads		426	12,551	10,866	-	5,626	-	1,625
Road Structures		-	-	-	-	-	-	-
Road Furniture		-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-
Storm water Infrastructure		-	-	-	-	-	-	-
Drainage Collection		-	-	-	-	-	-	-
Storm water Conveyance		-	-	-	-	-	-	-
Attenuation		-	-	-	-	-	-	-
Electrical Infrastructure		6,072	7,826	7,826	-	-	4,544	4,750
Power Plants		-	-	-	-	-	-	-
HV Substations		6,072	-	-	-	-	-	-
HV Switching Station		-	-	-	-	-	-	-
HV Transmission Conductors		-	-	-	-	-	-	-
MV Substations		-	7,826	7,826	-	-	4,544	4,750
MV Switching Stations		-	-	-	-	-	-	-
MV Networks		-	-	-	-	-	-	-
LV Networks		-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-
Water Supply Infrastructure		3,145	3,043	3,043	-	3,775	-	-
Dams and Weirs		-	-	-	-	-	-	-
Boreholes		2,275	2,261	2,261	-	3,775	-	-
Reservoirs		-	-	-	-	-	-	-
Pump Stations		-	-	-	-	-	-	-
Water Treatment Works		-	-	-	-	-	-	-
Bulk Mains		-	-	-	-	-	-	-
Distribution		870	783	783	-	-	-	-
Distribution Points		-	-	-	-	-	-	-
PRV Stations		-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-
Sanitation Infrastructure		-	-	-	-	-	-	-
Pump Station		-	-	-	-	-	-	-
Reticulation		-	-	-	-	-	-	-
Waste Water Treatment Works		-	-	-	-	-	-	-
Outfall Sewers		-	-	-	-	-	-	-
Toilet Facilities		-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-
Solid Waste Infrastructure		-	-	-	-	-	171	8,525
Landfill Sites		-	-	-	-	-	171	8,525
Waste Transfer Stations		-	-	-	-	-	-	-
Waste Processing Facilities		-	-	-	-	-	-	-
Waste Drop-off Points		-	-	-	-	-	-	-
Waste Separation Facilities		-	-	-	-	-	-	-
Electricity Generation Facilities		-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-
Rail Lines		-	-	-	-	-	-	-
Rail Structures		-	-	-	-	-	-	-
Rail Furniture		-	-	-	-	-	-	-
Drainage Collection		-	-	-	-	-	-	-
Storm water Conveyance		-	-	-	-	-	-	-
Attenuation		-	-	-	-	-	-	-
MV Substations		-	-	-	-	-	-	-
LV Networks		-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-
Sand Pumps		-	-	-	-	-	-	-
Piers		-	-	-	-	-	-	-
Revetments		-	-	-	-	-	-	-
Promenades		-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-
Data Centres		-	-	-	-	-	-	-
Core Layers		-	-	-	-	-	-	-
Distribution Layers		-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-

WC053 Beaufort West - Supporting Table SA34e Capital expenditure on the upgrading of existing assets by asset class									
R thousand	Description	Ref	Budget Year 2025/26			2026/27 Medium Term Revenue & Expenditure Framework			
			2024/25 Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2026/27	Budget Year +1 2026/27	Budget Year +2 2027/28
Capital expenditure on upgrading of existing assets by Asset Class/Sub-class									
Community Assets			7,674	7,555	10,158	-	3,519	4,022	-
	Community Facilities		1,041	992	1,608	-	2,952	4,022	-
	Halls		-	-	-	-	-	-	-
	Centres		-	-	-	-	-	-	-
	Crèches		-	-	-	-	-	-	-
	Clinics/Care Centres		-	-	-	-	-	-	-
	Fire/Ambulance Stations		-	-	-	-	-	-	-
	Testing Stations		-	-	-	-	-	-	-
	Museums		-	-	-	-	-	-	-
	Galleries		-	-	-	-	-	-	-
	Theatres		-	-	-	-	-	-	-
	Libraries		-	-	-	-	-	-	-
	Cemeteries/Crematoria		910	-	178	-	-	-	-
	Police		131	992	1,429	-	2,743	4,022	-
	Parks		-	-	-	-	-	-	-
	Public Open Space		-	-	-	-	-	-	-
	Nature Reserves		-	-	-	-	-	-	-
	Public Ablution Facilities		-	-	-	-	-	-	-
	Markets		-	-	-	-	-	-	-
	Stalls		-	-	-	-	-	-	-
	Abattoirs		-	-	-	-	-	-	-
	Airports		-	-	-	-	-	-	-
	Taxi Ranks/Bus Terminals		-	-	-	-	-	-	-
	Capital Spares		-	-	-	-	209	-	-
	Sport and Recreation Facilities		6,633	6,563	8,550	-	567	-	-
	Indoor Facilities		-	-	-	-	-	-	-
	Outdoor Facilities		6,633	6,563	8,550	-	567	-	-
	Capital Spares		-	-	-	-	-	-	-
Heritage assets			-	-	-	-	-	-	-
	Monuments		-	-	-	-	-	-	-
	Historic Buildings		-	-	-	-	-	-	-
	Works of Art		-	-	-	-	-	-	-
	Conservation Areas		-	-	-	-	-	-	-
	Other Heritage		-	-	-	-	-	-	-
Investment properties			-	-	-	-	-	-	-
	Revenue Generating		-	-	-	-	-	-	-
	Improved Property		-	-	-	-	-	-	-
	Unimproved Property		-	-	-	-	-	-	-
	Non-revenue Generating		-	-	-	-	-	-	-
	Improved Property		-	-	-	-	-	-	-
	Unimproved Property		-	-	-	-	-	-	-
Other assets			-	-	-	-	-	-	-
	Operational Buildings		-	-	-	-	-	-	-
	Municipal Offices		-	-	-	-	-	-	-
	Pay/Enquiry Points		-	-	-	-	-	-	-
	Building Plan Offices		-	-	-	-	-	-	-
	Workshops		-	-	-	-	-	-	-
	Yards		-	-	-	-	-	-	-
	Stores		-	-	-	-	-	-	-
	Laboratories		-	-	-	-	-	-	-
	Training Centres		-	-	-	-	-	-	-
	Manufacturing Plant		-	-	-	-	-	-	-
	Depots		-	-	-	-	-	-	-
	Capital Spares		-	-	-	-	-	-	-
	Housing		-	-	-	-	-	-	-
	Staff Housing		-	-	-	-	-	-	-
	Social Housing		-	-	-	-	-	-	-
	Capital Spares		-	-	-	-	-	-	-
Biological or Cultivated Assets			-	-	-	-	-	-	-
	Biological or Cultivated Assets		-	-	-	-	-	-	-
Intangible Assets			-	-	-	-	-	-	-
	Services		-	-	-	-	-	-	-
	Licences and Rights		-	-	-	-	-	-	-
	Water Rights		-	-	-	-	-	-	-
	Effluent Licences		-	-	-	-	-	-	-
	Solid Waste Licences		-	-	-	-	-	-	-
	Computer Software and Applications		-	-	-	-	-	-	-
	Land Settlement Software Applications		-	-	-	-	-	-	-
	Unspecified		-	-	-	-	-	-	-
Computer Equipment			-	-	-	-	-	-	-
	Computer Equipment		-	-	-	-	-	-	-
Furniture and Office Equipment			-	-	-	-	-	-	-
	Furniture and Office Equipment		-	-	-	-	-	-	-
Machinery and Equipment			-	-	-	-	-	-	-
	Machinery and Equipment		-	-	-	-	-	-	-
Transport Assets			-	-	-	-	-	-	-
	Transport Assets		-	-	-	-	-	-	-
Land			-	-	-	-	-	-	-
	Land		-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals			-	-	-	-	-	-	-
	Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-
Living resources			-	-	-	-	-	-	-
	Mature		-	-	-	-	-	-	-
	Policing and Protection		-	-	-	-	-	-	-
	Zoological plants and animals		-	-	-	-	-	-	-
	Immature		-	-	-	-	-	-	-
	Policing and Protection		-	-	-	-	-	-	-
	Zoological plants and animals		-	-	-	-	-	-	-
Total Capital Expenditure on upgrading of existing assets			17,317	30,976	31,893	-	12,920	8,737	14,901

2.12 - MUNICIPAL MANAGER'S QUALITY CERTIFICATE

I, Gerald Esau acting municipal manager of Beaufort Municipality, hereby certify that the Annual Budget and Supporting Documentation have been prepared in accordance with the Municipal Finance Management Act, No. 56 of 2003, and the regulations made under the Act, and that the Annual Budget and supporting documents are consistent with the Integrated Development Plan of Beaufort West Municipality.

A handwritten signature in black ink, appearing to read 'Gerald Esau', is written over a circular stamp. The signature is positioned above a horizontal dashed line.

Accounting Officer: Beaufort West Municipality WC053

Annexure A
Increases in Tariffs for Rates

Annexure A – Increases in Tariffs for Rates

1. Tariffs for Rates with effect from 1 July 2026:

1.1 The tariffs for property rates

Beaufort West, Merweville, Nelspoort and Murraysburg

The Rate in the Rand for Property Rates for 2026/2027 financial year are:

RATING CATEGORY	26/27 RATE IN RAND
Residential Properties	0.015900
Business Properties	0.031800
Industrial Properties	0.031800
Agricultural Properties	0.001389
Public service purposes	0.031800
Mining Properties	0.031800
Multiple use Properties	As per allocation
Municipal Properties	0.0
Nature Reserve Properties	0.0
PSI	0.0
Vacant Land	0.019080
Public Benefit Organisations	0.003975

The rates levied per individual property will be calculated based on the value of that property and multiplied by the rate-in-rand set out in the document. Rebates are also taken into consideration.

RATES RATIOS

The residential category is used as the base rate. The rates ratio per rating category are:

RATING CATEGORY	RATIO TO RES (RES:RC)
Residential Properties	1:1
Business Properties	1:2
Industrial Properties	1:2
Agricultural Properties	1:0.09
Public service purposes	1:2
Municipal Properties	1:0
Nature Reserve Properties	1:0
PSI	1:0
Vacant Land	1:1.2

EXEMPTIONS, REDUCTIONS AND REBATES

RESIDENTIAL PROPERTIES

The first R15 000,00 of the market value as per the valuation Roll on Residential Properties as set out in Section 17(1)(h) of the MPRA is exempted from paying property rates and R 100 000 for all residential property with a market value less than R190 000 reduction determined in the Rates Policy.

Rebates in respect of a category of owners of property are as follows:

NATIONAL MONUMENT / HERITAGE PROPERTY REBATE

For the purposes of this Policy, a National Monument / Heritage Property means:

"Property used primarily for the preservation and protection of heritage resources and formally declared or protected under applicable national or provincial heritage legislation, including former national monuments and heritage sites recognized by the relevant authority."

Recognizing the public benefit associated with the preservation and protection of heritage resources, the Municipality may grant a rebate of 15% on rates levied in respect of qualifying National Monument / Heritage Properties. Such rebate shall apply to the property being levied in accordance with its applicable category of use as determined in terms of Section 8 of the Local Government: Municipal Property Rates Act, 2004 (Act 6 of 2004) and Section 6 of this Policy. The rebate shall apply to the property based on its approved category of use and not as a separate property category. The granting of the rebate shall be subject to the property being formally declared or protected by the relevant competent authority and the submission of any supporting documentation required by the Municipality.

AGRICULTURAL

As a result of, and considering, limited rate-funded services supplied to such properties in general, the contribution of agriculture to the local economy, the extent to which agriculture assists in meeting the service delivery and development obligations of the community, and the contribution of agriculture to the social and economic welfare of farm workers, the council bills a reduced rate (as set out below) in respect of properties subject to agricultural use.

This rate rebate is 91% of the rate levied on Residential Properties, which rate on properties subject to agricultural use does not exceed the maximum ratio to the rate on Residential Property prescribed in the MPRA Rate Ratio Regulations.

The council will, when it imposes rates and sets tariffs for the budget year, grant an additional rebate of 65% on the rates payable in respect of agricultural properties where –

- there are no municipal roads next to the property;
- there is no municipal sewerage to the property;
- there is no municipal electricity to the property;
- water is not supplied by the municipality;
- refuse removal is not provided by the municipality.

No other rebates will be granted to properties that qualify for the Agricultural rebate. For the avoidance of doubt properties that qualify for the agricultural rebate will not be entitled to the residential rate rebate.

Pensioners

Registered owners of Residential Properties who are pensioners qualify for special rebates according to gross monthly household income of all Pensioners permanently residing on that property. To qualify for the rebate a property owner must be the registered owner of a property which satisfies the requirements of the definition of residential Property. This property owner must on 1 July of the financial year:

- Occupy the property as his/her Primary Residence, and
- Be at least 60 years of age, or
- Has been declared medically unfit even if not yet 60 years of age, and
- Be in receipt of a gross monthly household income not exceeding the amount determined by Council during the Municipality's budgeted process.
- Must annually submit proof to the CFO that he or she is registered with the Department of Social Development as a recipient of an old age or disability grant.
- Market value of the property not exceeding R 1 100 000
 - R 4 840 and under - 30%
 - R 4 841 to R 8 000 - 20%
 - R 8 001 to R12 000 - 10%

An owner must annually provide credible proof of his or her economic/financial position to the CFO.

Annexure B

**Increases in Tariffs for Service Charges and Other
Sundry Tariffs**

1. Tariffs and other sundry tariffs increase over the 2026/27 Medium Term Revenue & Expenditure Framework (MTREF) will be follows:

1.1 Service charges – Electricity:

Following a court order dated 20 February 2026, municipalities are required to submit their electricity tariff applications to the National Energy Regulator of South Africa (NERSA) by 31 March 2026.

NERSA has approved a 9.01% increase in bulk electricity purchase prices to Eskom, resulting in an effective 8.5% tariff increase for the Municipality as determined in the Cost of Supply (CoS).

The purpose of the CoS study is to ensure that all customers, both small and large, pay tariffs that accurately reflect the cost of service to each customer category. The local community and affected parties are invited to submit comments or representations on the FY2026/27 Electricity Tariffs that are based on the Municipality's cost of supply study.

% increase over 2026/27 Medium Term Revenue & Expenditure Framework			
Service	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
Service charges - Electricity	8.5%	8.5%	8.5%

1.2 Service charges – Water, Waste Water Management and Waste Management:

% increase over 2026/27 Medium Term Revenue & Expenditure Framework			
Service	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
Service charges - Water	6%	6%	6%
Service charges - Waste Water Management (Sanitation)	6%	6%	6%
Service charges - Waste Management (Refuse removal)	9%	9%	9%

1.3 Flat rate on Service charges – Water:

Water Flat-Rate Tariff - Where a water meter is not installed, is inaccessible, defective, inoperative, tampered with, or where consumption cannot be accurately measured for any reason whatsoever, the Municipality may levy a water flat-rate tariff as approved in the annual Tariff Schedule at a tariff equivalent to water availability charge. Since the present conventional meter will be replaced with a smart prepaid water meter, all customers who have conventional water meters that are subjected to the water flat rate will not be levied a water basic service charge.

1.4 Other sundry tariffs will increase by 6% year on year over the 2026/27 MTREF;

1.5 Interest on outstanding debtors be levied monthly at prime plus one percent (1%) year on year over the 2026/27 MTREF.

1.6 The Municipality may phase in a wheelie bin system for commercial users during the 2026/27 financial year, which shall become mandatory thereafter for applicable consumers. Consumers shall be billed for the supply of bins over a period of twelve (12) months through the municipal billing system at a tariff / cost as disclosed in the tariff list. A standard 240-litre wheelie bin shall be regarded as equivalent to five (5) refuse bag units, while a 770-litre bulk consumer bin shall be regarded as equivalent to fifteen (15) units for tariff purposes. This methodology promotes a fair and practical approach to refuse tariff determination through standardized service levels, improved operational efficiency, enhanced cleanliness and waste containment, reduced manual handling and operational risks, and a more reliable basis for determining service levels than physically counting refuse bags during collections.

2. Indigent Subsidy from 1 July 2026:

To households with a monthly income up to 2 old age pensions (R 4,840) or less; such a household will qualify for the following indigent subsidy:

Service Charge	Subsidy
Electricity Basic	100% Subsidy
Water Basic	100% Subsidy
Electricity Consumption	50 kWh electricity usage
Water Consumption	6 kl
Sanitation	100% Subsidy
Refuse Removal	100% Subsidy

Annexure C

DETAILED CAPITAL BUDGET 2026/27 MTREF

Department	SCOA Function Posting Level	2026/27 Medium Term Revenue & Expenditure Framework		
		Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
Directorate: Infrastructure Services	Function:Road Transport:Core Function:Roads	5,625,998	-	-
Directorate: Infrastructure Services	Function:Road Transport:Core Function:Roads	-	-	1,625,478
Directorate: Community Services	Function:Sport and Recreation:Core Function:Sports Grounds	566,718	-	-
Directorate: Infrastructure Services	Function:Waste Water Management:Core Function:Waste Wnt	1,166,020	10,466,724	-
Directorate: Infrastructure Services	Function:Waste Water Management:Core Function:Waste Wvenue	-	3,092,248	-
Directorate: Infrastructure Services	Function:Water Management:Core Function:Water Treatmentment : Municipal Water Resilience Grant	3,774,782	-	-
Directorate: Infrastructure Services	Function:Road Transport:Core Function:Taxi Ranks	208,695	-	-
Directorate: Infrastructure Services	Function:Waste Water Management:Core Function:Waste Ws Grant	28,035,652	-	-
Directorate: Community Services	Function:Community and Social Services:Core Function:Cement	2,229,439	4,022,232	-
Directorate: Community Services	Function:Community and Social Services:Core Function:Cementvenue	513,906	-	-
Directorate: Infrastructure Services	Function:Energy Sources:Core Function:Street Lighting and Sjnt	3,953,866	-	-
Directorate: Infrastructure Services	Function:Energy Sources:Core Function:Street Lighting and Sjnt	-	-	695,652
Directorate: Community Services	Function:Waste Management:Core Function:Solid Waste Disjnt	-	170,782	6,785,739
Directorate: Community Services	Function:Waste Management:Core Function:Solid Waste Dispvenue	-	-	1,739,130
Directorate: Community Services	Function:Waste Management:Core Function:Solid Waste Disjnt	-	-	5,913,043
Directorate: Infrastructure Services	Function:Energy Sources:Core Function:Electricity	-	4,544,348	4,750,435
Directorate: Corporate Services	Function:Finance and Administration:Core Function:Informativenue	870,000	940,000	-
Directorate: Financial Services	Function:Finance and Administration:Core Function:Finance venue	150,000	150,000	150,000
Directorate: Infrastructure Services	Function:Planning and Development:Core Function:Town Plavenue	200,000	200,000	200,000
		47,295,076	23,586,334	21,859,477

Annexure D

IDP AND BUDGET TIME SCHEDULE



**MUNISIPALITEIT – MUNICIPALITY – UMASIPALA-WASE
BEAUFORT-WES/BEAUFORT WEST/BHOBHOFOLO**

Kantoor van die Munisipale Bestuurder / Office of the Municipal Manager
Departement Korporatiewe Dienste / Department Corporative Services

Rig asseblief alle korrespondensie aan die Munisipale Bestuurder/Kindly address all correspondence to the Municipal Manager/Yonke balelwano mayithunyelwe kuMlawuli kaMasipala

Verwysing
Reference 2/10/2
Isalathiso

Navrae
Enquiries CJ Prince
Imibuzo

Datum
Date 1 September 2025

Privaatsak/Private Bag 582
Faks/Fax 023-4151373
Tel 023-4148181
E-pos / E-mail admin@beaufortwestmun.co.za
Donkinstraat 112 Donkin Street
BEAUFORT-WES
BEAUFORT WEST
BHOBHOFOLO
6970

*EXTRACT FROM THE 8th MONTHLY COUNCIL MEETING OF THE LOCAL MUNICIPAL COUNCIL
HELD ON FRIDAY 29 AUGUST 2025*

**8.7 2025/2026 IDP TIME SCHEDULE OF KEY DEADLINES FOR THE COMPILATION OF
THE IDP AND ANNUAL BUDGET FOR THE 2026/2027 FINANCIAL YEAR AND THE
TWO OUTER YEARS**
2/10/2

Councillor S Essop seconded by Councillor O Haarvoor proposes that the 2025/2026 IDP Time Schedule of Key Deadlines for the compilation of the IDP and Annual Budget for the 2026/2027 financial year and the two outer years attached as *Annexure 049 to 081* of the agenda be accepted and approved.

**UNANIMOUSLY ACCEPTED
THUS RESOLVED**

**CERTIFIED AS A TRUE REFLECTION AND EXTRACT FROM THE MINUTES OF THE 8TH
MONTHLY COUNCIL MEETING HELD ON FRIDAY,29 AUGUST 2025.**

AC Makendlana
Acting Municipal Manager
/pm

BEAUFORT WEST MUNICIPALITY



TIME SCHEDULE OF KEY DEADLINES – 2025/2026

As per Section 21 of MFMA

TABLING DATE: 26 August 2025

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1. LIST OF ABBREVIATIONS

BSC	Budget Steering Committee
MM	Municipal Manager
CFO	Chief Financial Officer
IDP	Integrated Development Plan
DCS	Director Corporate Services
PP	Public Participation
HRM	Human Resource Management
AG	Auditor General
PMS	Performance Management System
MBRR	Municipal Budget and Reporting Regulations
MFMA	Municipal Finance Management Act
MPPMR	Municipal Planning and Performance Management Regulations
MSA	Municipal Systems Act
SCM	Supply Chain Management
MPAC	Municipal Public Accounts Committee
SIME	Strategic Information Municipal Engagement
NT	National Treasury
PT	Provincial Treasury
CKD	Central Karoo District
CKDM	Central Karoo District Municipality
BWM	Beaufort West Municipality
LBM	Laingsburg Municipality
PAM	Prince Albert Municipality
DLG	Department of Local Government
MEC	Member of Executive Council
DCF	District Coordinating Forum
DCTF	District Coordinating Technical Forum
COMMS	Communications

2. 2025/2026 IDP AND BUDGET TIME SCHEDULE FOR THE FINANCIAL YEAR 2026/2027

MONTH	ACTIVITY	RESPONSIBLE PERSON	DATE	LEGISLATIVE FRAMEWORK
SEPTEMBER 2025				
	<ul style="list-style-type: none"> Advertise IDP Public Participation and Ward Committees Meeting. 	IDP	September	Guidance: Section 29 MSA
	<ul style="list-style-type: none"> Strategic Planning Meeting of Council. 	CKDM - Strategic Support	September	
	<ul style="list-style-type: none"> Auditor General, audit of performance measures. 	AG	September	
	<ul style="list-style-type: none"> Submit adopted time schedule of key deadlines with Council resolution to DLG, National Treasury and Provincial Treasury. 	IDP/DCS	September	
	<ul style="list-style-type: none"> Q1 Provincial IDP Managers/Coordinators Forum Meeting. 	DLG:IDP	TBC(September)	
	<ul style="list-style-type: none"> Reflect integration of reviewed sector plans into IDP. 	IDP	September	
	<ul style="list-style-type: none"> Determine revenue projections and update policies and objectives. 	MM/CFO/IDP/Senior Managers	September	
	<ul style="list-style-type: none"> Municipal Public Accounts Committee. 	DCS	September	
	<ul style="list-style-type: none"> Q1 District Coordinating Technical Forum Meeting. 	MM/Legal Services	September	
	<ul style="list-style-type: none"> Q1 CK District Speakers Forum Meeting. 	MM & Strategic - IDP	End September 2025	
	<ul style="list-style-type: none"> Q1 District Coordinating Forum Meeting. 	MM/Executive Mayor	September	

MONTH	ACTIVITY	RESPONSIBLE PERSON	DATE	LEGISLATIVE FRAMEWORK
	<ul style="list-style-type: none"> District CFO Forum. 	CKDM CFO and Local Municipalities	September	
	<ul style="list-style-type: none"> Advertise IDP Time Schedule of Key Deadlines – circulate with stakeholders. 	IDP/DCS	September	
	<ul style="list-style-type: none"> Provincial CFO Forum. 	Provincial CFO's	September	
	<ul style="list-style-type: none"> Q1 District Joint IDP, PP & Communications Managers Forum Meeting. 	IDP/PP/COMMS	05 September	
	<ul style="list-style-type: none"> Submit monthly Section 71 MFMA report on the budget to the Mayor and the Provincial Treasury. 	MM/CFO	September (No later than 10 working days after the end of the month)	<ul style="list-style-type: none"> MFMA 71(1)
	<ul style="list-style-type: none"> Submit monthly statement to the provincial or national organ of state/Municipality on allocations received. 	MM/CFO	September (No later than 10 working days after the end of the month)	<ul style="list-style-type: none"> MFMA 71 (5)
	<ul style="list-style-type: none"> Submit monthly report on salaries, wages, allowance and benefits to Council. 	MM/CFO	September	<ul style="list-style-type: none"> MFMA 66
	<ul style="list-style-type: none"> The Mayor to consider the monthly Section 71 MFMA report, review implementation of budget and service delivery and budget implementation amendments. Submit report to Council and make public any amendment to the 2025/26 SDBIP if amendments are deemed necessary. 	Executive Mayor/CFO	September	
	<ul style="list-style-type: none"> Set up a meeting with the Performance Management to discuss the performance trends of the Municipality as part of the IDP review process for 2025/26. 	DLG:IDP	September	

MONTH	ACTIVITY	RESPONSIBLE PERSON	DATE	LEGISLATIVE FRAMEWORK
	<ul style="list-style-type: none"> Integration session of adopted sector plans for review. 	IDP/Sector Champions	19 September	
	<ul style="list-style-type: none"> District Council Meeting. 	Speaker	September	
	<ul style="list-style-type: none"> Municipal Council Meeting. 	Speaker	30 September	
OCTOBER 2025				
	<ul style="list-style-type: none"> Determine Revenue projections and policies. 	CFO	October	<ul style="list-style-type: none"> Review of policies and budget plans. Develop objectives for priority issues and determine programmes to achieve strategic intent including the development of scorecard.
	<ul style="list-style-type: none"> CKD IDP Managers/Coordinators Forum Meeting. 	IDP	03 October	
	<ul style="list-style-type: none"> IDP Steering Committee Meeting (Feedback on situational analysis). 	IDP	October	
	<ul style="list-style-type: none"> Reflect integration of reviewed sector plans into IDP. 	IDP	October	
	<ul style="list-style-type: none"> Commence preparation of departmental SDBIP alignment to strategic objectives in the IDP and inputs from other stakeholders including government and bulk service providers. 	Executive Mayor/MM/Directors	October	
	<ul style="list-style-type: none"> Draft initial allocations to sector departments. 	CFO	October	

MONTH	ACTIVITY	RESPONSIBLE PERSON	DATE	LEGISLATIVE FRAMEWORK
	<ul style="list-style-type: none"> Compile and submit Q1 performance report to Council. 	PMS/CFO	October	<ul style="list-style-type: none"> MFMA Section 52 (d)
	<ul style="list-style-type: none"> Submit the quarterly report for the period ending 30 September on the implementation of the SCM policy to the Mayor and make the report public. 	CFO	October	<ul style="list-style-type: none"> SCM Reg 6 (3) & (4)
	<ul style="list-style-type: none"> Review quarterly projections for period ended 30 September 2025 for the preparation of the SDBIP and compare actual performance to objections, in conjunction with the preparation of the section 52 MFMA report. 	Executive Mayor	October	<ul style="list-style-type: none"> MFMA 52
	<ul style="list-style-type: none"> Submit monthly Section 71 MFMA report on the budget to the Mayor and the Provincial Treasury. 	MM/CFO	October (No later than 10 working days after the end of the month)	<ul style="list-style-type: none"> MFMA 71(1)
	<ul style="list-style-type: none"> Submit monthly statement to the provincial or national organ of state/Municipality on allocations received. 	MM/CFO	October (No later than 10 working days after the end of the month)	<ul style="list-style-type: none"> MFMA 71 (5)
	<ul style="list-style-type: none"> Submit monthly report on salaries, wages, allowance and benefits to Council. 	MM/CFO	October	<ul style="list-style-type: none"> MFMA 66
	<ul style="list-style-type: none"> Table in Council quarterly consolidated report for period ending 30 September of all withdrawals not approved in the budget and submit to PT and AG. 	MM	October	<ul style="list-style-type: none"> MFMA 11 (4)

MONTH	ACTIVITY	RESPONSIBLE PERSON	DATE	LEGISLATIVE FRAMEWORK
	<ul style="list-style-type: none"> Submit the quarterly section 52 MFMA report for period ending 30 September 2025 on implementation of the budget and financial affairs of the municipality to Council. 	Executive Mayor/CFO	October	<ul style="list-style-type: none"> MFMA 52(d)
	<ul style="list-style-type: none"> Send priorities to sector departments DDM/JDMA Process. 	ONE PLAN IDP	October	
	<ul style="list-style-type: none"> CKDM IDP Awareness drive. 	IDP	October	
	<ul style="list-style-type: none"> First round of public participation in all seven (7) Wards and Ward Committees for IDP. 	IDP/PP	October - November	
	<ul style="list-style-type: none"> Municipal Public Accounts Committee. 	DCS	October	
	<ul style="list-style-type: none"> Risk Management Committee meeting 	Chief Risk Officer	23 October	
	<ul style="list-style-type: none"> Public/ Community IDP Awareness & Participation Engagements. 	CKDM PP & Officials and including Locals	October (BWM) October(LBM) October(PAM)	
	<ul style="list-style-type: none"> District Council Meeting 	Speaker	October	
	<ul style="list-style-type: none"> Municipal Council Meeting 	Speaker	28 October	
NOVEMBER 2025				
	<ul style="list-style-type: none"> Q2 CKD IDP Representative Forum. 	IDP/Sector Departments	20 November	<ul style="list-style-type: none"> Accounting Officer reviews and draft initial changes to IDP MSA Section 34

MONTH	ACTIVITY	RESPONSIBLE PERSON	DATE	LEGISLATIVE FRAMEWORK
	• Consolidation of budget and plans.	CFO	November	
	• Table of draft Annual report to Audit committee.	PMS	November	
	• Q2 District Public Participation & Communication Forum Meeting.	CKD PP/IDP/COMMS	19 November	
	• Place quarterly section 52 MFMA report on budget implementation on the municipal website.	MM	November	• MFMA 54 (1)
	• The Executive Mayor to consider the monthly section 71 MFMA report, review implementation of budget and service delivery and budget implementation plan, identify problems and amend or recommend appropriate amendments. Submit report to Council and make public any amendment to SDBIP if amendments are deemed necessary.	MM/Executive Mayor	November	• MFMA 54 (1)
	• Identify changed circumstances that might impact the strategic direction of the Municipality and require it to amend its IDP.	DLG:IDP	November	
	• Assess the changed circumstances impact on the IDP and what aspects of the IDP might require it to amend its IDP.	IDP	November	

MONTH	ACTIVITY	RESPONSIBLE PERSON	DATE	LEGISLATIVE FRAMEWORK
	<ul style="list-style-type: none"> Internal engagements to prioritize needs and assistance from sector departments. 	IDP/ All internal departments within the BWM.	November	
	<ul style="list-style-type: none"> Submit monthly section 71 report on the budget to the Mayor and PT. 	MM/CFO	November (No later than 10 working days after the end of the month)	<ul style="list-style-type: none"> MFMA 71 (1)
	<ul style="list-style-type: none"> Submit monthly report on salaries, wages, allowance and benefits to Council. 	MM/CFO	November	<ul style="list-style-type: none"> MFMA 66
	<ul style="list-style-type: none"> Send priorities to sector departments. 	IDP	November	
	<ul style="list-style-type: none"> Strategic Integrated Municipal engagements 1 (SIME) with municipalities. 	DLG	November	
	<ul style="list-style-type: none"> Municipal Public Accounts Committee. 	DCS	November	
	<ul style="list-style-type: none"> Audit and Performance Committee Meeting. 	Internal Audit	19 November	
	<ul style="list-style-type: none"> Finalize Audit Report for the financial year. 	AG	November	<ul style="list-style-type: none"> Auditor General return audit report (Due by 30 November) MFMA 126 (4)
	<ul style="list-style-type: none"> Strategic session with Council about the Vision, Mission and Strategic Objectives and Values. 	MM/IDP	November	
	<ul style="list-style-type: none"> Q2 District Coordinating Technical Forum meeting. 	MM / Legal Services	07 November	

MONTH	ACTIVITY	RESPONSIBLE PERSON	DATE	LEGISLATIVE FRAMEWORK
	• Q2 District Coordinating Forum Meeting.	Executive Mayor/MM	November	
	• District Interface Team.	DLG	November	
	• District Council Meeting.	Speaker	November	
	• BWM Council Meeting.	Speaker	25 November	
DECEMBER 2025				
	• IDP Steering Committee Meeting (Comment on reviewed Municipal Strategies (Priotize projects & programmes).	IDP/Budget/Directors	December	
	• Provincial IDP Managers/Coordinators Forum.	DLG:IDP	4 & 5December	
	• Executive determines strategic direction for the next three years and finalize tariff policies.	Senior Management	December	
	• The Mayor to consider the monthly section 71 MFMA report, review implementation of budget and service delivery and budget implementation plan, identify problems and amend or recommend appropriate to the SDBIP if amendments are deemed necessary.	MM/CFO	December	• MFMA 54 (1)
	• Asses the changed circumstances impact on the IDP and what aspects of the IDP might require an amendment as a result thereof.	DLG:IDP	December	

MONTH	ACTIVITY	RESPONSIBLE PERSON	DATE	LEGISLATIVE FRAMEWORK
	<ul style="list-style-type: none"> Submit monthly section 71 MFMA report on the budget to the Executive Mayor and PT. 	MM/CFO	December (No later than 10 working days after the end of the month)	<ul style="list-style-type: none"> MFMA 71(1)
	<ul style="list-style-type: none"> Submit monthly statement to the provincial or national organ of state or Municipality on allocations received. 	MM/CFO	December (Within 10 working days of the start of the new month)	<ul style="list-style-type: none"> MFMA 71 (5)
	<ul style="list-style-type: none"> Submit monthly report on salaries and wages expenditure to Council. 	MM/CFO	December	<ul style="list-style-type: none"> MFMA 66
	<ul style="list-style-type: none"> Consider monthly (section 71) report, review implementation of SDBIP, identify problems and amend or recommend appropriate amendments. Submit report to Council and make public any amendment to the SDBIP-due end of the month. 	MM/CFO/Executive Mayor	December	<ul style="list-style-type: none"> MFMA 54 (1)
	<ul style="list-style-type: none"> Outline / Review municipal Strategic Objectives, KPAs, KPIs and Targets. 	Senior Management/PMS	December	
	<ul style="list-style-type: none"> District Council Meeting 	Speaker	December	
	<ul style="list-style-type: none"> BWM Council Meeting 	Speaker	11 December	
JANUARY 2026				
	<ul style="list-style-type: none"> Prepare detailed budget and plans for the next three (3) years. 	Budget	January-February	<ul style="list-style-type: none"> MFMA Section 36 Accounting officer finalizes and submits to Mayor proposed IDP

MONTH	ACTIVITY	RESPONSIBLE PERSON	DATE	LEGISLATIVE FRAMEWORK
				and Budget for next two years
	<ul style="list-style-type: none"> Compile and submit Quarterly Performance Report for Q2. 	PMS	January	<ul style="list-style-type: none"> MFMA Section 52 (d)
	<ul style="list-style-type: none"> Compile and submit Audit Action Plan to the AG. 	CFO	January	
	<ul style="list-style-type: none"> Mid-term/Mid-year Report submitted to the Executive Mayor. 	CFO/PMS	January	<ul style="list-style-type: none"> MFMA Section 72
	<ul style="list-style-type: none"> MM table mid-year report to Council for approval. 	MM	January	<ul style="list-style-type: none"> MFMA Section 72
	<ul style="list-style-type: none"> Submit quarterly report for period ending 31 December on implementation of the SCM policy to the Mayor and make report public. 	CFO	January	<ul style="list-style-type: none"> SCM Reg 6 (3) & (4)
	<ul style="list-style-type: none"> Review quarterly projections for period ending 31 December for SDBIP and compare actual performance to objectives, in conjunction with preparation of section 72 report. 	MM	January	<ul style="list-style-type: none"> Guidance MFMA
	<ul style="list-style-type: none"> Submit monthly section 71 MFMA report on the budget to the Executive Mayor and the PT. 	MM/CFO	January (No later than 10 working days after the end of the month)	<ul style="list-style-type: none"> MFMA 71 (1)
	<ul style="list-style-type: none"> Submit monthly statement to provincial or national organ of state or municipality on allocations received. 	MM/CFO	January (Within 10 working days after the end of the month)	<ul style="list-style-type: none"> MFMA 71 (5)

MONTH	ACTIVITY	RESPONSIBLE PERSON	DATE	LEGISLATIVE FRAMEWORK
	<ul style="list-style-type: none"> Submit monthly report on salaries, wages, allowance and benefits to Council. 	MM/CFO	January	<ul style="list-style-type: none"> MFMA 66
	<ul style="list-style-type: none"> Midterm/mid-year Report is published in the local newspaper. 	Senior Managers	January	<ul style="list-style-type: none"> MFMA Section 72
	<ul style="list-style-type: none"> Finalise annual performance report, assessment of arrears on taxes and service charges and an assessment of municipal performance together with recommendations from Council Audit Committee and details of corrective action undertaken arising from Audit report, and minimum competency compliance for inclusion in the Annual Report. 	DCS	January	<ul style="list-style-type: none"> MFMA 121 (3) (c) & (e)-(k); MSA 46 (2)
	<ul style="list-style-type: none"> Assess the performance of the municipality to 31 December 2025 and submit a section 72 MFMA report on the assessment to the Executive Mayor, PT and NT. Consider an adjustments budget if necessary. 	MM/CFO	January	<ul style="list-style-type: none"> MFMA 72 (1)
	<ul style="list-style-type: none"> Further review all aspects of budget including any unforeseen and unavoidable expenditure in light of need for adjustments budget. 	Executive Mayor/CFO	January	<ul style="list-style-type: none"> MFMA 29
	<ul style="list-style-type: none"> Where necessary consider tabling and approval of an adjustments budget. 	CFO	January	<ul style="list-style-type: none"> MFMA 28
	<ul style="list-style-type: none"> Table in Council quarterly consolidated report for period ending 31 December 2025 of all 	MM/CFO/Senior Manager	January	<ul style="list-style-type: none"> MFMA 11 (4)

MONTH	ACTIVITY	RESPONSIBLE PERSON	DATE	LEGISLATIVE FRAMEWORK
	withdrawals not approved in the budget and submit report to the PT and AG.			
	<ul style="list-style-type: none"> Submit quarterly section 52 MFMA report for period ending 31 December on implementation of the budget and financial situation and submit report of the municipality to Council. 	Executive Mayor/CFO	January	<ul style="list-style-type: none"> MFMA 52 (d)
	<ul style="list-style-type: none"> Consider monthly and mid-year (Section 71 and 72 MFMA) reports for the period ended 31 December 2025, review implementation of 2025/26 SDBIP, identify problems and amend or recommend appropriate amendments. Submit report to Council and make public any amendment to 2025/26 SDBIP. 	Executive Mayor/MM	January	<ul style="list-style-type: none"> MFMA 54 (1)
	<ul style="list-style-type: none"> Table Draft Annual Report to Council. 	Executive Mayor/MM	January	MFMA 127 (2)
	<ul style="list-style-type: none"> Make public the annual report and invite comments from the local community, submit report to AG, PT and Western Cape Department of Local Government. 	MM	January	MFMA 127 (5)
	<ul style="list-style-type: none"> Q3 District Coordinating Technical Forum. 	MM/Legal Services	January	
	<ul style="list-style-type: none"> Q3 District Coordinating Forum. 	MM & Executive Mayor	January	
	<ul style="list-style-type: none"> CKDM IDP Managers and IDP Representative Forum meeting. 	IDP / PP	January	

MONTH	ACTIVITY	RESPONSIBLE PERSON	DATE	LEGISLATIVE FRAMEWORK
	<ul style="list-style-type: none"> District Council Meeting. 	Speaker	January	
	<ul style="list-style-type: none"> BWM Municipal monthly Council meeting. 	Speaker	27 January	
	<ul style="list-style-type: none"> CKD IDP Managers/Coordinators and Representative Forum 	IDP/MM	Last week of January	
FEBRUARY 2026				
	<ul style="list-style-type: none"> Continuous Review of Municipal Strategic Objectives, KPAs, KPIs and Targets. 	PMS/IDP	February	
	<ul style="list-style-type: none"> Place quarterly section 52 MFMA report on budget implementation on the municipal website. 	MM	February	MFMA 75 (1) (k)
	<ul style="list-style-type: none"> Q3 Joint District Public Participation & Communication Forum. 	IDP/PP	12 February	
	<ul style="list-style-type: none"> Council adopts Adjustment budget and SDBIP, Performance agreements to be adjusted and section 57 Managers and MM and placed on municipal website. 	MM/Budget/PMS	February	<ul style="list-style-type: none"> MFMA Section 129(1)
	<ul style="list-style-type: none"> Advertise Adjustment Budget and Mid-year Section 72 assessment in local newspapers. 	CFO/DCS	February	<ul style="list-style-type: none"> Within 10 working days after the municipal council has approved an adjustment budget, the municipal manager must make public, the approved adjustments budget and supporting

MONTH	ACTIVITY	RESPONSIBLE PERSON	DATE	LEGISLATIVE FRAMEWORK
				documentation, as well as the resolutions referred to in regulation 25(3). MBRR Regulations 26(1)
	<ul style="list-style-type: none"> Municipal Public Accounts Committee 	DCS	February	
	<ul style="list-style-type: none"> IDP Steering Committee Meeting (Alignment) 	IDP/CFO/Senior Management	February	
	<ul style="list-style-type: none"> Integration of Projects & Programmes (JDMA Approach) 	DLG	February	<ul style="list-style-type: none"> Accounting officer finalizes and submits to Executive Mayor proposed IDP and Budget for next two years
	<ul style="list-style-type: none"> Conclusion of Sector Plans for the next financial year 	Senior Managers	February	
	<ul style="list-style-type: none"> Place the 2024/25 Annual Report on the municipal website. 	MM	February	<ul style="list-style-type: none"> MFMA 75(1)
	<ul style="list-style-type: none"> Submit monthly section 71 MFMA report on the budget to the Executive Mayor and the PT. 	MM/CFO/Budget	February (No later than 10 working days after the end of the month)	<ul style="list-style-type: none"> MFMA 71 (1)
	<ul style="list-style-type: none"> Submit monthly statement to the provincial or national organ of state or municipality on allocations received. 	MM/CFO/Budget	February (Within 10 working days after the end of the month)	<ul style="list-style-type: none"> MFMA 71 (5))

MONTH	ACTIVITY	RESPONSIBLE PERSON	DATE	LEGISLATIVE FRAMEWORK
	<ul style="list-style-type: none"> Submit monthly report on salaries, wages, allowance and benefits to Council. 	MM/CFO/Budget	February	<ul style="list-style-type: none"> MFMA 66
	<ul style="list-style-type: none"> Submit tabled adjustments budget to PT, NT and other affected organs of state. 	MM/CFO/Budget	February	<ul style="list-style-type: none"> MFMA 22 (b)
	<ul style="list-style-type: none"> Submit the approved adjustments budget to the PT and NT. 	MM/Budget	February	<ul style="list-style-type: none"> MFMA 24 (3)
	<ul style="list-style-type: none"> Consider the monthly (section 71) report, review implementation of SDBIP, identify problems and amend or recommend appropriate amendments. Submit report to Council and make public any amendment to the SDBIP – due end of the month. 	Executive Mayor/MM/Budget	February	<ul style="list-style-type: none"> MFMA 54 (1)
	<ul style="list-style-type: none"> Technical Integrated Municipal Engagement – Technical engagement on governance and mid-year budget assessments and service delivery risks 	MM	February	<ul style="list-style-type: none"> JDMA Processes
	<ul style="list-style-type: none"> Q3 Speakers Forum 	District Speakers	28 February	
	<ul style="list-style-type: none"> CKDM IDP Awareness drive. 	IDP	18 February	
	<ul style="list-style-type: none"> District Council Meeting 	Speaker	February	
	<ul style="list-style-type: none"> BWM Council Meeting 	Speaker	24 February	

MONTH	ACTIVITY	RESPONSIBLE PERSON	DATE	LEGISLATIVE FRAMEWORK
MARCH 2026				
	<ul style="list-style-type: none"> Q3 District Coordinating Forum Meeting. 	Executive Mayors	March	
	<ul style="list-style-type: none"> Workshop draft IDP & Budget with Council. 	Mayor/MM/CFO/IDP	March	
	<ul style="list-style-type: none"> Draft SDBIP for incorporation into draft IDP. 	DCS/PMS/IDP	March	<ul style="list-style-type: none"> MFMA Section 17
	<ul style="list-style-type: none"> Table in Council Draft IDP and Budget 2026/27, with all supporting documents for approval by Council. 	Executive Mayor/MM	March	<ul style="list-style-type: none"> MFMA 16 (2), 17 & 87(3)
	<ul style="list-style-type: none"> Follow the processes set out in Regulation 3 of the Local Government: Municipal Planning and Performance Management Regulations should the Council decide to amend the IDP. 	IDP	March	<ul style="list-style-type: none"> MSA-Regulation 3
	<ul style="list-style-type: none"> Received notification of any transfers that will be made to the municipalities in each of the three financial years. 	MM/CFO/Budget	March	<ul style="list-style-type: none"> MFMA 37 (2)
	<ul style="list-style-type: none"> Submit monthly section 71 MFMA report on the budget to the Executive Mayor and PT. 	MM/CFO	March (No later than 10 working days after the end of the month)	<ul style="list-style-type: none"> MFMA 71 (1)
	<ul style="list-style-type: none"> Submit monthly statement to the provincial or national organ of state or municipality on allocations received. 	MM/CFO/Budget	March (Within 10 working days after the end of the month)	<ul style="list-style-type: none"> MFMA 71 (5)

MONTH	ACTIVITY	RESPONSIBLE PERSON	DATE	LEGISLATIVE FRAMEWORK
	<ul style="list-style-type: none"> Submit monthly report on salaries, wages, allowance and benefits to Council. 	MM/CFO/Budget	March	<ul style="list-style-type: none"> MFMA 66
	<ul style="list-style-type: none"> Incorporate transfers to be made to or received from other municipalities into draft budget. 	MM/CFO/Budget	March	<ul style="list-style-type: none"> MFMA 37 (2)
	<ul style="list-style-type: none"> Incorporate changes in prices for bulk resources and finalise tariff proposals for all charges. 	MM	March	<ul style="list-style-type: none"> MFMA 42
	<ul style="list-style-type: none"> Make public the tabled annual budget and accompanying budget documentation, invite the community to submit representations and submit to the PT, NT and other affected organs of state. 	MM	March	<ul style="list-style-type: none"> MFMA 22
	<ul style="list-style-type: none"> Consider and approve, reject or refer back the 2024/25 Annual Report at a Council meeting. 	MM	March	<ul style="list-style-type: none"> MFMA 121 (1)
	<ul style="list-style-type: none"> Adopt an oversight report providing comments on the 2024/25 Annual Report. 	MM	March	<ul style="list-style-type: none"> MFMA 129 (1)

MONTH	ACTIVITY	RESPONSIBLE PERSON	DATE	LEGISLATIVE FRAMEWORK
	<ul style="list-style-type: none"> Consider monthly section 71 MFMA report, review implementation of the 2025/26 SDBIP, identify problems and amend or recommend appropriate amendments. Submit report to Council and make any public amendments to the 2025/26 SDBIP. 	Executive Mayor/MM/CFO	March	<ul style="list-style-type: none"> MFMA 54 (1)
	<ul style="list-style-type: none"> Advise the Central Karoo District Municipality and Department of Local Government on the outcome of the annual IDP review process and Council's decision. 	DLG SOP	March	
	<ul style="list-style-type: none"> District Coordinating Technical Forum 	Executive Mayors/MM	March	
	<ul style="list-style-type: none"> District Council Meeting. 	Speaker	March	
	<ul style="list-style-type: none"> B/West Municipal Council Meeting. 	Speaker	31 March	
	<ul style="list-style-type: none"> CKDM IDP Managers and IDP Representative Forum meeting. 	CKDM IDP	12 March	
	<ul style="list-style-type: none"> Municipal Public Accounts Committee 	DCS	March	
	<ul style="list-style-type: none"> Risk Management Committee Meeting 	Internal Audit	24 March	
	<ul style="list-style-type: none"> Audit and Performance Committee Meeting 	Internal Audit	26 March	

MONTH	ACTIVITY	RESPONSIBLE PERSON	DATE	LEGISLATIVE FRAMEWORK
	<ul style="list-style-type: none"> Mid-year Evaluation of MM and Section 57 Managers 	PMS/HRM	March	<ul style="list-style-type: none"> Regulation 805
APRIL 2026				
	<ul style="list-style-type: none"> Send Draft IDP to NT and PT. 	MM/IDP	April	<ul style="list-style-type: none"> Accounting Officer assist the Mayor in revising the budget.
	<ul style="list-style-type: none"> Advertise Draft IDP and Budget documents for public inputs and comments. 	IDP/CFO	April	
	<ul style="list-style-type: none"> Second round of public participation on Draft – IDP & Budget. 	Executive Mayor/MM/CFO	April	
	<ul style="list-style-type: none"> Finalization of Draft IDP & Budget documents. 	IDP/CFO	April	
	<ul style="list-style-type: none"> Q4 District Coordinating Technical Forum 	Executive Mayor/MM	April	
	<ul style="list-style-type: none"> Make public the oversight report in line with section 129 of the Local Government: Municipal Finance Management Act. 	MM	April	<ul style="list-style-type: none"> MFMA 129 (3)
	<ul style="list-style-type: none"> Submit the 2024/25 Annual Report and oversight report to the Western Cape Provincial Legislature. 	MM	April	<ul style="list-style-type: none"> MFMA 132 (1) & (2)

MONTH	ACTIVITY	RESPONSIBLE PERSON	DATE	LEGISLATIVE FRAMEWORK
	<ul style="list-style-type: none"> Review quarterly projections for period ending 31 March 2026 for the 2025/26 SDBIP and compare actual performance to objectives, in conjunction with preparation of section 52 MFMA report. 		April	Guidance
	<ul style="list-style-type: none"> Submit monthly section 71 MFMA report on the budget to the Executive Mayor and PT. 	MM/CFO/Budget	April (No later than 10 working days after the end of the month.)	<ul style="list-style-type: none"> MFMA 71 (1)
	<ul style="list-style-type: none"> Submit monthly statement to the provincial or national organ of state or municipality on allocations received. 	MM/CFO/Budget	April (Within 10 working days after the end of the month.)	<ul style="list-style-type: none"> MFMA 71 (5)
	<ul style="list-style-type: none"> Submit monthly report on salaries, wages, allowance and benefits to Council. 	MM/CFO/Budget	April	<ul style="list-style-type: none"> MFMA 66
	<ul style="list-style-type: none"> Table in Council quarterly consolidated report for period ending 31 March of all withdrawals not approved in budget and submit report to the PT and AG. 	MM/CFO/Budget	April	<ul style="list-style-type: none"> MFMA 11
	<ul style="list-style-type: none"> Submit quarterly section 52 MFMA report for period ending 31 March 2026 on implementation of the budget and financial state of affairs of the municipality to Council. 	Executive Mayor/CFO	April	<ul style="list-style-type: none"> MFMA 52 (d)
	<ul style="list-style-type: none"> Consider the views of the community and other stakeholders on the draft budget for the 2026/27 financial year. 	Executive Mayor/CFO/Budget	April	<ul style="list-style-type: none"> MFMA 23 (1)

MONTH	ACTIVITY	RESPONSIBLE PERSON	DATE	LEGISLATIVE FRAMEWORK
	<ul style="list-style-type: none"> Respond to submissions received on the draft budget for the 2026/27 financial year and if necessary, revise the budget and table amendments for Council consideration. 	Executive Mayor	April	<ul style="list-style-type: none"> MFMA 23 (2)
	<ul style="list-style-type: none"> Consider monthly section 71 MFMA report, review implementation of the 2025/26 SDBIP, identify problems and amend or recommend appropriate mechanisms. Submit report to Council and make public any amendment to the 2025/26 SDBIP. 	Executive Mayor/MM	April	<ul style="list-style-type: none"> MFMA 54 (1)
	<ul style="list-style-type: none"> Compile and submit Quarterly Performance Report Q2 to Council. 	PMS/CFO	April	
	<ul style="list-style-type: none"> BWM Public Participation Process/ Draft IDP & Budget. 	BWM/IDP/CFO/PP	April	
	<ul style="list-style-type: none"> Conduct Stakeholder and Public Participation engagements. 	CKDM Strategic Support Services	08 April – 15 May	
	<ul style="list-style-type: none"> Municipal Public Accounts Committee. 	DCS	April	
	<ul style="list-style-type: none"> Conclusion for Sector plans for inclusion of IDP. 	Internal departments	April	
	<ul style="list-style-type: none"> Q4 Joint District Public Participation & Communication Forum. 	CKDM IDP/PP/COMMS	08 April	

MONTH	ACTIVITY	RESPONSIBLE PERSON	DATE	LEGISLATIVE FRAMEWORK
	<ul style="list-style-type: none"> Compile and submit Quarterly Performance Report for Q3 to Council. 	PMS/CFO	April	
	<ul style="list-style-type: none"> District Council Meeting 	Speaker	April	
	<ul style="list-style-type: none"> BWM Council Meeting 	Speaker	28 April	
MAY 2026				
	<ul style="list-style-type: none"> Review written comments in respect of the draft (advertised) IDP. 	MM/IDP	May	<ul style="list-style-type: none"> MFMA Section 23,24 MSA Chapter 4
	<ul style="list-style-type: none"> Q4 District IDP Managers/Coordinators. 	IDP/MM	20 May	
	<ul style="list-style-type: none"> Community inputs into organization KPIs and Target. 	IDP/PMS	May	
	<ul style="list-style-type: none"> Q4 District Coordinating Forum 	Executive Mayors/MM	April	
	<ul style="list-style-type: none"> SIME LG MTEC: IDP, budget and SDF assessments – Provincial Government and Municipality to discuss findings and recommendations emanating from the assessments. Integrate input into the draft IDP and Budget. 	MM/CFO/IDP	May	<ul style="list-style-type: none"> IGR

MONTH	ACTIVITY	RESPONSIBLE PERSON	DATE	LEGISLATIVE FRAMEWORK
	<ul style="list-style-type: none"> Preparing final IDP and Budget documentation for final approval by Council, review any other comments from National, or Provincial Government or organ state. 	MM/CFO/IDP	May	<ul style="list-style-type: none"> MFMA 68 and MSA Guidance
	<ul style="list-style-type: none"> Place quarterly (section 52) report on budget implementation of the municipal website. 	MM	May	<ul style="list-style-type: none"> MFMA 75 (1) (k)
	<ul style="list-style-type: none"> Submit monthly section 71 MFMA report on the budget to the Executive Mayor and PT. 	MM/CFO/Budget	May (No later than 10 working days after the end of month.)	<ul style="list-style-type: none"> MFMA 71 (1)
	<ul style="list-style-type: none"> Submit monthly statement to the provincial or national organ of state or municipality on allocations received. 	MM/CFO/Budget	May (Within 10 working days after the end of the month.)	<ul style="list-style-type: none"> MFMA 71 (5)
	<ul style="list-style-type: none"> Submit monthly report on salaries, wages, allowance and benefits to Council. 	MM/CFO/Budget	May	<ul style="list-style-type: none"> MFMA 66
	<ul style="list-style-type: none"> Q-4 District IDP Managers and IDP Representative Forum. 	IDP/MM	20 May	
	<ul style="list-style-type: none"> Municipal Public Accounts Committee. 	DCS	May	
	<ul style="list-style-type: none"> District Municipal Council Meeting. 	Speaker	May	
	<ul style="list-style-type: none"> BWM Council Meeting. 	Speaker	26 May	

MONTH	ACTIVITY	RESPONSIBLE PERSON	DATE	LEGISLATIVE FRAMEWORK
	<ul style="list-style-type: none"> Final Adoption of IDP & Budget, Organogram. 	IDP/CFO/MM/Executive Mayor	May	<ul style="list-style-type: none"> MFMA 24 (1) and MSA Guidance
	<ul style="list-style-type: none"> Tabling of IDP and Budget related policies to Council for adoption. 	MM/Executive Mayor	May	
	<ul style="list-style-type: none"> Distribute adopted IDP and associated supplementary documents to the MEC for Local Government if the Municipality adopts an amended IDP. 	IDP/DCS	May	<ul style="list-style-type: none"> MSA 32 (1)
	<ul style="list-style-type: none"> Consider monthly section 71 MFMA report, review implementation of SDBIP, identify problems and amend or recommend appropriate amendments. Submit report to Council and make public any amendment to the SDBIP. 	Executive Mayor/MM	May	<ul style="list-style-type: none"> MFMA 54 (1)
	<ul style="list-style-type: none"> Q4 District Speakers Forum. 	District Speaker	May	
JUNE 2026				
	<ul style="list-style-type: none"> Submit draft 2026/27SDBIP to the Executive Mayor. 	Executive Mayor	June	<ul style="list-style-type: none"> MFMA 69 (3) (a)
	<ul style="list-style-type: none"> Submit draft annual performance agreements for the next financial year to the Executive Mayor. 	MM	June	<ul style="list-style-type: none"> MFMA 69 (3) (b)
	<ul style="list-style-type: none"> Approve annual budget and IDP by Council resolution, including taxes, tariffs, measurable performance objectives, changes to the IDP 	MM/Executive Mayor/CFO/IDP	June	<ul style="list-style-type: none"> MFMA 16 (1), 24 (2) & 53 (1) (c) (i) and MSA guidance

MONTH	ACTIVITY	RESPONSIBLE PERSON	DATE	LEGISLATIVE FRAMEWORK
	and Budget related policies, include service delivery agreements and long-term contracts where appropriate.			
	<ul style="list-style-type: none"> Inform community about the approved IDP & Budget: Place copies in/on libraries, website and notices in newspaper 	IDP/CFO	June	
	<ul style="list-style-type: none"> Approve the 2026/27 SDBIP. 	Executive Mayor	June	<ul style="list-style-type: none"> MFMA 53 (1) (c) (i)
	<ul style="list-style-type: none"> Send IDP & Budget related documents to DLG,PT & NT. 	IDP/CFO	June	<ul style="list-style-type: none"> MFMA 24 (3)
	<ul style="list-style-type: none"> Audit and Performance Committee Meeting 	Internal Audit	25 June	
	<ul style="list-style-type: none"> Submit copies of SDBIP to NT and PT. 	PMS	June (10 days after approval)	<ul style="list-style-type: none"> MFMA Section 53 MSA Sections 38-45
	<ul style="list-style-type: none"> Submit monthly section 71 MFMA report on the budget to the Executive Mayor and PT. 	MM/CFO/Budget	June (No later than 10 working days after the end of the month.)	<ul style="list-style-type: none"> MFMA 71 (1)
	<ul style="list-style-type: none"> Submit monthly statement to the provincial or national organ of state or municipality on allocations received. 	MM/CFO/Budget	June (No later than 10 working days after the end of the month.)	<ul style="list-style-type: none"> MFMA 71 (5)
	<ul style="list-style-type: none"> Consider monthly (section 71 report, review implementation of the 2026/27 SDBIP, identify problems and amend or recommend appropriate amendments. Submit report to 	Executive Mayor/MM	June	<ul style="list-style-type: none"> MFMA 54 (1)c

MONTH	ACTIVITY	RESPONSIBLE PERSON	DATE	LEGISLATIVE FRAMEWORK
	Council and make public any amendment to the SDBIP.			
	• Municipal Public Accounts Committee.	DCS	June	
	• District Council Meeting	Speaker	June	
	• BWM Council Meeting	Speaker	30 June	
JULY 2026				
	• Signing of performance agreements of MM and Section 57 Managers	PMS/HRM	July (before 31 st)	
	• Submit copies of SDBIP to NT and PT	IDP	July	• Section 57 of the MSA
	• Make public, the performance agreements of MM and Senior Managers (Municipal Website)	IDP		• MFMA Section 53 • MSA Sections 38-45

MONTH	ACTIVITY	RESPONSIBLE PERSON	DATE	LEGISLATIVE FRAMEWORK
	<ul style="list-style-type: none"> Preparation of the draft IDP & Budget Time Schedule Engagement with the Budget Office and PMS alignment purposes. Review participatory forums and mechanisms. MINMAY : PLANNING District Mayors present strategic and planning priorities & service delivery challenges. 	IDP/CFO/Budget and PMS	July	<ul style="list-style-type: none"> Accounting Officer and Senior Officials begin planning for the next two-year budget MFMA Section 68, 77. Accounting Officer and Senior Managers review options and contracts for service delivery.
	<ul style="list-style-type: none"> Send first draft IDP and Budget Time Schedule to CKDM IDP. Managers alignment/Expect to receive the Draft IDP/Budget Time Schedule of the CKDM for inputs/alignment 	IDP	July	
	<ul style="list-style-type: none"> Approve and announce new budget schedules and set up committees/forums. Consultation on Performance and changing needs 	Budget and Treasury Office	July	
	<ul style="list-style-type: none"> Q1 District Public Participation and Communication forum meeting. 	IDP-PP	July	
	<ul style="list-style-type: none"> Roll out of the SDBIP. Prepare/Review departmental sector plans for next financial year. Preparing Annual Performance Report (Section 46) Prepare and submit performance agreements of Municipal Manager and Senior Managers to the MEC and municipal website. 	PMS and Budget	July	<ul style="list-style-type: none"> Performance agreements must be submitted to the Council and MEC for Local Government in Province. MFMA Section 53(3)(b) MFMA Section 52 (d)

MONTH	ACTIVITY	RESPONSIBLE PERSON	DATE	LEGISLATIVE FRAMEWORK
	<ul style="list-style-type: none"> • Compile and submit Q4 performance report to Council 			
	<ul style="list-style-type: none"> • Submit monthly section 71 MFMA report on the budget to the Executive Mayor and PT. 	MM/CFO/Budget	July (No later than 10 working days after the end of the month.)	<ul style="list-style-type: none"> • MFMA 71 (1)
	<ul style="list-style-type: none"> • Submit monthly statement to the provincial or national organ of state or municipality on allocations received. 	MM/CFO/Budget	July (No later than 10 working days after the end of the month.)	<ul style="list-style-type: none"> • MFMA 71 (5)
	<ul style="list-style-type: none"> • Consider monthly (section 71 report, review implementation of the 2026/27 SDBIP, identify problems and amend or recommend appropriate amendments. Submit report to Council and make public any amendment to the SDBIP. 	Executive Mayor/MM	July	<ul style="list-style-type: none"> • MFMA 54 (1)c
	<ul style="list-style-type: none"> • CKDM IDP Representative Forum Meeting. 	IDP/PP	July	
	<ul style="list-style-type: none"> • District Council Meeting 	Speaker	July	
	<ul style="list-style-type: none"> • BWM Council Meeting 	Speaker	July	
AUGUST 2026				
	<ul style="list-style-type: none"> • Consult and review performance and financial position 	PMS - CFO	August	
	<ul style="list-style-type: none"> • Executive Mayor table IDP and Budget Time Schedule for 2027/2028 to Council for Approval 	IDP/MM & Executive Mayor	August	<ul style="list-style-type: none"> • Section 34 of MSA

MONTH	ACTIVITY	RESPONSIBLE PERSON	DATE	LEGISLATIVE FRAMEWORK
	<ul style="list-style-type: none"> Submit monthly section 71 MFMA report on the budget to the Executive Mayor and PT. 	MM/CFO/Budget	August (No later than 10 working days after the end of the month.)	<ul style="list-style-type: none"> MFMA 71 (1)
	<ul style="list-style-type: none"> Submit monthly statement to the provincial or national organ of state or municipality on allocations received. 	MM/CFO/Budget	August (No later than 10 working days after the end of the month.)	<ul style="list-style-type: none"> MFMA 71 (5)
	<ul style="list-style-type: none"> Consider monthly (section 71 report, review implementation of the 2026/27 SDBIP, identify problems and amend or recommend appropriate amendments. Submit report to Council and make public any amendment to the SDBIP. 	Executive Mayor/MM	August	<ul style="list-style-type: none"> MFMA 54 (1)c
	<ul style="list-style-type: none"> Submit annual financial performance report to Council 	CFO	August	<ul style="list-style-type: none"> MFMA Section 126(1)(a)
	<ul style="list-style-type: none"> CKDM – Hold and follow up – IDP & Public Participation Alignment Forum Meeting. 	IDP & Public Participation	August	
	<ul style="list-style-type: none"> District Council Meeting 	Speaker	August	
	<ul style="list-style-type: none"> BWM Council Meeting 	Speaker	August	

3. ADOPTION OF THE IDP/BUDGET TIME SCHEDULE BY COUNCIL

The IDP Time Schedule of Key Deadlines 2025-2026 must be approved by Council before the 31st August 2025.

Annexure E
SERVICE STANDARDS 2026/27

Western Cape: Final Schedule of Service Delivery Standards Table - Beaufort West (WC053) 2026/27

Standard	Description	Service Level
Solid Waste Removal		
Premise based removal (Residential Frequency)		Weekly
Premise based removal (Business Frequency)		Weekly
Bulk Removal (Frequency)		Upon request
Removal Bags provided(Yes/No)		Yes
Garden refuse removal Included (Yes/No)		No
Street Cleaning Frequency in CBD		Daily
Street Cleaning Frequency in areas excluding CBD		Longer
How soon are public areas cleaned after events (24hours/48hours/longer)		24 hours
Clearing of illegal dumping (24hours/48hours/longer)		Longer
Recycling or environmentally friendly practices(Yes/No)		No
Licenced landfill site(Yes/No)		Yes
Water Service		
Water Quality rating (Blue/Green/Brown/NO drop)		Not done since 2012
Is free water available to all? (All/only to the indigent consumers)		Yes
Frequency of meter reading? (per month, per year)		Monthly
Are estimated consumption calculated on actual consumption over (two month's/three month's/longer period)		Longer period
On average for how long does the municipality use estimates before reverting back to actual readings? (months)		3 months
Duration (hours) before availability of water is restored in cases of service interruption (complete the sub questions)		
One service connection affected (number of hours)		1 Hour
Up to 5 service connection affected (number of hours)		2 Hours
Up to 20 service connection affected (number of hours)		5 Hours
Feeder pipe larger than 800mm (number of hours)		N/A
What is the average minimum water flow in your municipality?		-
Do you practice any environmental or scarce resource protection activities as part of your operations? (Yes/No)		No
How long does it take to replace faulty water meters? (days)		On request from finance if meters is available
Do you have a cathodic protection system in place that is operational at this stage? (Yes/No)		No
Electricity Service		
What is your electricity availability percentage on average per month?		1
Do your municipality have a ripple control in place that is operational? (Yes/No)		Yes
How much do you estimate is the cost saving in utilizing the ripple control system?		R14 500.00
What is the frequency of meters being read? (per month, per year)		Per month

Are estimated consumption calculated at consumption over (two month's/three month's/longer period)	Longer period
On average for how long does the municipality use estimates before reverting back to actual readings? (months)	3 months
Duration before availability of electricity is restored in cases of breakages (immediately/one day/two days/longer)	Immediately
Are accounts normally calculated on actual readings? (Yes/no)	Yes
Do you practice any environmental or scarce resource protection activities as part of your operations? (Yes/No)	No
How long does it take to replace faulty meters? (days)	1 day subsequent to availability
Do you have a plan to prevent illegal connections and prevention of electricity theft? (Yes/No)	Yes
How effective is the action plan in curbing line losses? (Good/Bad)	Bad as a result of old network
How soon does the municipality provide a quotation to a customer upon a written request? (days)	7 days
How long does the municipality takes to provide electricity service where existing infrastructure can be used? (working days)	14 days
How long does the municipality takes to provide electricity service for low voltage users where network extension is not required? (working days)	3 months
How long does the municipality takes to provide electricity service for high voltage users where network extension is not required? (working days)	6 months
Sewerage Service	
Are your purification system effective enough to put water back in to the system after purification?	Yes, but at full capacity
To what extend do you subsidize your indigent consumers?	-
How long does it take to restore sewerage breakages on average	
Severe overflow? (hours)	8 Hours
Sewer blocked pipes: Large pipes? (Hours)	4 Hours
Sewer blocked pipes: Small pipes? (Hours)	2 Hours
Spillage clean-up? (hours)	8 Hours
Replacement of manhole covers? (Hours)	1 Day
Road Infrastructure Services	
Time taken to repair a single pothole on a major road? (Hours)	1 Hour
Time taken to repair a single pothole on a minor road? (Hours)	0.5 Hours
Time taken to repair a road following an open trench service crossing? (Hours)	2 Hours
Time taken to repair walkways? (Hours)	1 Hour
Property valuations	
How long does it take on average from completion to the first account being issued? (one month/three months or longer)	One month
Do you have any special rating properties? (Yes/No)	No
Financial Management	
Is there any change in the situation of unauthorised and wasteful expenditure over time? (Decrease/Increase)	Increase
Are the financial statement outsources? (Yes/No)	Yes
Are there Council adopted business process restructuring the flow and management of documentation feeding to Trial Balance?	Yes
How long does it take for an Tax/Invoice to be paid from the date it has been received?	30 days, depending on cash flow

<p>Is there advance planning from SCM unit linking all departmental plans quarterly and annually including for the next two to three years procurement plans?</p> <p>Administration</p> <p>Reaction time on enquiries and requests?</p> <p>Time to respond to a verbal customer enquiry or request? (working days)</p> <p>Time to respond to a written customer enquiry or request? (working days)</p> <p>Time to resolve a customer enquiry or request? (working days)</p> <p>What percentage of calls are not answered? (5%, 10% or more)</p> <p>How long does it take to respond to voice mails? (hours)</p> <p>Does the municipality have control over locked enquiries? (Yes/No)</p> <p>Is there a reduction in the number of complaints or not? (Yes/No)</p> <p>How long does it take to open an account to a new customer? (1 day/ 2 days/ a week or longer)</p> <p>How many times does SCM Unit, CFO's Unit and Technical unit sit to review and resolve SCM process delays other than normal monthly management meetings?</p>	<p>No</p> <p>Reaction depending the nature</p> <p>1 day</p> <p>7 days</p> <p>7 days</p> <p>not applicable</p> <p>yes</p> <p>yes, but the intensity increase</p> <p>1 day</p> <p>None</p>	<p>3</p>
<p>Community safety and licensing services</p> <p>How long does it take to register a vehicle? (minutes)</p> <p>How long does it take to renew a vehicle license? (minutes)</p> <p>How long does it take to issue a duplicate registration certificate vehicle? (minutes)</p> <p>How long does it take to de-register a vehicle? (minutes)</p> <p>How long does it take to renew a drivers license? (minutes)</p> <p>What is the average reaction time of the fire service to an incident? (minutes)</p> <p>What is the average reaction time of the ambulance service to an incident in the urban area? (minutes)</p> <p>What is the average reaction time of the ambulance service to an incident in the rural area? (minutes)</p>	<p>10 minutes</p> <p>3 minutes</p> <p>5 minutes</p> <p>5 minutes</p> <p>8minutes</p> <p>5 - 10 min depends on distance</p> <p>N/A</p> <p>N/A</p>	<p>1</p>
<p>Economic development</p> <p>How many economic development projects does the municipality drive?</p> <p>How many economic development programme are deemed to be catalytic in creating an enabling environment to unlock key economic growth projects?</p> <p>What percentage of the projects have created sustainable job security?</p> <p>Does the municipality have any incentive plans in place to create a conducive environment for economic development? (Yes/No)</p>	<p>No</p>	<p>-</p>
<p>Other Service delivery and communication</p> <p>Is a information package handed to the new customer? (Yes/No)</p> <p>Does the municipality have training or information sessions to inform the community? (Yes/No)</p> <p>Are customers treated in a professional and humanly manner? (Yes/No)</p>	<p>No</p> <p>No</p> <p>No</p> <p>Yes</p>	<p>-</p>

Annexure F
PROCUREMENT PLAN

BEAUFORT WEST MUNICIPALITY PROCUREMENT PLAN FOR 2026-2027

SCHEDULE OF PROCUREMENT PLAN IN RESPECT OF ADVERTISED COMPETITIVE BIDS (GOODS, WORKS AND / OR SERVICES IN EXCESS OF R30 000 INCLUDING ALL APPLICABLE TAXES) FOR THE 2026/2027 FINANCIAL YEAR

NAME OF MUNICIPALITY / MUNICIPAL ENTITY														Beaufort West Local Municipality	
NAME OF ACTING ACCOUNTING OFFICER OR DELEGATED OFFICIAL														Bradley Jacobs	
SIGNATURE OF ACCOUNTING OFFICER / DELEGATED OFFICIAL															
DATE														29/05/2026	
TELEPHONE NUMBER														023 414 8195	
EMAIL ADDRESS														bradlevj@beaufortwest.gov.za	

NO.	NAME OF PROJECT	DESCRIPTION OF GOODS, WORKS AND / OR SERVICES	MUNICIPAL AREA / WARD	BUDGET ALLOCATION / SOURCE	ESTIMATED BUDGET VALUE	SOURCE OF FUNDING	ESTIMATED CONTRACT DURATION	ENVISAGED DATE OF BID SPECIFICATION COMMITTEE	ENVISAGED DATE OF ADVERT	ENVISAGED CLOSING DATE OF ADVERT	ENVISAGED DATE OF BID EVALUATION COMMITTEE	ENVISAGED DATE OF BID ADJUDICATION COMMITTEE	ENVISAGED DATE OF ISSUANCE OF AN OFFICIAL ORDER	COMMENTS	RESPONSIBLE OFFICE / END USER
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MUNICIPAL MANAGER

1	Supply and delivery of stationery, office supplies and furniture for a period of 3 years	Supply and delivery of stationery, office supplies and furniture for a period of 3 years	All	Operational Budget	R 100,000.00		3-Years	June 2026	July 2026	August 2026	August 2026	September 2026	October 2026	Current contract lapse 01 October 2026	B. Mitchell - Stores
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DIRECTORATE : INFRASTRUCTURE SERVICES

1	Function:Waste Water Management:Core Function:Waste Water Treatment	Beaufort West: WWTW Pump Station: Reconstruction of Irrigation Pump Station at Waste Water Treatment Works	All	Capital Budget	R 994,826.00	Municipal Infrastructure Grant		2027/03/25	2027/04/02	2027/05/07	2027/05/21	2028/05/28	11/06/2027		J Abrahams-Manager: Projects
2	Beaufort West - Waste Water Treatment Works	Beaufort West - Waste Water Treatment Works	All	Capital Budget	R 28,035,652.00	water services		Advertised for the Appointment of Contractor -SCM 41/2026 Three-year maintenance and upgrading tender of mechanical and electrical installations: boreholes, pump stations and buildings. Currently in evaluation stage.						C Wright-Manager: Water and Sanitation	
3	Function:Water Management:Core Function:Water Treatment	Testing & Equiping of Existing and Vandalized Boreholes	All	Capital Budget	R 3,774,782.00	Local Government :		Currently advertised for the Appointment of Electrical Contractor -SCM 41/2026 Three- Year Maintenance and Upgrade Tender of Mechanical and Electrical Installations: Boreholes, Pump Stations and Buildings						Envisaged Awarded project start date: May 2026	C Wright-Manager: Water and Sanitation
4	Development:Core Function:Town Planning, Building Regulations and	Machinery and Equipment	All	Operational Budget	R 200,000.00	Internal funds		No processes commenced yet.						J Abrahams-Manager: Projects	
5	Function:Road Transport:Core Function:Roads	Upgrade Gravel Roads : Rev Fass Street - Kwa-Mandlenkosi	Ward 4	Capital Budget	R 5,625,998.00	Infrastructure Grant internally generated funds	6 months	2026/04/07	2026/04/10	2026/05/08	2026/05/28	2026/06/05	2026/06/19		J Abrahams-Manager: Projects
6	Professional Engineering Services Panel for Water and Sanitation	Professional Engineering Services Panel for Water and Sanitation Infrastructure for a multi-year period	All	Operational Budget			3- years							Current contract lapse 01 October 2026	C Wright-Manager: Water and Sanitation
7	Maintenance, service, auto electrical, hydraulic and engineering repairs of fleet for period of 3 years	Maintenance, service, auto electrical, hydraulic and engineering repairs of fleet for period of 3 years	All	Operational Budget		Internal funds	3- years							Awarded project start	J Abrahams-Manager: Projects
8	Supply and Delivery of Waterworks Material	Supply and Delivery of Waterworks Material	All	Operational Budget		generated funds	3- years	No processes commenced yet.						Stores /Manager: Water and Sanitation	

DIRECTORATE: COMMUNITY SERVICES

1	Function:Community and Social Services:Core Function:Cemeteries, Funeral Parlours and Crematoriums	Murraysburg: Cemetery: Expansion of Cemetery Site	Ward 2	Capital Budget	R 5,814,680.00	National Government - MIG	Once Off	2027/01/22	2027/01/29	2027/02/26	2027/03/12	2027/03/19	2027/04/05		J Abrahams-Manager: Projects
Operational Budget				R 391,466.00	Internally generated funds - CRR	Once Off	J Abrahams-Manager: Projects								
3	IRDP Houses	IRDP Houses		Capital Budget	R 337,000.00	Human Settlement	Once Off	No processes commenced yet.						P. Mditshwa	

DIRECTORATE: ELECTRICAL SERVICES

1	Function:Energy Sources:Core Function:Street Lighting and Signal Systems	New High Mast Lights - (Prince Valley & Kwa-Mandlenkosi)		Capital Budget	R 1,106,538.00	National Government - INEP	3 Years	2027/03/25	2027/04/02	2027/05/07	2027/05/21	2028/05/28	11/06/2027		J Abrahams-Manager: Projects
2	Of New Digital VHF Repeater System Including Two Way Radio's for a Period of 3 Years	VHF Repeater System Including Two Way Radio's for a Period of 3 Years		Operating Budget		generated funds - CRR	3 Years	No processes commenced yet.						DIRECTOR INFRA	
3	Supply and delivery of electrical products for period of 3 years	Supply and delivery of electrical products for period of 3 years		Operating Budget		generated funds - CRR	3 Years	Has been advertised and opened. Evaluation took place. Validity period expired. Bids has to be cancelled.						SCM MANAGER/STORES	

DIRECTORATE: FINANCIAL SERVICES

1	Function:Finance and Administration:Core Function:Finance	Furniture and Office Equipment		Operating Budget	R 150,000.00	internally generated funds								Awarded project start	B. Damon
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NO.	NAME OF PROJECT	DESCRIPTION OF GOODS, WORKS AND / OR SERVICES	MUNICIPAL AREA / WARD	BUDGET ALLOCATION / SOURCE	ESTIMATED BUDGET VALUE	SOURCE OF FUNDING	ESTIMATED CONTRACT DURATION	ENVISAGED DATE OF BID SPECIFICATION COMMITTEE	ENVISAGED DATE OF ADVERT	ENVISAGED CLOSING DATE OF ADVERT	ENVISAGED DATE OF BID EVALUATION COMMITTEE	ENVISAGED DATE OF BID ADJUDICATION COMMITTEE	ENVISAGED DATE OF ISSUANCE OF AN OFFICIAL ORDER	COMMENTS	RESPONSIBLE OFFICE / END USER
2	Supply and delivery of electrical cables for a three-year period	Supply and delivery of electrical cables for a three-year period		Operating Budget		internally generated	3 Years							Current contract lapse 04/03/2027	D. Mitchen - Stores with C De Koker from
3	Supply and delivery of road marking paint for a period of 3 years	Supply and delivery of road marking paint for a period of 3 years		Operating Budget		internally generated	3 Years							Current contract lapse 11/06/2027	D. Mitchen - Stores with M Lawrence from
4	Supply and delivery of Bitumen Products for a period of 3 years	Supply and delivery of Bitumen Products for a period of 3 years		Operating Budget		internally generated	3 Years							Current contract lapse 09/04/2027	D. Mitchen - Stores with N Kotze from Civil Services Section
5	Supply, installation, implementation, support & maintenance of Inzalo Provision of accounting support services for a contract period of three (3) years	Supply, installation, implementation, support & maintenance of Inzalo Enterprise Management System		Operating Budget		internally generated	3 Years							No processes commenced yet.	
6	Supply and delivery of wheelie bins	Supply and delivery of wheelie bins		Operating Budget	R300 000	Internally generated	once-off							Current contract lapse 18/01/2027	Chief Financial Officer
DIRECTORATE: CORPORATE SERVICES															
1	Function: Finance and Administration: Core Function: Information Technology	Supply and delivery of computer equipment		Internally generated funds - CRR	R 870,000.00	Internally generated funds - CRR	Once off							All specifications for the three items will be combined into one bid document	S. Pheiffers
2	Supply and maintenance of a hosted performance management system for a period of three(3) years	Supply and maintenance of a hosted performance management system for a period of three(3) years		Operating Budget	R 1,101,400.00	Internally generated funds - CRR	Once off	January 2026	January 2026	February 2026	February 2026	March 2026	March 2026	Current contract will lapse 14/03/2027	A. Makendlana

Annexure G
mSCOA ROAD MAP

MSCOA Implementation Roadmap Template

Sheet 1: Roadmap Chart

PHASE	KEY ACTIVITIES	RESPONSIBILITY	QUARTER 1	QUARTER 2	QUARTER 3	QUARTER 4	STATUS	% COMPLETE
PHASE 1: FOUNDATION & PLANNING								
Governance & Institutional	Appoint Project Sponsor & mSCOA Champion	Municipal Manager	■■■	■■■			Completed	100%
Governance & Institutional	Establish Steering Committee & Approve TOR	SteerCom	■■■				In Progress	80%
Governance & Institutional	Develop & Approve Project Charter & Roadmap	SteerCom/PM	■■■	■■■			In Progress	50%
Governance & Institutional	Table Roadmap in Council for Approval	SteerCom		■■■			Not Started	0%
ICT Architecture	Conduct Initial ICT Due Diligence & Needs Analysis	ICT/PM	■■■	■■■			Completed	100%
ICT Architecture	Finalize Software & License Requirements	ICT/Finance	■■■	■■■			Completed	100%
User Proficiency	Develop High-Level Change Management Strategy	PM/HR	■■■	■■■			In Progress	50%
PHASE 2: DESIGN & CONFIGURATION								
ICT Architecture	Procure/Upgrade ERP & Hardware	ICT	■■■	■■■			Completed	100%
System Functionality	Map Legacy Chart to MSCOA (14 Processes)	Finance/PM	■■■	■■■			Completed	100%
System Functionality	Configure ERP System	ICT/System Admin	■■■	■■■			Completed	100%
System Functionality	Develop Data Migration Strategy	PM/Finance	■■■	■■■			Completed	100%
Governance & Institutional	Appoint System Administrator	SteerCom/ICT	■■■	■■■			Completed	100%
Governance & Institutional	Develop Data Governance & IT Security Policies	ICT/System Admin	■■■	■■■			Completed	100%
PHASE 3: TESTING, TRAINING &								
System Functionality	System Integration & Unit Testing	ICT/System Admin	■■■	■■■			Completed	100%
System Functionality	User Acceptance Testing (UAT)	PM/Business Units	■■■	■■■			Completed	100%
System Functionality	Execute Data Migration & Validation	PM/ICT/Finance	■■■	■■■			Completed	100%
User Proficiency	Develop Training Manuals & Resources	PM/HR	■■■	■■■			Completed	100%
User Proficiency	Conduct Role-Based Training	HR/PM	■■■	■■■			Completed	100%
All Pillars	Go-Live & Hypercare Support	All	■■■	■■■			Completed	100%
PHASE 4: SUSTAINABILITY & CONTINUOUS IMPROVEMENT								
Governance & Institutional	Monthly SteerCom Meetings & NT/PT Reporting	SteerCom/PM					Ongoing	25%
Governance & Institutional	Quarterly Council Reporting	SteerCom	■■■	■■■			Completed	100%
System Functionality	Monthly M-Forms Reconciliation	Finance					Ongoing	25%
Governance & Institutional	Internal Audit Reviews	Internal Audit	■■■	■■■			Ongoing	50%
ICT Architecture	Annual ICT Due Diligence	ICT/SteerCom	■■■	■■■			Completed	100%
User Proficiency	Refresher Training Programs	HR	■■■	■■■			Ongoing	50%

Sheet 2: 14 Business Processes Mapping

BUSINESS PROCESS	STATUS	RESPONSIBLE TEAM	DUE DATE	COMPLETION DATE	NOTES
1. Revenue	Completed	Finance Manager	Q2 2026	30/06/2021	
2. Debtors	Completed	Revenue Manager	Q2 2026	30/06/2021	
3. Creditors	Completed	CFO	Q2 2026	30/06/2021	
4. Procurement	Completed	SCM Manager	Q2 2026	30/06/2021	
5. Inventory	Completed	Logistics Manager	Q2 2026	30/06/2021	
6. Fixed Assets	Implementation In Progress	Asset Manager	Q2 2026	30/06/2025	Implementation in Progress
7. Projects	Completed	Project Office	Q2 2026	30/06/2021	
8. Cash and Banking	Completed	Treasury	Q2 2026	30/06/2021	
9. Budgeting	Completed	Budget Manager	Q2 2026	30/06/2021	
10. General Ledger	Completed	Financial Accountant	Q2 2026	30/06/2021	
11. Cost Management	Not Started	Management Accountant	Q2 2026	30/06/2026	

12. HR and Payroll	Implementation In Progress	HR Director	Q2 2026	30/06/2026	Implementation in Progress
13. Reporting	Completed	CFO	Q2 2026	30/06/2021	
14. Grants Management	Completed	Grants Manager	Q2 2026	30/06/2021	

Sheet 3: Steering Committee Dashboard

METRIC	TARGET	ACTUAL	STATUS	LAST UPDATED
Overall Project Completion	70%	70%	On Track	2027/02/26
Budget Utilization	≤100%	100%	On Track	2027/02/26
Key Milestones Achieved	80%	70%	On Track	2027/02/26
Training Completion Rate	100%	100%	On Track	2027/02/26
System Configuration	100%	100%	On Track	2027/02/26
Risk Issues Identified	0	0	On Track	2027/02/26

Sheet 4: Risk Register

RISK DESCRIPTION	RISK AREA	IMPACT	LIKELIHOOD	MITIGATION STRATEGY	OWNER
Incorrect data mapping from legacy systems	Data Quality	High	High	Dual verification process; external audit	Data Manager
Resistance to change from staff	Human Capital	Medium	High	Change management program; executive sponsorship	HR Director
Budget constraints for system upgrades	System & Technology	High	Medium	Phased implementation; explore grant funding	CFO
Tight implementation timeline	Governance	Medium	High	Prioritize critical modules; extend timeline if needed	Project Manager

Annexure H

2026/27 MTREF BUDGET POLICY AMENDMENTS



BEAUFORT WEST MUNICIPALITY



BUDGET IMPLEMENTATION & MANAGEMENT POLICY

2026/2027

Effective Date	: 1 July 2026
Last Revision	: 30 May 2025
Version	: 8 th Revision
Reviewed Date	: 29 May 2026
Budget Policy Nr	: 16
Item	: 8

Copies of this document can be viewed at the offices of the Municipality and on the municipal website.

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1. LEGISLATIVE FRAMEWORK

In terms of the Municipal Finance Management Act, No. 56 of 2003, Chapter 4 on Municipal Budgets, Subsection (16), state 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 executive mayor of the municipality must table the annual budget at a council meeting at least 90 days before the start of the budget year.

This policy must be read, analysed, explained, interpreted, implemented and understood against this legislative background.

The budget plays a critical role in an attempt to realise diverse community needs. Central to this, the formulation of a municipality budget must take into account the government's macro-economic and fiscal policy fundamentals.

2. OBJECTIVES

The objective of the budget policy is to set out:

- a) The principles which the municipality will follow in preparing each medium term.
- b) Revenue and expenditure framework budget.
- c) The responsibilities of the executive mayor, the accounting officer.
- d) The Chief Financial Officer and other senior managers in compiling the budget; and
- e) To establish and maintain procedures to ensure adherence to Beaufort West Municipality's Integrated Development Plan (IDP) review and budget processes.

3. DEFINITIONS

"Accounting Officer" The municipal manager is the accounting officer of the municipality in terms of section 60 of the MFMA.

"Approved Budget" means an annual budget approved by a municipal council.

"Budget-related policy" means a policy of a municipality affecting or affected by the annual budget of the municipality.

"Chief Financial Officer" means a person designated in terms of the MFMA who performs such budgeting, and other duties as may in terms of section 79 of the MFMA be delegated by the accounting officer to the Chief Financial Officer.

"Capital Budget" This is the estimated amount for capital items in a given fiscal period. Capital items are fixed assets such as facilities and equipment, the cost of which is normally written off over a number of fiscal periods.

"Council" means the council of a municipality referred to in section 18 of the Municipal Structures Act.

"Financial year" means a 12-month year ending on 30 June.

"Line Item" an appropriation that is itemized on a separate line in a budget adopted with the idea of greater control over expenditure.

"Operating Budget" The Town's financial plan, which outlines proposed expenditures for the coming financial year and estimates the revenues used to finance them.

“Project Code” means one of the main segments into which a budget of a municipality is divided for the appropriation of funds for the different departments or functional areas of the municipality, and which specifies the total amount that is appropriating for the purposes of the department or functional area concerned. That all municipal key priorities & objectives will be uploaded & set up in the mSCOA Budget Tool. Consultation with various departments will ensure accurate alignment of all Revenue and Expenditure to specific priority and objective and hence alignment to the IDP.

“Ring Fenced” An exclusive combination of line items grouped for specific purposes for instance salaries and wages.

“Service Delivery and Budget Implementation Plan” means a detailed plan approved by the Mayor of a municipality in terms of section 53(1) (c) (ii) for implementing the municipality’s delivery of municipal services and its annual budget.

“Virement” is the process of transferring an approved budget allocation from one operating line item or capital project to another, with the approval of the relevant Manager. To enable budget managers to amend budgets in the light of experience or to reflect anticipated changes.

4. APPROPRIATION OF FUNDS FOR EXPENDITURE

The municipality may, except where otherwise provided for in the Act and its regulations, incur expenditure only in terms of an approved budget; and within the limits of the amounts appropriated for the different project codes in an approved budget. All the departments of the municipality must adhere strictly to the stipulations (Refer s15-MFMA).

5. BUDGETING PRINCIPLES

- a. The municipality shall not budget for a deficit and should also ensure that revenue projections are realistic taking into account actual collection levels.
- b. Expenses may only be incurred in terms of the approved budget or adjustments budget and within the limits appropriated for each budget vote.
- c. Beaufort West Municipality shall prepare a three-year budget (medium term revenue and expenditure framework (MTREF)) which will be reviewed annually and will be approved by Council. The MTREF budget will at all times be within the framework of the Municipal Integrated Development Plan (IDP).
- d. The municipality shall establish and maintain a provision for bad debts in accordance with its rates and tariff policy and shall budget appropriately for contributions to such provision in each annual

and adjustments budget. The provision shall be based on the expected growth in doubtful debts taking into account the current collection rate.

- e. All expenses, including depreciation and bad debt expenses, shall be cash funded.
- f. Finance charges payable by the municipality shall be apportioned between departments or project codes on the basis of the proportion at the last balance sheet date of the carrying value of the fixed assets belonging to such department or project code to the aggregate carrying value of all fixed assets in the municipality. However, where it is the council's policy to raise external loans only for the financing of fixed assets in specified council services, finance charges shall be charged to or apportioned only between the departments or project codes relating to such services.
- g. Depreciation and finance charges together shall not exceed 20% of the aggregate expenses budgeted for in the operating budget component of each annual or adjustments budget.
- h. The municipality shall adequately provide in each annual and adjustments budget for the maintenance of its fixed assets in accordance with its fixed asset management and accounting policy. At least 8 % of the operating budget component of each annual and adjustments budget shall be set aside for such maintenance. This amount will include salary and vehicle costs.
- i. The Director of the department, service, or function to which each budget project code relates shall justify the allocation of the aggregate budget for such project code to the various line-items within the project code to the portfolio committee responsible for the department, service or function concerned.
- j. In motivating the allocations made to and within the project code, the head of department, service or function concerned shall provide the relevant portfolio committee with appropriate quarterly performance indicators and service delivery targets pertaining to the budget. Such indicators and targets shall be prepared with the approval of the municipal manager and the mayor.
- k. When considering the tabled annual budget, the council shall consider the impact, which the proposed increase in rates and service tariffs will have on the monthly municipal accounts of households in the municipal area.
- l. The impact of such increases shall be assessed on the basis of a fair sample of randomly selected accounts. Because households have no mechanism for passing on such increases to other parties, but must fully absorb the increases concerned, the council shall ensure that the average additional impact of such increases, where practicable, is not more than the relevant increase in the consumer price index.
- m. The annual budget will consist of a Capital and Operating Budget which will be discussed below:

6. CAPITAL BUDGETS

The capital budget refers to the allocations made to specific infrastructural projects and the purchase of equipment and other forms of assets having a lifespan of more than one year.

6.1 Basis of Calculation

- a) The zero-based method is used in preparing the annual capital budget, except in cases where a contractual commitment has been made that would span over more than one financial year.
- b) The annual capital budget shall be based on realistically anticipated revenue (capital loans to be taken up will be deemed to be part of this), which should be equal to the anticipated capital expenditure in order to result in a balanced budget.
- c) The impact of the capital budget on the current and future operating budgets in terms of finance charges to be incurred on external loans, depreciation of fixed assets, maintenance of fixed assets and any other operating expenditure to be incurred resulting directly from the capital expenditure, should be carefully analysed when the annual capital budget is being compiled.
- d) In addition, the council shall consider the likely impact of such operational expenses- net of any revenues expected to be generated by such item- on future property rates and service tariffs.

6.2 Financing

a) Own Financing Sources

The Council shall establish a Capital Replacement Reserve (CRR) for the purpose of financing capital projects and the acquisition of capital assets. Such reserve shall be established from the following:

- Unappropriated cash-backed surpluses to the extent that such surpluses are not required for operational purposes.
- Further amounts appropriated as contributions in each annual or adjustments budget; and
- Net gains on the sale of fixed assets in terms of the fixed asset management and accounting policy.

b) Other Finance Sources

The capital budget shall also be financed from external sources such as the following:

- Grants and subsidies as allocated in the annual Division of Revenue of Act.
- Grants and subsidies as allocated by Provincial government.
- External Loans.
- Private Contributions.
- Contributions from the Capital Development Fund (developer's contributions); and
- Any other financing source secured by the local authority.

6.3 Process and responsible parties

The process to be followed in the compilation of the capital budget is as follows:

- a) The CFO, in conjunction with the Manager: Financial Administration, and after consultation with the Budget Steering Committee sets the realistic growth level of the capital budget to be financed out of own sources.
- b) The draft capital budget is compiled based on the projects that emanated out of the engagements with the different stakeholders.
- c) The CFO, together with the Manager: Financial Administration, engage with the Directors and the IDP Manager in order to determine the priorities for a particular financial year and to determine the ranking of projects based on these priorities.
- d) The draft capital budget is submitted to the Mayoral Committee for their perusal and suggestions.
- e) The capital budget is tabled to Council 90 days before the start of the new financial year (31 March).
- f) After the draft budget is approved by Council, it is released for public comment.
- g) Once the comments from the public have been submitted, noted and considered, amendments are made to the draft budget and the budget is tabled to Council for final approval 30 days before the start of the financial year (31 May).

6.4 Implementation

- a) The budget should be tabled with the draft service delivery and budget implementation plan (SDBIP) and draft procurement plan.
- b) The SDBIP must be approved to the mayor within 28 days after the approval of the budget.
- c) The mayor must ensure that the SDBIP is made public within 14 days after its approval in line with 553 (3)(a) of the MFMA.
- d) Each director must indicate the intended spending patterns of both their capital and operating budgets. (Cash flows)

- e) These listed cash flows are consolidated into the Service Delivery and Budget Implementation Plan of the organisation.
- f) The SDBIP will be monitored on a monthly basis where actual spending will be compared with the planned spending as indicated by the directors at the beginning of the year.
- g) Each directorate can use their respective project codes as indicated on the capital budget.

7. OPERATIONAL BUDGET

The operational budget refers to the funds that would be raised in the delivery of basic services, grants & subsidies and any other municipal services rendered. These funds are in turn used to cover the expenses incurred in the day to day running of the organization.

7.1 Basis of Calculation

- a) The incremental approach is used in preparing the annual operating budget, except in cases where a contractual commitment has been made that would span over more than one financial year. In these instances, the zero-based method will be followed.
- b) The annual operating budget shall be based on realistically anticipated revenue in line with s18 of MFMA.
- c) A revenue-based approach shall be used where the realistically anticipated income is determined first, and the level of operating expenditure would be based on the determined revenue.

7.2 Financing

The operating budget shall be financed from the following sources:

a) Service Charges

- Electricity Charges
- Water Sales
- Refuse Removal Fees
- Sewerage Fees

b) Taxes

- Increases in tariffs and rates will as far as possible be limited to inflation plus an additional percentage increase to accommodate the growth of the town.

c) Grants & Subsidies

- Grants and subsidies shall be based on all the gazetted grants and subsidies plus all other subsidies received by the organization.

d) Interest on Investments

- The budget for interest and investment shall be in accordance with the Cash Management and Investment policy of the organization.
- The interest received must be included in the operating budget.

e) Rental Fees

- Revenue from rental property will be budgeted for based on the percentage growth rate as determined by Financial Services for a particular budget year.

f) Fines

- Revenue from fines will be budgeted for based on the actual revenue received in the preceding year (calculated on the basis of actual receipts until end of February of each year, extrapolated over 12 months) and the percentage growth rate as determined by Financial Services for a particular budget year.

g) Other Income

- All other revenue items will be budgeted for based on the actual revenue received in the preceding year (calculated on the basis of actual receipts until end of February of each year, extrapolated over 12 months) and the percentage growth rate as determined by Financial Services for a particular budget year.

7.3 Budget Categories

The following expenditure categories shall be accommodated in the operating budget.

a) Salaries, Wages and Allowances

- The salaries and allowances are calculated based on the percentage increases as per the collective agreement between organised labour and the employer for a particular period.
- The remuneration of all political office bearers is based on the limitations and percentages as determined by the responsible National Minister.

b) Collection Costs

- It refers to costs attributed to the maintenance of the financial system used for the collection of outstanding amounts and is based on the service level agreement.

c) Depreciation

- The above is calculated at cost, using the remaining useful life method, to allocate their cost to their residual values over the estimated useful lives of the assets.

d) Debt Impairment

- The above is to ensure the progressive re-alignment of the budgeting framework, through ensuring that the annual budget is funded from inter alia realistically anticipated revenues to be collected, in compliance with the provisions of section 18(2) of the MFMA; to regularise a framework for the impairment of debtors in compliance with GRAP, and to establish principles and procedures for the writing off of debts deemed irrecoverable, and matters connected therewith.

e) Interest on External Borrowings

- The above refers to interest that has to be paid on an external loan taken up by Council. The budget will be determined by the repayments that the municipality is liable for based on the agreements entered into with the other party.

f) Bulk Purchases

- The expenditure on bulk purchases shall be determined using the tariffs as stipulated by the Water Boards and NERSA and by any other service provider from time to time.

g) Other General Expenditure

- A percentage growth for all other general expenditure will be based on the percentage determined by Financial Services in line with prevailing growth rates, CPI and prior actual expenditure trends.
- This includes interdepartmental charges within the organization.

h) Contracted Services

- The budget of repairs and maintenance shall be based on the increment as determined by Financial Services in conjunction with the needs of the departments in terms of repairing their assets.

i) Contributions to Funds

- Refers to the contribution made to provisions (e.g. leave reserve fund) on annual basis and is determined based on the actual expenditure in the previous year and any other factor that could have an effect.

j) Appropriations

- Refers to the transfers to- and from the Capital Replacement Reserve, to offset depreciation charges. Appropriations are determined on an annual basis.

7.4 Operating Budget Process

- a) The CFO, in conjunction with the Manager: Financial Administration, and after consultation with the Portfolio Councillor of Finance set the reasonable growth level of the operational

budget based on the current financial performance and the prevailing industry growth levels. (i.e. CPI).

- b) After the income has been determined, an acceptable growth level for the operating expenditure is determined and the draft operating budget is discussed with the relevant Directors for their perusal and comment.
- c) The operating budget is compiled based on the suggestions that emanated out of the engagements with the different stakeholders.
- d) The operating budget is submitted to the Budget steering committee and Mayoral Committee for consideration.
- e) The operating budget is tabled to Council 90 days before the start of the new financial year (31 March).
- f) After the operating budget is approved by Council, it is released for public comment.
- g) Once the comments from the public have been submitted and noted, same is considered in terms of the MFMA, where after the budget is tabled to Council for final approval, at least 30 days before the start of the new financial year (31 May)

7.5 Operating budget Implementation

- a) After the budget has been approved, the service delivery and budget implementation plan (SDBIP) is compiled.
- b) The SDBIP must be tabled to the mayor within 28 days after aforementioned approval.
- c) Each director must indicate the intended spending patterns of both their capital and operating budgets. (Cash flows)
- d) These listed cash flows are consolidated into the Service Delivery and Budget Implementation Plan of the municipality.
- e) The SDBIP will be monitored on a monthly basis where actual spending will be compared with the planned spending as indicated by the directors at the beginning of the year.
- f) Each directorate can use their respective vote numbers as indicated on the capital budget.

8. ADJUSTMENTS BUDGET

a) An adjustments budget will be compiled only once a year if intended adjustments fall in one of the following categories:

- To appropriate additional revenues that have become available over and above those anticipated in the annual budget, but only to revise or accelerate spending programmes already budgeted for.
- To authorise the utilisation of projected savings in one vote towards spending under another vote.
- To authorise the spending of funds that were unspent at the end of the past financial year where the under-spending could not reasonably have been foreseen at the time to include projected roll-overs when the annual budget for the current year was approved by the council.
- To correct any errors in the annual budget.
- The adjustments budget for above mentioned categories will be tabled to council in line with s28 of MFMA, together with regulation 33 of MBRR.
- After the mid-year budget and performance assessment but not later than 28 February of that financial year.

b) An adjustments budget will be compiled more than once a year if intended adjustments fall in one of the following categories:

- To adjust the revenue and expenditure downwards if there is material under collection of revenue during the current year.
- To appropriate additional revenues from National and Provincial Government that have become available over and above those anticipated in the annual budget, but only to revise or accelerate spending programs already budgeted for.
- To authorise unforeseeable and unavoidable expenditure recommended by the mayor.
- To authorise unauthorised expenditure as anticipated by section 28(2)(g) of the MFMA.
- To authorise the spending of funds that were unspent at the end of the past financial year where the under-spending could not reasonably have been foreseen at the time to include projected roll-overs when the annual budget for the current year was approved by the council; and
- To correct any errors in the annual budget.

- c) The adjustments budgets for above mentioned categories will be tabled to council at the first available opportunity after above mentioned events occurred.
- d) The adjustments budget will be treated in the same manner as the annual budget in terms of calculation and implementation.
- e) Any adjustments budget must be approved by Council.

9. BUDGET VIREMENTS

- a) Virement is the process of transferring budgeted funds from one line item number to another, with the recommendation of the relevant Director to the CFO or delegated finance official, to enable the Budget Office to effect the adjustments.
- b) All virements must be done in accordance with the approved virements policy of the Beaufort West Municipality.

10. OPERATING BUDGET IMPLEMENTATION

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 all 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.

11. POLICY REVIEW

The contents of the policy will be reviewed on an annual basis as part of the budget related policies.

DOCUMENT CONTROL



VERSION AND DOCUMENT CONTROL			
POLICY NAME:	Budget Implementation Policy		
POLICY OWNER:	Financial Department / BTO		
RELATED POLICIES:	Budget Policies – MBRR Regulation 7		
REVIEW:	Annually	Budget Policy	Yes
POLICY EFFECTIVE DATE:	01 July 2026	Budget Policy Nr	16
Version	Date	Adoption	Revision
1	June 2015	1 st Adoption	
2	6 June 2023		5 th Revision
3	21 May 2024		6 th Revision
4	30 May 2025		7 th Revision
5	29 May 2026		8 th Revision
<p>-----</p>			
Acting Municipal Manager Gerald Esau			
Date:			



BEAUFORT WEST MUNICIPALITY



INDIGENT POLICY

2026/2027

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Copies of this document can be viewed at the offices of the Municipality and on the municipal website.

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1. PREAMBLE

Whereas section 96 of the Local Government: Municipal Systems Act, 2000 (Act No 32 of 2000) requires a municipality to adopt, maintain and implement a credit control, debt collection and customer care policy.

And whereas section 97 of the Systems Act prescribes that such policy must provide for "provision for indigent debtors that is consistent with its rates and tariff policies and any national policy on indigents."

And whereas the municipality receives an equitable share contribution from national treasury annually.

And whereas the national department of provincial and local government has issued guidelines regarding indigent support.

And whereas the municipal council wishes to give access to basic services for all its communities; and

Now therefore the municipal council of Beaufort West Municipality adopts the following Indigent Policy.

2. DEFINITIONS

For the purpose of this policy, unless the context indicates otherwise, any word or expression to which a meaning has been attached in the Act shall bear the same meaning and means -

“Basic service” - the amount or level of any 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 of the environment and for the purposes of this Policy are restricted to the delivery of electricity, refuse, sewerage and water services.

“Chief Financial Officer” – an officer of the Municipality appointed as the Head of the Finance Department and includes any person –

- a) acting in such position; and
- b) to whom the Chief Financial Officer has delegated a power, function, or duty in respect of such a delegated power, function, or duty.

“Council” or **“Municipal Council”** - A municipal council referred to in section 18 of the Local Government: Municipal Structures Act, 1998 (Act No 117 of 1998) and for purposes of this policy, the municipal council of Beaufort West Municipality.

“Customer” - Any occupier of any property to which the Municipality has agreed to supply services or already supplies services to, or if there is no occupier, then the owner of the property (including registered indigent household).

“Defaulter” - A person who owes money to the municipality, in respect of a municipal account after which the due date for payment has expired.

“Equitable share” - the part of national income paid over to the municipality annually that must be used mainly for subsidising basic services.

“Household” - People who are jointly living on a stand or site on a permanent basis and who receive water and/or electricity from one meter.

“Income” - Income is the gross sum of all monthly income from all sources, including wages, salaries, profits, dividends, pensions, rentals, interest received, grants or investment income and other forms of earnings received by every person residing on the property.

“Indigent household” - Means any household or category of households, earning a combined gross income, as determined by the municipality annually in terms of a social and economic analysis of its area, which qualifies for rebates/remissions, support or a service subsidy, provided that foster and child support grants are not included when calculating such household income.

“Municipal billing” - the proper and formal notification by means of a statement of account, to persons liable for monies levied and indicating the net accumulated balance of the account, specifying charges levied by the Municipality, or any authorised and contracted service provider, in the format of, but not limited to - “ **account**” or “**monthly account**” rendered monthly and shows the levies for assessment rates and/or building clause, availability charge, sewerage, refuse removal, electricity, water, sundries, housing rentals and instalments, as well as the monthly instalment for annual services paid monthly.

“Municipality” - the category B municipality instituted under the Constitution and the Local Government: Municipal Structures Act for the towns of Beaufort West and the neighbouring rural areas.

“Premises” - includes any piece of land, the external surface boundaries of which are delineated on

–

- a) A general plan or diagram registered in terms of the Land Survey Act, 1997, (Act no. 8 of 1997) or in terms of the Deeds Registries Act, 1937 (Act no. 47 of 1937);
- b) A general plan registered in terms of the Sectional Titles Act, 1986 (Act no. 95 of 1986) and situated within the jurisdiction of the municipality.

“The Act” - The Local Government: Municipal Systems Act, 2000 (Act No 32 of 2000) as amended from time to time.

3. LEGISLATIVE FRAMEWORK

Section 97 of the MSA states:

97. (l) A credit control and debt collection policy must provide for-

(a) credit control procedures and mechanisms

(b) debt collection procedures and mechanisms

(c) provision for indigent debtors that is consistent with its rates and tariff policies and any national policy on indigents:

Section 104 (l)(L) of the MSA states further:

104. (1) The minister may for the purposes of this Chapter make regulations or issue guidelines in accordance with section 120 to provide for or regulate the following matters:

(l) the development and implementation of an Indigent policy.

This Policy is designed and implemented within the framework of the following legislation:

- The Constitution of the RSA, 1996.
- Local Government Municipal Systems Amendment Act, 2003, Act No 44 of 2003.
- The Local Government Municipal Finance Management Act 2003, Act no 56 of 2003.
- The Promotion of Administrative Justice Act, 2000, Act no 3 of 2000.
- Protection of Personal Information Act no 4 of 2013.
- The Promotion of Access to Information Act, 2000, Act no 2 of 2000; and
- The Local Government Municipal Property Rates Act, 2004, Act no 6 of 2004.

4. PURPOSE OF THE INDIGENT POLICY

The purpose of the indigent policy is to:

- a) Provide basic services to the needy or indigent community in a sustainable manner, within the financial and administrative capacity of the municipality.
- b) Provide procedures and guidelines for the subsidisation of basic service charges to indigent households using the equitable share allocation, received from National Government and other budgetary provisions.
- c) Ensure affordability by subsidising tariffs calculated in terms of the municipality's tariff policy and by setting appropriate service levels in accordance with the municipality's service delivery plan; and
- d) The Council also recognises that many residents cannot afford the cost of full provision of services and for this reason the Council will endeavour to ensure affordability through:
 - i.) Setting tariffs in terms of the Council's Tariff Policy, which will balance the economic viability of continued service delivery, and
 - ii.) Determining appropriate service levels

In summary, the purpose of an Indigent Policy is to ensure that households with no or low income, are not denied a reasonable service and that the Municipality is not financially burdened with the non-payment of services.

5. OBJECTIVES

The objectives of this policy can be summarised as follow:

- Subsidise indigent household's municipal accounts by means of an equitable share allocation received by the Council from the Central Government to enable access to basic municipal services for all residents which otherwise will be unaffordable.
- Determine the criteria for qualification of indigent and poor households.
- Ensure that the criteria are applied correctly and fairly to all applicants.
- Allow the Municipality to conduct in loco visits to the premises of applicants to verify the actual status of the household.
- Allow the Municipality to maintain and publish the register of names and addresses of account holders receiving subsidies.

6. SUBSIDY FOR INDIGENT HOUSEHOLDS

- 6.1 A basic level of services will be provided to qualifying households with a total gross income which is below a determined amount, and according to further specified criteria, as determined by the Municipality from time to time.
- 6.2 Indigent subsidies will be funded from the equitable share contribution made by National Treasury and as provided for in the municipal budget. The subsidy can only be credited to the qualifying customers' accounts until the amount received by the Municipality from National Treasury and provided for in the municipal budget for this purpose, has been exhausted, whereupon no further credits will be made until further national funds for this purpose are received or additional funds has been provided for in the municipal budget.
- 6.3 Subsidised services are, refuse removal, sewerage, and consumption service charges.
- 6.4 Customers who qualify for an indigent subsidy must convert to pre-payment electricity meter, except for areas where electricity is not supplied by Beaufort West Municipality, and a pre-payment water meter.
- 6.5 As only owner accounts will be opened, the tenant must have proof from the owner that he/she may occupy the premises, as well as proof that the tenant qualify as an indigent household.
- 6.6 If a customer's consumption or use of the municipal service is less than the subsidised amount of the service, the subsidy will be limited to the lesser amount. The unused portion, if any, may not be accrued by the customer and will not entitle the customer to cash or a rebate in respect of the unused portion.
- 6.7 If a customer's consumption or use of a municipal service is in excess of the subsidised service, the customer will be obliged to pay for such excess consumption at the applicable rates.
- 6.8 All customers who qualify for an indigent subsidy will be placed on restricted service levels in order to limit further escalation of debt.
- 6.9 Where applicable, indigent customers may be exonerated from a portion of their arrear debt.
- 6.10 An indigent customer must immediately request de-registration by the Municipality or its authorised agent if his/her circumstances have changed to the extent that he/she no longer meet the criteria.
- 6.11 An indigent customer may, at any time, request de-registration.
- 6.12 The applicant may not be the registered owner of more than one property.
- 6.13 No councillor/s or officials will qualify for an indigent subsidy.

6.14 If a customer's consumption or use of municipal services is less than the subsidised service, the unused portion may not be accrued by the customer and will not entitle the customer to cash or a rebate in respect of the unused portion.

6.15 All indigent households will not be charged interest on arrear amounts.

7. PRINCIPLES OF THE POLICY

- The administrative integrity of the Municipality must be maintained at all costs. The democratically elected councillors are responsible for approval of the policy, while it is the responsibility of the Municipal Manager to ensure the execution of this policy.
- All applicants must complete an official application form, which is to be submitted together with the supporting documents as specified in this policy.
- Application forms, agreements and documents relating to this Policy must be available in Afrikaans and English. Officials designated to control and managed these documents must be able to explain the contents thereof in the two languages of the Western Cape; and
- The customer is entitled to an efficient, effective, and reasonable response to appeals, and should suffer no disadvantage during the processing of a reasonable appeal.

8. CATEGORIES AND CRITERIA OF SUBSIDY

A category of needy households is recognised for purposes of receiving an indigent subsidy:

- The household income may not exceed the total of 2x All Pay Pension.
- The property may only be used for residential purposes.
- Must be a permanent resident of Beaufort West, Merweville, Nelspoort, or Murraysburg;
- Must be a South African citizen; and
- The applicant may not be the registered owner of more than one property.

A successful applicant's house will be fitted with a prepaid electricity meter and pre-paid water meter.

Subsidy: (R0 – R 2x state pension)

- (i) 100% of the basic levy for electricity for one service point per month.
- (ii) 100% of the basic levy for water for one service point per month.
- (iii) 100% of the basic levy for sewage for one service point per month.
- (iv) 100% of the basic levy for refuse removal for one service point per month.
- (v) 50 kWh of electricity; and
- (vi) 6 kℓ of water.

9. APPLICATION FOR A SUBSIDY

The account holder must apply in person at the indigent office of the municipality on the prescribed application form.

The following documentation must accompany the application:

- Copy of ID (of all residents residing on the property older than 18 years) – Person must be a South African citizen.
- Copy of Municipal Account.
- Proof of Income (of all residents residing on the property older than 18 years) For SASSA recipients, copy of bank statement (not older than 3 months) or letter from SASSA confirming amount of grant.
- Affidavit in the case of unemployment.
- The applicant may not be the registered owner of more than one property; and
- A property may only be used for residential purposes.
- The average household consumption of electricity should be less than 450 kWh (kilowatt hour) per month for the preceding 12 months and if exceeded as an indigent household, qualification as an indigent household will be cancelled; and
- The average household consumption of water per household should be less than 15 Kilolitres (kl) per month for the preceding 12 months and if exceeded as an indigent household, qualification as an indigent household will be cancelled.

Additional requirements for Tenants:

- Death Certificate of deceased owner, ID of deceased and sworn affidavit of intent to take responsibility for the resident.
- Consent letter from owner and copy of ID of owner.
- In the event where an owner is untraceable a sworn affidavit to the effect must be attached to the application.

10. TARGETING

The effective targeting of indigent households and the implementation of this Policy will depend largely on the social analysis included in the IDP (Integrated Development Plan), the LED (Local Economic Development) initiatives and other poverty relief programmes of the Municipality. The socio-economic information and performance indicators contained in these documents must form the basis for the targeting of indigent households. Against the background of such socio-economic analysis, the Municipality must, within its financial and institutional capacity, decide which targeting approach or option should be applied.

On an annual basis the municipal socio-economic profile will be re-evaluated, and to be aligned to the targeting approach be reconsidered, to ensure that an optimal and sustainable method of prioritisation can be found to -

- Meet the basic needs of the community.
- Promote the social and economic development of the community; and
- Ensure that all residents and communities in the Municipality have access to at least the minimum level of basic municipal services in terms of Section 152(1)(b) and 153(b) of the Constitution.

For the financial year to be covered by this policy, the Municipality will use household income as the targeting approach for the registration of indigent customers.

11. SWORN STATEMENT

The applicant must complete a sworn statement that forms part of the application form. Failure to do so will render the application invalid.

12. CONVERSION OF METERS

The applicant must agree to the conversion to pre-payment electricity as well as pre-payment water meter. (Refer to clause 3(d) of the Policy). Failure to do so will render the application invalid.

13. FALSE OR MISLEADING INFORMATION

A person who provides false information will be disqualified and be refused further participation in the subsidy scheme. In addition, he/she may be held liable for the immediate repayment of any subsidies already granted and legal action may be instituted against the guilty party/parties.

14. VERIFICATION OF APPLICATIONS

- 14.1 The Municipality may conduct regular audits of the indigent register regarding the information furnished by applicants, possible changes in status, the usage of allocations and debt collection measures applied and where necessary review the status of applicants.
- 14.2 The frequency of audits will depend on the institutional capacity of the Municipality to do so. Quarterly targeted audits and reviews should be undertaken to ensure the verification and reregistration of each qualified indigent customer at least once in a three (3) year cycle.
- 14.3 Council reserves the right to send officials or its agents to premises/households receiving relief from time to time for the purpose of conducting an on-site audit of the details supplied and the verification of the accuracy thereof.
- 14.4 Where any doubt exists regarding the current status of a registered indigent customer, the matter should immediately be referred to the Councillor/s representing that ward of the relevant Ward Councillors for verification at any time.

15. DURATION / TERMINATION OF INDIGENT SUPPORT

- 15.1 The subsidy will be terminated as soon as the beneficiary's financial circumstances have change to the extent that it falls outside the set criteria.
- 15.2 If the circumstances have remained unchanged, a new application must be submitted in any case after 12 months, and the application will be dealt with in the same way as the original application.
- 15.3 The onus rests upon the beneficiary to inform the Council as soon as his/her financial circumstances change, or he/she vacates the premises.
- 15.4 Termination of the Indigent Support - Indigent support will be terminated under the following circumstances:
 - 15.4.1 Upon application for de-registration as an indigent
 - 15.4.2 Upon Sale of property

- 15.4.3 When circumstance in the indigent household have improved in terms of a gross income exceeding the annual amount referred to in the definitions above.
- 15.4.4 if the applicant is found to have left about his/her personal circumstances or has furnished false information regarding indigent status, in which case the following will apply:
- (a) All arrears will become payable immediately
 - (b) Stringent credit control measures will apply; and
 - (c) The applicant will not be eligible to apply for indigent support for a period of 1 year
- 15.4.5 If in the case of a tenant, the indigent has evacuated the house and is not moving into another house. The tenant must inform Beaufort West Municipality.
- 15.4.6 Upon death of the Indigent holder, all benefits linked to the property will cease at the end of the financial year.

16. ACCOUNTS IN ARREAR

Applicants, whose municipal accounts are in arrears at the time of the application for a subsidy, will have to make arrangements with the Municipality for paying off the amounts in arrears.

17. WRITE – OFFS

Council will annually, consider write-off of debt for first time applicants, except for reconnection/ connection charges, or penalties for theft, or any other costs in terms of existing agreements. All write-offs will be done in terms of the municipality's bad debt write-off policy.

18. REGISTER

- The Municipality will compile a register of households that qualify as "indigent".
- The register will be updated continually and reconciled with the relevant subsidy account in the general ledger on a monthly basis.

19. EXIT STRATEGY

19.1 Members of households registered as indigent must be prepared to participate in exit programmes coordinated by the Municipality in collaboration with other government departments and the private sector.

19.2 As part of its broader poverty alleviation programme the Municipality undertakes to provide for the participation and accommodation of indigent persons in its local economic development (LED) initiatives and in the implementation of integrated development programmes where possible.

19.3 The Municipality must promote exit from indigence by:

- a) Identifying indigents for inclusion in public works projects.
- b) Initiating local job creation projects such as cleansing operations, small infrastructure projects, etc.
- c) Facilitation of opportunities to enter the informal trade market.
- d) Incorporate the use of local labour in MIG, WSIG, INEG etc. projects/ contracts; and
- e) Liaison with National and Provincial departments to include indigent persons in their public works programmes.

20. STAKEHOLDERS

Stakeholders will include the following parties:

- a) Council.
- b) Community Development Workers.
- c) Ward Committee Members.
- d) Municipal Officials.
- e) Community.
- f) National Treasury; and
- g) Other as may be identified.

21. MONITORING AND REPORTING

The Chief Financial Officer must report monthly to the Municipal Manager via the Municipality's Service Delivery and Budget Implementation Plan to enable the Municipal Manager to report to Council and other interested parties. Such report shall reflect on the following:

21.1 Number of indigent household applications received.

21.2 Amount of subsidy allocated per benefit category.

21.3 Amount of debt accumulating and debt recovery information (number of customers; enquires; default arrangements; growth or diminishing of arrear debtors; ideally divided into wards, domestic, state, institutional and other such divisions);

21.4 Performance against targets set in respect of indigent support and poverty relief. In particular pertaining to:

21.4.1 Number of applications for indigent support dealt with.

21.4.2 Time taken to process and finalise applications.

21.4.3 Site visits undertaken; and

21.4.4 Awareness and Exit initiatives.

21.4.5 Changes in the registered status of indigents.

All the above information should be incorporated into the Quarterly Section 52 report to be tabled in Council and should be disclosed in the MBRR A-Schedules - A10.

22. OFFICE RESPONSIBLE FOR INDIGENT POLICY

The address and department details responsible for the implementation and application of the Indigent Policy will be:

Official: Indigent Management.

Contact details:

Beaufort West Municipality

112 Donkin Street

Beaufort West, 6970

Tel: 023 414 8100

E-mail: shanona@beaufortwestmun.co.za

23. POLICY REVIEW

The contents of the policy will be reviewed on an annual basis as part of the budget related policies.

DOCUMENT CONTROL



VERSION AND DOCUMENT CONTROL			
POLICY NAME:	Indigent Policy		
POLICY OWNER:	Financial Department / BTO		
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POLICY EFFECTIVE DATE:	01 July 2026	Budget Policy Nr	15
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6	29 May 2026		9 th Revision
<p>-----</p>			
Acting Municipal Manager Gerald Esau			
Date:			



BEAUFORT WEST MUNICIPALITY



LONG-TERM FINANCIAL PLANNING POLICY

2026/2027

Effective Date	: 1 July 2026
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1. INTRODUCTION

- 1.1 In essence a municipal financial plan encompasses the development, implementation, and evaluation of a plan for the provision of basic municipal services and capital assets. Such a plan aims to help Municipal Councillors and other decision makers make informed choices about the provision of basic services, management of capital assets and to promote stakeholder participation in the process.
- 1.2 The financial plan should set out the Municipality's estimated expenditure over the medium-term, based on its goals and objectives, as well as the resources necessary to achieve this. In addition, the financial plan must set out where funding for the planned expenditure will come from.
- 1.3 The compilation of a financial plan is a core component of an Integrated Development Plan (IDP). The envisaged timeframe allocations for a long-term financial plan are:
 - 1.3.1 Immediate (12 months)
 - 1.3.2 Medium term (3 years)
 - 1.3.3 Long term (4 years onwards).

2. PURPOSE

- 2.1 The Policy on Long Term Financial Planning is aimed at ensuring that the Municipality has sufficient and cost-effective funding in order to achieve its long-term objectives through the implementation of the medium term operating and capital budgets. The purpose of the Policy on Long Term Financial Planning is therefore to:
 - 2.1.1 Ensure that all long-term financial planning is based on a structured and consistent methodology to ensure the long-term financial sustainability of Beaufort West Municipality.
 - 2.1.2 Identify capital investment requirements and associated funding sources to ensure the future sustainability of the Municipality.
 - 2.1.3 Identify revenue enhancement and cost saving strategies in order to improve service delivery at affordable rates.
 - 2.1.4 Identify new revenue sources as funding for future years; and
 - 2.1.5 Ensure continuous improved audit outcomes.

3. GUIDING PRINCIPLES

3.1 The policy on Long Term Financial Planning is based on the following principles: Future financial sustainability:

3.1.1 Annual growth in population and consumer base.

3.1.2 Optimal collection of revenue, taking into consideration the socio-economic environment.

3.1.3 Optimal utilisation of grant funding and public donations; and

3.1.4 Continuous improvement and expansion in service delivery framework.

4. DEVELOPMENT OF A FINANCIAL PLAN

4.1 The phases for development of the Financial Plan

Phase One	→	Compile a Status Quo assessment of the municipality's current financial status and key challenges.
Phase Two	→	Conduct financial modelling to determine financial viability.
Phase Three	→	Analyse outcomes and ratios
Phase Four	→	Prepare a long-term financial plan

4.2 Phase One: Status Quo Assessment

4.2.1 Perform a Status Quo assessment under the following criteria:

- a) The Municipality's current financial status.
- b) Current revenue sources, internal and external.
- c) Main cost drivers impacting on the sustainability of the municipality.
- d) Status of municipal infrastructure.
- e) Ability to finance capital expenditure; and
- f) Municipal service delivery backlogs.

4.2.2 The financial viability and creditworthiness of the Municipality is measured against several nationally recognised key ratios. These key ratios should include for example the following:

- a) Gross debtors to annual revenue.
- b) Gross Debtors Collection Period (Days).
- c) Net debtors to annual revenue.
- d) Net Debtors Collection Period (Days).
- e) Annual Collection Rate.
- f) Service Charges and Property Rates Revenue Budget Implementation Indicator.
- g) Cash Coverage Ratio.
- h) Personnel Costs to Total Operating Expenditure.
- i) Repairs and Maintenance to PPE.
- j) Liquidity Ratio (Current Ratio); and
- k) Net Asset Position.

4.2.3 The objective of the status quo report is to assess the current financial position and to identify the key challenges faced by the Municipality. The status quo report will aim to identify issues which impact on the overall financial stability of the Municipality and will include a historical analysis and assessment of financial results (based on financial statements).

4.3 Phase Two: Planned Finance and Financial Modelling

4.3.1 Upon completion of the status quo assessment, resulting in an understanding of the Municipality's financial position, the next phase is to determine the Municipality's financing need over the medium-term.

4.3.2 This entails determining what expenditure the Municipality plans to undertake over the medium-term and what its financing requirements are likely to be and how these can be funded either internally or externally.

4.3.3 As the Municipality evolves and expands its service delivery framework, so do those of the National Government. Long term community development and economic development projects will therefore also be included under this phase.

4.4 Phase Three: Analyse Outcomes and Ratios

4.4.1 Evaluate the short-term financial viability (6 months to 12 months):

- a) Develop a financial forecast model to identify immediate opportunities and risks.
- b) Perform scenario planning to identify the optimum balance between revenue collection and municipal spending; taking into account the following:
 - i. Potential revenue enhancement strategies which may have an immediate impact on the revenue base of the Municipality.
 - ii. Evaluate cost saving mechanisms to minimise the cost of effective service delivery.
 - iii. Current infrastructure investments and maintenance programs which may influence revenue streams or the cost-of-service delivery.

4.4.2 Evaluate the medium- and long-term financial viability (1 year to 10 years):

- a) Develop a financial forecast model to identify future opportunities and risks.
- b) Perform scenario planning to identify the optimum balance between revenue collection and municipal spending, taking into account the following:
 - i. The impact of each scenario has on the financial viability ratios of the Municipality.
 - ii. Potential revenue enhancement strategies which may have a long-term impact on the revenue base of the Municipality.
 - iii. Cost saving mechanisms to minimise the cost of effective service delivery, taking into account potential infrastructure developments and renewals.
 - iv. The impact of current infrastructure investments and maintenance programs on future revenue streams or cost of service delivery.
 - v. The impact of envisaged future infrastructure investments on the revenue stream and cost of service delivery; and
 - vi. The impact of national and municipal priorities over the medium and long term.

4.5 Phase Four: Develop a Long-Term Financial Plan

- 4.5.1 Once the Municipality has finalised the prioritisation of initiatives and projects; a comprehensive long term financial plan is developed to indicate the envisaged impact it will have on the financial status of the Municipality. An overall financial forecast will then have to be done in order to illustrate the projected result of the implementations throughout the five-year period.
- 4.5.2 Although a long-term financial plan provides a forecast of potential outcomes, it has to be emphasised that the success of the financial plan remains in continuous revision. As is the case with any forecast model, the financial plan should be seen as a moving target and should be subject to honest and realistic assessments of successes and failures on a regular basis.
- 4.5.3 The fourth phase involves finalising a medium-term income and expenditure plan based on the various alternative service delivery options.
- 4.5.4 A key component in determining future options, potential problems and opportunities is the forecast of revenues and expenditures. The revenue and expenditure plan essentially involve combining the forecasting of revenues and the forecasting of expenditures into a single financial forecast.
- 4.5.5 Finalisation of the Financial Plan includes collating all short-, medium- and long-term financial data and develop a long-term financial plan that:
- a) Identifies future revenue projections based on current and projected revenue streams, as well as those projects required to achieve these projections.
 - b) Identifies future expenditure frameworks and cost of service delivery based on current and projected expenditure patterns.
 - c) Identifies the level of infrastructure development required to achieve the municipal priorities, within the funding restrictions.
 - d) Identifies external funding requirements required for capital investment.

5. ANNUAL REVIEW

- 5.1 The financial plan must be reviewed on an annual basis as part of the annual review of the IDP and updated with at least the following information:
- 5.1.1 any direct change in financial status or internal factors, other than previously predicted, which may influence the financial status and viability of the Municipality.
 - 5.1.2 any changes in the economic and socio-economic environment, other than previously predicted, which may influence the financial status of the Municipality.
 - 5.1.3 any changes in the revenue base or composition which may have an impact on the financial viability of the Municipality.
 - 5.1.4 any changes in the national or municipal priorities as previously identified; and
 - 5.1.5 any factors which may have an impact on the ability to implement previously identified projects.

6. IMPLEMENTATION AND REVIEW OF THIS POLICY

This policy shall be implemented on **1 July** and shall be reviewed on an annual basis to ensure that it is in line with the municipality's strategic objectives and with legislation.

The implementation process plan with all required details will be attached to this policy as Appendix A. This attachment should be updated on a quarterly basis and reported upon to Council as part of the Section 52(d) of the MFMA Report as presented by the mayor. The report will be an integrated report that will incorporate the following:

- a) Financial Recovery Plan Reporting
- b) MFIP Support Plan Reporting
- c) Budget Funding Plan Reporting
- d) Quarterly SDBIP Reporting

Any other reporting requirements as to be specified.

DOCUMENT CONTROL



VERSION AND DOCUMENT CONTROL			
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BEAUFORT WEST MUNICIPALITY



MUNICIPAL PROPERTY RATES POLICY

2026/2027

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SECTION A: INTRODUCTION, DEFINITIONS AND PRINCIPLES

1. INTRODUCTION

Municipalities need a reliable source of revenue to provide basic services and perform their functions. Property rates are an important source of general revenue for municipalities. Revenue from property rates is used to fund services that benefit the community as a whole as opposed to individual households. These include building / installing and maintaining streets, roads, sidewalks, lighting, and storm drainage facilities, operating parks, recreational facilities, and cemeteries. Property rates revenue is also used to fund municipal administration, such as computer equipment and stationery, and costs of governance, such as council and community meetings, which facilitate community participation on issues of Integrated Development Plans (IDPs) and municipal budgets.

Municipal property rates are set, collected, and used locally. National and provincial governments do not have the power to levy rates, nor do they share in the revenue collected. Revenue from property rates is spent within a municipality, where the local community has a voice in decisions on how the revenue is spent as part of the IDPs and budget processes, which municipalities invite communities to input prior municipal council adoption of the budget.

Section 3(1) of the Local Government Municipal Property Rates Act (Act No 6 of 2004), and section 62(1)(f)(ii) of the Local Government Municipal Finance Management Act (Act No 56 of 2003), provide that a municipality must adopt and implement a policy on the levying of rates on rateable property.

This document sets out the policy of Beaufort West Municipality on the levying of rates on rateable property in the municipality. The rates policy must be reviewed annually in compliance with section 5(1) of the Local Government Municipal Property Rates Act (Act No 6 of 2004) and according to the time schedule tabled by the Executive Mayor in accordance with section 21(1)(b) of the Local Government Municipal Finance Management Act (Act No 56 of 2003). Any changes to the rates policy must be approved together with the annual budget in compliance with section 24 of the Local Government Municipal Finance Management Act (Act No 56 of 2003).

This Policy is formulated in terms of Section 3 of the Local Government Municipal Property Rates Act, (Act 6 of 2004) which came into effect on 2 July 2005. In 2007, Beaufort West Municipality initiated a process to prepare a General Valuation Roll of all property situated within the geographical boundaries of the Municipality in terms of this Act. The last General Valuation was done in 2016. A General Valuation process commenced during the 2023/24 financial year with the new valuation roll taking effect from 1 July 2024.

2. LEGISLATIVE CONTEXT

- 2.1 In terms of Section 229 of the Constitution, a Municipality may impose property rates on property.
- 2.2 In terms of Section 4(1) (c) of the Municipal Systems Act, (Act no.32 of 2000), a Municipality has the right to finance the affairs of the Municipality by imposing, inter alia, property rates on property.
- 2.3 In terms of Section 2(1) of the Municipal Property Rates Act, (Act No. 6 of 2004) a local Municipality may levy a rate on property in its area in accordance with the other provisions of this Act.
- 2.4 This Policy must be read together with and is subject to the provisions of the Municipal Property Rates Act and the Property Rates By-Law.
- 2.5 In terms of Section 8(1) of the Municipal Property Rates Act, **the Municipality is levying property rates on the use of the property as determined on the valuation roll** in terms of Section 48 of this Act.
- 2.6 In terms of Section 26 of the Municipal Property Rates Act - Method and time of payment:
 1. A Municipality may recover a rate –
 - a) On a monthly basis as prescribed in terms of the Municipal Finance Management Act: or
 - b) Annually, as may be agreed with the owner of the property.
 2. If a rate is payable –
 - a) In a single amount annually, it must be paid on or before the end of September as determined by the Municipality.
 - b) If a rate is payable in monthly instalments, it must be paid on or before a date in each period determined by the Municipality.
 3. Payment of a rate may be deferred but only in special circumstances.

3. DEFINITIONS

The definitions below are paraphrased from those in the Act to be better understood by the local community:

“Accommodation Establishment” means a property, or portion of a property, used for the provision of overnight or short-term accommodation to paying guests, including but not limited to guesthouses, bed-and-breakfasts (B&Bs), lodges, self-catering units, boutique hotels, and AirBnB-type rentals.

An accommodation establishment is deemed to exist if:

It accommodates more than two paying guests at any given time, and

It is advertised, listed, or promoted through any platform or signage as a place of accommodation (including online platforms such as LekkerSlaap, Booking.com, etc.).

“Act” means the Local Government: Municipal Property Rates Act, 2004 (Act No 6 of 2004);

“Agent”, in relation to the owner of a property, means a person appointed by the owner of the property-

- a) to receive rental or other payments in respect of the property on behalf of the owner; or
- b) to make payments in respect of the property on behalf of the owner.

“Agricultural property” means property that is used primarily for agricultural purposes and excludes any portion thereof that is used commercially for the hospitality of guests and excludes the use of the property for the purpose of eco-tourism or for the trading in or hunting of game.

“Annually” means once every financial year.

“Bona fide farmers” means genuine or real farmers whose dominant income is generated from farming.

“Business”, in relation to property, means the use of property for the activity of buying, selling or trading in commodities or services on or from a property and includes any office or other accommodation on the property, the use of which is incidental to such activity, but does not include the business of agriculture, farming, or any other activity consisting of the cultivation of soils, the gathering in of crops, the rearing of livestock and the like;

“Category” –

- a) in relation to property, means a category of property determined in terms of section 8 of the Act; and
- b) in relation to owners of property, means a category of owners determined in terms of section 15(2) of the Act.

“Conservation area / nature reserve” - a protected area listed in terms of section 10 of the Protected Areas Act, No 52 of 2003:

- a) A nature reserve - established in terms of the Nature and Environmental Conservation Ordinance, no 19 of 1974; or
- b) Any land which is zoned as open space zone II or III in terms of the Municipality’s zoning scheme regulations, provided that such protected areas, nature reserves or land, with the exception of tourism facilities that may have been erected thereon, are exclusively utilised for the preservation of fauna and flora and the products of such land are not being traded for commercial gain.

“Date of valuation” means the date determined by a municipality in terms of section 31(1) of the Act.

“Day” means when any number of days are prescribed for the performance of any act, those days must be reckoned by excluding the first and including the last day, unless the last day falls on a Saturday, Sunday or any public holiday, in which case the number of days must be reckoned by excluding the first day and also any such Saturday, Sunday or public holiday.

“Effective date”-

- a) in relation to a valuation roll, means the date on which the valuation roll takes effect in terms of section 32(1) of the Act; or
- b) in relation to a supplementary valuation roll, means the date on which a supplementary valuation roll takes effect in terms of section 78(2)(b) of the Act.

“Exclusion”, in relation to the municipality’s rating power, means a restriction of that power as provided for in section 17 of the Act.

“Exemption”, in relation to the payment of a rate, means an exemption granted in terms of section 15 of the Act.

“Financial year” means the period starting from 1 July in a year to 30 June of the next year and **“year”** shall have a corresponding meaning.

“Illegal use”, means the use of a property in a manner that is inconsistent with or in contravention of the permitted use of the property.

“Improvement”, means any building or structure on or under a property, but excluding anything that may not be considered in determining the market value of a property.

“Income Tax Act”, means the Income Tax Act, 1958 (Act No 58 of 1962).

“Indigent person”, means a person described as such in the municipality’s Indigent Policy.

“Industrial”, in relation to property, means the use of a property for a branch of trade or manufacturing, production, assembly or processing of finished or partially finished products from raw

materials or fabricated parts on such a large scale that capital and labour are significantly involved, including any office or other accommodation on the property, the use of which is incidental the use of such factory.

“Land reform beneficiary”, relation to a property, means a person who-

a) acquired the property through-

(i) the Provision of Land and Assistance Act, 1993 (Act No 126 of 1993); or

(ii) the Restitution of Land Rights Act, 1994 (Act No 22 of 1994).

b) holds the property subject to the Communal Property Associations Act (Act No 28 of 1996); or

c) holds the property subject to the Communal Property Associations Act (Act No 28 of 1996); or

d) holds or acquires the property in terms of such other land tenure reform legislation as may pursuant to section 25(6) and (7) of the Constitution be enacted after this Act has taken effect;

“Land tenure right”, means a land tenure right as defined in section 1 of the Upgrading of Land Tenure Rights Act, 1991 (Act No. 112 of 1991).

“Local community”, in relation to a municipality—

a) means that body of persons comprising—

(i) the residents of the municipality.

(ii) the ratepayers of the municipality.

(iii) any civic organisations and non-governmental, private sector or labour organisations or bodies which are involved in local affairs within the municipality; and

(iv) visitors and other people residing outside the municipality who, because of their presence in the municipality, make use of services or facilities provided by the municipality.

b) includes, more specifically, the poor and other disadvantaged sections of such body of persons.

“Local municipality” means a municipality that shares municipal executive and legislative authority in its area with a district municipality within whose area it falls, and which is described in Section 155 (1) of the Constitution as a category B municipality.

“Market value”, in relation to a property, means the value of the property determined in accordance with section 46 of the Act.

“Mining property” means a property used for mining operations.;

“Multiple purposes”, in relation to a property, means the use of a property for more than one purpose.

“Municipal council” or **“council”** means a municipal council referred to in section 18 of the Municipal Structures Act.

“Municipality” means when referred thereto as -

a) An entity, Beaufort West Municipality as a municipality described in Section 2 of the Local

Government: Municipal Systems Act, 2000 (Act 32 of 2000), including a duly authorized official of Beaufort West Municipality; and

b) A geographical area, the area of jurisdiction of Beaufort West Municipality as determined in terms of the Local Government: Municipal Demarcation Act, 1998 (Act No. 27 of 1998), and

Beaufort West Municipality" shall have a corresponding meaning.

"Municipal manager" means the person appointed as such in terms of section 82 of the Municipal Structures Act in respect of Beaufort West Municipality.

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

"Municipal properties" means properties -

a) Registered in the name of the municipality in a deed's registry.

b) Publicly controlled by the municipality; or

c) Registered in the name of the municipality at any time at the election of the Municipality due to an entitlement thereto, but excluding property held or controlled by the Municipality in a fiduciary or similar capacity, transferable to a third party at the election of such third party.

"Municipal Structures Act", means the Local Government: Municipal Structures Act, 1998 (Act No 117 of 1998).

"Municipal Systems Act", means the Local Government: Municipal Systems Act, 2000 (Act No 32 of 2000).

"Municipal valuer" or **"valuer of the municipality"**, means a person designated as a municipal valuer in terms of section 33(1) of the Act.

"Newly rateable property" means any rateable property on which property rates were not levied before the end of the financial year preceding the date on which the Act took effect, excluding a property which was incorrectly omitted from a valuation roll and for that reason was not rated before that date and any other property identified as such in terms of the Act.

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

"Office bearer", in relation to places of public worship, means the primary person who officiates at services at that place of worship.

"Official residence" in relation to places of public worship, means a single residential property registered in the office of the Registrar of Deeds in the name of a religious community or registered in the office of the Registrar of Deeds in the name of a trust established for the sole benefit of a religious community and used as a place of residence for an office bearer.

“Owner”-

- a) In relation to property referred to in paragraph (a) of the definition of “property”, means a person in whose name ownership of the property is registered.
- b) In relation to a right referred to in paragraph (b) of the definition of “property” means a person in whose name the right is registered; or
- c) In relation to a time-sharing interest contemplated in the Property Time sharing Control Act, 1983 (Act No. 75 of 1983), means the management association contemplated in the regulations made in terms of section 12 of the Property Time-sharing Control Act, 1983, and published in Government Notice R327 of 24 February 1984.
- d) In relating to a share in a share block company, the share block company as defined in the Share Block Control Act, 1980 (Act No. 59 of 1980).
- e) In relation to buildings, other immovable structures and infrastructure referred to section in 17(1)(f), means the holder of the mining right or the mining permit.
- f) In relation to a land tenure right referred to in paragraph (c) of the definition of “property”, means a person in whose name the right is registered or to whom it was granted in terms of legislation; or
- g) In relation to public service infrastructure referred to in paragraph (d) of the definition of “property”, means the organ of state which owns or controls that public service infrastructure as envisaged in the definition of “publicly controlled” in terms of the Act, provided that a person mentioned below may for the purposes of this Act be regarded by a municipality as the owner of a property in the following cases:
 - (i) A trustee, in the case of a property in a trust excluding state trust land.
 - (ii) an executor or administrator, in the case of a property in a deceased estate.
 - (iii) a trustee or liquidator, in the case of a property in an insolvent estate or in liquidation.
 - (iv) a judicial manager, in the case of a property in the estate of a person under judicial management.
 - (v) a curator, in the case of a property in the estate of a person under curatorship.
 - (vi) an usufructuary or other person in whose name a usufruct or other personal servitude is registered in the case of a property that is subject to a usufruct or other personal servitude.
 - (vii) a lessee, in the case of a property that is registered in the name of a municipality and is leased by it.
 - (viii) a lessee, in the case of property to which a land tenure right applies and which is leased by the holder of such right; or
 - (ix) a buyer, in the case of a property that was sold and of which possession was given to the buyer pending registration of ownership in the name of the buyer.

“Permitted use”, in relation to a property, means the limited purposes for which the property may be used in terms of –

- a) any restrictions imposed by –
 - (i) a condition of title.
 - (ii) a provision of a town planning or land use scheme; or
 - (iii) any legislation applicable to any specific property or properties; or
- b) any alleviation of any such restrictions.

“Person”, includes an organ of state.

“Place of public worship” means property used primarily for the purposes of congregation, excluding a structure that is primarily used for educational instruction in which secular or religious education is the primary instructive medium: Provided that the property is-

- a) registered in the name of the religious community.
- b) registered in the name of a trust established for the sole benefit of a religious community; or
- c) subject to a land tenure right.

“Prescribe”, means prescribe by regulation in terms of section 83 of the Act.

“Private open space” means any land which is in private ownership used primarily as a private site for play, rest or recreation without financial gain.

“Property” means—

- a) Immovable property registered in the name of a person, including, in the case of a sectional title scheme, a sectional title unit registered in the name of a person.
- b) A right registered against immovable property in the name of a person, excluding a mortgage bond registered against the property.
- c) A land tenure right registered in the name of a person or granted to a person in terms of legislation; or
- d) public service infrastructure.

“Property register” means a register of properties referred to in section 23 of the Act.

“Protected area” means an area that is or must be listed in the register referred to in section 10 of the National Environmental Management: Protected Areas Act, 2003 (Act No 57 of 2003).

“Public Benefit Organisation property” As defined in the Regulations on the rate ratio between the residential and non-residential categories of property.

“Public open space” means land owned by the municipality, which is not leased on a long-term basis, and which is set aside for the public as open area.

“Public Service Infrastructure” means publicly controlled infrastructure of the following kinds:

- a) National, provincial or other public roads on which goods, services or labour move across a municipal boundary.
- b) Water or sewer pipes, ducts or other conduits, dams and water supply reservoirs, water treatment plants or water pumps forming part of a water or sewer scheme serving the public.
- c) Power stations, power substations or power lines forming part of an electricity scheme serving the public.
- d) Gas or liquid fuel plants or refineries or pipelines for gas or liquid fuels, forming part of a scheme for transporting such fuels.
- e) Railway lines forming part of a national railway system.
- f) Communication towers, masts, exchanges, or lines forming part of a communications system serving the public.
- g) Runways or aprons at national or provincial airports.
- h) Breakwaters, sea walls, channels, basin, quay walls, jetties, roads, railway or infrastructure used for the provision of water, lights, power, sewerage or similar services of ports, or navigational aids comprising light houses, radio navigational aids, buoys, beacons or any other device or system used to assist the safe and efficient navigation of vessels.
- i) Any other publicly controlled infrastructure as may be prescribed; or
- j) Rights of way, easements, or servitudes in connection with infrastructure mentioned in paragraphs (a) to (i); provided that (a), (b), (e), (g) and (h) may not be rated.

“Public service purposes”, means a property owned and used by an organ of state as hospitals or clinics, schools, pre-schools, early childhood development centres or further education and training colleges, national and provincial libraries and archives, police stations, correctional facilities; courts of law; but excludes property contemplated in the definition of “public service infrastructure”.

“Rate” means a municipal rate on property envisaged in section 229(1)(a) of the Constitution of the Republic of South Africa, 1996 (Act No 108 of 1996).

“Ratepayer” means a person who is liable, in terms of the Act, for the payment of rates on property levied by the municipality.

“Rateable property” means property on which the municipality may in terms of section 2 of the Act levy a rate, excluding property fully excluded from the levying of rates in terms of section 17 of the Act.

“Ratio”, in relation to section 19, means the relationship between the cent amount in the Rand applicable to residential properties and non-residential properties: Provided that the two relevant cent amounts in the Rand are inclusive of any relief measures that amount to rebates of a general application to all properties within a property category.

“The rates policy” means Council's rates policy in terms of section 3 of the Act.

“Rebate”, in relation to a rate payable on a property, means a discount on the amount of the rate payable on the property.

"Reduction", in relation to a rate payable on a property, means the lowering of the amount for which the property was valued and the rating of the property at that lower amount.

"Registered nature reserve", - a protected area listed in terms of section 10 of the Protected Areas Act, No 52 of 2003.

"Residential", in relation to property, means a property having a suite of rooms which forms a living unit that is exclusively used for human habitation purposes or a multiple number of such units, but does not include a hotel, commune, accommodation establishment, guesthouse, boarding or lodging undertaking, hostel or suchlike properties.

"Residential property" means a property included in a valuation roll in terms of section 48(2)(b) of the Act in respect of which the primary use or permitted use is for residential purposes without derogating from section 9

"Sectional Titles Act", means the Sectional Titles Act, 1986 (Act No 95 of 1986).

"Sectional title scheme", means a scheme defined in section 1 of the Sectional Titles Act.

"Sectional title unit", means a unit defined in section 1 of the Sectional Titles Act.

"Specified public benefit activity" means an activity listed in item 1 (welfare and humanitarian), item 2 (health care), item 4 (education and development), item 6 (cultural), item 7 (conservation, environment and animal welfare), item 9 (sport) of Part I of the Ninth Schedule to the Income Tax Act.

"Sewerage services" includes water-borne-, conservancy tank removal.

"The Act" means the Local Government: Municipal Property Rates Act, 2004 (Act No. 6 of 2004);

"Unimproved property" means property on which no immovable improvements have been erected: Provided that improvements for the supply of water, electricity, sewer and suchlike services to the property and negligible improvements shall be disregarded for purposes of determining whether or not property is unimproved.

"Urban conservation area" means an area defined in the relevant Zoning Scheme Regulations as a "Conservation Area", the aim of which is to retain the unique character or the aesthetical sensitive arrears of the Beaufort West Municipality by the control of building design and building lines in the case of new buildings or even not built upon and also in the case of existing buildings to be replaced, altered or extended.

"Vacant property" means any land parcel that does not contain a habitable building or structure suitable for occupancy or economic activity. In other words, the land is undeveloped or only minimally developed such that it cannot be used for its intended purpose.

For the purposes of this policy, the following shall not be regarded as vacant property:

Legally Tied Properties:

Properties that are notarial tied to an adjacent property or are otherwise legally restricted such that they cannot be sold or transferred separately, shall be regarded as part of a consolidated property. These properties shall be rated in accordance with the primary use of the combined erf or holding and shall not attract separate vacant land tariffs or availability charges.

Properties with Approved Building Plans Spanning Multiple Erven:

Where a building has been constructed in terms of an approved building plan that straddles the boundaries of two or more adjacent cadastral units—resulting in the erven being functionally used as a single property—those erven shall be deemed to form one property for rating and availability charge purposes. In the absence of an approved building plan, the onus shall rest on the owner to prove that a plan was submitted and approved by the Municipality or its predecessor authority.

Properties Subject to Legal or Physical Constraints:

Any property that cannot independently be developed or disposed of due to legal-, contractual-, cadastral- or physical constraints shall be excluded from the vacant property category.

Only land parcels without bona fide improvements and not falling within the exclusions above will be classified as "vacant property" and be subject to the applicable vacant land tariff and availability charges, where applicable.

Take note that:

- 1) *Words and expressions to which a meaning has been assigned in the Act shall bear the same meaning in this policy.*
- 2) *In this policy, a word or expression derived from a word or expression defined in subsection (1) shall have a corresponding meaning unless the context indicates that another meaning is intended.*

Section 87 of the Act states that, regarding the application of the Act in cases of conflict with other legislation, this Act prevails in the event of any inconsistency between its provisions and any other legislation regulating the levying of municipal rates.

4. PRINCIPLES

4.1 The following principles will ensure that the municipality treats persons liable for rates equitably:

- **Equity** - All property owners liable for property rates will be treated fairly and reasonably.
- **Affordability** - Limit each annual rates increase as far as practicable so that they do not overburden ratepayers and in imposing the rate in respect of each financial year, take proper cognizance of the aggregate burden of rates.
- **Financial sustainability** - Property rates should be used to finance the municipality's operating expenditure. The granting of exemptions, reductions and rebates should not erode the municipality's tax base.
- **Social and Economic Development** - The policy of the municipality should promote the interests of social and economic development by utilising the mechanisms at its disposal to encourage the development of property in line with the socio-economic development needs and goals of the municipality.
- **Cost efficiency** - Rates will be based on the value of all rateable property and the amount required by the municipality to balance the operating budget after taking into account profits generated on trading (water, electricity) and economic (refuse removal, sewerage removal) services and the amounts required to finance exemptions, rebate reduction and phasing-in of rates as approved by the municipality from time to time.

4.2 Property Rates are levied in accordance with the MPRA as a cent-in-the rand based on the property value contained in the Municipality's General Valuation Roll of 2024 and Supplementary Valuation Rolls to follow.

4.3 A municipality must, according to Sec 78 of the MPRA, whenever necessary, cause a supplementary valuation to be made in respect of any rateable property. If -

- a) Incorrectly omitted from the valuation roll.
- b) Included in a municipality after the last general valuation.
- c) Subdivided or consolidated after the last general valuation.
- d) The market value has substantially increased or decreased for any reason after the last general valuation.
- e) Substantially incorrectly valued during the last general valuation.
- f) it must be valued for any other exceptional reason.

g) the category has changed.

h) the value recorded in the valuation roll was incorrect as a result of a clerical or typing error.

Furthermore, a supplementary valuation in respect of any rateable property will be triggered when:

a) Occupation certificate is received.

b) Improvement on a property reaches roof height.

c) Change of land usage/zoning.

d) Demolishing certificate.

e) Consolidation / Subdivision of properties.

f) Any other reason that may cause the valuation of the property to increase or decrease.

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

4.5 A person liable for a rate must furnish the municipality with an address where correspondence can be directed to.

4.6 The rate charged as a cent-in-the-rand for Residential Properties is the base rate and the rates charged in respect of all other categories of properties are reflected as ratios to the Residential rate as set out below.

SECTION B: CATEGORIES OF RATEABLE PROPERTIES

5. CRITERIA FOR DETERMINING CATEGORIES OF PROPERTY FOR THE PURPOSE OF LEVYING DIFFERENT RATES

The municipality has determined categories of rateable properties based on the following criteria:

- a) the use of the property.
- b) the permitted use of the property; or
- c) or a combination of (a) and (b).

Property rates will be levied based on the actual "use" of the property, as determined by its category in the General Valuation Roll.

6. CATEGORIES OF PROPERTY

CATEGORIES OF RATEABLE PROPERTY FOR THE MUNICIPALITY INCLUDE –

- Agricultural Properties.
- Multipurpose Properties (subject to section 7).
- Businesses and Commercial Properties.
- Businesses and Commercial Properties – Accommodation Establishments / Guest Houses.
- Industrial Properties.
- Mining Properties.
- Public Service Properties / Organs of state.
- Public Benefit Organisations.
- Public Service Infrastructure (exempt in Beaufort West, with the first 30% being impermissible).
- Residential Properties.
- Vacant Land.

CATEGORIES NOT RATEABLE ON THE VALUATION ROLL WILL INCLUDE –

- Public Service Infrastructure (PSI – Exempt in Beaufort Municipality)
- Place of Worship
- Protected Areas / Nature Reserves
- Municipal Properties

7. CRITERIA FOR RATING PROPERTY USED FOR MULTIPLE PURPOSES

The municipality shall apportion the market value of a property used for multiple purposes in a manner determined by the municipal valuer and shall apply the rates applicable to the different categories determined by it subject to the use of the property.

This means that each distinct use of the property will be calculated by the municipal valuer and used for billing at the appropriate and applicable rate, in cases where the municipal valuer considers it reasonable to apply this category.

In other words, a rate levied on a property assigned in terms of subsection (1)(c) of the MPRA, to a category of properties used for multiple purposes must be determined by—

- a) apportioning the market value of the property, in a manner as may be prescribed, to the different purposes for which the property is used; and
- b) applying the rates applicable to the categories determined by the municipality for properties used for those purposes to the different market value apportionments.

(Section 9(2) of the MPRA).

SECTION C: DIFFERENTIAL RATING

8. CRITERIA FOR DIFFERENTIAL RATING OF PROPERTIES

The following has been taken into consideration for the purpose of differential rating:

- Promotion of social and economic development of a municipality; and
- Differential rating among the various property categories will be done by way of setting different cent amount in the Rand rate for each property as legislated in section 14(2)(b)(iii). This is much simpler for the local community to understand and thus promotes the principle of transparency.

DIFFERENTIAL RATES APPLICABLE (BASED ON USE)	RATIO IN RELATION TO THE BASE TARIFF
Residential Properties	1:1
Vacant Land: Residential	1:1.2
Vacant Land: Business & Commercial	1:1.2
Agricultural Properties	1:0.09
Businesses and Commercial Properties	1:2
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Industrial Properties	1:2
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SECTION D: RELIEF MEASURES AND INCENTIVES RELATED TO CATEGORIES OF PROPERTIES AND CATEGORIES OF OWNERS OF PROPERTIES

9. CRITERIA FOR EXEMPTIONS, REBATES AND REDUCTIONS

Criteria for determining categories of owners of properties, for the purpose of granting exemptions, rebates and reductions will be according to the -

- (a) Indigent status of the owner of a property as determined by the income level of the owner.
- (b) Limited income of owners of a property who are pensioners or dependant on social grants.
- (c) Owners of property situated within an area affected by
 - i) a disaster within the meaning of the Disaster Management Act, 2002 (Act No. 57 of 2002); or
 - ii) any other serious adverse social or economic conditions.
- (d) Owners of residential properties with a market value below a determined threshold; (or)
- (e) Owners of agricultural properties who are bona fide farmers (not applicable for this financial year).
- (f) A rebate may be considered for properties declared as National Monuments or recognised heritage properties in support of the preservation and upkeep of assets with historical, cultural, and public significance.

10. IMPERMISSIBLE RATES

A municipality may not levy the following rates in terms of sections 16 (1) and 17 (1) of the Act:

- i) Rates that would prejudice national economic policies.
- ii) Rates that would prejudice economic activities across boundaries; and
- iii) Rates that would prejudice national mobility of goods, services, capital, or labour.

Impermissible rates will be applied as follow:

- On the first 30% of market value of public service infrastructure (Section 17 (1)(a))
(The municipality will however exempt PSI's from being levied property rates)
- On a special nature reserve, national park or nature reserve within the meaning of the National Environmental Management: Protected Areas Act, 2003 (Act no 57 of 2003), or of a national botanical garden within the meaning of the National Environment Management: Biodiversity

Act of 2004(Act no 10 of 2004) which are not developed or used for commercial, business or residential agricultural purposes (Section 17 (1)(e)).

- On the first R15 000 of the market value of a property assigned in the valuation roll or supplementary valuation roll to a category determined as residential property or multiple used property provided that one or more component is used for residential purposes (Section 17 (1)(h)).
- On property registered in the name of and used primarily as a place of public worship by a religious community, including an official residence registered in the name of that community, which is occupied by an office-bearer of that community who is, officiates at services at that place of worship. (The exclusion lapses if not used for the purposes as indicated above) (Section 17(1)(i)).

11. EXEMPTIONS

- The Municipality will grant exemption for owners of improved residential properties with a market value lower than an amount determined by the municipality (Section 15 (2)(e)). This is an important part of the Municipality's indigent relief measures aimed primarily at alleviating poverty amongst those persons owning low value properties. The determined amount will be published in the annual council-approved tariff listing and will apply to all properties valued at less than R190,000 for the year under review, with the first R115,000 not to be levied (R100,000 will be exempt from rates, with R15,000 deemed impermissible).
- Municipal properties that are not leased or rented out by the municipality will be exempt from being levied rates (Section 7 (2)(a)(i)). This includes leased municipal properties with a nominal value and/or portions of commonage property where it is not practical to levy property rates.

Municipal properties leased to third parties will also be rated, except for the Municipal public-rented stock (primarily state-subsidised rental houses). Subject to the terms of any existing agreements with lessees, the Council shall impose a liability to pay rates on lessees when amending or renewing existing lease agreements in respect of Municipal-owned properties.

A buyer, in the case of a property that was sold by a municipality and of which possession was given to the buyer pending registration of ownership in the name of the buyer at a later date, will be deemed to be the owner and will be liable for the payment of rates.

- The balance of Public Service Infrastructure (PSI's) properties will be exempt after the application of the impermissible on the first 30% of market value of public service infrastructure (Section 17 (1)(a)). To simplify PSI's will be 100% exempt from the levying of property rates.

12. REBATES

12.1 Registered owners of residential properties who are **Pensioners** qualify for a rebate (to as per council resolution to be published with the tariffs) on the residential tariff. To qualify for the rebate a property owner must be the registered owner of a property which satisfies the requirements of the definition of Residential Property. This property owner must:

- i) occupy the property as his/her Primary Residence, and
- ii) be at least 60 years of age, or
- iii) has been declared medically unfit,
- iv) not receive any other rebates,
- v) Market value of their property not to exceed R1 100 000; and
- vi) Household income of not more than R12 000/ month.

The rebates for the year under review will be as follow:

- R4 840 and under 30%
- R4 841 to R8 000 20%
- R8 001 to R12 000 10%

An owner must annually provide credible proof of his or her economic/financial position to the CFO.

All applications for Pension Rebates will be effective for the financial year under review.

Applications must (where applicable) be accompanied by-

- i) A certified copy of the identity document or any other proof of the owner's age which is acceptable to the municipality.
 - ii) an affidavit from the owner.
 - iii) if the owner is a disabled person proof of a disability pension must be supplied; and
 - iv) if the owner has retired at an earlier stage for medical reasons proof thereof must be submitted.
 - v) The Municipality retains the right to refuse rebates if the details supplied in the application form are incomplete and incorrect or false.
- Any new applications may be submitted at any time during the year, after which the rebates will be pro-rata from the month following successful application. (Application forms can be obtained from the Municipality).
 - If any status relating to this policy change, it is the responsibility of the applicant to notify the municipality. After notification, the municipality will remove the "Pensioner" status on the property. If neglected to notify the municipality of such status change and the municipality

becomes aware of such change, the municipality will remove the "Pensioner" status and reverse any rebates that was granted on the property from application date.

- No applications on vacant plots will be processed.

12.2 There will be no rebate on agricultural properties with the additional discount already accounted for in the reduced tariff, being set at 1:0.09 of the base tariff with legislation dictating a ratio of not more than 1:0.25.

12.3 The council will, when it imposes rates and sets tariffs for the budgeted year, not grant a rebate on the rates payable in respect of agricultural properties as explained in 12.2, given that the discount has been accounted for within the rate itself.

12.4 National Monument / Heritage Property Rebate

For the purposes of this Policy, a National Monument / Heritage Property means:

- *"Property used primarily for the preservation and protection of heritage resources and formally declared or protected under applicable national or provincial heritage legislation, including former national monuments and heritage sites recognised by the relevant authority."*
- Recognising the public benefit associated with the preservation and protection of heritage resources, the Municipality may grant a rebate of 15% on rates levied in respect of qualifying National Monument / Heritage Properties. Such rebate shall apply to the property being levied in accordance with its applicable category of use as determined in terms of Section 8 of the Local Government: Municipal Property Rates Act, 2004 (Act 6 of 2004) and Section 6 of this Policy. The rebate shall apply to the property based on its approved category of use and not as a separate property category. The granting of the rebate shall be subject to the property being formally declared or protected by the relevant competent authority and the submission of any supporting documentation required by the Municipality.

13. REDUCTIONS

A reduction in the municipal valuation as contemplated in section 15(1) (b) of Act will be granted where the value of a property is affected by-

- a) a disaster within the meaning of Disaster Management Act, 2002 (Act No.57 of 2002); or
- b) any other serious adverse social or economic conditions.

The reduction will be in relation to the certificate issued for this purpose by the municipal valuer. All categories of owners can apply for a reduction in the rates payable as described above and the reduction will only be granted as per Council resolution.

14. COSTS OF EXEMPTIONS, REBATES, REDUCTIONS, PHASING IN OF RATES AND GRANTS-IN-LIEU OF RATES

- (1) During the budget process the Chief Financial Officer must inform council of all the costs associated with the suggested exemptions, rebates, reductions, phasing in of rates and grants-in-lieu of rates.
- (2) Provisions must be made in the operating budget for the full: –
 - i) potential income associated with property rates; and
 - ii) the full costs associated with exemptions, rebates, reductions, phasing in of rates and grants-in-lieu of rates.
- (3) Projections regarding revenue foregone for a financial year in relation to exemptions, rebates, reductions, exclusions, phasing – in etc. must be reflected in the council's annual budget for that year.
- (4) A list of all exemptions, rebates, reductions, exclusions, phasing in etc. must be tabled before council.

SECTION E: RATES INCREASES/DECREASES

15. CRITERIA FOR INCREASING OF RATES

The municipality will consider increasing rates annually during the budget process by taking in consideration the following factors:

- Priorities of a municipality reflected in its IDP.
- Guidelines issued by National Treasury.
- The revenue needs of the municipality.
- Affordability of rates to ratepayers.
- A need for curbing excessive rates on implementation of a new valuation roll.
- The increase of costs associated with subsidised services; and
- Salary and wage increase as agreed at the South African Local Government.

All increases in property rates will be communicated to the local community in terms of the municipality's policy on community participation and legislative requirements.

It should however be noted the property rates will be reduced for the year under review as disclosed within the tariffs published as part of the Draft MTREF Budget for 2024/25. The reduction of property rates is intended to off-set the impact of capital growth in property value as a result of the general valuation process. A conservative approach was followed, and changes can be expected caused by the objection and appeal processes to be concluded before the start of the 2024/25 financial year.

SECTION F: LIABILITY FOR RATES

16. LIABILITY FOR RATES BY PROPERTY OWNERS

(a) *Method and time of payment*

- The municipality will recover rates on a monthly basis.
- Monthly rates must be paid in monthly instalments to the municipality at the end of each month; and
- The municipality makes provision for the recovery of rates on a monthly basis, subject to conditions outlined in the credit control and debt collection policy of the municipality.

(b) *Deferral of payment of rates liabilities*

The municipality will consider each and every application for deferral of rates, taking into account the merits and demerits of each and the financial implications thereof in so far as the cash-flow of the municipality is concerned.

(c) *Property rates payable by agricultural property owners*

In a case of agricultural property owned by more than one owner in *undivided shares* where the holding of such undivided shares was allowed before the commencement of the subdivision of the Agricultural Land Act, 1970 the municipality will treat the owner of such property for the purpose of liability for rates in the following manner:

- *If the joint property owners are all available and are traceable*, rates will be dealt with in the context of whether they have entered into an agreement or not regarding payment of rates liabilities. Owners will be notified and without any communication of an agreement, joint owners of the agricultural property, will by the discretion of the municipality held liable for rates regarding agricultural property by either the application of – (Sections 24(2)(b)(i) or (ii) of the Act).
 - (i) hold any one of the joint owners liable for all rates or
 - (ii) hold any joint owner only liable for that portion of the rates levied on the levied in respect of the agricultural property concerned; or property that represents that joint owner's undivided share in the agricultural property.
- *If the joint property owners are not traceable* –
 - i) with the exception of one joint owner and such joint owner is occupying or using the entire property or a portion of 80% or more, the municipality will hold that joint owner liable for the total rates bill for that entire property, or

- ii) If the joint property owners are not traceable with the exception of one joint owner and such joint owner is occupying or using a portion less than 80% of the entire property, the municipality will hold that joint owner liable for that portion of rates levied on the entire property that represents that joint owner's undivided share in that property.

17. CLEARANCE CERTIFICATES

Software and System Details

The municipality can make use of an electronic Rates Clearance System. The system will provide a secure electronic link between the Conveyancing Attorneys and Municipality.

Audit and Legislation Compliance Process

All monies collected by the Municipality including in respect of Special Rating Areas and any estimated amounts for the duration of the validation period of a certificate in terms of Section 118(1) (a) of the Systems or Section 89 of the Insolvency Act, (Act 24 of 1936), are for the purpose of Section 118 of the Systems Act, deemed to be due and must be paid in order to facilitate the transfer of immovable property.

- o All rates clearance applications must contain at least one of the following contact options for the buyers:
 - 1) The buyer's cell phone number
 - 2) The buyer's e-mail address
 - 3) The buyer's work and/or home addressAll rates clearance applications must contain the correct postal address of the buyer. Should the application be incomplete, the application will be rejected by Council.
- o All amounts that are due, on date of application for rates clearance, must be paid in full prior to the issuing of any clearance certificate in terms of Section 118, of the Systems Act.
- o Rates clearance figures will be calculated for the current month of application and 60 days in advance. This figure will contain rates, services, surcharges, and any other amounts that may become payable or in arrears with regards to the development, subdivided erf or sectional title unit.
- o Developer's contributions will be due and payable before any rates clearance certificate is issued on new erven developments.

- All receipts of fees, advance rates and services will be allocated on the Seller's debtor's account. These fees will first be allocated to any arrears, clearance fee and valuation certificate fee, before allocated as an advance.
- In the case of new sectional title developments payment of developer's contribution will be due before services will be connected.
- No interest shall be paid by the Municipality to the registered seller in respect of these payments which are deemed to be due.
- Outstanding services of tenants may only be recovered for a maximum period of two years if a request is lodged for a Section 118 (3) of the Municipal Systems Act (32 of 2000) Clearance Certificate. If this is done the conveyancer, seller and buyer of the property must be informed that the remaining debt will remain on the property according to subsection 3; (The latest case law in this regard should be considered)
- The clearance certificate will be valid for 60 days.
- Extension on a clearance certificate will be granted, if all services are paid in advance for another 60 days.
- Attorneys should await figures with the unique deposit reference for developer's contributions before payments are made. Proof of payment of developer's contributions will be validated via the capital contribution schedule.
- Confirmation of registration must be captured by the Attorneys on the Rates Clearance System; and

18. RATES REFUNDS

- All refunds, including service deposits, will be paid to the transferring attorney after registration of the property.
- Refunds will be allocated to arrear service debt of tenants and only the balance will be refunded.
- Refunds will not be issued if the services have not been connected on the new owner's name and the deed confirming new ownership is not received.
- Refunds will be processed when and if the transferring attorney's banking details on the creditor's form has been submitted, with a copy of the responsible person's ID document. The attorneys

must supply the municipality with their contact person's e-mail address. Without the information no refund can be processed.

- Refunds will be issued once a month per attorney firm; and
- Disconnection or reconnection of services must be sent through the rates clearance application system, as well as by e-mailing the relevant municipal department.

19. THE PERIOD OF VALIDITY OF THE VALUATION ROLL

The municipality shall prepare a new valuation roll every 5 (five) years and a supplementary valuation roll annually. Request for the extension of the period of validity of the valuation roll in terms of Section 32, can be granted by the MEC for Local Government but only in specified circumstances.

The municipality implemented a new General Valuation roll on 1 July 2024).

20. AMOUNT DUE FOR RATES

The due date for payment of property rates in terms of Sections 26(2)(a) and (b) and 78(4) of the MPRA means the date reflected on a municipal invoice as the final date on which payment is due and payable. The amount due for rates will be reflected as a rate (cent amount in the Rand rate) multiplied by the market value of the property. This amount will be reflected in a municipal account that will be sent to the property owner on a monthly basis. The non-receive of an account does not waive the monthly obligation and the liability remains the responsibility of the owner.

21. EFFECTS OF OBJECTIONS AND APPEALS ON LIABILITY FOR PAYMENT

In terms of the MPRA:

- The lodging of an objection or an appeal in terms of Sections 50 and 54 of the MPRA does not defer liability for the payment of property rates beyond the dates determined for payment in terms of this Policy; and
- The review of the municipal valuer's decision in terms of Section 52 of the MPRA does not defer liability for the payment of property rates beyond the dates determined for payment in terms of this Policy.

22. POLICY REVIEW

The contents of the policy will be reviewed on an annual basis as part of the budget related policies.

DOCUMENT CONTROL



VERSION AND DOCUMENT CONTROL			
POLICY NAME:	Property Rates Policy		
POLICY OWNER:	Financial Department / BTO		
RELATED POLICIES:	Budget Policies		
REVIEW:	Annually	Budget Policy	Yes
POLICY EFFECTIVE DATE:	01 July 2026	Budget Policy Nr	02
Version	Date	Adoption	Revision
1	January 2009	1 st Adoption	
2	21 May 2024		1 st Revision
3	30 May 2025		2 nd Revision
4	29 May 2026		3 rd Revision
<p>-----</p>			
Acting Municipal Manager Gerald Esau			
Date:			



BEAUFORT WEST MUNICIPALITY



TARIFF POLICY

2026/2027

Effective Date	: 1 July 2026
Last Revision	: 30 May 2025
Version	: 8 th Revision
Reviewed Date	: 29 May 2026
Budget Policy Nr	: 15
Item	: 8

Copies of this document can be viewed at the offices of the Municipality and on the municipal website.

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PREAMBLE

WHEREAS the council of the municipality has the right to finance the business of the municipality by the levying of fees for services; and to impose surcharges on fees, rates on property and to the extent authorised by national legislation, to impose other taxes, levies and duties;

WHEREAS the council of the municipality is obliged to strive to ensure that municipal services are provided to the local community in a financially and environmentally sustainable manner;

WHEREAS the municipality must adopt and implement a tariff policy in regard to the imposition of fees for municipal services.

The council adopts this By-law and the tariff policy contained therein and be it therefore enacted by the Municipality as follows:

1. DEFINITIONS

“**Council**” means the municipal council of the municipality.

“**Indigent households**” means a debtor is considered indigent if the total monthly household income is equal to the sum of two times the amount of state funded social pensions or less.

“**Municipality**” means the Municipality of Beaufort West.

“**Municipal Services**” means services rendered, or which may be rendered, by the municipality in terms of its powers and functions, to or for the benefit of the local community.

“**Policy**” means the council’s tariff policy as contained in the Schedule.

“**Systems Act**” means the Local Government: Municipal Systems Act, No 32 of 2000 (MSA), and

“**Tariff**” means moneys, fees or charges in respect of any function or service of the municipality;

“**this By-law**” also includes the Schedule; and

“**User**” means the person to whom the municipality renders a basic municipal service or other services.

“**Vacant Property**” means any cadastral land unit that does not contain a habitable structure or building suitable for human occupancy or economic activity. This includes land that is undeveloped or minimally developed such that it cannot be used for its intended zoning or land use purpose.

For the purposes of this policy, the following land units shall not be classified as vacant property and shall not attract separate availability charges:

1. Legally Consolidated or Functionally Unified Properties

Where two or more adjacent land units are:

- Registered in the name of the same owner.
- The size of the property is less than 200m²
- Legally restricted (e.g., by notarial tie or servitude) from being sold or transferred separately; and
- Used as one functional property, those units shall be treated as a single property for the purposes of availability charges and tariff application. The property will be rated and charged according to the primary use of the consolidated property.

2. Properties with Approved Building Plans Spanning Multiple Erven

If a structure is built across the boundaries of two or more cadastral units in terms of an approved building plan, those units will be regarded as one property. Availability charges will apply only once, as if the erven form a single land unit. In the absence of a municipal-approved plan, the onus is on the owner to prove that a building plan was submitted and approved by the Municipality or any predecessor authority.

3. Properties with Legal or Physical Constraints

Any land that, due to legal-, contractual-, cadastral- or physical restrictions, cannot be developed or disposed of independently, shall not be classified as vacant for the purpose of levying vacant land tariffs or availability fees.

Applicability of Availability Fees

- Vacant Properties, as defined above, will be subject to availability fees for municipal services such as water, electricity, and sewerage, in accordance with the applicable tariffs.
- However, exempted properties, as listed in items (1) to (3) above, shall not attract separate availability charges per erf but shall be charged as if forming part of a single, developed unit.

2. LEGISLATIVE FRAMEWORK

Section 74 of the MSA states the following:

TARIFF POLICY

74. (1) A municipal council must adopt and implement a tariff policy on the levying of fees for municipal services provided by the municipality itself or by way of service delivery agreements, and which complies with the provisions of this Act and with any other applicable legislation.

(2) A tariff policy must reflect at least the following principles, namely that—

- a) users of municipal services should be treated equitably in the application of tariffs.
- b) the amount individual users pay for services should generally be in proportion to their use of that service.
- c) poor households must have access to at least basic services through-
 - (i) tariffs that cover only operating and maintenance costs.
 - (ii) special tariffs or lifeline tariffs for low levels of use or consumption of services or for basic levels of service; or
 - (iii) any other direct or indirect method of subsidisation of tariffs for poor households.
- d) tariffs must reflect the costs reasonably associated with rendering the service, including capital, operating, maintenance, administration and replacement costs, and interest charges; (e) tariffs must be set at levels that facilitate the financial sustainability of the service, taking into account subsidisation from sources other than the service concerned;
- e) provision may be made in appropriate circumstances for a surcharge on the tariff for a service;
- f) provision may be made for the promotion of local economic development through special tariffs for categories of commercial and industrial users;
- g) the economical, efficient and effective use of resources, the recycling of waste, and other appropriate environmental objectives must be encouraged:
 - (i) the extent of subsidisation of tariffs for poor households and other categories of users should be fully disclosed.

(3) A tariff policy may differentiate between different categories of users, debtors, service providers, services, service standards, geographical areas and other matters as long as the differentiation does not amount to unfair discrimination.

3. MUNICIPAL SERVICES

The council will-

- a) strive to ensure that municipal services are rendered to the local community in a financially and environmentally sustainable manner;
- b) consult the local community in respect of-
 - (i) the level, quality, range and impact of municipal services provided by the municipality, either directly or through another service provider; and
 - (ii) the available options for service delivery.
- c) give members of the local community equitable access to the municipal services to which they are entitled.

4. TARIFFS

4.1 The council levies, in terms of the policy, tariffs to finance municipal services.

4.2 It is the purpose of the policy to ensure that-

- a) users of municipal services are treated equitably in the application of tariffs;
- b) the amount individual users pay for services is generally in proportion to their use of that service;
- c) poor households are given access to at least basic services, by-
 - (i) tariffs that cover only operating and maintenance costs;
 - (ii) special tariffs or life line tariffs for low levels of use or consumption of services or for basic levels of service; or
 - (iii) any other direct or indirect method of subsidisation of tariffs for poor households;
- d) tariffs reflect the costs reasonably associated with rendering the service, including capital, operating, maintenance, administration and replacement costs, and interest charges;
- e) tariffs are set at levels that facilitate the financial sustainability of the service, taking into account subsidisation from sources other than the service concerned;
- f) provision may be made in appropriate circumstances for a surcharge on the tariff for a service;
- g) provision may be made for the promotion of local economic development through special tariffs for categories of commercial and industrial users;

- h) the economical, efficient and effective use of resources, the recycling of waste, and other appropriate environmental objectives are encouraged;
- i) the extent of subsidisation of tariffs for poor households and other categories of users are fully disclosed.

- 4.3 The Council differentiates in the policy between different categories of users, debtors, service providers, services, service standards, geographical areas and other matters in a manner that does not amount to unfair discrimination.
- 4.4 The Council will consult the local community on strategic decisions which relates to the planning and provision of municipal services and the influence thereof on tariffs.
- 4.5 The Council has the right to impose, revise or to adjust tariffs in terms of the tariff policy.

5. APPLICATION

This by-law is also applicable to the levying of tariffs for municipal services which are rendered by means of service delivery agreements, and which complies with the provisions of the Systems Act and any other applicable legislation.

6. REVOCATION

The following by-law is hereby repealed in whole:

By-law relating to the Levying of Availability Charges, PN 1209/1977 dated 15 December 1977.

7. PRINCIPLES

- 7.1 The Council determines tariffs in accordance with applicable legislation, during the consideration of the budget and, except where the council determines otherwise, such tariffs shall come into effect on 1 July of each year.
- 7.2 When tariffs are determined the ability of the various categories of users to pay is taken into consideration, in order to stimulate growth in the area of the municipality.

- 7.3 The Council may revise tariffs when it becomes clear that-
- a) the budgeted income for a particular service will not be realised, or
 - b) the budgeted expenditure in respect of a particular service, owing to factors outside the control of the Council, will increase to such an extent that it will exceed the income or result in a lesser budgeted surplus.
- 7.4 Electricity is always measured in units (Kwh) and maximum demand (in KVA) and water in kilolitre. The Council endeavours to furnish a correct monthly account to consumers by reading meters monthly.
- 7.5 Users are billed for actual consumption only. In cases where, due to unforeseen circumstances, it was impossible to read the meters and an average consumption was used for billing purposes, the necessary adjustment will be made in the following month.
- 7.6 Strict action is taken against defaulters in terms of the Council's credit control policy.
- 7.7 All domestic users, except indigent households, must remit the full amount in respect of services rendered.
- 7.8 The economic, efficient and effective use of resources, the recycling of waste, and other apposite environmental aims, are encouraged by the Council.
- 7.9 The financial stability of the Council is important and the tariffs are therefore determined in a manner that, while taking into account the level of non-payment for services, will be sufficient to cover costs.
- 7.10 The Council may in appropriate circumstances, make provision for a surcharge on the tariff for a service.

8. PROPERTY RATES

- 8.1 All properties in the jurisdiction of the municipality are assessed at least every five (5) years.
- 8.2 Tax rebates and exemptions are granted in the following cases:

Registered owners of residential properties who are **Pensioners** qualify for a rebate (to as per council resolution to be published with the tariffs) on the residential tariff. To qualify for the rebate a property owner must be the registered owner of a property which satisfies the requirements of the definition of Residential Property. This property owner must:

- i) occupy the property as his/her Primary Residence, and
- ii) be at least 60 years of age, or
- iii) has been declared medically unfit,
- iv) not receive any other rebates,
- v) Market value of their property not to exceed R1 100 000; and
- vi) Household income of not more than R12 000/ month.

The rebates for the year under review will be as follow:

- | | |
|---------------------|-----|
| ▪ R4 840 and under | 30% |
| ▪ R4 841 to R8 000 | 20% |
| ▪ R8 001 to R12 000 | 10% |

An owner must annually provide credible proof of his or her economic/financial position to the CFO. All applications for Pension Rebates will be effective for the same period as the General Valuation Roll and won't be applicable to vacant plots and agricultural properties rated by use.

All improved residential properties up to a R115,000 will be exempted from property rates being levied (R15,000 impermissible + R100,000 exempted).

- 8.3 The tariff in the Rand as well as the rebates are considered and approved by the Council during the consideration of the annual budget.
- 8.4 The tariff in the Rand is determined in respect of one financial year and takes effect on 1 July of the year in which the budget for the next financial year is approved.
- 8.5 Rates is calculated on the total value (land and improvements) as indicated in the valuation roll and is payable in twelve (12) equal payments.

9. ELECTRICITY

- 9.1 All electricity tariffs must be approved by the National Electricity Regulator.
- 9.2 Tariffs shall be approved by the Council at least one (1) month before coming into effect and is applicable to the various categories of users as set out hereunder:

- a) Domestic, Commercial, Industrial and Rural consumers - Domestic, Commercial and Industrial and Rural consumers are assessed at an energy rate, a basic levy as well as a capacity service fee.
- b) Commercial and Industrial consumers: - Bulk consumers are assessed at an energy rate, a basic service fee as well as a demand levy (KVA).
- c) Commercial and Industrial consumers - Small power consumers with a low electricity consumption have a choice between the electricity tariffs as applicable to item (2)(a) or a fixed monthly levy and an energy levy.
- d) Departmental electricity consumption is levied as follows:
 - Streetlights and pylon lights: a monthly levy as well as an energy rate tariff as set out in the tariff structure.
 - Water pumps, drinking water- municipality: a basic levy as well as a tariff per 5 Amps or part thereof, with a minimum of 60 Amps at an energy rate as set out in the tariff structure.
- e) Smallholdings

The tariff for small holdings is based on the tariff for domestic consumers plus interest provided that if the demand and consumption of a small holding is equal to that of a bulk consumer such tariffs applicable to bulk consumers shall apply to such small holding.

9.2.1 The categories of electricity consumers as set out below shall be changed at the applicable tariffs, as approved by the council with each annual budget. Tariff adjustments shall be effective from 1 July each year.

Categories of consumption and charges shall be:

- Tariff 1.1: Domestic Credit & Prepaid =>20 Amp (1 & 3 phase)
- Tariff 1.2: Domestic Indigent Prepaid
- Tariff 1.2A: Domestic Prepaid <= 20 Amp
- Tariff 2.1: Maximum Demand User LV
- Tariff 2.1A: Maximum Demand User MV
- Tariff 2.2: Small Commercial Prepaid = 20 Amp (1 & 3 Phase)
- Tariff 2.2B: Small Commercial Prepaid = 20 Amp (Max 20 Amp) Including Sport Organisations
- Tariff 4.1: All Public Lights (Municipal & Private)
- Tariff 6: Availability Fees
- Tariff 7: Domestic Time of Use (1 & 3 Phase)
- Tariff 8: Unmetered Usage (Telkom Towers)
- Tariff 9: Green Energy (Solar or wind)
- Tariff 10.1: Large MV (11-22 kV) Time of Use
- Tariff 10.2: Large LV (400 Volt) Time of Use

- 9.3 Tariffs for indigent households are subsidised on the basis of the income of the permanent occupant of the property concerned who receives a monthly services account from the municipality.
- 9.4 Only persons/households who comply with the provisions as set out in the credit policy of the Council, will qualify for the subsidy of fifty (50) units of electricity.
- 9.5 Interest as approved by the Council is added to each account which remains unpaid on the payment date as determined by the Council and indicated on the account, or the first day on which the Council's offices are open if the payment date falls on a Saturday, Sunday or a public holiday; provided that for the purposes of this provision, a part of a month is considered to be a month.
- 9.6 A deposit is payable in terms of the Council's by-laws relating to electricity supply.
- 9.7 Service connections and other tariffs relating to electricity services are addressed in the tariff structures.
- 9.8 Availability fees are levied on vacant erven with an area of 200 square meters or more, in cases where services are available. Availability fees are also levied in cases where services have been discontinued for six (6) months and longer.

In calculation of the availability fees the following are taken into account:

- a) operating costs.
- b) Amp strength of circuit-breaker(s).

- 9.9 The installation of pre-paid electricity meters rests within the exclusive discretion of the Council.

Pre-paid electricity meters shall, subject to availability of such meters, also be provided to consumers (household and business) on request, provided that all connections must be single-phase or must be changed to a single-phase connection at the costs of the consumer and that businesses will be limited to a maximum demand of 20 Ampere.

Businesses that need a higher demand than 20 Ampere shall not qualify for the installation of a pre-paid electricity meter.

10. WATER

- 10.1 The water consumption of indigent households is subsidised to the level of six (6) kilolitres of water per household. The subsidy is applicable to households where the total monthly household income is equal to the sum of two times the amount of state funded social pensions or less.
- 10.2 The determination of tariffs shall be approved by the Council at least one (1) month before coming into effect and is applicable to the various categories of users as set out hereunder:
- a) A minimum monthly levy is applicable to all domestic and industrial consumers.
 - b) Availability fees are levied on vacant erven with an area of 200 square metres or more, in cases where services are available. Availability fees are also levied in cases where services have been discontinued for six (6) months and longer. In the calculation of the availability fees the following is taken into account Operational costs.
 - c) A levy per consumer is also applicable in the case of pillar taps.
 - d) Additional basic levies are applicable to flats where the individual units are not metered.
 - e) A sliding scale in respect of actual kilolitres consumed, is applicable to all domestic consumers.
 - f) The consumption in respect of businesses and Transnet is levied in terms of the tariff per kilolitre of tariff 3 of the sliding scale.
 - g) A sliding scale is also applicable in cases where consumers are using pre-paid water meters.
- 10.3 A temporary flat rate will be introduced for the 2024/25 financial year, and thereafter, to address the current shortage of water meters. This rate will apply to all municipal connections where a meter cannot be installed or replaced due to the shortage of meters. The flat rate will be levied at a rate equal to the water availability fee.
- The objective of this measure is to ensure fair, equitable, and continuous access to water services for all residents while addressing operational challenges until full metering capacity is restored.
- The flat rate will be reviewed annually to ensure it remains aligned with operational costs and consumption patterns. This measure will remain in effect until the shortage of meters is resolved.
- 10.4 Sundry and other levies are indicated in the tariff structure.
- 10.5 Council will progressively promote the installation of smart pre-paid meters in alignment with MFMA Circular 124 and the conditions of the debt relief programme. Only smart pre-paid meters will be installed unless the connection or other operational characteristics dictate otherwise, or where a smart pre-paid meter is not a practical solution. This policy will apply to all categories of users.

10.5 Underground leakage process

If the leakage is on the consumer's side of the meter, the consumer will be responsible for the payment of all water supplied to the property. The consumer has the responsibility to control and monitor his/her water consumption.

A consumer may qualify for a reduction in levy as determined by Council on his/her account in the event of a water leakage, if:

- a) The leakage was underground or under the foundation of the building and not easily detectable;
- b) Meter leakage; and
- c) an authentic certificate issued by a registered plumber must reach the Municipality within 10 days after completion of repairs done with respect to a water leakage and must contain the following:
 - i) the date of the invoice and repair work as well as the receipt; and confirmation that surface leakage was not visible; or
 - ii) If repairs were done by the consumer themselves, his/her sworn affidavit must reach the municipality within 10 days after completion of repairs done with respect to a water leak and must contain the following:
 - The date of the invoice and repair work as well as the receipt and/or date stamped.
 - Photos proving that the leak was underground and repaired by themselves; and
 - That the reading has normalized; and
 - Confirmation that surface leakage was not visible.
- d) Water lost due to the meter being stolen, detective irrigation, broken geyser, leaking toilet or leaking tap cannot be considered for reduction.
- e) Council will only allow a reduction up to 50% of the underground leakage.

11. REFUSE

- 11.1 No basic levies or availability fees are applicable to undeveloped erven.
- 11.2 The Council levies monthly fees on each consumer in respect of refuse removal.
- 11.3 The monthly tariff in respect of residential premises is calculated in terms of the volume of refuse removed, expressed in units. One unit is the equivalent of the volume of two refuse bags.
- 11.4 Refuse is removed on a weekly basis.

- 11.5 The tariff for refuse removals payable by indigent households are fully subsidised.
- 11.6 The tariff applicable to business and industrial refuse removal services shall be determined based on the estimated refuse volume allocated by the Refuse Department, using historical collection trends, container capacity, frequency of collection, and an established average of waste generated. This methodology is applied due to the impracticality and administrative burden of physically counting refuse bags or volumes at each collection point and is based on the assumption that waste generation remains relatively stable under normal operating conditions. To ensure fairness and accuracy, the allocated volume may be reviewed and verified periodically, at least annually, or where considered necessary due to a change in ownership, change in business activity, significant operational changes, customer request, or the establishment of a new commercial collection point. The municipality reserves the right to conduct inspections and adjust the allocated volume where actual waste generation materially differs from the approved estimate.
- 11.7 Sundry and other levies are indicated in the tariff structure.
- 11.8 The Municipality may phase in a wheelie bin system for commercial users during the 2026/27 financial year, which shall become mandatory thereafter for applicable consumers. Consumers shall be billed for the supply of bins over a period of twelve (12) months through the municipal billing system at a tariff / cost as disclosed in the tariff list. A standard 240-litre wheelie bin shall be regarded as equivalent to five (5) refuse bag units, while a 770-litre bulk consumer bin shall be regarded as equivalent to fifteen (15) units for tariff purposes. This methodology promotes a fair and practical approach to refuse tariff determination through standardized service levels, improved operational efficiency, enhanced cleanliness and waste containment, reduced manual handling and operational risks, and a more reliable basis for determining service levels than physically counting refuse bags during collections.
- 11.9 Windfarm construction and operational waste shall be charged at a differentiated landfill disposal tariff based on the classification of waste delivered. Clean builders' rubble and uncontaminated garden waste may be charged at a lower inert waste tariff, while mixed or domestic-type waste shall be charged at the general waste disposal tariff. Where loads contain mixed waste streams, the Municipality may apply the higher applicable tariff. Disposal charges shall be calculated per ton or part thereof, subject to a minimum disposal charge per load. Where no weighbridge facilities exist, the Municipality may determine equivalent disposal charges based on estimated vehicle or trailer load volumes, including bakkie, trailer, or truck loads, using approved conversion estimates and operational guidelines. Tariffs are informed by the cost of landfill management, environmental compliance, and future rehabilitation obligations, with cost-reflective recovery being phased in over time.

12. SEWAGE

- 12.1 Levies are applicable to each owner or occupier of premises, regardless of whether such premises is connected to the municipal sewage system or not.
- 12.2 The sewage charges payable by indigent households are fully subsidised.
- 12.3 Sundry and other levies are indicated in the tariff structure.
- 12.4 The Council levy annually or monthly a sewerage charge or availability fee in respect of each premises. In the calculation of the sewerage charge or availability fees the following are taken into account:
- a) operational costs.
 - b) the number of sewerage points;
- 12.5 Availability fees are levied on vacant erven with an area of 200 square meters or more, in cases where the services are available. Availability fees are also levied where services have been discontinued for six (6) months and longer.
- 12.6 Sundry charges may include tariffs calculated on the following:
- Sewerage Connection Fees.
 - Removal/Inspection of blockages.
 - Emptying of sewerage tanks.

13. OTHER TARIFFS

In the calculation of tariffs for other services provided by the municipality, the following cost factors are taken into account-

- a) interest and redemption.
- b) operating costs, and
- c) subsidies.

14. POLICY REVIEW

This policy will be reviewed annually or earlier if so, required by legislation. Any changes to the policy must be adopted by council and be consistent with the Act and any National Treasury regulations.

The effective date of this policy will be 1 July and shall be reviewed on an annual basis to ensure that it is in line with the municipality's strategic objectives and with legislation. The contents of the policy will be reviewed on an annual basis as part of the budget related policies.

DOCUMENT CONTROL



VERSION AND DOCUMENT CONTROL			
POLICY NAME:	Tariff Policy		
POLICY OWNER:	Financial Department / BTO		
RELATED POLICIES:	Budget Policies – MBRR Regulation 7		
REVIEW:	Annually	Budget Policy	Yes
POLICY EFFECTIVE DATE:	01 March 2026	Budget Policy Nr	01
Version	Date	Adoption	Revision
1	January 2009	1 st Adoption	
2	6 June 2023		5 th Revision
3	27 February 2025		6 th Revision
4	30 May 2025		7 th Revision
5	29 May 2026		8 th Revision
<p>-----</p>			
Acting Municipal Manager Gerald Esau			
Date:			



BEAUFORT WEST MUNICIPALITY



WATER DISTRIBUTION LOSSES POLICY

2026/2027

Effective Date	: 1 July 2026
Last Revision	: 30 May 2025
Version	: 3 rd Revision
Reviewed Date	: 29 May 2026
Budget Policy Nr	: 18

Copies of this document can be viewed at the offices of the Municipality and on the municipal website.

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1. SCOPE

The Beaufort West Municipality is responsible for the purification and distribution of water within the Beaufort West municipal jurisdiction. Water losses can occur during the storage, supply, and distribution of water. This policy will also describe the disclosing of water related losses in terms of the relevant legislation. This policy should be read in conjunction with the Accounting Policy of Beaufort West Municipality.

2. DEFINITIONS

CONCEPT	DEFINITION / MEANING	RELATIONSHIP TO WATER LOSSES
APPARENT (COMMERCIAL) LOSSES	Water consumed but not correctly measured, billed, or paid for due to meter inaccuracies, illegal connections, billing errors, tampering, or unmetered consumption.	Forms part of NRW and directly impacts revenue recovery rather than physical water losses.
AUTHORISED CONSUMPTION	Water consumption permitted by the municipality, whether metered/unmetered and billed/unbilled.	Must not automatically be treated as a "loss" merely because it is unmetered.
AUTHORISED UNBILLED CONSUMPTION	Water used legally for approved purposes without billing, such as firefighting, municipal parks, flushing, or approved free basic water.	Part of NRW but not necessarily inefficiency or theft.
BILLED CONSUMPTION	Water for which an invoice is issued, whether metered or deemed/unmetered.	Forms part of revenue water.
BILLED UNMETERED CONSUMPTION	Fixed or deemed consumption billed without an actual meter reading.	Some distributed water should not be classified as a loss.
DEEMED CONSUMPTION	Estimated or fixed water allocation used where actual metering is unavailable.	Can reduce overstated NRW calculations if rationally and consistently applied.
DISTRIBUTION LOSSES	Water losses occurring within the reticulation and distribution system.	Includes both real and apparent losses.
FREE BASIC WATER (FBW)	Subsidised basic water allocation provided in terms of policy and legislation. mSCOA treats FBW as billed consumption at a zero rate.	Supports excluding from "losses".
METERING INACCURACIES	Losses arising from faulty, old, undersized, bypassed, or unreadable meters.	Classified as apparent/commercial losses.
NON-REVENUE WATER (NRW)	Water for which the municipality receives no income. Calculated as the difference between system input volume and billed/revenue water.	Includes real losses, apparent losses, and authorised unbilled consumption.
PHYSICAL (REAL) LOSSES	Actual physical water losses through leaks, bursts, overflows, and infrastructure failures.	Represents actual inefficiency and infrastructure deterioration.

REVENUE WATER	Water for which revenue should be received, including billed metered and billed unmetered consumption.	Opposite of NRW.
SYSTEM INPUT VOLUME	Total potable water entering the municipal distribution system from treatment works, boreholes, bulk purchases, etc.	Starting point for all water balance calculations. For the calculation of NRW / Water Losses as disclosed in terms of Section 125 the input will be measured from the reservoir or borehole, if directly linked and metered.
UNAUTHORISED CONSUMPTION	Illegal or tampered consumption not approved by the municipality.	Forms part of apparent/commercial losses.
UNAVOIDABLE ANNUAL REAL LOSSES (UARL)	The minimum technically unavoidable level of physical water loss in a system.	Confirms that zero water losses are unrealistic.
UNMETERED AUTHORISED CONSUMPTION	Approved water use without metering, including flat-rate or municipal consumption.	Should not automatically be classified as theft or physical loss.
WATER LOSSES	Difference between system input volume and authorised consumption. Includes both real and apparent losses.	Subset of NRW and for the purposes of this policy to be read with the Distribution Losses and NRW.

3. OBJECTIVE

The objective of the municipality must be to minimize these losses, as these losses can have a significant financial impact with the municipality that will have to pay for the treatment and distribution of water that cannot be billed.

3. LEGISLATION

Municipal Finance Management Act 56 of 2003

Section 125(2) -The notes to the annual financial statements of a municipality or municipal entity must disclose the following information:

(d) particulars of -

(i) any material losses

4. TYPES OF LOSSES

The most common losses occurring in the Municipality are the following:

- Old and Ailing infrastructure.
- Pipe bursts.
- Unmetered water connections.
- Open spaces and sport fields that are unmetered.
- Undetected underground water leaks.
- Old end-user meter; and
- Inaccessible properties- cannot read meters.

This can also be split into technical losses (network / infrastructure related) and non-technical losses (Theft / illegal connections, unmetered, illegal, tampering etc.).

Refer to Section 6 and Section 7 on the considerations and calculations pertaining to water losses as well the relevant definitions.

5. METERING AND DEBT RELIEF CONDITIONS

- The municipality must progressively install **Smart pre-paid meters** in the municipal water distribution areas.
- Commercial and Industrial should make use of Smart metering solutions but unlike residential should not necessarily be pre-paid.
- All new meter replacements and new meter installations should be Smart meter installations as required in terms of the Eskom Debt Relief Programme.
- The Smart metering system to be installed must comprise an electronic smart water metering device or meter which communicates with a main data collector, whereby this data can then be seamlessly integrated into the municipality's billing system.
- The Municipality will be required to participate in the National Treasury transversal tender RT29-2024 in the procurement of their water-meters.

6. ACCEPTABLE NORM

In terms of MFMA Circular No. 71: Uniform Financial Ratios and Norms dated January 2014, the industry norm is between 15% and 30%.

Purpose/Use of the Ratio

The purpose of this ratio is to determine the percentage loss of potential revenue from water service through kilolitres of water purchased but not sold as a result of losses incurred through theft (illegal connections), non- or incorrect metering or wastage as a result of deteriorating water infrastructure. It is expected that implementation of the free basic service policy is included in the calculation for sale of water.

Formula

(Number of Kilolitres Water Purchased or Purified - Number of Kilolitres Water Sold) / Number of Kilolitres Water Purchased or Purified × 100

Interpretation of Results

A ratio within the norm depicts that water losses and water infrastructure are well managed. If the Ratio exceeds the norm, it could indicate various challenges, for example, ageing water infrastructure or poor management, affecting the Municipality, which would require further analysis and explanation to determine the reasons for such losses. In addition, the root causes should be addressed.

7. CONTROL AND MONITORING

The municipality must have the intention to keep the losses of water to below a specified percentage of the total water purified and distributed.

- To keep the losses to a minimum, the metering of water must be monitored sufficiently.
- The water losses must be monitored on a monthly basis.
- Distribution meters must be installed to obtain meaningful meter data, to calculate losses accurately in terms of volume and per distribution area, if possible (ward etc).

- A formal system of communication should be maintained or put in place to ensure effective and efficient communication between the revenue department and the technical department. This will ensure that meters replaced, meter reset, disconnections, last readings etc. being accounted for to ensure that the municipality suffer no losses in this regard; and
- The billing system must be used to detect possible cases of illegal connections (deviation / exception reporting). If theft is detected, the water supply to the premises will be disconnected and a fine need to be paid at a rate as published in the municipal tariffs applicable to the financial year it relates to. Action will be taken as in terms of the municipal policy relating to customer care, credit control and debt collection and criminal charges should be considered.

ACCOUNT FOR THE FLAT-RATE TO BE APPLIED WHERE NO CONSUMPTION MEASUREMENT IS POSSIBLE - UNMETERED AUTHORISED CONSUMPTION:

- For purposes of quantifying and reporting water distribution losses, all unmetered residential households billed on a flat-rate basis may be deemed to have consumed a minimum quantity of 6 kilolitres (6kl) of water per month, equivalent to the Free Basic Water allocation.
- The deemed consumption allocation is intended solely for purposes of conservative water loss quantification and financial reporting and does not constitute an availability charge or represent actual metered consumption.
- The monetary value attributed to this deemed consumption may be levied in a manner consistent with the methodology applied to the municipality's fixed water service charges or flat-rate structure.
- The quantified deemed consumption must be deducted from the quantification of water losses to avoid overstating the cost water losses.
- The municipality acknowledges that the majority of households currently billed on a flat-rate basis are likely to consume at least the equivalent of the Free Basic Water allocation, and that the deemed quantity applied is considered conservative and lower than the estimated average consumption of an indigent household.

8. REPORTING

Water losses must be reported to the Director: Infrastructure on a monthly basis by means of a monthly report. Other reporting requirements will include:

- Quarterly reporting to the Department Water & Sanitation regarding water losses.
- Reporting on a quarterly basis in terms of section 52 of the MFMA.

- The total water losses incurred, must be made public in the annual financial statements of the municipality.
- Water losses are also reported in the Mid-Year Performance Report of the municipality.

The water losses reporting on in terms of financial reporting, must clearly indicate the quantity in terms of the units (Kl's) lost as well as the financial implication of the losses.

9. POLICY REVIEW

The content of the policy will be reviewed as and when required but at least on an annual basis during the budget process.

DOCUMENT CONTROL



VERSION AND DOCUMENT CONTROL			
POLICY NAME:	Water Distribution Losses Policy		
POLICY OWNER:	Financial Department / BTO		
RELATED POLICIES:	Budget Policies – MBRR Regulation 7		
REVIEW:	Annually	Budget Policy	Yes
POLICY EFFECTIVE DATE:	01 July 2026	Budget Policy Nr	18
Version	Date	Adoption	Revision
1	6 June 2023	1 st Adoption	
2	26 March 2024		2 nd Revision
3	11 May 2026		3 rd Revision
4	29 May 2026		4 th Revision
<p>-----</p>			
Acting Municipal Manager Mr Gerald Esau			
Date:			

Beaufort West Municipality



SUPPLY CHAIN MANAGEMENT POLICY **With effective date 1 July 2026**

APPROVED BY COUNCIL ON:

COUNCIL RESOLUTION REFERENCE:

1. INTRODUCTION

Beaufort West Municipality resolves in terms of section 111 of the Local Government Municipal Finance Management Act (No 56 of 2003) and read with Municipal Supply Chain Management Regulations, to adopt and approve this policy as the Supply Chain Management Policy of the Beaufort West Municipality at its Council meeting of 2026 as per Council Resolution No. The proposed amendments were workshopped at the policy workshop of 2026. This policy super-cedes all other procurement policies previously in force at the municipality.

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1. Definitions

(1) 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 —

"Adjudication points" means the points referred to in the Preferential Procurement Regulations, 2022 and the Preferential Procurement section of this policy, also referred to as "evaluation points".

"All applicable taxes" includes value-added tax, pay as you earn, income tax, unemployment insurance fund contributions and skills development levies.

"Annual Bid / Term Bid" means a rates-based bid for the supply of goods, services or construction works, which are of an ad-hoc or repetitive nature where the individual rates are approved for use over a predetermined period of time.

"Asset" means a tangible or intangible resource capable of ownership.

"B-BBEE" means broad-based black economic empowerment as defined in section 1 of the Broad-Based Black Economic Empowerment Act.

"B-BBEE Status Level of Contributor" means the B-BBEE status received by a measured entity based on its overall performance using the relevant scorecard contained in the Codes of Good Practice on Black Economic Empowerment, issued in terms of section 9(1) of the Broad-Based Black Economic Empowerment Act.

"Broad-Based Black Economic Empowerment Act" means the Broad-Based Black Economic Empowerment Act, 53 of 2003 and Codes of Good Practice pertaining thereto.

"Bidder" means any person submitting a bid.

"Capital Asset" means:

- (a) any immovable asset such as land, property or buildings; or
- (b) any movable asset that can be used continuously or repeatedly for more than one year in the production or supply of goods or services, for rental to others or for administrative purposes, and from which future benefit can be derived, such as plant, machinery and equipment.

"Closing time" means the time and day specified in the bid documents for the receipt of bids.

"Comparative price" means the price after the factors of a non-firm price and all unconditional discounts that can be utilized have been taken into consideration.

"Competitive bidding process" means a competitive bidding process referred to in paragraph 12 (1) (d) of this Policy;

"Competitive bid" means a bid in terms of a competitive bidding process;

"Construction Industry Development Board (CIDB) Act" means the Construction Industry Development Board Act, 38 of 2000 and includes the regulations pertaining thereto.

"Construction works" in terms of the CIDB Regulations: means any work in connection with:

- (a) the erection, maintenance, alteration, renovation, repair, demolition or dismantling of or addition to a building or any similar structure;
- (b) the installation, erection, dismantling or maintenance of a fixed plant;
- (c) the construction, maintenance, demolition or dismantling of any bridge, dam, canal, road, railway, sewer or water reticulation system or any similar civil engineering structure; or
- (d) the moving of earth, clearing of land, the making of an excavation, piling or any similar type of work.

"Consultant" means a person or entity providing services requiring knowledge based expertise, and includes professional service providers.

"Contract" means the agreement which is concluded when the Municipality accepts, in writing, a bid or quote submitted by a provider.

"Contractor" means any person or entity whose bid or quote has been accepted by the Municipality.

"Contract manager" means a line manager or budget cost centre manager or officials in the Project Management Unit with delegated authority.

"Council" means the municipal council of the Municipality of Beaufort West;

"Day(s)" means working days unless the context indicates otherwise.

"Delegated authority" means any person or committee delegated with authority by the Municipality in terms of the provisions of the Municipal Finance Management Act.

"Emergency dispensation" means emergency as referred to in paragraph 36(a)(i)

- (a) the conditions warranting Emergency dispensation should include the existence of one or more of the following:
 - i) the possibility of human injury or death;

- ii) the prevalence of human suffering or deprivation of rights;
- iii) the possibility of damage to property, or suffering and death of livestock and animals;

- (b) the interruption of essential services, including transportation and communication facilities or support services critical to the effective functioning of the Municipality as a whole;
- (c) the possibility of serious damage occurring to the natural environment;
- (d) the possibility that failure to take necessary action may result in the Municipality not being able to render an essential community service; and
- (e) the possibility that the security of the state could be compromised.
- (f) the prevailing situation, or imminent danger, should be of such a scale and nature that it could not readily be alleviated by interim measures, in order to allow time for the formal procurement process. Emergency dispensation shall not be granted in respect of circumstances other than those contemplated above.

"Evaluation of bids" in respect of bids that exceed 300000, shall be deemed to take place when the Bid Evaluation Committee meets to make a recommendation to the Bid Adjudication Committee.

"Evaluation points" also referred to as **"Adjudication Points"**.

"Exempted capital asset" means a municipal capital asset which is exempted by section 14(6) of the MFMA from the other provisions of that section.

"Final award", in relation to bids or quotations submitted for a contract, means the final decision on which bid or quote to accept.

"Firm price" means the price that is only subject to adjustments in accordance with the actual increase or decrease resulting from the change, imposition, or abolition of customs or excise duty and any other duty, levy, or tax, which, in terms of the law or regulation, is binding on the contractor and demonstrably has an influence on the price of any supplies, or the rendering costs of any service, for the execution of the contract.

"Formal written price quotation" means quotations referred to in paragraph 12(1) of this Policy;

"Functionality" means the measurement according to predetermined norms, as set out in the bid or quotation documents, of a service or commodity that is designed to be practical and useful, working or operating, taking into account, among other factors, the quality, reliability, viability and durability of a service and the technical capacity and ability of a bidder. "Functionality" is also referred to as **"quality"**.

"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;

"Joint Venture or Consortium" means an association of persons formed for the purpose of combining their expertise, property, capital, efforts, skill and knowledge in an activity for the execution of a contract or contracts. The Joint Venture must be formalised by agreement between the parties.

"Long term contract" means a contract with a duration period exceeding one year and does not have the same meaning as contracts of a long-term nature referred to in paragraph 22 (1) (b) (ii) of this policy.

"Long term nature contract" means a contract as identified by section 33(1) of the Municipal Finance Management Act imposing financial obligations on the municipality beyond the first three years covered in the approved annual budget,

"List of accredited prospective providers" means the list of accredited prospective providers, which the Municipality must keep in terms of paragraph 14 of this policy;

"Municipality" means the Municipality of Beaufort West;

"Obtain" means to come into possession of to get, acquire, or procure, as through an effort or by a request;

"Other applicable legislation" means any other legislation applicable to municipal supply chain management, including —

- (a) the Preferential Procurement Policy Framework Act, 2022 (Act No. 5 of 2000)
- (b) the Broad-Based Black Economic Empowerment Act, 2003 (Act No. 53 of 2003);
- (c) the Construction Industry Development Board Act, 2000 (Act No.38 of 2000);
- (d) Value Added Tax Act, 1991 (Act 89 of 1991);
- (e) Promotion of Access to Information Act (PAIR), 2000 (Act 2 of 2000);
- (f) Public Protector Act, 1994 (Act 23 of 1994);
- (g) Public Office Bearers Act, 1998 (Act 20 of 1998);
- (h) State Information Technology Agency Act (SITA), 1998 (Act 88 of 1998);

(i) Competition Act (CA), 1998 (Act 89 of 1998);

"Plight of the poor" means the plight of a group of people or a section of a community where the majority of the households in a specific area qualify as indigent or poor in terms of the Municipality Consumer Care, Credit Control and Debt Collection Policy.

"Policy" means this Supply Chain Management Policy as amended as prescribed in Municipal Supply Chain Management Regulations.

"Preference points" mean the points for preference referred to in this Policy. **"PPFA"**

means the Preferential Procurement Policy Framework Act, 5 of 2000.

"Preferential Procurement Regulations" means the regulations pertaining to the PPFA of 2022.

"Prime contractor" shall have the same meaning as **"contractor"**

"Promotion of Administrative Justice Act" means the Promotion of Administrative Justice Act, 3 of 2000.

"Quality" also referred to as **"functionality"**

"Rand Value" means the total estimated value of a contract in South African currency, calculated at the time of bid invitations, and includes all applicable taxes and excise duties.

a) the Preferential Procurement Policy Framework Act, 2022 (Act No. 5 of 2000)

"Ratification of minor breaches of the procurement process" means the authority that the accounting officer has in terms of regulation 36(1)(b) of the Municipal Supply Chain Management Regulations to ratify any minor breaches of the procurement processes by an official or committee acting in terms of delegated powers or duties which are purely technical in nature. In this instance the accounting officer can only rely on this provision if the official or committee who committed the breach had the delegated authority to perform the function in terms of the municipality's adopted System of Delegations, which must be consistent with the MFMA and its regulations.

"Republic" means the Republic of South Africa.

"Responsible agent" means either an internal project manager (being an employee of the Municipality) or an external consultant (appointed by the Municipality), as the case may be, who is responsible for the implementation of a project or part thereof.

"SARS" means the South African Revenue Services.

"sole providers" can be broadly defined as manufacturers, licence holders, publishers, intellectual property holders or service providers appointed by a sole provider as their sole agent or distributor in a specific area;

"Sub-contractor" means any person or entity that is employed, assigned, leased or contracted by the prime contractor to carry out work in support of the prime contractor in the execution of a contract.

"Supplier" is a generic term which may include suppliers of goods and services, contractors and/or consultants.

"Supplier database" means the list of accredited prospective providers which a municipality or municipal entity must keep in terms of Regulation 14 of the Supply Chain Management Regulations. The database can be kept by the municipality, depending on the specific need, or kept by an external service provider.

"Systems Act" means the Local Government: Municipal Systems Act, 32 of 2000.

"Technical nature" refers to a breach by a delegated official in terms of Regulation 36(1)(b) that has occurred in contravention with the adopted Supply Chain Management Policy due to a non-deliberate or unintentional oversight.

"Tender/tenderer" means **"bid/bidder"** in the context of construction works procurement.

"Transaction value" means the actual contract value (the bid sum or price) in South African currency, inclusive of all applicable taxes in respect of the goods, services or construction works that are contracted for.

"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; Municipal Supply Chain Management Regulations published by Government Notice 47452 of 4 November 2022; Municipal Supply Chain Management Regulations published by Government Notice 49863 dated 14 December 2023;

"Trust" means the arrangement through which the property of one person is made over or bequeathed to a trustee to administer such property for the benefit of another person.

"Trustee" means any person, including the founder of a trust, to whom property is bequeathed in order for such property to be administered for the benefit of another person.

"Unsolicited Bid" means an offer submitted by any person at its own initiative without having been invited by the Municipality to do so.

"Written quotations" means quotations referred to in paragraph 12(1) of this Policy.

(2) Words importing the singular shall include the plural and vice versa and words importing the masculine gender shall include females and words importing persons shall include companies, closed corporations and firms, unless the context clearly indicates otherwise.

(3) All amounts/limits stated in this document shall be deemed to be inclusive of Value Added Tax (VAT).

CHAPTER 1

IMPLEMENTATION OF SUPPLY CHAIN MANAGEMENT POLICY

2. Supply Chain Management Policy

- (1) All officials and other role players in the supply chain management system of the Municipality must implement this Policy in a way that —
 - (a) gives effect to —
 - (i) section 217 of the Constitution; and
 - (ii) Part 1 of Chapter 11 and other applicable provisions of the Act;
 - (b) is fair, equitable, transparent, competitive and cost effective;
 - (c) complies with —
 - (i.) the Regulations; and
 - (ii.) any minimum norms and standards that may be prescribed in terms of section 168 of the Act;
 - (d) is consistent with other applicable legislation;
 - (e) does not undermine the objective for uniformity in supply chain management systems between organs of state in all spheres; and
 - (f) is consistent with national economic policy concerning the promotion of investments and doing business with the public sector.

- (2) This Policy applies when the Municipality
 - (a) procures goods or services;
 - (b) disposes goods no longer needed;
 - (c) selects contractors to provide assistance in the provision of municipal services otherwise than in circumstances where Chapter 8 of the Municipal Systems Act applies; or
 - (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; and
 - (b) electricity from Eskom or another public entity, another municipality or a municipal entity.

3. Amendment of the supply chain management policy

- (1) The accounting officer must —
 - (a) review annually 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 and the relevant provincial 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.
- (4) The accounting officer will in terms of section 62(1)(f)(iv) of the Act take all reasonable steps to ensure that the municipality implements this, Policy.

4. Delegation of supply chain management powers and duties

- (1) The Council hereby delegates all powers and duties to the accounting officer, which are necessary to enable the accounting officer -
- (a) to discharge the supply chain management responsibilities conferred on accounting officers in terms of —
 - (i) Chapter 8 or 10 of the Act; and
 - (ii) this Policy;
 - (b) to maximize administrative and operational efficiency in the implementation of this Policy;
 - (c) to enforce reasonable cost-effective measures for the prevention of fraud, corruption, favouritism and unfair and irregular practices in the implementation of this Policy; and
 - (d) to comply with his or her responsibilities in terms of section 115 and other applicable provisions of the Act.
- (2) Sections 79 and 106 of the Act apply to the sub-delegation of powers and duties delegated to an accounting officer in terms of subparagraph (1).
- (3) The accounting officer may not sub-delegate any supply chain management powers or duties to a person who is not an official of the Municipality or to a committee, which is not exclusively composed of officials of the Municipality.
- (4) This paragraph may not be read as permitting an official to whom the power to

make final awards has been delegated, to make a final award in a competitive bidding process otherwise than through the committee system provided for in paragraph 26 of this Policy.

5. Sub-delegations

- (1) The accounting officer may in terms of section 79 of the Act sub-delegate any supply chain management powers and duties, including those delegated to the accounting officer in terms of this Policy, but any such sub-delegation must be consistent with subparagraph (2) of this paragraph and paragraph 4 of this Policy.
- (2) The power to make a final award —
 - (a) above R10 million (VAT included) may not be sub-delegated by the accounting officer.
 - (b) above R300,000.00 (VAT included), but not exceeding R10 million (VAT included), may be sub-delegated but only to a bid adjudication committee of which the chief financial officer or a senior manager in finance department is a member.
- (3) The 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 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 a bid adjudication committee of which the chief financial officer or a senior manager is a member; or
 - (b) to the chief financial officer or the senior manager responsible for the relevant bid, in the case of an award by a bid adjudication committee of which the chief financial officer or a senior manager 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

- (1) The Council reserves its right to maintain oversight over the implementation of this Policy.
- (2) For the purposes of such oversight the accounting officer must —
 - (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 Council.
- (3) The accounting officer must, within 10 days of the end of each quarter, submit a report on the implementation of the supply chain management policy to the mayor of the municipality
- (4) The reports must be made public in accordance with section 21A of the Municipal Systems Act.

7. Supply chain management unit

- (1) The Municipality has a Supply Chain Management Unit to assist the Municipal Manager to implement this, Policy.
- (2) The supply chain management unit operates under the direct supervision of the Chief Financial Officer or an official to whom this duty has been delegated in terms of section 82 of the Act.

8. Training of supply chain management officials

- (1) The Municipal Manager shall ensure that all persons involved in the implementation of this Policy meet the prescribed competency levels, and where necessary, shall provide training.
- (2) The training of officials involved in implementing this Policy shall be in accordance with Municipal Regulations on Minimum Competency Levels, 2007 Treasury guidelines on supply chain management training.

CHAPTER 2

SUPPLY CHAIN MANAGEMENT SYSTEM

9. Format of supply chain management system

This Policy provides systems for —

- (a) demand management;
- (b) acquisition management;
- (c) logistics management;
- (d) disposal management;
- (e) risk management; and
- (f) performance management.

*Part 1: Demand management***10. System of demand management**

- (1) Demand management shall translate the municipal Integrated Development Plan and Service Delivery Budget Implementation Plan into current and future needs in order to cost and budget for it.
- (2) The demand management system must —
 - (a) include timely planning and management processes to ensure that all goods and services required by the Municipality are quantified, budgeted for and timely and effectively delivered at the right locations and at the critical delivery dates, and are of the appropriate quality and quantity at a fair cost;
 - (b) take into account any benefits of economies of scale that may be derived in the case of acquisitions of a repetitive nature;
 - (c) provide for the compilation of the required specifications to ensure that its needs are met;
 - (d) undertake appropriate industry analysis and research to ensure that innovations and technological benefits are maximized.
- (3) Activities in Demand Management
 - (a) Demand management lies at the beginning of the supply chain and the major activities associated with identifying demand are:
 - (i) establishing requirements;
 - (ii) determining needs; and
 - (iii) deciding on appropriate procurement strategies.

- (c) Demand management accordingly shall involve the following activities in co-operation with all Directorates:
- (i.) understanding the future needs;
 - (ii.) identifying critical delivery dates;
 - (iii.) identifying the frequency of the need;
 - (iv.) linking the requirement to the budget; and
 - (v.) compilation of a procurement (bid) plan aligned with the above for which the Directorates will take responsibility by submitting their bids according to the bid plan to ensure effective and sufficient service delivery.
 - (vi.) Directorates must ensure that all envisaged needs are populated and recorded onto the procurement plans per directorate.
 - (vii.) The sourcing of quotations for goods and services to be rendered will be obtained from the respective and combine procurement plan whichever is the more advantageous to the municipality.

Part 2: Acquisition management

11. System of acquisition management

- (1) The accounting officer must implement the system of acquisition management set out in this Part in order to ensure —
- (a) that goods and services, including construction works and consultant services are procured by the Municipality in accordance with authorised processes only;
 - (b) that expenditure on goods and services, including construction works and consultant 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 requirements of relevant legislation including, the Preferential Procurement Policy Framework Act; and
 - (e) that any Treasury guidelines on acquisition management are properly taken into account.
- (2) The supply chain management policy, except where provided otherwise in these 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 municipal entity.

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- (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) Goods or service may only be procured by way of —

Value of purchase (VAT inclusive)	Range of Procurement Processes	Approval Authority
R— R2000	Petty Cash Purchases	
R2 001 — R 30 000	3 Formal written price quotations: (i) 80/20 Preference point system will apply in terms of PPPFA Act of 2022 and the Beaufort West Municipality's Preferential Procurement Policy 2025 will be applicable.	Divisional Head / Head of Department
R 30 001 - R300 000	Formal written price quotations: (i) To comply with; Tax Clearance Certificate for amounts above R30 000 — Treasury Circular 29 dated 31 January 2006; and (ii) Advertisement for 7 (seven) days on the Council's website and all official notice boards. (iii) 80/20 Preference point system will apply in terms of PPPFA Act of 2022 and the Beaufort West Municipality's Preferential Procurement Policy 2025 will be applicable.	Head of Departments
R 300 001- R10 million	A competitive bidding process; (i.) Advertised for 14 (fourteen) days on Council's website and notice boards, and (ii.) Advertised for 14 (fourteen) days in newspapers commonly circulating locally, but not limited there to.	Bid Adjudication Committee
Above R10 million	A competitive bidding process; (i.) advertised for 30 (thirty) days on Council's website and notice boards; and (ii.) advertised for 30 (thirty) days in newspapers commonly circulating locally, but not limited there to. If the responsible official or members of the Bid Specification Committee is of the opinion that a tender might exceed R10 million notwithstanding the fact that the cost estimate	Municipal Manager after recommendation from Bid Adjudication Committee

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	is below R10 million, the prescribed process for bids above R10 million must be followed.	
Annual Bids / Long-term contracts	A competitive bidding process will be followed for the supply of goods and services or construction works that is of an ad-hoc or repetitive nature for a predetermined period of time.	

- (2) The accounting officer may, in writing-
- (a) lower, but not increase, the different threshold values specified in subparagraph 12(1); or
 - (b) direct that —
 - (i.) written quotations are obtained for any specific procurement of a transaction value lower than R2 000;
 - (ii.) formal written price quotations be obtained for any specific procurement of a transaction value from R 2 000; or
 - (iii.) a competitive bidding process be followed for any specific procurement of a transaction value higher than R 300 000.
- (3) Goods or services may not deliberately be split into parts or items of a lesser value merely to avoid complying with the requirements of the policy. When determining transaction values, a requirement for goods or services consisting of different parts or items must as far as possible be treated and dealt with as a single transaction.

13. General preconditions for consideration of written quotations or bids

A written quotation or bid may not be considered unless the provider who submitted the quotation or bid —

- (a) has furnished that provider's —
 - (i.) full name;
 - (ii.) identification number or company or other registration number; and
 - (iii.) tax reference number and VAT registration number, if any;
 - (b) has authorized the Municipality to obtain a tax clearance from the South African Revenue Services that the provider's tax matters are in order; and
 - (c) has 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 stakeholder is in the service of the state, or has been in the service of the state in the previous twelve months; or
 - (iii.) whether a spouse, child or parent of the provider or of a director, manager, shareholder or stakeholder referred to in subparagraph (ii) is in the service of the state, or has been in the service of the state in the previous twelve months.
- (d) Prohibition on awards to persons whose tax matters are not in order (Previously Regulation 43)**

- (i.) No award above R30 000 may be made in terms of this Policy to a person whose tax matters have not been declared by the South African Revenue Service to be in order.
- (ii.) Before making an award to a person the accounting officer must first check with SARS whether that person's tax matters are in order.
- (iii.) If SARS does not respond within 7 days such person's tax matters may for purposes of subparagraph (1) be presumed to be in order.

(e) Prohibition on awards to persons in the service of the state (previously regulation 44)

Irrespective of the procurement process followed, no award may be made to a person in terms of this Policy —

- (i.) who is in the service of the state;
- (ii.) 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
- (iii.) a person who is an advisor or consultant contracted with the Municipality.

(f) Awards to close family members of persons in the service of the state (previously regulation 45)

The accounting officer must ensure that the notes to the annual financial statements disclose particulars of any award of more than R 2 000 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 —

- (i.) the name of that person;
- (ii.) the capacity in which that person is in the service of the state; and the amount of the award.
- (iii.) The new TCS impacts on SCM processes and documentation that must be submitted as SARS no longer issues tax compliance certificates.
- (iv.) In order to comply with the new TCS system and the condition of bids that a successful bidder's tax matters must be in order, Accounting Officers of all municipalities and municipal entities should:
 - (a) Designate official in the supply chain management unit, whose function will be to verify the tax compliance status of a taxpayer and to manage the TCS system on the SARS website and have the functionality to verify the tax compliance status of a taxpayer on the SARS' e-Filing system. Guidance to the Tax Compliance functionality on eFiling is available on the SARS website www.sars.gov.za.
 - (b) Utilise the Municipal Bid Document 1 (MBDI) issued with this circular when inviting bids.
 - (c) As a bid condition, request bidders to register on government's Central Supplier Database (CSI) and include in their quotations or bids, their Master Registration Number or tax compliance status PIN to enable the municipality to verify the bidder's tax compliance status.
 - (d) Utilise the Master Registration Number or 'tax compliance status PIN to verify bidders' tax compliance status.

- (e) Print the tax compliance status screen view or letter with the result of the bidder's status at the date and time of verification to file with the bidder's bid documents for audit purposes.
- (v.) The CSD and tax compliance status PIN are the approved methods to be used to prove tax compliance as the SARS no longer issues Tax Clearance Certificates but has made provision online, via eFiling, for bidders to print their own Tax Clearance Certificates which they can submit with their bids or price quotations.
- (vi.) Accounting Officers may therefore, accept printed or copies of Tax Clearance Certificates submitted by bidders and verify them on e-Filing. The verification result should be filed for audit purposes.
- (vii.) Where a supplier does not submit a tax compliance status PIN but provides a CSD number, the accounting officer should utilise the CSD number via its website www.csd.gov.za to access the supplier records and verify tax compliance status. A printed screen view at the time of verification should then be attached to the supplier's records for audit purposes.
- (viii.) Where goods and services are procured from foreign suppliers with tax obligations in South Africa, proof of tax compliance status should be obtained from the supplier.

Foreign suppliers with neither South African tax obligations nor history of doing business in South Africa should complete a pre-award questionnaire on the MBD 1 for their tax obligation categorisation. Where a recommendation for award of a bid has been made to a bidder who is a foreign supplier and who completed the pre-award questionnaire on the MBD 1, the Accounting Officer must submit a copy of the completed MBD 1 received from the bidder to SARS on the following email address: GovernmentInstitute@sars.gov.za. SARS will issue a letter to the procuring

- (i.) entity confirming whether or not the foreign supplier has tax obligations in South Africa.
- (ii.) Where goods and services are procured from foreign suppliers with no tax obligation in South Africa, there is no need to request proof of tax compliance status.
- (iii.) Where goods and services are imported, all custom related taxes shall be applied as prescribed by SARS.
- (iv.) It is recommended that municipalities and municipal entities discontinue using MBD 2 as there is no longer a use for it within the current tax compliance system.
- (v.) **APPLICATION DURING SCM PROCESS**
The designated official(s) should verify the bidder's tax compliance status prior to the finalisation of the award of the bid or price quotation.

Where the recommended bidder is not tax compliant, the bidder should be notified of their non-compliant status and the bidder must be requested to submit to the municipality or municipal entity, within 7 working days, written proof from SARS of their tax compliance status or proof from SARS that

they have made an arrangement to meet their outstanding tax obligations. The proof of tax compliance status submitted by the bidder to the municipality or municipal entity must be verified via the CSD or e-Filing. The accounting officer should reject a bid submitted by the bidder if such a bidder fails to provide proof of tax compliance status within the timeframe stated above.

g) Prohibition on awards to persons in the service of the state (previously regulation 44)

Irrespective of the procurement process followed, no award may be made to a person in terms of this Policy —

- (i.) who is in the service of the state;
- (ii.) 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
- (iii.) a person who is an advisor or consultant contracted with the Municipality.

h) Awards to close family members of persons in the service of the state (previously regulation 45)

The accounting officer must ensure that the notes to the annual financial statements disclose particulars of any award of more than R 2 000 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 —

- (i.) the name of that person;
- (ii.) the capacity in which that person is in the service of the state; and
- (iii.) the amount of the award

14. Lists of accredited prospective providers I Supplier database

- (1) The accounting officer must —
- (a) keep a list of accredited prospective providers of goods and services (supplier database) that must be used for the procurement requirements of the municipality or municipal entity through formal written price quotations; and
 - (b) at least once a year through newspapers commonly circulating locally, the website and any other appropriate ways, invite prospective providers of goods or services to apply for evaluation and listing as accredited prospective providers;
 - (c) the listing criteria for accredited prospective providers are
 - (i.) name of supplier of service provider;
 - (ii.) street address;
 - (iii.) postal address;
 - (iv.) contact Person in Sales Department;
 - (v.) telephone number of Sales Department;

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- (vi.) cell number of Sales Department;
 - (vii.) fax number of Sales Department;
 - (viii.) e-mail address of Sales Department;
 - (ix.) VAT registration number if applicable;
 - (x.) bank details;
 - (xi.) type of industry;
 - (xii.) valid certification for specialised services if applicable;
 - (xiii.) valid tax clearance certificate if applicable;
 - (xiv.) CIDB registration certificate if applicable;
 - (xv.) completed Declaration of interest;
 - (xvi.) valid certification in respect of Exempted Micro Enterprises or B-BBEE Status Level of Contributor if applicable;
 - (xvii.) criteria related to specific services to ensure effective service delivery for example "strip and quote" related to vehicles or equipment (plant and IT)
- (d) disallow the listing of any prospective provider whose name appears on the National Treasury's List of Restricted Suppliers and or Register for Tender Defaulters and who is prohibited from doing business with the public sector.
- (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.
- (4) **National Treasury's Web Based Central Supplier Database (CSD)**

It is a requirement for all Suppliers to be registered on the National Treasury Web Based Central Supplier Database (CSD) that can be accessed at <https://secure.csd.gov.za>.

The CSD is the national standardised and centralised electronic supplier database administered by the National Treasury which provides information to an organ of state.

Prospective suppliers shall be allowed to submit applications for registration and amendments for listing on the CSD at any time and agree to the terms and conditions of the CSD.

Beaufort West Municipality will not do business with any supplier or service provider who is not registered on the Central Supplier

15. Petty cash purchases

- (1) Petty Cash means a small amount of cash kept on hand for incidental purchases of low value goods and services in line with the standard operating procedure approved by the Chief Financial Officer.
- (2) The petty cash purchases will be applicable to a transaction value up to R2000

- (3) The Chief Financial Officer will request reconciliations on a monthly basis from the various departments for petty cash purchases made in respect of this policy Database (CSD).
- (4) Imprest will not be updated until applicable reconciliation is performed
- (5) Only one quotation has to be obtained when procuring goods or services to a value equal to, or lesser than the petty cash threshold.

16. Written quotations

Section 16 of SCM regulations is deleted with the new 14 December 2023 Supply Chain Regulations

17. Formal written price quotations

The requirements of the procurement of goods or services through formal written quotations are —

1. Range: R2001 — R30 000
 - (i.) Quotations must be obtained in writing from at least three different providers whose names appear on the list of accredited prospective providers of the municipality;
 - (ii.) Quotations may be obtained from providers who are not listed, provided that such providers meet the listing criteria if applicable to the relevant range of procurement in the supply chain management policy required by paragraph 14(1)(b) and (c);
 - (iii.) If it is not possible to obtain at least three quotations, the reasons must be recorded and approved by the chief financial officer or an official designated by the chief financial officer, and
 - (iv.) The names of the potential providers and their written quotations must be recorded.
2. A designated official referred to in subparagraph (1)(c) must within three days of the end of each month report to the chief financial officer on any approvals given during that month by that official in terms of that subparagraph.

18. Procedures for procuring goods or services through formal written price quotations

A supply chain management policy must determine the procedure for the procurement of goods or services through formal written price quotations, and must stipulate-

- a) that all requirements in excess of R30 000 (VAT included) 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 Municipality;
- b) when using the list of accredited prospective providers, the accounting officer must promote ongoing competition amongst providers by inviting providers to submit quotations on a rotation basis;
- c) the accounting officer must take reasonable steps to ensure that the procurement of goods and services through formal written price quotations is not abused.
- d) the accounting officer or chief financial officer must on a monthly basis be notified in writing of all formal written price quotations accepted by an official acting in terms of a sub-delegation;

- e) offers below R30 000 (VAT included) must be awarded based on compliance to specification and conditions of contract, ability and capability to deliver the goods and services and lowest price;
- f) acceptable offers, which are subject to the preference points system, must be awarded to the bidder who scored the highest points;
- g) the Municipality will maintain a proper record keeping system; and
- h) offers received must be evaluated by a senior SCM practitioner and the relevant project manager of the user department on a comparative basis taking into account unconditional discounts; will
- i) the director of the user department will be the final approval authority on all for all formal quotations

19. Competitive bids

A supply chain management policy must specify-

(a) that goods or services, construction works, or consultant services above a transaction value of R 300 000 (VAT included) and any contract exceeding one year (long term contracts) must only be procured through a competitive bidding process, subject to paragraph 11(2) of this Policy.

(b) that no requirement for goods or services, or consultant services above an estimated transaction value of R 300 000 (VAT included), may deliberately be split into parts or items of lesser value merely for the sake of procuring the goods or services otherwise than through a competitive bidding process.

20. Process for competitive bidding

The procedures for the following stages of a competitive bidding process are as follows: -

- (a) compilation of bidding documentation as detailed in paragraph 21;
- (b) public invitation of bids as detailed in paragraph 22;
- (c) site meetings or briefing sessions as detailed in paragraph 22;
- (d) handling of bids submitted in response to public invitation as detailed in paragraph 23;
- (e) evaluation of bids as detailed in paragraph 28;
- (f) award of contracts as detailed in paragraph 29;
- (g) administration of contracts;
- (h) after approval of a bid, the accounting officer and the bidder must enter into a written agreement;
- (i) proper record keeping;
- (j) original/legal copies of written contracts agreements should be kept in a secure place for reference purposes.

21. Bid documentation for competitive bids

The criteria to which bid documentation for a competitive bidding process must comply, must

- (a) take into account —
 - (i.) the general conditions of contract and any special conditions of contract, if specified;
 - (ii.) any Treasury guidelines on bid documentation;
- (b) include the preference points system to be used, goals as transaction contemplated in the Preferential Procurement Regulations and evaluation and adjudication criteria, including any criteria required by other applicable legislation;
- (c) compel bidders to declare any conflict of interest they may have in the 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 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 re expected to be sourced from outside the Republic, and if so, what portion and whether any portion of payment from the municipality or municipal entity is expected to be transferred out of the Republic; and
- (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.

22. Public invitation for competitive bids

- (1) The procedure for the invitation of competitive bids, is as follows:
 - (a) Any invitation to prospective providers to submit bids must be by means of a public advertisement in newspapers commonly circulating locally, the website of the Beaufort West Municipality and on the official notice boards or any other

- appropriate ways (which may include an advertisement in the Government Tender Bulletin); and
- (b) the information contained in a public advertisement/notice, must include
- (i) the title of the proposed contract and the bid or contract reference number;
 - (ii) the closing 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, a minimum of 14 days in any other case, from the date on which the advertisement is placed in a newspaper, subject to subparagraph (2) of this policy — specific closing date and time for submission of bids;
 - (iii) bids must only be submitted on the bid documentation provided by the Municipality;
 - (iv) date, time and venue of any proposed site meetings or briefing sessions (*incl time when meeting will commence — if bidder arrives afterwards his bid will not be considered*);
 - (v) the place where the bid documentation is available for collection;
 - (i) the bid notice may require payment of a non - refundable deposit by bidders wanting to collect bid documents;
 - (ii) this deposit shall be determined by the Municipality's council tariffs from time to time; and
 - (viii) the place where bids must be submitted.
- (2) The accounting officer 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 on which it clearly stated that such envelope contains a bid and the contract title and contract or bid reference number for which the bid is being submitted.
- (4) Where bids are requested in electronic format, such bids must be supplemented by sealed hard copies.
- (5) Where applicable tenderers need to meet the minimum threshold for **Functionality/Quality** as stated in the Tender documents to be considered for further evaluation for price and preference points.

23. Procedure for handling, opening and recording of bids

- (1) The procedures for the handling, opening and recording of bids, are as follows: -
- (a) Opening of bids, —
 - (i.) at the specified closing time on the closing date the applicable bid box shall be closed.

- (ii) the bid box shall be opened in public as soon as practical after the closing time.
 - (iii) bids received after the closing time should not be considered and returned unopened immediately.
 - (iv) bids found to be inadvertently placed in the incorrect bid box will be redirected (prior to any of the bids being opened) provided that the applicable bids closed on the same day at the same time.
 - (v) immediately after the opening of the bid box, all bids shall be opened in public and checked for compliance.
 - (vi) the official opening the bids shall in all cases read out the name of the bidder and, if practical, the amount of the bid.
 - (vii) as soon as a bid or technical proposal has been opened the bid/proposal shall be stamped with the official stamps, and endorsed with the opening official's signature,
 - (viii) the name of the bidder, and where possible, the bid sum shall be recorded in a bid opening record kept for that purpose, and
 - (ix) the responsible official who opened the bid shall forthwith place his/her signature on the bid opening record and shall ensure that the bid opening record and the bid prices, where applicable, are made available for public inspection and are published on the Municipality's official website.
- (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 subparagraph (b), relating to the bid should be disclosed to bidders or other persons until the successful bidder is notified of the award; and
- (d) The accounting officer must —
- (i.) record in a register all bids received in time;
 - (ii.) make the register available for public inspection;
 - (iii.) publish the entries in the register and the bid results on the website.
- (e) The bidder shall choose a *Domicillium citandi et executandi* in the Republic and unless notice of the change thereof has duly been given in writing, it shall be the address stated in the bid.
- (f) Site Inspections (site meeting), -
- (i) Site inspections, where applicable, will be compulsory.
 - (ii) If site inspections are to be held, full details must be included in the bid notice and it must be stated whether the inspection is compulsory or not

and time when meeting will commence — if bidder arrives after the briefing has been concluded, his bid will not be considered).

- (iii) Where site inspections are compulsory, the date for the site inspection shall be at least 14 days after the bid has been advertised and a certificate of attendance signed by the responsible agent must be submitted with the bid.

(g) Validity Periods

- (i) The validity period will be calculated from the bid closure date and bids shall remain in force and binding for a period determined by the Bid Specification Committee aligned with the type of goods or services procured.
- (ii) The period of validity may be extended by mutual consent in writing between the Municipality and the bidders.
- (iii) Extension of Validity period-
 1. Extensions must be done prior to the expiry date of the bid validity period;
 2. When validity lapses the contractual obligation that the bidder accepted on signing the relevant bid documentation falls away, therefore when a bid expires there is nothing to extend;
 3. It cannot be evaluated further and it must be cancelled and re-advertised;
 4. Reasons for extensions of bids must be provided.
 5. Extensions must be granted based on good reasons and it must be approved by the Supply Chain Manager;
 6. All bidders must be notified in writing and submit their intentions to abide by the terms and conditions and participate further in the bid
 7. Only those bidders who agree to the extension will be evaluated;
 8. Second extensions will be limited to those bidders that responded the first time.
 9. Once an extension is granted, proper planning has to be done to ensure that the process of evaluating and awarding bids is carried out before the expiry of a bid validity period.
 10. If the escalation of prices for which provision is not already made in the bid documents, is regarded reasonable, it may be taken into account.
 11. If a bidder should reduce his bid price, the reduction may be considered only if the bidder would have been the successful bidder without the reduction in any case. The case must be evaluated at the original price that he bid and successful, is accepted at the reduced price.
 12. All bid extensions shall be advertised in the local media prior submission to the Bid evaluation and Bid adjudication committee.

(h) Samples

- (i) Where samples are called for in the bid documents, samples (marked with the bid and item number as well as the bidder's name and address) shall be delivered separately (to the bid) to the addressee mentioned in the bid documents by no later than the closing time of the bid.
- (ii) Bids may not be included in parcels containing samples.
- (iii) If samples are not submitted as required in the bid documents, then the bid concerned may be declared non-responsive.
- (iv) Samples shall be supplied by a bidder at his/her own expense and risk. The Municipality shall not be obliged to pay for such samples or compensate for the loss thereof, unless otherwise specified in the bid documents, and shall reserve the right to return such samples or to dispose of them at its own discretion.
- (v) If a bid is accepted for the supply of goods according to a sample submitted by the bidder, that sample will become the contract sample. All goods/materials supplied shall comply in all respects to that contract sample.

(i) Invalid Bids

(a) Bids shall be invalid, and shall be endorsed and recorded as such in the bid opening record by the responsible official appointed by the Manager: SCM to open the bid, in the following instances;

- (i) if the bid is not sealed;
- (ii) the bid is not submitted on the official form of bid I offer;
- (iii) if the bid is not completed in non-erasable ink;
- (iv) if in a two-envelope system, the bidder fails to submit both a technical proposal and a separate financial offer/bid.
- (v) Bids not submitted in the duly allocated tender boxes
- (vi) Where there is any alleged instruction for the submission of a bid to any location, person or box other than the designated tender box;

(j) Bid Sum

A bid will not necessarily be invalidated if the amount in words and the amount in figures do not correspond, in which case the amount in words shall be read out at the bid opening.

24. Negotiations with preferred bidders

- (1) The accounting officer may negotiate the final terms of a contract with bidders identified through a competitive bidding process as preferred 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 as submitted.

(2) Minutes of such negotiations must be kept for record purposes.

25. Two-stage bidding process vs Two Envelope System

- (1) A two-stage bidding process is allowed for —
 - (a) large complex projects;
 - (b) projects where it may be undesirable to prepare complete detailed technical specifications; or
 - (c) long term projects with a duration period exceeding three years.
- (2) In the first stage technical proposals on conceptual design or performance specifications should be invited, subject to technical as well as commercial clarifications and adjustments.
- (3) In the second stage final technical proposals and priced bids should be invited.

26. Committee system for competitive bids

- (1) A committee system for competitive bids is hereby established, consisting of the following committees for each procurement or cluster of procurements as the accounting officer may determine:
 - (a) a bid specification committee;
 - (b) a bid evaluation committee; and
 - (c) a bid adjudication committee;
- (2) The accounting officer appoints the members of each committee, taking into account section 117 of the Act; and
- (3) A neutral or independent observer may be appointed by the accounting officer, to attend or oversee a committee 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) The accounting officer may apply the committee system to formal written price quotations.

27. 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 Standards South Africa, the International Standards Organisation, or an authority accredited or recognised by the South African National Accreditation System with which the equipment or material or workmanship should comply;

 - (c) 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 labelling of conformity certification;

 - (e) may not make reference to any particular trade mark, name, patent, design, type, specific origin or producer unless there is no other sufficiently precise or intelligible way of describing the characteristics of the work, in which case such reference must be accompanied by the word "equivalent";

 - (f) must indicate each specific goal for which points may be awarded in terms of the points system set out in the Preferential Procurement Regulations 2022;

 - (g) must be approved by the director of the department or delegated official 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 two or more officials of the Municipality preferably the manager responsible for the function involved, and may, when appropriate, include external and/or internal 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.

28. 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, and;
 - (d) 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 the Municipality.
- (3) The responsible municipal official shall carry out a preliminary evaluation of all valid bids received and shall submit a bid evaluation report to the Bid Evaluation Committee for consideration.
- (4) Any evaluation of a bid shall consider the bids received and shall note for inclusion in the evaluation report, a bidder:
 - (i) whose bid does not comply with the provisions of *Section 38 of this Policy*;
 - (ii) whose bid does not comply with the provisions of *Section 13 of this Policy*;
 - (iii) whose bid is not in compliance with the specification;
 - (iv) whose bid is not in compliance with the terms and conditions of the bid documentation;
 - (v) whose bid does not comply with any minimum goals stipulated in terms of the Municipality's Preferential Procurement Policy;
 - (vi) who is not registered and verified on the Municipality's supplier database within seven days of the closing time for bids. In this regard bid documentation shall state that the responsibility for registration and verification rests solely with the bidder;
 - (vii) who has failed to submit a valid tax clearance certificate form from the South African Revenue Services (SARS) certifying that the taxes of the bidder are in order or that suitable arrangements have been made with SARS, and
 - (viii) who fails to comply with any applicable Bargaining Council agreements.
- (5) The SCM official responsible for scheduling of Bid Evaluation Committee meetings must verify the above SCM compliance check as per bid evaluation committee checklist and the chairperson of the committee must sign off on the latter.
- (6) Bids shall be evaluated according to the following as applicable:

- (a) bid price (corrected if applicable and brought to a comparative level where necessary),
 - (b) the unit rates and prices,
 - (c) the bidder's ability to fulfill its obligations in terms of the bid documents,
 - (d) any qualifications to the bid,
 - (e) the bid ranking obtained in respect of Preferential Procurement as required by the Municipality's Preferential Procurement Policy,
 - (f) the financial standing of the bidder, including its ability to furnish the required institutional guarantee, where applicable,
 - (g) the chairperson of the Bid Evaluation Committee will sign off on the BEC checklist after verification of all applicable matters,
 - (h) any other criteria specified in the bid documents.
- (7) The Bid Evaluation Committee shall check in respect of the recommended bidder whether municipal rates and taxes and municipal service charges are not in arrears.
 - (8) The evaluation of bids on an equitable basis may be considered during the evaluation process.
 - (9) Additional information or clarification of bids may be called for if required, but only in writing.
 - (10) Alternative bids may be considered, provided that a bid free of qualifications and strictly in accordance with the bid documents is also submitted. The Municipality shall not be bound to consider alternative bids.
 - (11) If a bidder requests in writing, after the closing of bids, that his/her bid be withdrawn, then such a request may be considered and reported in the bid evaluation report.
 - (12) If, after bids have been brought to a comparative level, two or more score equal total adjudication points, the recommended bidder shall be the one scoring the highest preference points for B-BBEE.
 - (13) If two or more bids are equal in all respects, the Bid Evaluation Committee shall draw lots to decide on the recommendation for award, or may, in the case of goods and services, recommend splitting the award proportionately, where applicable.
 - (14) All disclosures of conflict of interest shall be considered by the Bid Evaluation Committee and if the conflict of interest is of a material nature, this shall be reported to the Bid Adjudication Committee.
 - (15) All contracts may only be recommended for award to the preferred bidder after the budget office has verified in writing that budgetary provision exists for the acquisition of the goods, infrastructure projects and/or services.
 - (16) In the case where a two-envelope bidding process is followed, the Municipal Manager or applicable director must appoint the three independent evaluators for the technical evaluation (test for functionality) in writing and the appointment letters must be provided to the SCM office for audit purposes.
 - (17) Where bidders did not fully complete or signed documents that does not have a material effect on the bid result or outcome the evaluation committee can request in writing bidders to provide the completed information.

29. Bid adjudication committees

General

- (1) The Municipality shall not be obliged to accept any bid.
- (2) For goods and service bids, the Municipality shall have the right to accept the whole bid or part of the bid or any item or part of an item or accept more than one bid.

Bid Adjudication Committee

- (3) 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.
- (4) 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.
- (5) 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.
- (6) 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.
- (7)
 - (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,
 - (ii) check whether bidder comply with Bid Evaluation (2), and
 - (iii) notify the accounting officer.

- (c) 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.
- (8) 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.
- (9) The accounting officer must comply with section 114 of the Act within 10 working days
- (10) Cancellation of bids/Formal RFQ:
 - (a) If it becomes necessary to cancel or re-advertise formal bids, then a report to this effect shall be submitted to the Bid Adjudication Committee/Accounting Officer or delegated senior official for decision.
 - (b) If bids have been cancelled, then all bidders must be notified by the relevant department in writing.
 - (c) It is not necessary to notify original bidders when calling for new bids, which will be advertised in accordance with clause 22(1)(a).
 - (d) Notwithstanding clause 29(8)(d), where no valid bids are received or where all bidders have indicated in writing that they have no objection to the re-advertisement of the bid, then the bid may be re-advertised forthwith.
 - (e) In the case of bids for construction related works, the policy for Infrastructure Procurement and Delivery Management must be consulted.
- (11) Notification of Decision
 - (a) If the Bid Adjudication Committee or other delegated official has resolved that a bid be accepted, the successful and unsuccessful bidders shall be notified in writing of this decision.
 - (b) The successful bidder shall, in addition, be advised of the 14 day objection period, and be notified that no rights accrue to him/her until the bid is formally accepted in writing.
 - (c) Every notification of decision shall be faxed or sent via electronic mail to the address chosen by the bidder, with a copy of proof of transmission kept for record purposes, or shall be delivered by hand, in which case acknowledgement of receipt must be signed and dated on a copy of such notification and kept for record purposes.

30. Procurement of banking services

- (1) A contract for banking services:
 - (a) must be procured through competitive bids;
 - (b) must be consistent with section 7 or 85 of the Act; and

- (c) may not be for a period of more than five years at a time.
- (2) The process for procuring a contract for banking services must commence at least nine months before the end of an existing contract.
- (3) The closure date for the submission of bids may not be less than 60 days from the date on which the advertisement is placed in a newspaper in terms of paragraph 22(1). Bids must be restricted to banks registered in terms of the Banks Act, 1990 (Act No. 94 of 1990).

31. Procurement of IT related goods or services

- (1) The accounting officer 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 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 (VAT included); or
 - (b) the transaction value of a contract to be procured whether for one or more years exceeds R50 million (VAT included).
- (4) If SITA comments on the submission and the Municipality 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 relevant provincial treasury and the Auditor General.

32 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 has 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.
- (3) Where procurement in terms of regulation 32 is considered, the implementation must be done in terms of circular 96 of National Treasury.

33. 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.

34. Proudly SA Campaign

- (1) The Municipality supports the Proudly SA Campaign to the extent that, all things being equal, preference is given to procuring local goods and services from:
 - (a) Firstly — suppliers and businesses within the municipality or district;
 - (b) Secondly — suppliers and businesses within the relevant province;
 - (c) Thirdly suppliers and businesses within the Republic of South Africa.

35. Appointment of consultants

- (1) The accounting officer may procure consulting services provided that any Treasury guidelines and the cost containment regulations in respect of consulting services or Construction Industry Development Board guidelines in respect of services related to the built environment and construction works 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 (VAT included); or
 - (b) the duration period of the contract exceeds one year.
- (3) In addition to any requirements prescribed by this policy for competitive bids, bidders must furnish particulars of —
 - (a) all consultancy services provided to an organ of state in the last five years; and
 - (b) any similar consultancy services provided to an organ of state in the last five years.

- (4) The accounting officer must ensure that copyright in any document produced, and the patent rights or ownership in any plant, machinery, thing, system or process designed or devised, by a consultant in the course of the consultancy service is vested in the Municipality.

36. 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 (as per definition);
 - (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
 - (vi) ad-hoc repairs to plant and equipment where it is not possible to ascertain the nature or extent of the work required in order to call for bids; 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.
 - (c) Any deviation from the prescribed supply chain management processes for procurements exceeding R300 000 (VAT inclusive) must be treated as exceptional and be subject to strict oversight. In accordance with Regulation 36 of the Municipal Supply Chain Management Regulations and section 217 of the Constitution of the Republic of South Africa, such deviations must be fully motivated, recorded, and approved by the Accounting Officer. Furthermore, all deviations above R300 000 must be referred to the Bid Adjudication Committee (BAC) for review and recommendation prior to approval. All approved deviations must also be reported to Council and disclosed in the annual financial statements as required by Regulation 36(2).
- (2) The accounting officer must record the reasons for any deviations in terms of subparagraphs (1)(a) and (b) of this policy and report them to the next meeting of the council and include as a note to the annual financial statements.

- (3) All identified possible unauthorized, irregular and fruitless and wasteful expenditure must be referred to the Municipal Public Accounts Committee (MPAC) investigation and the MPAC makes recommendations to Council with the exception of minor breaches ratified by the accounting officer.
- (4) The following will be deemed not to be deviations from SCM processes:
 - (i) Advertisements that are placed in National Government and Provincial Government Gazettes.
 - (ii) The acquisition of services of medical specialists as may be required from time to time and in terms of the Pension Funds Amendment Act, Act 65 of 2001 and related regulations and amendments.
 - (iii) The procurement of newspapers for municipal libraries and other municipal offices.
 - (iv) The acquisition of driving license cards from the service provider officially appointed by the National Department of Transport to issue such cards.

37. Unsolicited bids

- (1) In accordance with section 113 of the Act there is no obligation to consider unsolicited bids received outside a normal bidding process.
- (2) The accounting officer may decide in terms of section 113(2) of the Act to consider an unsolicited bid, only if —
 - (a) the product or service offered in terms of the bid is a demonstrably or proven unique innovative concept;
 - (b) the product or service will be exceptionally beneficial to, or have exceptional cost advantages;
 - (c) the person who made the bid is the sole provider of the product or service; and
 - (d) the reasons for not going through the normal bidding processes are found to be sound by the accounting officer.
- (3) If the accounting officer decides to consider an unsolicited bid that complies with subparagraph (2) of this policy, the decision must be made public in accordance with section 21A of the Municipal Systems Act, together with —
 - (a) reasons as to why the bid should not be open to other competitors;
 - (b) an explanation of the potential benefits if the unsolicited bid were accepted; and
 - (c) an invitation to the public or other potential suppliers to submit their comments within 30 days of the notice.
- (4) The accounting officer must submit all written comments received pursuant to

subparagraph (3), including any responses from the unsolicited bidder, to the National Treasury and the relevant provincial treasury for comment.

- (5) The adjudication committee must consider the unsolicited bid and may award the bid or make a recommendation to the accounting officer, depending on its delegations.
- (6) A meeting of the adjudication committee to consider an unsolicited bid must be open to the public.
- (7) When considering the matter, the adjudication committee must take into account —
 - (a) any comments submitted by the public; and
 - (b) any written comments and recommendations of the National Treasury or the relevant provincial treasury.
- (8) If any recommendations of the National Treasury or provincial treasury are rejected or not followed, the accounting officer must submit to the Auditor General, the relevant provincial treasury and the National Treasury the reasons for rejecting or not following those recommendations.
- (9) Such submission must be made within seven days after the decision on the award of the unsolicited bid is taken, but no contract committing the Municipality to the bid may be entered into or signed within 30 days of the submission.

38. 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, favouritism, unfair or irregular practices or failure to comply with this Policy, and when justified —
 - (i) take appropriate steps against such official or other role player; or
 - (ii) report any alleged criminal conduct to the South African Police Service;
 - (c) check the National Treasury's database prior to awarding any contract to ensure that no recommended bidder, or any of its directors, is listed as a person prohibited from doing business with the public sector;
 - (d) reject any bid from a bidder—
 - (i) if any municipal rates and taxes or municipal service charges owed by that bidder or any of its directors to the Municipality or to any other

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- municipality or municipal entity, are in arrears for more than three months; or
 - (ii) who during the last five years has failed to perform satisfactorily on a previous contract with the Municipality or any other organ of state after written notice was given to that bidder that performance was unsatisfactory;
 - (e) reject a recommendation for the award of a contract if the recommended bidder, or any of its directors, has committed a corrupt or fraudulent act in competing for the particular contract;
 - (f) cancel a contract awarded to a person if —
 - (i) the person committed any corrupt or fraudulent act during the bidding process or the execution of the contract; or
 - (ii) an official or other role player committed any corrupt or fraudulent act during the bidding process or the execution of the contract that benefited that person; and
 - (g) reject the bid of any bidder if that bidder or any of its directors —
 - (i) has abused the supply chain management system of the Municipality or has committed any improper conduct in relation to such system;
 - (ii) has been convicted for fraud or corruption during the past five years;
 - (iii) has willfully neglected, reneged on or failed to comply with any government, municipal or other public sector contract during the past five years; or
 - (iv) has been listed in the Register for Tender Defaulters in terms of section 29 of the Prevention and Combating of Corrupt Activities Act (No 12 of 2004).
- (2) The accounting officer must appoint an independent official or external service provider (depending on the circumstances) to investigate findings against a bidder or contractor, its shareholders and directors, or only shareholders and directors;
- (a) The bidder or person will be disqualified from the bidding process;
 - (b) The Municipality must recover all costs, losses or damages it has suffered as a result of that person's conduct;
 - (c) The Municipality will cancel the contract and claim any damages which it has suffered as a result of having to make less favorable arrangements due to such cancellations;
 - (d) The Municipality will restrict the bidder or contractor, its shareholders and directors, or only the shareholders and directors who acted on a fraudulent basis from obtaining the contract/ bid; and
 - (e) The matter will be forwarded for criminal prosecution.
- (3) 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.

- (4) The Accounting Officer may invalidate recommendations or decisions that were unlawfully or improperly made, taken or influenced, including recommendations or decisions that were made, taken or in any way influenced by:
- (a) councillors in contravention of item 5 or 6 of the Code of Conduct for Councillors in schedule 1 of the Systems Act (Annexure D); or
 - (b) municipal officials in contravention of item 4 or 5 of the Code of Conduct for Municipal Staff Members set out in schedule 2 of the Systems Act (Annexure E).

Part 3: Logistics, Disposal, Risk and Performance Management

39. Logistics management

The accounting officer must establish and implement an effective system of logistics management, which must include —

- (a) the monitoring of spending patterns on types or classes of goods and services incorporating, where practical, the coding of items to ensure that each item has a unique number;
- (b) the setting of inventory levels that includes minimum and maximum levels and lead times wherever goods are placed in stock;
- (c) the placing of manual or electronic orders for all acquisitions other than those from petty cash;
- (d) before payment is approved, certification by the responsible officer that the goods and services are received or rendered on time and is in accordance with the order, the general conditions of contract and specifications where applicable and that the price charged is as quoted in terms of a contract;
- (e) appropriate standards of internal control and warehouse management to ensure that goods placed in stores are secure and only used for the purpose for which they were purchased;
- (f) regular checking to ensure that all assets including official vehicles are properly managed, appropriately maintained and only used for official purposes; and
- (g) monitoring and review of the supply vendor performance to ensure

compliance with specifications and contract conditions for particular goods or services.

- (h) Controller Stores to perform quarterly stock take of all inventory.

40. Disposal management

- (1) This Policy gives effect to:
- (a) Regulation 40 of the Supply Chain Management Regulations which requires an effective system for the disposal of letting of assets including unserviceable, redundant or obsolete assets, and
 - (b) the Municipal Asset Transfer Regulations; and
 - (c) 14 and 90 of the MFMA and any other applicable legislation.
- (2) Cognisant of the provisions of the Municipal Asset Transfer Regulations the disposal of assets must—
- (a) be by one of the following methods —
 - (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;
 - (b) provided that —
 - (i) immovable property may be sold only at market related prices except when the public interest or the plight of the poor demands otherwise;
 - (ii) movable assets may be sold either by way of written price quotations, a competitive bidding process, auction or at market related prices, whichever is the most advantageous;
 - (iii) in the case of the free disposal of computer equipment, the provincial department of education must first be approached to indicate within 30 days whether any of the local schools are interested in the equipment; and
 - (iv) in the case of the disposal of firearms, the National Conventional Arms Control Committee has approved any sale or donation of firearms to any person or institution within or outside the Republic;
 - (d) furthermore, ensure that —
 - (i) immovable property is let at market related rates except when the public interest or the plight of the poor demands otherwise; and
 - (ii) all fees, charges, rates, tariffs, scales of fees or other charges relating to the letting of immovable property are annually reviewed; and ensure that where assets are traded in for other assets, the highest possible trade-in price is negotiated.

41. Risk management

- (1) The criteria for the identification, consideration and avoidance of potential risks in the supply chain management system in accordance with Risk Management Framework, Policy and Strategy of the Municipality, are as follows:
- (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.

42. Performance Monitoring

- (1) The accounting officer must establish and implement an internal monitoring system in order to determine, on the basis of a retrospective analysis, whether the authorised supply chain management processes were followed and whether the objectives of this Policy were achieved.
- (2) Performance management shall accordingly be characterised by a monitoring process and retrospective analysis to determine whether:
 - (a) value for money has been attained;
 - (b) proper processes have been followed;
 - (c) desired objectives have been achieved;
 - (d) there is an opportunity to improve the process;
 - (e) suppliers have been assessed and what that assessment is; and
 - (f) there has been deviation from procedures and, if so, what the reasons for that deviation are.

Part 4: Other matters

43. Ethical standards

- (1) A code of ethical standards as set out in [subparagraph (2) / 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 the Municipality 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.

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- (2) An official or other role player involved in the implementation of this Policy—
 - (a) must treat all providers and potential providers equitably;
 - (b) may not use his or her position for private gain or to improperly benefit another person;
 - (c) may not accept any reward, gift, favour, hospitality or other benefit directly or indirectly, including to any close family member, partner or associate of that person, of a value more than R 350;
 - (d) notwithstanding subparagraph (2) (c), must declare to the accounting officer details of any reward, gift, favour, hospitality or other benefit promised, offered or granted to that person or to any close family member, partner or associate of that person;
 - (e) must declare to the accounting officer details of any private or business interest which that person, or any close family member, partner or associate, may have in any proposed procurement or disposal process of, or in any award of a contract by, the Municipality
 - (f) must immediately withdraw from participating in any manner whatsoever in a procurement or disposal process or in the award of a contract in which that person, or any close family member, partner or associate, has any private or business interest;
 - (g) must be scrupulous in his or her use of property belonging to the Municipality;
 - (h) must assist the accounting officer in combating fraud, corruption, favoritism and unfair and irregular practices in the supply chain management system; and
 - (i) must report to the accounting officer any alleged irregular conduct in the supply chain management system which that person may become aware of, including —
 - (i) any alleged fraud, corruption, favoritism or unfair conduct;
 - (ii) any alleged contravention of paragraph 47(1) of this Policy; or
 - (iii) any alleged breach of this code of ethical standards.
- (3) Declarations in terms of subparagraphs (2)(d) and (e) -
 - (a) must be recorded in a register, which the accounting officer must keep for this purpose;
 - (b) by the accounting officer must be made to the mayor of the municipality who must ensure that such declarations are recorded in the register.
- (4) The National Treasury's code of conduct must be adhered to by supply chain management practitioners and other role players involved in supply chain management.
- (5) A breach of the code of ethics must be dealt with as follows (schedule 2 of the Systems Act) -
 - (a) in the case of an employee, in terms of the disciplinary procedures of the Municipality 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.
- (d) All cases of non-compliance to this Policy should be reported to the Accounting Officer.

44. Inducements, rewards, gifts and favours to municipalities, 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 the Municipality 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 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.

45. 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.

46. Objections and complaints

Persons aggrieved by decisions or actions taken in the implementation of this supply chain management system, may lodge within 14 days of the decision or action, a written objection or complaint against the decision or action.

47. Resolution of disputes, objections, complaints and queries

- (1) The accounting officer may, if deemed so appoint an independent and impartial person, not directly involved in the supply chain management processes —

SUPPLY CHAIN MANAGEMENT POLICY

- (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 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 —
- (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.

48. Contracts providing for compensation based on turnover

If a service provider acts on behalf of the Municipality to provide any service or act as a collector of fees, service charges or taxes and the compensation payable to the service provider is fixed as an agreed percentage of turnover for the service or the amount collected, the contract between the service provider and the Municipality must stipulate —

- (a) a cap on the compensation payable to the service provider; and
- (b) that such compensation must be performance based.

49. Contracts Having Budgetary Implications beyond Three Financial Years

The Municipality may not enter into any contract that will impose financial obligations beyond the three years covered in the annual budget for that financial year, unless the requirements of section 33 of the Municipal Finance Management Act have been fully complied with.

50. Contract Administration

- (1) Contract administration includes all administrative duties associated with a contract that has arisen through one of the acquisition/procurement processes described in this policy.
- (2) All contracts must be administered by a contract manager, who will be an internal official assigned to ensure the effective administration of the contract.
- (3) The contract manager will typically be the internal project manager assigned to the project as a whole, but may also be a cost centre owner or other responsible official.
- (4) A contract manager must be assigned to each contract and, where possible, should be involved from the earliest stages of the acquisition process.
- (5) The contract manager's duties and powers shall be governed by the conditions of contract and the general law.
- (6) In administering a contract, the contract manager will be required to form opinions and make decisions which, while in the Municipality's best interests, must be fair to all parties concerned.
- (7) Departmental Heads (Directors) shall be responsible for ensuring that contract managers:
 - (a) are assigned to all contracts within the Department Head's area of responsibility;
 - (b) are adequately trained so that they can exercise the necessary level of responsibility in the performance of their duties.
- (8) The contract manager must:
 - (a) ensure that all the necessary formalities in signing up of legally sound contracts and/or issuing the purchase order(s) are adhered to related to goods and services
 - (b) ensure that legally sound contracts for CIDB related procurement are provided to SCM who will obtain the signature of the Municipal Manager;
 - (c) ensure that all original contract documentation is lodged with the Supply Chain Management Department for record purposes;
 - (d) monitor the performance of the contractor in order to ensure that all of the terms and conditions of the contract are met;
 - (e) where necessary, take appropriate action where a contractor is underperforming or is in default or breach of the contract;

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- (f) submit a report with relevant proof of the breaches of the contract to the Senior Manager: Legal Services for initiating appropriate action if remedies addressed in agreement with the contractor or service provider cannot be resolved;
- (g) inform the SCM Unit of the breaches referred to the Senior Manager: Legal Service for record purposes;
- (h) where appropriate, authorise payments due in terms of the contract by processing payment certificates (if applicable),
- (i) manage contract variations or change procedures;
- (j) administer disputes where necessary, in terms of this policy and the applicable Conditions of Contract;
- (k) conduct, if necessary, post contract reviews;
- (l) maintain adequate records (paper and/or electronic) in sufficient detail on an appropriate contract file to provide an audit trail;
- (m) act with care and diligence and observe all accounting and legal requirements;
- (n) periodically review contracts or agreements once every three years in the case of a contract or agreement awarded for longer than three years and provide a report to SCM in compliance with Section 116(1)(b)(iii) of the MFMA.

51. Performance Management

- (1) In the case of goods and services supplied in response to a quotation or deviation invited by the section of the Municipality which requested the goods or service must certify on the supplier's invoice that the goods or service had been supplied in accordance with the Municipality's requirements before payment is made.
- (2) The appointed contract manager which required the goods or a service in terms of a competitive bidding process must ensure that the goods had been delivered or the service completed according to the Municipality's quality and other requirements as specified in the relevant bid documentation.
- (3) In the case of goods or services procured through a tender process as specified in terms of paragraph 19 of this Policy, the Director must provide a written report on a monthly basis on all bids awarded, whether it is a progress report or a report of completion per supplier per tender before the 10th working day of each month.
- (4) The monthly report must include items listed in paragraph 50(8) in terms of-
 - (a) whether or not the performance of the supplier was satisfactory in terms of adherence to specifications and delivery or completion schedules,
 - (b) level of product or service quality and/or quality of workmanship;
 - (c) details, supported by copies of any written notifications regarding service delivery given to the supplier;
 - (d) a recommendation, if applicable, on any further action to be taken against the supplier in terms of paragraph 38 of this Policy.

52. MANAGEMENT OF EXPANSION OR VARIATION OF ORDERS AGAINST THE ORIGINAL CONTRACT

- (1) Contracts may be expanded or varied by not more than 20% for construction related goods, services and/or infrastructure projects and 15% for all other goods and/or services of the original value of the contract.

- (2) Variation orders must be recorded in the contract register.
- (3) Variation orders must be dealt with in terms of system of delegations of the Municipality.
- (4) Any expansion or variation in excess of these thresholds must be dealt with in terms of the provisions of section 116(3) of the MFMA which will be regarded as an amendment to the contract.
- (5) The contents of paragraph (5) are not applicable to transversal term contracts, facilitated by the relevant treasuries on behalf of municipalities and specific term contracts. The latter refers to orders placed as and when commodities are required and at the time of awarding contracts, the required quantities were unknown.

53. Application of Preferential Procurement points System in terms of the PPPFA Act 2022 and Beaufort West Municipality Preferential Procurement Policy 2023.

That the Preferential Procurement Point system will be applied in line with the Preferential Procurement Regulations No. 47452, dated 4 November 2022. Effected from 16 January 2023 in all procurement processes of the municipality.

54. THE SUSPENSION OF SERVICE PROVIDERS FOR POOR PERFORMANCE AND OTHER BREACHES

- (1) Any failure to fulfil the deliverables in line with the contract or service levels constitutes a material breach or poor performance which will result in the termination of the contract and/or sanctions will be imposed in the form of suspension from the database.
- (2) Such sanctions will have variation in the periods of suspension based on the gravity of the breach.
- (3) The municipality must consider imposing following sanctions, subject to sub-clause (2) above:
 - (a) 6 months for non-declarations of relative/spouse within the municipality;
 - (b) 12 months for misleading information provided to the municipality; and
 - (c) 24 months for certain or above a certain threshold value based.
 - (d) All the above will be applicable based on the gravity of the poor performance and will be analysed on a case by case-by-case basis coordinated by the Contract Management Section.

55. Commencement

This reviewed policy will take effect on adoption by Council.

OBJECTIVES

1. The Municipality intends to use procurement policy as a tool to achieve certain objectives such as:
 - a) The promotion of economic growth
 - b) Improving the quality and reach of service provision
 - c) Improving the socio-economic well-being of all its citizens

2. With this in mind, the Preferential Procurement Policy seeks to: -
 - (a) give effect to legislation as set out above;
 - (b) ensure that public funds are spent in such a way that all segments of the South African population benefit from such expenditure.
 - (c) address the imbalances of the past through the procurement processes of the municipal structures;
 - (d) strike a balance between empowering Black owned businesses and value for money procurement;
 - (e) stimulate and promote local economic development; and
 - (f) promote small and emerging business, especially locally based enterprises within the Beaufort West Municipal boundaries, Central Karoo District and Western Cape Provincial boundaries
 - (g) obtain the best services and products at the most competitive prices within the framework of existing legislation applicable to procurement.

- (h) address the past imbalances through the redistribution of the sale and letting of land
- (i) eliminate and counter any form of corruption;
- (j) implement systems of control and accountability and standardize procedures of bid evaluations, documentation and contracts
- (k) ensure that effective systems are in place to monitor, report and support the procurement of goods and services
- (l) obtain value for money as and when goods and services are procured

PREFERENTIAL PROCUREMENT

Giving Effect to Objectives of Preferential Procurement Policy of Beaufort West Municipality 2023

In order to give effect to the objectives of this policy, the Municipality supports measures to make the tender process more accessible to Black owned businesses.

Content of Tender Documents

For contracts in excess of R 300 000 formal tenders must be called for. The Municipality tender documents shall, over and above the tender detail and specifications as well as the general Conditions of Tender, also contain the following stipulations: -

- (a) that the evaluation of tenders is not based on price alone;
- (b) that the tender be evaluated in terms of the Municipality supply chain management policy;
- (c) the specific preferential point system that may apply regarding the 80/20 system for tenders with a Rand value of up to R50 000 000; and the 90/10 system for tenders with a Rand value above R50 000 000;
- (d) that the Municipality reserves the right not to allocate a tender to the highest scoring tenderer (refer PPPFA Policy 2023 section 11) or not to allocate the tender at all and the Municipality also reserves the right to allocate parts of a tender to different suppliers;

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- (e) the requirement for tenderers to complete a declaration containing particulars that will be taken into account when the tender is considered, which form must be certified as true and correct;
- (f) a warning that punitive measures will be taken should it be determined that preference has been obtained by a tenderer based on false information.

ANNEXURE C: CODE OF CONDUCT FOR SCM ROLE PLAYERS

CODE OF CONDUCT FOR SUPPLY CHAIN MANAGEMENT PRACTITIONERS AND OTHER ROLE PLAYERS

In accordance with regulation 46(4) and 46(5) of the Local Government Municipal Finance Management Act, 2003: Municipal Supply Chain Management Regulations, the supply chain management policy of a municipality or municipal entity is required take into account the National Treasury's code of conduct for supply chain management practitioners and other role players. Alternatively, a municipality or municipal entity may adopt the National Treasury code of conduct. When adopted, such code of conduct becomes binding on all officials and other role players involved in the implementation of the supply chain management policy of the municipality or municipal entity.

The **purpose** of this Code of Conduct is to promote mutual trust and respect and an environment where business can be conducted with integrity and in a fair and reasonable manner.

1 General Principles

The municipality commits itself to a policy of fair dealing and integrity in the conducting of its business.

Officials and other role players involved in supply chain management (SCM) are in a position of trust, implying a duty to act in the public interest. Officials and other role players should not perform their duties to unlawfully gain any form of compensation, payment or gratuities from any person, or provider/contractor for themselves, their family or their friends.

- 1.1 Officials and other role players involved in SCM should ensure that they perform their duties efficiently, effectively and with integrity, in accordance with the relevant legislation, policies and guidelines. They should ensure that public resources are administered responsibly.
- 1.2 Officials and other role players involved in SCM should be fair and impartial in the performance of their functions. They should at no time afford any undue preferential treatment to any group or individual or unfairly discriminate against any group or individual. They should not abuse the power and authority vested in them.

2 Conflict of interest

An official or other role player involved with supply chain management —

- (a) must treat all providers and potential providers equitably;
- (b) may not use his or her position for private gain or to improperly benefit another person;
- (c) may not accept any reward, gift, favour, hospitality or other benefit directly or indirectly, including to any close family member, partner or associate of that person, of a value more than R350;
- (d) must declare to the accounting officer details of any reward, gift, favour, hospitality or other benefit promised, offered or granted to that person or to any close family member, partner or associate of that person;
- (e) must declare to the accounting officer details of any private or business interest which that person, or any close family member, partner or associate, may have in any proposed procurement or disposal process, or in any award of a contract by the municipality;

- (f) must immediately withdraw from participating in any manner whatsoever in a procurement or disposal process or in the award of a contract in which that person, or any close family member, partner or associate, has any private or business interest;
- (g) must declare any business, commercial and financial interests or activities undertaken for financial gain that may raise a possible conflict of interest;
- (h) should not place him/herself under any financial or other obligation to outside individuals or organizations that might seek to influence them in the performance of their official duties; and
- (i) should not take improper advantage of their previous office after leaving their official position.

3 Accountability

- 3.1 Practitioners are accountable for their decisions and actions to the public.
- 3.2 Practitioners should use public property scrupulously.
- 3.3 Only accounting officers or their delegates have the authority to commit the municipality to any transaction for the procurement of goods and / or services.
- 3.4 All transactions conducted by a practitioner should be recorded and accounted for in an appropriate accounting system. Practitioners should not make any false or misleading entries into such a system for any reason whatsoever.

Practitioners must assist the accounting officer in combating fraud, corruption, favoritism and unfair and irregular practices in the supply chain management system. Practitioners must report to the accounting officer any alleged irregular conduct in the supply chain management system which that person may become aware of, including

- (i) any alleged fraud, corruption, favoritism or unfair conduct;
- (ii) any alleged contravention of the policy on inducements, rewards, gifts and favours to municipalities or municipal entities, officials or other role players; and
- (iii) any alleged breach of this code of conduct.

Any declarations made must be recorded in a register which the accounting officer must keep for this purpose. Any declarations made by the accounting officer must be made to the mayor who must ensure that such declaration is recorded in the register.

4 Openness

Practitioners should be as open as possible about all the decisions and actions that they take. They should give reasons for their decisions and restrict information only if it is in the public interest to do so.

5 Confidentiality

Any information that is the property of the municipality or its providers should be protected at all times. No information regarding any bid / contract / bidder / contractor may be revealed if such an action will infringe on the relevant bidder's / contractor's personal rights.

Matters of confidential nature in the possession of officials and other role players involved in SCM should be kept confidential unless legislation, the performance of duty or the provisions of law requires otherwise. Such restrictions also apply to officials and other role players involved in SCM after separation from service.

6 Bid Specification / Evaluation / Adjudication Committees

- 6.1 Bid specification, evaluation and adjudication committees should implement supply chain management on behalf of the municipality in an honest, fair, impartial, transparent, cost-effective and accountable manner.
- 6.2. Bid evaluation / adjudication committees should be familiar with and adhere to the prescribed legislation, directives and procedures in respect of supply chain management in order to perform effectively and efficiently.
- 6.3 All members of bid adjudication committees should be cleared by the accounting officer at the level of "CONFIDENTIAL" and should be required to declare their financial interest annually.
- 6.4 No person should-
 - 6.4.1 interfere with the supply chain management system of the; or
 - 6.4.2 amend or tamper with any price quotation / bid after its submission.

7 Combative Practices

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Combative practices are unethical and illegal and should be avoided at all cost. They include but are not limited to:

- (i) Suggestions to fictitious lower quotations;
- (ii) Reference to non-existent competition;
- (iii) Exploiting errors in price quotations / bids;
- (iv) Soliciting price quotations / bids from bidders I contractors whose names appear on the Register for Tender Defaulters.

8 POLICY MANAGEMENT

This policy shall be called the Supply Chain Management Policy of Beaufort West Municipality and take effect on 1 July 2026.

Version: **Revision 3**

Date: **2026**

Signature:

Date:

Municipal Manager (Accounting Officer)

Signature:

Date:

Executive Mayor

BEAUFORT WEST MUNICIPALITY



CASH MANAGEMENT & INVESTMENT POLICY

2026/2027

Effective Date	: 1 July 2026
Last Revision	: 30 May 2025
Version	: 7 th Revision
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Budget Policy Nr	: 05
Item	: 8

Copies of this document can be viewed at the offices of the Municipality and on the municipal website.

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1. APPLICATION AND SCOPE

- a) This policy is mandated by Section 8 of the Local Government: Municipal Budget and Reporting Regulations which is made in terms of section 168 of the Municipal Finance Management Act.
- b) As trustees of public funds, the Council has an obligation to see to it that cash resources are managed as effectively and as efficiently as possible and in accordance with the municipal investment regulations published in Government Gazette 27431 of 1 April 2005.
- c) The Council of Beaufort West Local Municipality has a responsibility to invest public funds according to the standards of care to be exercised when making investments as set out in the Municipal Investment Regulations ("Regulations") 5 (a) — (c) as stipulated in Government Gazette 27431 of 1 April 2005.
- d) All investments made by the municipality, or by an investment manager on behalf of the municipality must be in accordance with the investment policy of the municipality and the Regulations.

2. OBJECTIVES OF THIS POLICY

- To maximize returns from authorized investments, consistent with the objective of minimizing risk.
- To ensure compliance with all legislation governing the investment of funds.
- To maintain adequate liquidity to meet cash flow needs.
- To undertake the investment of funds not immediately required for operational purposes in a prudent financial manner; and
- To ensure diversification of permitted investments.

3. LEGAL FRAMEWORK

Section 13 of the Local Government: Municipal Finance Management Act, 2003 (No. 56 of 2003) determines that a municipality must introduce an appropriate and effective cash management and investment arrangement. Generally, Council will invest surplus funds with deposit taking institutions registered in terms of the Bank's Act, 1990 (Act 94 of 1990).

REVENUE MANAGEMENT

Sec 64 of the MFMA states the following:

64. (1) The accounting officer of a municipality is responsible for the management of the revenue of the municipality.

(2) The accounting officer must for the purposes of subsection (1) take all reasonable steps to ensure—

- a) that the municipality has effective revenue collection systems consistent with section 95 of the Municipal Systems Act and the municipality's credit control and debt collection policy;
- b) that revenue due to the municipality is calculated on a monthly basis;
- c) that accounts for municipal tax and charges for municipal services are prepared on a monthly basis, or less often as may be prescribed where monthly accounts are uneconomical;
- d) that all money received is promptly deposited in accordance with this Act into the municipality's primary and other bank accounts;
- e) that the municipality has and maintains a management, accounting and information system which—
 - (i) recognises revenue when it is earned;
 - (ii) accounts for debtors; and
 - (iii) accounts for receipts of revenue;
- f) that the municipality has and maintains a system of internal control in respect of debtors and revenue, as may be prescribed;
- g) that the municipality charges interest on arrears, except where the council has granted exemptions in accordance with its budget-related policies and within a prescribed framework; and
- h) that all revenue received by the municipality, including revenue received by any collecting agent on its behalf, is reconciled at least on a weekly basis.

(3) The accounting officer must immediately inform the National Treasury of any payments due by an organ of state to the municipality in respect of municipal tax or for municipal services, if such payments are regularly in arrears for periods of more than 30 days.

(4) The accounting officer must take all reasonable steps to ensure—

- a) that any funds collected by the municipality on behalf of another organ of state is transferred to that organ of state at least on a weekly basis; and
- b) that such funds are not used for purposes of the municipality.

EXPENDITURE MANAGEMENT

Sec 65 (2) of the MFMA states the following:

- (2) The accounting officer must for the purpose of subsection (1) take all reasonable steps to ensure—
- a) that the municipality has and maintains an effective system of expenditure control, including procedures for the approval, authorisation, withdrawal, and payment of funds;
 - b) that the municipality has and maintains a management, accounting, and information system which—
 - (i) recognises expenditure when it is incurred;
 - (ii) accounts for creditors of the municipality; and
 - (iii) accounts for payments made by the municipality;
 - c) that the municipality has and maintains a system of internal control in respect of creditors and payments;
 - d) that payments by the municipality are made—
 - (i) directly to the person to whom it is due unless agreed otherwise for reasons as may be prescribed; and
 - (ii) either electronically or by way of non-transferable cheques, provided that cash payments and payments by way of cash cheques may be made for exceptional reasons only, and only up to a prescribed limit;
 - e) that all money owing by the municipality be paid within 30 days of receiving the relevant invoice or statement, unless prescribed otherwise for certain categories of expenditure;
 - f) that the municipality complies with its tax, levy, duty, pension, medical aid, audit fees and other statutory commitments;
 - g) that any dispute concerning payments due by the municipality to another organ of state is disposed of in terms of legislation regulating disputes between organs of state;
 - h) that the municipality's available working capital is managed effectively and economically in terms of the prescribed cash management and investment framework;
 - i) that the municipality's supply chain management policy referred to in section 111 is implemented in a way that is fair, equitable, transparent, competitive and cost-effective; and that all financial accounts of the municipality are closed at the end of each month and reconciled with its records.

WITHDRAWALS FROM MUNICIPAL BANK ACCOUNTS

Sec 11 of the MFMA states the following:

11. (1) Only the accounting officer or the chief financial officer of a municipality, or any other senior financial official of the municipality acting on the written authority of the accounting officer, may withdraw money or authorise the withdrawal of money from any of the municipality's bank accounts, and may do so only—

- a) to defray expenditure appropriated in terms of an approved budget;
- b) to defray expenditure authorised in terms of section 26(4);
- c) to defray unforeseeable and unavoidable expenditure authorised in terms of section 29(1);
- d) in the case of a bank account opened in terms of section 12, to make payments from the account in accordance with subsection (4) of that section;
- e) to pay over to a person or organ of state money received by the municipality on behalf of that person or organ of state, including—
 - (i) money collected by the municipality on behalf of that person or organ of state by agreement; or
 - (ii) any insurance or other payments received by the municipality for that person or organ of state;
- f) to refund money incorrectly paid into a bank account;
- g) to refund guarantees, sureties and security deposits;
- h) for cash management and investment purposes in accordance with section 13;
- i) to defray increased expenditure in terms of section 31; or
- j) for such other purposes as may be prescribed.

(2) Any authorisation in terms of subsection (1) to a senior financial official to withdraw money or to authorise the withdrawal of money from a bank account must be in accordance with a framework as may be prescribed. The accounting officer may not authorise any official other than the chief financial officer to withdraw money or to authorise the withdrawal of money from the municipality's primary bank account if the municipality has a primary bank account which is separate from its other bank accounts.

(3) Money may be withdrawn from a bank account in terms of subsection (1)(b) to(j) without appropriation in terms of an approved budget.

(4) The accounting officer must within 30 days after the end of each quarter—

- a) table in the municipal council a consolidated report of all withdrawals made in terms of subsection (1)(b) to (j) during that quarter; and
- b) submit a copy of the report to the relevant provincial treasury and the Auditor-General.

4. THE CASH MANAGEMENT POLICY

4.1 General Policy

- a) It is recognised that from time to time, Council has cash flow surpluses and borrowing requirements due to daily receipts and payments.
- b) Council maintains a daily cash position summary and a yearly cash flow projection is prepared during the annual planning process and is updated monthly. This determines Council's borrowing requirements and surpluses for investment. Cash invested "outside" the bank account is covered by section 4 of this policy.

4.2 Bank Accounts

- Council operates one primary bank account for its day-to-day operational activity requirements and two secondary accounts specifically for service charges and revenue derived from Fines.
- All monies due to Council and due by Council emanating from Council activities must pass through this primary account, therefore secondary accounts are swept frequently, and all balances are transferred to the primary bank account.

4.3 Delegation/Rights

- a) The incumbents of the following posts are authorize payments on behalf of Council;

A- Authorised Signatories:

- Municipal Manager
- Director: Financial Services/Chief Financial Officer
- Deputy Director: Financial Services
- Manager: Financial Administration
- Manager: Revenue and Customer Care
- Accountant: Budget & Financial Reporting

- b) Bank Overdraft

- Barring the fact that Council has an approved overdraft facility with its primary banker for possible unanticipated short-term cash flow shortfall, its general policy is to avoid going into overdraft.

- Short-term debt is incurred based on expected income and must be repaid within the same financial year.
- Any overdrawn bank account at any date must be reported without avail to Council supported by reasons, therefore.
- Any short-term facility that requires review must first be approved by the Accounting Officer.

4.4 Cash Management procedures:

4.4.1 Cash Management

All cash that has been receipted and deposited into Beaufort-West municipalities' bank accounts need to be banked the next working day -

- Cash surpluses: Need to be receipted (surplus miscellaneous) and must be banked.
- Cash shortages: Need to be paid in immediately not doing this can result in disciplinary action.

4.4.2 Receipting of money:

- Persons/institutions responsible for receiving money on council behalf.
- Permanent and relieve cashiers through the receiving of cash and other payment methods.
- Third Party Vendors as contracted and listed accordingly.
- Rights of management to review and amend as needed Need to be reported to council.

4.4.3 Private money

No employee of the municipality is allowed to do the following:

- Misuse councils cash funds at any stage to be replaced on a later stage.
- Keeping private funds with/amongst council funds (cash) etc., cashier safes, Petty cash boxes etc.

4.4.4 Cashier floats

Every cashier receives a float that need to be counted and put in cashier safe after every shift. This is used to give change to consumers after paying their accounts, motor registrations etc. Cashiers receive an amount (Float) which need to be returned to the municipality at the end of individual shifts. These floats are used to make change to consumers after paying their municipal accounts, motor registrations, fines, etc. Below a List of pay points and amounts of float for each point -

- Floats currently allocated Town R500
- Outside Offices/Outside Towns R300
- Traffic Department Cashiers R200
- Library Cashiers R300

Financial year-end procedures

At the end of each financial year, all floats will be reconciled and signed off by the Controller: Cashiering.

4.4.5 Cash Procedures

Payments received at the Municipal Cashiers, Traffic.

4.4.5.1 Internal Controls:

4.4.5.1.1 Segregation of duties (Cashier and Controller).

4.4.5.1.2 Cash float values should be recorded.

4.4.5.1.3 Cash floats should be periodically reviewed and should be sample checked on a regularly basis.

4.4.5.1.4 Shortages and surpluses in cash should be recorded.

4.4.5.2 Issuing of Receipts:

4.4.5.2.1 All payments (including hand receipts payments) should be accompanied by a computer-generated receipt.

4.4.5.2.2 Receipts numbers should be sequential and missing sequences should be accounted for.

4.4.5.2.3 Original receipts must be given to the customer.

4.4.5.2.4 The following should appear on a computer-generated receipt —

4.4.5.2.4.1 Date on which the receipt was issued.

4.4.5.2.4.2 Amount for which the receipt was issued.

4.4.5.2.4.3 Cashier responsible for issuing the receipt.

4.4.5.2.4.4 Account to which the payment is to be credited.

4.4.5.2.4.5 Type of payment transaction (cash, debit order, etc.); and

4.4.5.2.4.6 Computer generated receipt number.

4.4.5.3 Cancellation of Receipts:

4.4.5.3.1 Receipts that are cancelled are to be clearly marked with cancelled written across the face of the receipt.

- 4.4.5.3.2 Cancelled receipts are to include the original receipt (attached to transaction report).
- 4.4.5.3 Reasons for the cancellation are to be marked on the cancellation summary and should include the signatures of the Cashier, Controller cashiering and Accountant
- 4.4.5.3.4 Prepaid cancellations: No cancellations on Prepaid water and electricity issued
- 4.4.5.3.5 The transaction trail for the Cashier for the day should be reconciled to the number of cancelled receipts on hand.
- 4.4.5.3.6 Cancelled receipts must be completed on a pre-numbered cancellation book recorded as triplicate. All cancellation request of receipts will be processed by Accountant, authorized by Revenue Manager approved by Chief Financial Officer.
- 4.4.5.3.7 No cancellation will processed to refund a customer money upon the payment of their municipal account, any refund of money already processed must be refunded by way of eft payment process under the normal refund of customer process.
- 4.4.5.4 Cash Balancing:
 - 4.4.5.4.1 The deposit bags must be collected in the next morning on every business day. The Controller cashiering must report any problems experienced in this regard to the Accountant immediately.
 - 4.4.5.4.2 Cash on hand should be counted and the cash float should be removed before balancing to the computer records for the receipts of the day, for a given cashier.
 - 4.4.5.4.3 Cash received for the day is keyed into the computer system for each note and coin denomination.
 - 4.4.5.4.4 Balancing of the cash on hand to the computer records must be performed by means of reconciliation before closing of offices every day.
 - 4.4.5.4.5 The Controller cashiering is responsible for ensuring that the records balance.
 - 4.4.5.4.6 Shortages must be paid in immediately by the Cashier and surpluses are immediately receipted into the cashier surplus vote.
 - 4.4.5.4.7 The Controller cashiering amends the cash received on the computer printout and the correct totals are banked.
 - 4.4.5.4.8 Cashiers bank deposit is checked by the Controller cashiering and placed in the deposit bag; the deposit bag is sealed before close of day.
 - 4.4.5.4.9 Bank deposits are locked in the safe at each cashpoint by the Cashier for collection by the security firm, the following day.

- 4.4.5.4.10 The Cashiers float is locked away in the safe.
- 4.4.5.4.11 Daily day end cash-up procedures must be completed before the Cashier and Controller cashiering may leave the municipal premises. The number on the deposit bag is recorded in the cash register.
- 4.4.5.4.12 The Security firm responsible for lifting and banking the municipal takings records the bag number in their records and the Controller cashiering/ Cashier and the Security firm representative sign the documentation as receipt of the takings from the Municipality to the Security firm for banking purposes.
- 4.4.5.4.13 All the documentation of a cashier for each day, including daily summary sheet, cancelled receipts, cashier deposit slips, stamped bank deposit slip, etc. must be kept together in a file for audit purposes. This file may only be taken out of the Controller cashiering office after signing a register with the necessary motivation.
- 4.4.5.4.14 All Cashiers takings must be entered into a cash register daily and the Controller cashiering must sign it. This register or copies of it must be used for reconciliation done by other departments.
- 4.4.5.4.15 As the cashier is responsible for the cash, he/she must at all times ensure that the cash is his/her possession is safely locked away.
- 4.4.5.4.16 No person other than the cashier, Controller cashiering or Accountant is allowed in the cashier cubicle.

- 4.4.5.5 Deposit Books for Municipal Takings:
 - 4.4.5.5.1 The deposit book serves as an agreement between the municipality and the bank of the funds forwarded to the bank for deposit purposes, into the appropriately defined municipal banking account.
 - 4.4.5.5.2 Completion of deposit slips (in ink), by the Cashier, must be appropriate, comprehensive, and accurate.
 - 4.4.5.5.3 The deposit book sheets are —
 - 4.4.5.5.3.1 Original for the bank.
 - 4.4.5.5.3.2 Copy 1 for the Cashier; and
 - 4.4.5.5.4 The original and copy of the deposit books are forwarded to the bank for stamping purposes.
 - 4.4.5.5.5 On return from the bank the stamped deposit slips are reviewed by the Controller cashiering to follow-up on any discrepancies.

4.4.5.5.6 The stamped deposit slips are attached to each of the cashier's daily summary sheets.

4.4.6 Other Payment Methods - These relate to other payment mediums such as internet banking, direct deposits, ACB's, retail store, etc.

4.4.6.1 Direct Deposits:

4.4.6.1.1 These transactions are handled by the Controller cashiering.

4.4.6.1.2 A direct deposit register is prepared by the Controller cashiering and the sundry transactions are captured into the financial system by a Cashier.

4.4.6.1.3 Balancing between the Controller cashiering direct deposit register and the cashier transactions summary is completed.

4.4.6.2 Third Party (Easypay) Transactions:

4.4.6.2.1 All payments are handled by the Controller cashiering by means of an Easypay download and given to a cashier to transfer/receipt to the financial System.

4.4.6.2.3 Balancing of the third-party transaction totals to the Bank totals received by the Controller cashiering is completed by who completes the cashbook reconciliation.

4.4.6.2.4 Variances are followed up by the Controller cashiering.

4.4.6.2.5 The serial numbers of receipt transfers from the institutions must be checked on a daily basis by Controller cashiering to ensure that all receipts/deposits are transferred to the Municipality on a daily basis. These serial numbers must be recorded by the Controller cashiering and any discrepancies must be followed up on a daily basis by the Controller cashiering.

5. INVESTMENTS POLICY

5.1 Diversification

Council will only make investments with approved institutions which have an A rating.

5.2 Investment Official- Internal Investments Officials

All investments made internally shall be in accordance with section 6.4 of this policy.

5.3 Internal Controls over Investments

5.3.1 Delegations

- a) In terms of section 79 of the Act, the Accounting Officer has delegated to the Director: Finance (CFO), in writing, his duty under section 65 (2) (h) to manage the council's available working capital effectively and economically in terms of the prescribed cash management and investment framework.
- b) The CFO can sub delegated this responsibility to the Accountant: Revenue. The latter does not mean that responsibility is abdicated.

5.3.2 Obtaining quotations and concluding deals.

- a) Written mandates, signed by the Manager: Revenue, Manager: Financial Administration and Manager: Expenditure Budget Office and the CFO, shall be issued to all investees with whom the Council invests funds setting out the following:
 - Authorised dealers: name and particulars of the Councils officials who are authorised to transact investments deals with the investees.
 - Authorised signatories: name and particulars of the Councils officials who are authorised to sign written confirmations or any other correspondence in respect of investments transactions. A dealing sheet, signed by an authorised dealer, shall be prepared in all instances for each individual investment, detailing the quotations received and the recommended investee.
 - The Accountant: Revenue, together with any one of the authorised signatories referred to above, shall be authorised to approve the transaction.
 - A written confirmation of the terms of each investment transaction shall be prepared and signed off by the Accountant: Revenue Income in the Budget Office and the CFO.

5.4 Ownership

- a) All investments must be made in the name of the Beaufort West Municipality.
- b) Written proof of investments made must be obtained from the institution where the investment is made and must be kept on file.

5.5 Due Care and Investment Ethics

In dealing with financial institutions, the following ethical principles must be observed:

- The Chief Financial Officer is responsible in the final instance for the investment of funds, and he must steer clear of outside interference, regardless of whether such interference comes from individual councillors, agents, or any institution.
- Under no circumstances may he be susceptible to coercive measures of any description.
- No member of staff may accept any gift other than something which is so small that it cannot possibly be seen as anything but a sign of goodwill, regardless of whether such gift influences him in his work or is intended to do so.
- The Chief Financial Officer must act according to his own discretion and should report any serious cases, such as for instance offers of a personal commission or payment in kind, etc. to his council. Discretion should be the order of the day and excessive gifts and hospitality (gifts and hospitality with a value of more than R350) should be refused and avoided.
- The Chief Financial Officer and all staff in his/her directorate shall not accede to any influence by or interference from Councillors, investment agents, institutions, or any other outsiders.
- Interest rates quoted by one institution must not be disclosed to another institution. The business ethics of any controlling body of which the relevant financial institution is a member must be always observed by such institution or body.
- In making such investments the Chief Financial Officer shall at all times have only the best considerations of the municipality in mind and shall not accede to any influence by or interference from councillors, investment agents or institutions or any other outside parties.
- The Chief Financial Officer or Municipal Manager may not accept any gift, other than an item having such negligible value that it cannot possibly be construed as anything other than a sign of goodwill by the donor, from any investment agent or institution or any party with which the Council has made any investment.

5.6 Performance Measurement

Measuring the effectiveness of Council's treasury activities is achieved through a mixture of subjective measures. The predominant subjective measure is the overall quality of treasury management information. The Chief Financial Officer has primary responsibility for determining this overall quality. Objective measures include:

- Adherence to policy.
- Timely receipt of interest income.

6. ANNUAL REVIEW OF POLICY

This policy on investments will be reviewed annually or earlier if so, required by legislation. Any changes to the investment policy must be adopted by council and be consistent with the Act and any National Treasury regulations.

The effective date of this policy will be 1 July and shall be reviewed on an annual basis to ensure that it is in line with the municipality's strategic objectives and with legislation.

DOCUMENT CONTROL



VERSION AND DOCUMENT CONTROL			
POLICY NAME:	Cash Management & Investment Policy		
POLICY OWNER:	Financial Department / BTO		
RELATED POLICIES:	Budget Policies – MBRR Regulation 7		
REVIEW:	Annually	Budget Policy	Yes
POLICY EFFECTIVE DATE:	01 July 2026	Budget Policy Nr	7
Version	Date	Adoption	Revision
1	January 2009	1 st Adoption	
2	6 June 2023		5 th Revision
3	21 May 2024		6 th Revision
4	30 May 2025		7 th Revision
5	29 May 2026		8 th Revision
<p>-----</p>			
Acting Municipal Manager Gerald Esau			
Date:			



BEAUFORT WEST MUNICIPALITY



CUSTOMER CARE, CREDIT CONTROL & DEBT COLLECTION POLICY

2026/2027

Effective Date	: 1 July 2026
Last Revision	: 30 April 2026
Version	: 11 th Revision
Reviewed Date	: 29 May 2026
Budget Policy Nr	: 3
Item	: 8

Copies of this document can be viewed at the offices of the Municipality and on the municipal website.

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PREAMBLE

WHEREAS Section 152 (1) (b) of the Constitution of the Republic of South Africa Act (Act 108 of 1996) ('the Constitution') provides that one of the objects of local government is to ensure that the provision of services to communities occurs in a sustainable manner.

AND WHEREAS Section 153 (a) of the Constitution provides that a municipality must structure its administration, budgeting and planning processes to give priority to the basic needs of the community, and to promote the social and economic development of the community.

AND WHEREAS Section 195(1) of the Constitution provides that the public administration must be governed by the democratic values and principles enshrined in the Constitution, including-

- i) The promotion of the efficient, economic, and effective use of resources.
- ii) The provision of services impartially, fairly, equitably and without bias; and the fact that people's needs must be responded to.

AND WHEREAS Section 4(1)(c) of the Local Government: Municipal Systems Act (Act 33 of

2000) ('the Systems Act') provides that the Council of a municipality has the right to finance the affairs of the municipality by charging fees for services, imposing surcharges on fees, rates on property and, to the extent authorised by national legislation, other taxes, levies and duties.

AND WHEREAS Section 5(1)(g), read with subsection (2)(b), of the Systems Act provides that members of the local community have the right to have access to municipal services which the municipality provides provided that, where applicable and subject to the policy for indigent debtors, pay promptly for services fees, surcharges on fees, other taxes, levies and duties imposed by the municipality.

AND WHEREAS Section 6(2)(c), (e) and (f) of the Systems Act provides that the administration of a municipality must take measures to prevent corruption; give members of a local community full and accurate information about the level and standard of municipal services that they are entitled to receive; and inform the local community about how the municipality is managed, of the costs involved and the persons in charge;

AND WHEREAS Section 95 of the Systems Act provides for Customer Care Management.

AND WHEREAS Section 96 of the Systems Act provides that a municipality must collect all monies that is due and payable to it, subject to this Act and any other applicable legislation and for this purpose, must adopt, maintain, and implement a credit control and debt collection policy which is consistent with its rates and tariff policies and complies with the provisions of this Act.

AND WHEREAS Section 99 of the Systems Act provides that a municipality's executive mayor, as the supervisory authority, must oversee and monitor 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 the performance of the municipal manager in implementing the policy and any by-laws.

AND WHEREAS Section 100 of the Systems Act provides that the municipal manager or service provider must - implement and enforce the municipality's credit control and debt collection policy and any by-laws enacted in terms of section 98, must establish effective administrative mechanisms, processes, and procedures to collect money that is due and payable to the municipality and must report the prescribed particulars to a meeting of the supervisory authority.

AND WHEREAS Section 64(2)(a) the Local Government: Municipal Finance Management Act (Act 56 of 2003) provides that the municipality has effective revenue collection systems in place.

NOW THEREFORE the Beaufort West Municipality Council adopted this policy to be known as "The Beaufort West Municipality Customer Care, Credit Control and Debt Collection Policy" and will replace all previous Customer Care, Credit Control and Debt Collection Policies.

DEFINITIONS

In this policy, unless the context indicates otherwise, the word or expression has the following meaning:

“Accounting Officer” The Municipal Manager appointed in terms of Section 82 of the Municipal Structures Act, 1998 (Act No. 117 of 1998).

“Act” The Local Government: Municipal Systems Act, 2000 (Act No 32 of 2000) as amended from time to time.

“Actual consumption” means the measured consumption of a consumer of a municipal service during a specified period.

“Arrangements” means a formal agreement entered into between the Council and a debtor where specific repayment parameters are agreed to.

“Arrears” means any amount due, owing, and payable by a customer in respect of a municipal account not paid on the due date.

“Authorized Representative” refers to the person or institution legally appointed by the Council to act or to fulfil a duty on its behalf.

“Average consumption” means the deemed consumption of a customer of a municipal service during a specific period, which consumption is calculated by adding the recorded monthly average consumption and the current actual consumption and dividing the total by 2.

“Bank guarantee” refers to an undertaking by a registered financial institution whereby it guarantees a specified maximum amount to be paid if the principal debtor (“the consumer”) fails to pay.

“Calculated amounts” refers to the amounts calculated by the Chief Financial Officer, in consultation with the relevant technical departments, to be due to the Council by a consumer in respect of the supply of the applicable municipal services for any period during which the exact quantity of the supply cannot be determined accurately for reasons beyond the control of the Chief Financial Officer. This shall normally be based on the average consumption figures, if available, for the service rendered to the customer or, failing the availability of such data, on the average consumption figures applicable to one or more properties of similar size and nature in the area in which the customer resides or carries on business.

“Chief Financial Officer” refers to the person so designated in terms of Section 80(2)(a) of the Municipal Finance Management Act (Act No. 56 of 2003) to administer its finances.;

“Consolidated account” refers to one combined account for all municipal services, housing rents and instalments, rates, and basic charges payable, and “consolidated bill” has a corresponding meaning.

“Consumer” means a customer.

“Conventional electricity and water meters” mean electricity and/or water meters which are used to determine the supply of electricity and water, and which are normally read on a monthly or other fixed interval basis.

“Council” refers to The Beaufort West Municipality and its successors in law and includes the Council of that municipality or its Executive Committee or any other body acting by virtue of any power delegated to it in terms of legislation, as well as any official to whom the Executive Committee has delegated any powers and duties with regard to this policy.

“Councillor” refers to any member of a municipal council.

“Credit Control” refers to all functions relating to the collection of monies owed by customers and users of municipal services.

“Customer” refers to any occupier of any premises to which Council has agreed to supply or is actually supplying services, or if there is no occupier, then the owner of the premises and includes any debtor of the municipality.

“Debtors” A person who owes the municipality money for services consumed.

“Defaulter” a person who owes money to the Municipality after the due date has expired.

“Deposit” refers to a minimum sum of money specified by the Chief Financial Officer and payable by the consumer to the Municipality prior to occupation of the property or prior to the date on which services to the property are required.

“Due date” in the absence of any express agreement in relation thereto between the Council and the customer, refers to the date stipulated on the account and determined from time to time as the last date on which the account must be paid.

“Employer” Means an employer as defined in paragraph 1 of the seventh schedule of the Income tax act, act no 58 of 1962.

“Equipment” refers to any building or other structure, pipe, pump, wire, cable, meter, engine, or any accessories.

“Estimated consumption” arises when no actual reading can be taken and is equivalent to the existing average consumption.

“Existing customers” refers to the customers who have already entered into an agreement for the supply of municipal services.

“Financial year” refers to the period starting from 1 July in a year to 30 June the next year.

“Household” - People who are jointly living on a stand or site on a permanent basis and who receive water and/or electricity from one meter.

“Illegal tampering” It is the unauthorized handling of municipal infrastructural services, with the intention to distort information that can be accessed from such machinery or with the intention to consumer services in a fraudulent manner.

“Implementing Authority” means the Municipal Manager or his nominee, acting in terms of Section 100 of the Local Government Municipal Systems Act, 2000 (Act No. 32 of 2000).

“Indigent” A person who is needy and furthermore who generates no income or generates income which is so minimal that he can't make a worthwhile contribution towards the payment of municipal services and as defined within the municipality's indigent policy.

“Interest” is a charge levied with the same legal priority as service fees and calculated at a rate determined by Council from time to time on all arrear monies.

“Meter audits” refers to an investigation to verify the correctness of the consumption and supply of electricity and water.

“Municipality” when referred to as:

- a) a corporate body, means a municipality as described in Section 2 of the Municipal Systems Act, 2000 (Act No. 32 of 2000);
- b) a geographic area means a municipal area determined in terms of the Local Government Municipal Demarcation Act, 1998 (Act No. 27 of 1998).

“Municipal Account” An account rendered specifying charges for services provided by the municipality, or any authorised and contracted service provider, and/or assessment rates levies.

“Municipal Manager” means the person appointed as Municipal Manager in terms of Section 82 of the Local Government Municipal Structures Act, 1998, (Act No. 117 of 1998) and includes any person acting in that position or to whom authority has been delegated.

“Municipal services” refers to any services provided by the municipality or any authorised and contracted service provider, available or applied for, or provision made for any service, for which it is entitled to charge a fee or formulate a tariff, payable by a customer or user, thereof.

“Normal office hours” means the hours when the Chief Financial Officer's offices are open to the public from Mondays to Fridays, excluding public holidays, Saturdays, and Sundays.

“Official” refers to an employee of The Beaufort West Municipality.

“Occupier” means any person who occupies any property or part thereof, without regard to the title under which he or she occupies the property.

“Owner” means:

- a) The person in whom from time to time is vested the legal title to premises, which title is registered at the Deeds Office.
- b) In a case where the person in whom the legal title is vested is insolvent or deceased, or is under any form of legal disability whatsoever, the person in whom the administration of and control of such premises is vested as curator, trustee, executor, administrator, judicial manager, liquidator, or other legal representative.
- c) In a case where the Council is unable to determine the identity of such person, a person who is entitled to the benefit of such premises with a building thereon;
- d) In the case of premises for which a lease of 30 years or more has been entered into, the lessee thereof.
- e) In relation to-
 - i) A piece of land delineated on a sectional plan registered in terms of the Sectional Titles Act 1986, (Act 95 of 1986), and without restricting the above the developer or the body corporate in respect of the common property; or
 - ii) A section, as defined in such Act, the person in whose name such a section is registered under a sectional title deed and includes the lawfully appointed agent of such a person.
- f) Any legal person including but not limited to-
 - i) A company registered in terms of the Companies Act, 1973 (Act 61 of 1973), a Trust, a Closed Corporation registered in terms of the Closed Corporations Act, 1984 (Act 69 of 1984) and a voluntary association.
 - ii) Any department of State.
 - iii) Any Council or Board established in terms of any legislation applicable to the Republic of South Africa.
 - iv) Any Embassy or other foreign entity.

“Person” Means any natural person, local government body or similar authority, a company or close corporation incorporated under any law, a body of persons whether incorporated or not, a statutory body public utility body, voluntary association, or trust.

“Property” any portion of land, of which the boundaries are determined, within the jurisdiction of the Municipality.

“Rates” refers to property rates on property situated in the municipal area, any other tax, duty, or levy imposed by the municipality.

“Service agreement” refers to an agreement for the consumption of electricity and/or water and other services as determined from time to time.

“Supervisory Authority” Means the Executive Mayor of the Municipality or his or her nominee, acting in terms of Section 99 of the Systems Act.

“Terminated account” refers to:

- a) the final account for services after the customer has left the premises, whether or not the customer has given notice to terminate the supply of service, OR
- b) the final account for services if the customer has contravened the service provisions of this policy and attendant municipal bylaws.

“Unreliable customer” includes an account holder, who according to his or her payment record fails to settle his or her Municipal account by the due date or who is in arrears with payment due to the Municipality or who tampers or interferes with metering equipment, seals or the supply of Municipal services.

“Variable flow-restricting device” refers to a device that is coupled to the water connection that allows the water supply to be restricted or closed.

“Visitation fee” refers to the fee charged for attendance and/or disconnection/reconnection of an electricity/water supply when the supply has been disconnected due to non-payment and/or tampering, or where access to disconnect/restrict has not been gained, which fee shall be charged as in terms of the tariffs applicable to the approved budget; and

“Voluntary garnishee order/emoluments order” refers to a court order for the deduction of an amount of money from the salary or other income of a customer.

1. INTRODUCTION

The primary objective of sound municipal debtor's management, or credit control, is to ensure that all monies owed to the municipality are collected in a reasonable period and all debtors owing money to the municipality are treated in a fair and equitable manner.

The Customer Care, Credit control and Debt Collection Policy is part of the mechanisms designed to assist the municipality in collecting outstanding debts from the consumers and improve the municipality's cash flow.

The purpose is to ensure that credit control and debt collection forms an integral part of the revenue collection process of the municipality and to provide a framework to link the municipal budget to:

- a) Indigent Support.
- b) Tariff Policy – In relation to the levying of rates and other taxes by a municipality and the charging of fees for municipal services, a municipality must, within its financial and administrative capacity.
- c) Establish a sound customer management system that aims to create a positive and reciprocal relationship between persons liable for payments and the municipality, and where applicable, a service provider.
- d) Establish an effective accounting system that produces timeous, clear, and understandable account for consumers.
- e) Establish mechanisms for users of services and ratepayers to give feedback to the municipality or other service providers regarding the quality of the services and the performance of the municipality.
- f) Take reasonable steps to ensure that users of services are informed of the costs involved in service provision, the reasons for the payment of service fees, and the manner in which monies raised from services are utilised.
- g) Where the consumption of services, have to be measured, to take reasonable steps to ensure that the consumption by individual users of services is measured through accurate and verifiable metering systems.
- h) Ensure that persons liable for payments, receive regular and accurate accounts that indicate the basis for calculating the amounts due.
- i) Provide accessible mechanisms for those persons to query or verify accounts and metered consumption, and appeal procedures which allow such persons to receive prompt action in correcting inaccurate accounts.
- j) Provide accessible mechanisms for dealing with complaints from the community (ratepayers), together with prompt replies and corrective action by the municipality.
- k) Provide mechanisms to monitor the response time and efficiency.
- l) Provide accessible pay points and other mechanisms for settling accounts or for paying for pre-paid services; and
- m) Reasonable terms for collection, payment of arrears and the imposition of penalties.

2. OBJECTIVES

This policy will aim to assist council in the implementation of relevant legislation regarding credit control and debt control in the municipal sphere by:

- a) Providing a framework within which the municipal council can exercise its executive and legislative authority regarding credit control and debt collection.
- b) Ensuring that all money due and payable to the municipality is collected and used to deliver municipal services in a financially sustainable manner.
- c) Setting realistic targets for debt collection.
- d) Outlining Customer Care, Credit Control and Debt Collection Policy procedures and mechanisms; and
- e) Providing a framework to link the municipal budget to indigent support and tariff policies.

3. DUTIES AND FUNCTIONS

The following duties and functions are assigned to the under mentioned role-players relating to the management, control and implementation of customer care, credit collection and debt collection.

3.1 DUTIES AND FUNCTIONS OF COUNCIL

- 3.1.1 To approve budgets consistent with the needs of communities, ratepayers, and residents.
- 3.1.2 To impose rates and taxes and to determine service charges, fees, and penalties to finance the budget.
- 3.1.3 To facilitate sufficient funds to give access to basic services for the poor.
- 3.1.4 To provide for a bad debt provision, in line with the payment rate of the community in terms of section 18 of the MFMA (Funded budget).
- 3.1.5 To together with the Chief Financial Officer, set an annual improvement target for debt collection (refer Section 5), in line with the acceptable industry norm and performance requirements of any appointed external service providers.
- 3.1.6 To approve a reporting framework for customer care, credit control and debt collection.
- 3.1.7 To consider and approve by-laws to give effect to the council's policy.
- 3.1.8 To revise the budget should council's targets for credit control and debt collection not be met.
- 3.1.9 To take disciplinary and/or legal action against councillors, officials and agents who do not execute council policies and by-laws, or act improperly in terms of such policies.
- 3.1.10 To approve a list of suitably qualified service providers that will act on behalf of council in all collection and legal matters relating to debt collection.
- 3.1.11 To provide sufficient capacity in the municipality's budget and treasury office for customer care, credit control and debt collection or, alternatively, to appoint service providers or debt collection agents to assist with the credit control and debt collection function.
- 3.1.12 To assist the Municipal Manager in the execution of his duties, if and when required.
- 3.1.13 To provide funds for the training of staff in connection with credit control and debt collection.

3.1.14 In terms of Section 99 of the Municipal Systems Act, 2000 (Act No. 32 of 2000), the Executive Committee, is to monitor and supervise the application of this policy, and is to report to council on the extent and success of the municipality's credit control actions.

3.1.15 In order to maintain the credibility of the municipality in the implementation of the present policy, Councillors, by adopting this policy, pledge that their own accounts will at no stage fall into arrear.

3.2 DUTIES AND FUNCTIONS OF THE MAYOR

3.2.1 To ensure that the budget, cash flow and targets for customer care, credit control and debt collection are met.

3.2.2 To monitor the performance of the Municipal Manager in implementing the policy and by-law.

3.2.3 To review and evaluate the policy and by-laws in order to improve the efficiency of customer care, credit control and debt collection procedures, mechanisms and processes; and

3.2.4 Report to Council.

3.3 DUTIES AND FUNCTIONS OF MUNICIPAL MANAGER

In terms of Section 100 of the Municipal Systems Act, 2000 (Act No. 32 of 2000), the Municipal Manager is responsible for implementing the Customer Care, Credit Control and Debt Collection Policy. In line with this, the Municipal Manager needs to perform the following:

3.3.1 Install and maintain an appropriate accounting system.

3.3.2 Implement a customer care management system.

3.3.3 Bill customers.

3.3.4 Demand payment on due dates.

3.3.5 Raise penalties and interest for defaulters.

3.3.6 Appropriate payments received.

3.3.7 Collect outstanding debt.

3.3.8 Provide different/alternate payment methods.

3.3.9 Determine credit control and debt collection measures.

3.3.10 Determine all relevant work procedures for, inter alia, public relations, arrangements, disconnection/reconnection of services, summonses, attachments of assets, sales in execution, write-off of debts, sundry debtors, and legal processes.

3.3.11 Instruct attorneys to proceed with the legal process (i.e. attachment and sale in execution of assets, emolument attachment orders, etc.).

3.3.12 Appoint staff to execute council's policy and by-laws.

3.3.13 Set performance targets for staff.

3.3.14 Determine internal control procedures.

3.3.15 Monitor contracts with service providers in connection with credit control and debt collection.

The Municipal Manager may delegate these responsibilities to the Chief Financial Officer. However, this delegation does not absolve the Municipal Manager from being held accountable for the implementation of this policy.

Although the Municipal Manager is held accountable for implementing this policy, it is the responsibility of all officials of the municipality to promote and support this Customer Care, Credit Control and Debt Collection Policy.

3.4 DUTIES AND FUNCTIONS OF COUNCILLORS

The duties and functions of councillors will include the following:

- 3.4.1 To hold regular ward meetings.
- 3.4.2 To adhere to and convey the policy and by-law to customers, residents, and ratepayers; and
- 3.4.3 Adhere to the Code of Conduct for Councillors.
- 3.4.4 Approve budgets in accordance with the needs of the communities, ratepayers, and residents.
- 3.4.5 Determine rates, service tariffs, levies, fees, fines, and interest in order to finance the budget.
- 3.4.6 Allocate sufficient funds to give poor households access to basic services.
- 3.4.7 Provide for uncollectable debt that is in proportion to the recovery percentage of money payable and owing to Council.
- 3.4.8 Approve the format of reporting on credit control and debt collection to Council.
- 3.4.9 Set realistic goals for debt collection every year in consultation with the Chief Financial Officer.
- 3.4.10 Consider and approve by-laws to give effect to Council policy.
- 3.4.11 Review and adjust the budget if collection objectives are not met.
- 3.4.12 Approve a list of suitably qualified service-providers who can act on behalf of Council in the collection of debt and the legal aspects arising from it.
- 3.4.13 Make available sufficient capacity for credit control and debt collection in the Municipality's Financial Directorate, or alternatively appoint service-providers for this purpose.
- 3.4.14 Assist the Municipal Manager in the performance of his duties when requested to.
- 3.4.15 If not outsourced, allocate sufficient funds for the appointment and training of credit control personnel.
- 3.4.16 Monitor the implementation and enforcement of the Policy in terms of section 99 of the Municipal Systems Act, 2000 (Act 32 of 2000).
- 3.4.17 To ensure the credibility of the Municipality in the enforcement of this Policy, Councillors shall on approval of this Policy undertake not to allow their own municipal accounts to become overdue.

3.5 DUTIES AND FUNCTIONS OF WARD COUNCILLORS

The duties and functions of ward councillors will include the following:

- 3.5.1 To adhere to and convey council policies to residents and ratepayers.
- 3.5.2 To adhere to the Code of Conduct for Councillors.
- 3.5.3 The ward committees will act in terms of roles and functions as approved by council.
- 3.5.4 The ward committees are encouraged to actively promote this policy, and to ensure, at the same time, that the municipality's customer service is of a standard acceptable to the community.

3.6 DUTIES AND FUNCTIONS OF COMMUNITIES, RATEPAYERS AND RESIDENTS

The duties and functions of communities, ratepayers and residents will include the following:

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

3.7 DUTIES AND FUNCTIONS OF MUNICIPAL STAFF

The duties and functions of municipal staff members will include the following:

- 3.7.1 To always pay amounts that are owed in respect of rates, taxes and services and not to default on payments.
- 3.7.2 The Municipality may deduct any outstanding amounts from a staff member, if the member has not paid amounts that are due to the municipality for more than three (3) months.
- 3.7.3 The normal credit control procedures shall also apply to any amount in arrears of a councillor or a municipal staff member.
- 3.7.4 Where the municipality provides temporary employment to members of the community who are in arrears with payment for municipal rates and services, they will be required to enter an agreement to pay at least 20% of their gross remuneration towards any amount in arrears.
- 3.7.5 No accountholder or representative of an accountholder that are in arrears more than ninety days, may serve on any municipal committee.

4. PERFORMANCE AND EVALUATION

Council will create a mechanism wherein the under mentioned targets can be assessed, evaluated and whereby remedial steps can be taken.

4.1 INCOME COLLECTION TARGETS

Council will create income collection targets that will include the reduction in the monthly increase of debt in line with the performance agreements for officials. Actions to be taken to prevent prescription and budget in terms of Section 18 of the MFMA.

4.2 CUSTOMER SERVICE TARGETS

Council will create targets that will include:

- 4.2.1 Response time to customer queries.
- 4.2.2 Date of first account delivery to new customers.
- 4.2.3 Reconnection time lapse; and
- 4.2.4 Meter reading cycle.

4.3 ADMINISTRATIVE PERFORMANCE

Council will create targets that will include:

- 4.3.1 Cost efficiency of debt collection.
- 4.3.2 Query and appeal periods.
- 4.3.3 Enforcement a mechanism of ratios.

5. REPORTING

The Chief Financial Officer shall report monthly to the Municipal Manager in a suitable format to enable him/her to report to the Executive Mayor as supervisory authority in terms of Section 99 of the Systems Act, to be read in conjunction with Section 100(c).

a) This report will include:

- i) The total debt analysis as at month end.
- ii) Month- end balances after debit raising.
- iii) Brought forward balances at month end.
- iv) Number of fully recovered accounts.
- v) Indigents progressive growth.
- vi) Rand value indigent growth.
- vii) Number of indigent applications.
- viii) Cash flow improvement.
- ix) Net effect on arrears.
- x) Collections of arrangements.
- xi) Cash receipts.
- xii) Cash received versus debits raised.
- xiii) Cash received exceeding debits raised.
- xiv) Attorneys brought forward balances.
- xv) Meter readings functioning & performance.
- xvi) Arrangements made.
- xvii) Number hand delivered final demands.
- xviii) Number of posted final demands.
- xix) Electricity cuts versus reconnections.
- xx) Water restrictions versus reconnections.
- xxi) Electricity and water revisits; and
- xxii) Total accounts handed over to council's attorneys.

b) The Executive Mayor as supervisory authority shall, at intervals of three (3) months, report to council as contemplated in Section 99(c) of the Systems Act. This will be reported as part of the quarterly section 52 of the MFMA report and bi-annually in terms of section 72 of the MFMA.

6. CUSTOMER CARE

6.1 OBJECTIVES

To focus on the client's needs in a responsible and pro-active way to create a positive and cooperative relationship between customers responsible for the payment of services received, and the municipality, and where applicable, any service provider to facilitate financial assistance and basic services to the community's poor.

6.2 COMMUNICATION AND FEEDBACK

The municipality will, within its financial and administrative capacity, conduct an annual process of compiling and communicating its budget, which will include revised targets for customer care and service standards.

The Customer Care, Credit Control and Debt Collection Policy, or relevant extracts thereof, will be available at the municipal office, the official website and on special request. Council will endeavour to distribute a regular newsletter, which will give prominence to customer care and related issues. Ward councillors will be required to hold regular ward meetings, at which customer care and related issues will be given prominence. The media will also be encouraged to give prominence to customer care and related issues and will be invited to Council or Committee meetings where these matters are discussed.

6.3 HANDLING OF COMPLAINTS

Within its financial and administrative capacity, the municipality will -

- a) Establish central complaints/feedback office.
- b) A centralized complaints database to enhance co-ordination of complaints, a 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 feedback on service, debt and customer care and related issues.

6.4 ENQUIRIES, SERVICE COMPLAINTS AND APPEALS

The enquiries counters at the municipality's service centres can be contacted for all account queries. An enquiry clerk stationed at the municipality's service centres shall be available to assist consumers with account balance queries as well as the opening and closing of accounts.

Any resident or consumer who may feel aggrieved concerning his/her account may address a dispute to the Chief Financial Officer. Any dispute in respect of the amount due and payable on the consolidated bill must be lodged -

- a) In writing.
- b) In the prescribed format; and
- c) With valid reasons and all supporting documents / information attached, at the municipality or via email for further investigation.

The municipality endeavours to investigate any query and give feedback within fourteen working days of the receipt of a **valid dispute**. A query is enquiry about an account with a dispute being a formal process. It should be noted that an “my account is incorrect” without being able to substantiate why will not be regarded as a valid dispute and process dictate that a dispute will follow an enquiry or query lodged first. There is a sequence of remedial process before we get to a dispute.

A customer who has lodged a dispute is not relieved of the responsibility to maintain regular payment on his account. In the event of an accountholder reasonably querying any item or items on the monthly municipal account, no action shall be taken against the accountholder provided the accountholder has paid, by due date, an amount equal to the monthly average monetary value of the three most recent un-queried accounts in respect of the service under investigation, as well as all un-queried balances on such account, and, provided further that, such query is made in writing by the accountholder or is recorded in writing by the Chief Financial Officer or his designate on behalf of the accountholder.

If a customer has received a response to a query but is still not convinced that the account is correct, the customer will still be liable for the full outstanding amount and will be subject to credit control action.

A customer may appeal to the Municipal Manager against the finding of the municipality or its authorised agent. Such an appeal must be made and lodged with the municipality within 21 (twenty-one) days after the notification of such finding has been received and must set out the reasons for the appeal and be accompanied by a deposit, as determined in the approved tariffs, for the testing of a measuring device, if applicable.

6.5 METERING

Within practical and financial limits, the municipality will endeavour to provide meters for every consumable service. All meters will be read monthly on approximately the same date, if possible. If it is not possible to read all meters monthly the consumption will be estimated. Customers are entitled to request verification of meter readings and accuracy within reason but may be held liable for the cost thereof. Customers will be informed of meter replacements.

Customers will be allowed to communicate their meter reading to the municipality with a photo of the meter reading through WhatsApp or email, using the address provided under Contact Details at the end of the policy. However, the municipality will also read the meter at least once every twelve months.

If a service is metered but it cannot be read due to constraints or circumstances out of the control of the municipality or its authorised agent, and the customer is charged for an estimated 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.

6.6 ACCOUNTS, BILLING AND PAYMENT

- 6.6.1 The municipality shall produce and mail one consolidated monthly bill to consumers for *services supplied or available* (inter alia, electricity, water, refuse and sewerage charges) and for *rates levied* on property within the municipal area unless, for whatever reason, the rates account has not been consolidated with the services account in which case separate monthly accounts will be mailed. These accounts will be produced in accordance with meter reading cycles at regular intervals or as prescribed by law.
- 6.6.2 The municipality shall undertake to mail the consolidated account to the customer address, in South Africa, as specified by each customer. However, non-receipt of an account does not negate the responsibility of the customer to pay the amount owing by due date nor prevent interest charges and debt collection procedures. In the event of non-receipt of an account, the onus rests on the account holder to obtain a free copy of the most recent account, before the due date.
- 6.6.3 The consumer shall, in writing, notify the municipality of any change of address, including an e-mail address, and contact details. Notwithstanding the fact that a consumer has not received an account as a result of his failing to notify the municipality of his change of address or due to delays on the part of external service providers, the customer is nevertheless liable for payment of such account. Any change of address only becomes effective when the notification of the change is received and acknowledged by the municipality.
- 6.6.4 Accounts must be paid in full on or before the due date as indicated on the account. Failure to comply with this section shall result in debt collection action being instituted against the customer. Interest on arrears, at prime plus one percent (Prime+1%), in the absence of any determination, as prescribed by law, will accrue after due date if the account remains unpaid irrespective of the reason for non-payment.
- 6.6.5 Bulk consumers may at the discretion of the municipality be notified of their unpaid accounts prior to the commencement of the debt collection process.
- 6.6.6 Payments for accounts must be received at a municipal pay-point by close of business on or before the due date. In the case of any electronic payments, the money must be received in the municipal bank account no later than the close of business on the due date. In the case of monies paid to agents, the money must be deposited with the agent prior to the close of business on due date and proof thereof may be required to validate any claims.

The following methods of payment and payment points can be used:

- a) Electronic banking payments (EFT) directly into the municipality's account. EFT's must be made at least 48 hours before the applicable due date where it is made from banks other than the official bank of the municipality.
- b) At any municipal office during office hours (Cash & Card payments)

- 6.6.7 The consumer acknowledges that any agent used for transmitting payments to the municipality is at the risk and cost of the consumer. In addition, the consumer must take into account the transfer time of the particular agent.
- 6.6.8 Receipt of the total outstanding monies will be allocated to the credit of the account in full. If a debtor pays only part of any amount due, the Chief Financial Officer shall allocate such payment as follows:
- a) firstly, to any unpaid interest raised on the account.
 - b) secondly, to any other sundry debtors (miscellaneous);
 - c) thirdly, to housing rents and instalments.
 - d) fourthly, to any unpaid property rates collection charges.
 - e) fifthly, to any unpaid water charges.
 - f) sixthly, to any unpaid wastewater (sewerage) charges.
 - g) seventhly, to unpaid refuse; and
 - h) lastly, to any unpaid electricity charges.
- 6.6.9 A customer shall not be entitled to allocate any payment made to any portion of the total debt due to the municipality.
- 6.6.10 Where an account is not settled in full, any lesser amount tendered and accepted shall not be deemed to be in full and final settlement of such an account.
- 6.6.11 The municipality or its authorised agent must, if administratively possible, issue a duplicate account to a customer on request, at a cost as determined by Council.
- 6.6.12 Where incorrect debits were raised or omitted levies regarding services, the accounts queried will be rectified for the year, in which the error was found or reported, and two preceding years -
- Unless it can be motivated to Council that it is not economical, fair, or in the public's best interest at the time, to levy for one or both of the two preceding years, and Council approves the recommendation.
- 6.6.13 Water Flat-Rate Tariff - Where a water meter is not installed, is inaccessible, defective, inoperative, tampered with, or where consumption cannot be accurately measured for any reason whatsoever, the Municipality may levy a water flat-rate tariff as approved in the annual Tariff Schedule.

The flat-rate tariff shall:

- Be implemented from the date on which the defect, inaccessibility, or non-functionality is identified and verified by the Municipality;
- Be applied prospectively and not retrospectively, unless evidence exists of unlawful interference or fraud;
- Remain applicable until the meter is repaired, replaced, made accessible, or normal metered billing can be reinstated.

6.6.14 Where an electricity meter is found to be defective, bypassed, tampered with, not functioning properly, or where accurate consumption cannot be determined and capable of being reasonably connected to such municipal services, the Municipality may levy an electricity availability charge as provided for in the approved Tariff Policy and Tariff Schedule.

The availability charge to be applied in meeting the criteria as set out above:

- Recognises the Municipality's cost of providing and maintaining infrastructure capacity and network readiness;
- Shall be implemented prospectively from the date of identification and verification;
- Shall remain in force until metered consumption can be accurately recorded.

Where tampering, fraud, or unlawful abstraction is suspected, the Municipality may take further action in terms of this Policy, applicable by-laws, and relevant legislation.

6.7 CUSTOMER ASSISTANCE PROGRAMMES

6.7.1 Water leakages

- a) If the leakage is on the customer's side of the meter, the customer will be responsible for the payment of all water supplied to the property.
- b) Where suitable proof of repair costs is provided, the Municipality may, at its sole discretion, provide relief on the charge raised above the average consumption at the cost price of the service. The responsibility to control and monitor his/her water consumption rests with the consumer.

6.7.2 Rate rebates

Categories of property or owners may qualify for exemptions, rebates and reductions of rates as determined in the municipality's property rates policy.

6.7.3 Arrangements for settlement of arrear accounts

- a) If a customer cannot pay his/her account with the municipality then the municipality may enter into an agreement with the customer for an extended term of payment according to the applicable category of the customer, in terms of the official Guidelines for the Payment of Arrears adopted by Council resolution. The customer must -
 - i) on the official agreement form, adopted by Council for that purpose, sign an acknowledgement of debt.
 - ii) sign a consent to judgement.
 - iii) provide a garnishee order/emolument order/stop order (if he/she is employed).
 - iv) acknowledge that interest could be charged at the prescribed rate.
 - v) pay the current portion of the account.

- vi) sign an acknowledgement that, if the arrangements being negotiated are later defaulted on, that no further arrangements will be possible, and that disconnection of water and electricity will follow immediately, as will legal proceedings; and
- vii) acknowledge liability of all costs incurred.
- b) The municipality reserves the right to raise the deposit requirement of debtors who seek arrangements.
- c) Where an arrangement is made outside of the stipulations of the official Guidelines for the Payment of Arrears adopted by Council, such payments will be accepted, subject to the normal credit control and debt collection procedures.
- d) The municipality reserves the right to convert the conventional electricity service of a customer with consumption in arrears, to a pre-pay electricity meter, with the same applicable to water meters (conventional to be replaced by pre-paid where applicable);

CATEGORIES OF CUSTOMERS
INDIGENT CUSTOMERS

DEBT	PAYMENT OF ARREARS
R1000 – R 2500	5% of outstanding debt plus the cost of credit control. The balance over maximum period 18 months.
R2501 – R5000	5% of the first outstanding R2500 3% over R2500 plus the cost of credit control actions. The balance of the outstanding amount over maximum period of 24 months.
R5001 and above	5% of the first outstanding R2500 3% above R2500 plus the cost of credit control actions. The balance of this outstanding amount over a maximum period of 36 months.

DOMESTIC CUSTOMERS

DEBT	PAYMENT OF ARREARS
R1000 – R 2500	10% of outstanding debt plus the cost of credit control. The balance over maximum period of 12 months.
R2501 – R5000	10 % of the first outstanding R2500 3% over R2500 plus the cost of credit control actions. The balance of the outstanding amount over maximum period of 18 months.
R5001 and above	10% of the first outstanding R2500 5% above the second R2500 outstanding plus the cost of credit control actions. The balance of this outstanding amount over a maximum period of 24 months.

BUSINESS

DEBT	PAYMENT OF ARREARS
R3000 – R 15000	The first R3000 of the outstanding debt plus the cost of credit control. The balance up to R15000 over maximum period of 12 months.
R15001 and above	The first R5000 of the outstanding debt plus the cost of credit control. The balance over a maximum period of 18 months.

GOVERNMENT DEPARTMENTS

No arrangements for government departments.

Arrangements will be free of interest, should the payment arrangement be maintained regularly.

In all instances of arrears on service accounts where the customer is on the prepaid electricity system, amount in arrears is added as a surcharge to the prepaid electricity cost and be repaid by allocating fifty percent of each purchase amount of electricity until the debt is liquidated.

6.8 INDIGENT SUBSIDY

Customers may apply for an indigent subsidy on the conditions as stipulated in the municipality's Indigent Policy.

6.9 FREE BASIC SERVICES

Council may provide, free of charge to a customer, certain basic levels of services, as determined from time to time.

7. CREDIT CONTROL

7.1 OBJECTIVES

The objectives of the credit control section are to:

- a) Implement procedures that will ensure the prevention of an escalation in debt;
- b) Limit risk by employing effective management tools; and
- c) Prevent prescribed debt from accumulating.

7.2 APPLICATIONS FOR SERVICES AND SERVICE AGREEMENTS

- 7.2.1 All consumers wishing to utilise municipal services must apply to enter into a service agreement.
- 7.2.2 The service agreement, on the prescribed form, will be entered into prior to the provision of services and prior to the consumer taking occupation of the premises.
- 7.2.3 Before being provided with electricity, water and/or other customer services, and prior to taking occupation of premises, every customer shall enter into a service agreement with the municipality in which, inter alia, the municipality may require the customer to agree that the electricity, water and/or other services, supplied by prepaid meter systems, may be used for credit control purposes to collect arrears in respect of all outstanding debt.
- 7.2.4 Owners may allow tenants to sign separate agreements with the municipality, which the municipality may at its own discretion accept or reject.
- 7.2.5 On default by a tenant, the owner will be the debtor of last resort.
- 7.2.6 A new service agreement will only be entered into once all amounts owed by a consumer on other debtor accounts are settled in full.
- 7.2.7 Where municipal services are used/consumed or made use of, and the owner, tenant, or occupants of a property, have not entered into nor completed an agreement for such services, the owner responsible for the payment of rates on the property will be billed for the metered consumption and all municipal service charges applicable to the property.
- 7.2.8 The service agreement shall indicate that transfer of a property may not be registered until the municipality issues a clearance certificate which reflects that all amounts due in connection with that property for municipal service fees, property rates and other municipal taxes, levies and duties during the two years preceding the date of application for the certificate, have been fully paid.
- 7.2.9 Application forms are available at the municipal offices and the application process must occur at least ten (10) working days prior to taking occupation of the premises. This will ensure that services are available when occupation is taken. Failure to adhere to the timeframe may result in customers not having the services available when occupation is taken. Once the application has been approved, a service agreement will be entered into, and services will commence.
- 7.2.10 The Municipality will render the first account after the first meter reading cycle following the date of signing the service agreement or as soon as is administratively possible.
- 7.2.11 Consumers who illegally consume services without a valid service agreement will be subject to disconnection and/or removal of the service and may have charges laid against them for theft and fraud.
- 7.2.12 The service agreement shall set out the conditions under which the services are provided and shall require the signatories thereto to accept the contents of the municipality's credit control and

debt collection policy, as well as the provisions of the Municipal Systems Act, 2000 (Act No. 32 of 2000).

- 7.2.13 Where a signatory is not the owner of the property to which the services are to be provided, a letter from the owner indicating that the signatory is the lawful occupant of the property and where a lesser/lessee arrangement exists between the parties, a copy of such agreement shall be attached to the service agreement.
- 7.2.14 Where a consumer has failed to enter into a service agreement with the municipality, water and/or electricity shall be restricted or disconnected, as the circumstances may require, until such time as a service agreement has been entered into and the applicable deposits have been paid. In such circumstances, the consumer will be held liable for any calculated amounts.
- 7.2.15 Prior to signing these agreements, customers will be entitled to receive the policy document of the municipality on request.
- 7.2.16 On the signing of the agreement, customers will receive a copy of the agreement for their records.
- 7.2.17 Existing customers of services will be required to sign new agreements as determined by the Municipal Manager from time to time.

7.3 CUSTOMER SCREENING AND SECURITIES

- 7.3.1 Every customer, other than those who are the registered owners of the property, is to pay a deposit on application for the provision of municipal services before the municipality renders any service to the property. Deposits are payable when new customers sign service agreements and when existing customers move to a new supply address. All deposits shall be paid at least 10 (ten) days prior to occupation of the property or prior to the date on which the services are required, if not required on date of occupation. Failure to comply with this clause may result in a delay in the connection of services and the Council shall not be liable for any loss or prejudice suffered by a customer as a result thereof.
- 7.3.2 All applicants for municipal services may be checked for creditworthiness including checking information from banks, credit bureau, other local authorities, trade creditors and employers.
- a) Consumers may be grouped into high, medium, or low risk consumers.
- b) A consumer could then be granted a low-risk status if he/she/it has not defaulted on any payment to the municipality, medium risk for defaults on payments and high risk if any legal action and judgements were taken.
- 7.3.3 Based on any risk assessment, non-payment of services, default on existing payment arrangement, tampering with the service or theft of water/electricity, the level of deposits may be set or increased.
- 7.3.4 Deposits can be increased at the discretion of the municipality to a maximum of three months average consumption.

- 7.3.5 The outcome of any review contemplated shall be communicated to the customer in the event of any variation in the deposit arrangements being required.
- 7.3.6 The municipality will not pay any interest on deposits.
- 7.3.7 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.
- 7.3.8 Bank guarantees are only permitted for businesses and only under circumstances as determined by the municipality from time to time.
- 7.3.9 Deposits are not transferable when existing customers move to a new address.

7.4 RIGHT OF ACCESS TO PREMISES

- 7.4.1 The owner and or occupier of property must allow an authorised representative of the municipality access at reasonable hours to the property in order to read, inspect, install or repair any meter or service connection for reticulation, or to disconnect, stop or restrict, or reconnect, the provision of any service. The representative must have proper authorisation and can only request access during reasonable hours.
- 7.4.2 The owner is responsible for the cost of relocating a meter if satisfactory access is not possible.
- 7.4.3 If a person fails to comply with 7.4.1 the municipality or its authorised representative may -
- a) by written notice require such person to restore access at his/her own expense within a specified period; and
 - b) as a matter of urgency, without prior notice restore access and recover the cost from such person.
- 7.4.4 If the municipality is unable to read any meter on any property because the meter has been rendered inaccessible, the municipality shall estimate the consumption of the service concerned and thereafter bill the accountholder for the monetary value of such estimated consumption.
- 7.4.5 In the event that the municipality continues to be unsuccessful in obtaining access to the property and, therefore, is unable to obtain an accurate meter reading, the Chief Financial Officer or his authorised representative may disconnect the supply.
- 7.4.6 Voluntary readings -
- These will be permitted provided the municipality obtains any final reading should the consumer move to another supply address.

Consumers may be liable for a fee to cover the costs of obtaining a reading if no advance warning is given and special arrangements are required to obtain a reading.

The municipality is entitled to make suitable adjustments to the readings should a consumer fail to ensure that a final reading is obtained.

An audit reading during the normal reading cycles must be obtained at least once every 12 months. If a special audit reading becomes necessary, this will be done at the cost of the consumer.

The consumer may elect to supply voluntary readings subject to compliance with these rules. The Chief Financial Officer may, however, cancel the voluntary reading convenience if the consumer fails to render readings on two or more consecutive occasions.

7.5 DISCONNECTIONS/RESTRICTIONS OF SERVICE

- 7.5.1 The municipality shall disconnect/restrict services to consumers whose consolidated accounts remain unpaid after the due date.
- 7.5.2 The municipality shall, prior to disconnection and/or restriction of services, not be obliged to issue any final demand notices or other reminders to customers whose accounts are unpaid after the due date.
- 7.5.3 The municipal account shall reflect a warning message that shall be deemed to be proper and sufficient notice to the customer that his services may be disconnected or restricted unless payment is received on or before due date.
- 7.5.4 Arrears is not received by close of business on due date, the electricity supply and thereafter the water supply may be disconnected/restricted, unless a formal arrangement for an extension of payment, in terms of section 6.7.3 has been approved by the Chief Financial Officer or his authorised representative.
- 7.5.5 The municipality reserves the right to deny or restrict the sale of electricity or water to customers who are in arrears with their rates or other municipal charges.
- 7.5.6 Even though a customer may have concluded satisfactory credit arrangements in terms of section 6.7.3 the municipality is not obliged to affect a reconnection of services on the day that payment is received, or the agreement has been signed, but will, unless unable to do so because of circumstances beyond the control of the municipality, endeavour to do so within three (3) working days in terms of section 7.7 read in conjunction with section 7.6.

- 7.5.7 Where a customer's services, are disconnected or where access to a disconnected service has not been obtained, the customer shall be charged a visitation fee, as determined by council, which shall be paid prior to the services being reconnected.
- 7.5.8 Where a customer's account and/or service agreement has been terminated or is in arrears and no credit arrangement has been entered into, council may, at the customer's cost, proceed to collect such amount as is outstanding and due in terms of the procedures for debt collection contained in section 9 of this policy.
- 7.5.9 Where a customer or owner's account is in arrears and no credit arrangement for the settlement of any outstanding debt has been entered into, and, whether the services to the property have been disconnected / restricted or not, council may, regardless of whether the service agreement is terminated or not, implement the procedures for debt collection as set out in Section 8 of this policy, if such action is deemed by the Chief Financial Officer to be in the best interests of council.
- 7.5.10 Should the Chief Financial Officer be of the opinion that the termination of services, in respect of the account is in arrears, could result in the endangerment of the life of any person, the Chief Financial Officer may appropriately restrict rather than terminate the services in question.
- 7.5.11 All costs related to notices, the restrictions or dis- and reconnections, will be determined by tariffs approved by the municipal Council, and will be payable by the customer.

7.6 RECONNECTION/REINSTATEMENT OF TERMINATED/RESTRICTED SERVICES

- 7.6.1 Services which have been terminated or restricted shall be reconnected or reinstated by the municipality only when all the following conditions have been met:
- a) The arrear account has been paid in full, including the interest raised on such account; or
 - b) An acceptable arrangement has been entered into with the municipality for the payment of the arrear account, including the cost of dis- and reconnections, the interest raised on such account; or a query, as contemplated in section 7.4 has been resolved and arrangements for payment as approved by the Chief Financial Officer have been concluded.
 - c) A revised/existing service agreement, where required, has been entered into/reinstated with the municipality, as contemplated in Section 7.2 of this policy; and
 - d) A suitable cash deposit, where required and as determined by the Chief Financial Officer in terms of Section 8.3, has been paid to the municipality.
- 7.6.2 Where consumers using prepaid meters are in arrears, in respect of other services rendered by the municipality, the municipality shall allocate any percentage of any future prepaid purchases to amounts in arrears, until such time as the arrears have been brought up to date.

7.7 PERIOD FOR RECONNECTION OR REINSTATEMENT

The municipality shall endeavour to reconnect or reinstate terminated or restricted services as soon as conveniently possible but not later than within 3 (three) working days after the date on which the conditions set out in section 8.6 of this policy have been met, unless unable to do so because of circumstances beyond the control of the municipality.

7.8 CLEARANCE CERTIFICATES

7.8.1 On the sale of any property in the municipal jurisdiction, the municipality will withhold the transfer until all rates, services and consumption charges are paid by withholding a rates clearance certificate as contemplated in section 118 of the Systems Act, No 32 of 2000

7.8.2 The Municipality shall, wherever possible, issue a clearance certificate within ten working days of such request once all outstanding debts and administration fees have been paid in full.

7.8.3 The above provisions do not apply in the case of transfers from National Government, Provincial Government, or another municipality of residential property where the provisions of Section 118 of the Municipal Systems Act are applicable.

7.8.4. The Municipality shall collect two (2) months service charges in advance to cover the period for the transfer to be registered at the Deeds Office.

7.9 THE PRE-PAYMENT SYSTEM

The municipality may use its pre-payment system to recover arrears in respect of accrued municipal taxes and other municipal levies, tariffs, and duties in respect of services such as water, refuse removal, sanitation, and sewerage.

7.10 INCENTIVES FOR PROMPT PAYMENT

7.10.1 To encourage prompt payment and/or to reward regular payers the municipality may consider incentives for the prompt payment of accounts or payment by debit or stop orders.

7.10.2 Council can from time to time consider incentives like a customer rehabilitation incentive to collect arrears in combination of debt write-offs.

7.11 INTEREST ON ARREARS AND OTHER PENALTY CHARGES

- 7.11.1 Interest shall be charged for a full month on all arrear amounts at the percentage determined by council irrespective of when payment is made.
- 7.11.2 For purposes of determining arrear amounts, all amounts that are unpaid after due date, excluding interest, penalty charges previously raised including collection charges and Value-Added Tax, shall be taken into account.
- 7.11.3 The Chief Financial Officer will be entitled to raise the following charges in addition to the interest charge contemplated in clause 7.11.1: charges for disconnection or restriction of services charges for reconnection or reinstatement of services charges for notices of default and other correspondence penalty charges for illegal reconnections.
- 7.11.4 Other than those penalty charges prescribed by legislation, the value of each of these charges will be determined on an annual basis by council when considering its annual budget and shall be contained in the Beaufort West Municipality tariff listing.

7.12 ILLEGAL TAMPERING AND/OR THEFT OF SERVICES

The Municipality does not condone theft and fraud of municipal services and will monitor the service networks for signs of tampering or irregularities.

Furthermore,

- 7.12.1 Water and electricity metering and connection equipment remain the property of the municipality and anyone involved in instances of tampering, damaging or theft thereof will be liable for criminal prosecution.
- 7.12.2 With regard to electricity services, if tampering of any nature or theft of such services are identified, the electricity supply to the property may be discontinued by the removal of the meter and the cable and the water supply may be restricted. In addition, the customer's service agreement with the municipality may be cancelled and the customer's deposit may be offset against any amounts owed to the municipality.
- 7.12.3 If the restricted water supply is tampered with or any variable flow- restricting device removed, the water supply may be discontinued, the service connection removed and the customer's service agreement with the municipality may be cancelled. The customer's deposit may be offset against any amounts owed to the municipality.

7.12.4 Once the municipality becomes aware that any terminated or restricted service has been irregularly reconnected or reinstated, the necessary action to remedy the situation will be implemented which could include the Municipal Manager reporting such action to the South African Police Service.

7.12.5 Any person failing to provide information or providing false information to the municipality may face immediate disconnection and/or legal action.

7.12.6 All outstanding amounts including, penalties, assessment of monitored consumption, all metered consumption since the date of the illegal reconnection, shall be paid in full together with any required increased deposit, before any reconnection/reinstatement, are considered. However, the receipt of payment will not necessarily impact on nor prejudice any legal or criminal proceedings against the customer.

8. DEBT COLLECTION

8.1 OBJECTIVE

The objectives of the debt collection section are –

- a) To provide procedures and mechanisms to collect all the monies due and payable to the municipality arising out of the supply of services and annual levies, in order to ensure financial sustainability and delivery of municipal services in the interest of the community; and
- b) To institute procedures to address debtor accounts in arrears, with the intention of proceeding until the debt is collected or written off by applying the following two phases:
 - i) Initial collection phase
 - ii) Final collection phase

8.2 INITIAL COLLECTION PHASE

Where debtors' accounts are in arrears –

8.2.1 Immediately after due date, disconnect and/or restrict all water and/or electricity services for all overdue amounts relating to rates, service charges or any charges for services rendered by the municipality in terms of the procedures laid down in Section 7.5 of this policy.

8.2.2 After the due date:

- a) Final notices, advising to pay within 14 days will be delivered to defaulters.

- b) The disconnection/blocking of electricity will follow if no arrangement/payment is made.
- c) A final notice can be added to the monthly account that will then serve with the due date as the start of the 14 days before disconnection or other credit control actions.
- d) Tracing action may be authorized and instituted if the whereabouts of the debtor is unknown.

- 8.2.3 The Chief Financial Officer may insist that a consumer, who is utilising a credit meter, convert from that credit metered supply to a prepayment supply.
- 8.2.4 The Chief Financial Officer may allocate fifty up to (50) percent of any payment for prepayment service to accounts in arrears.
- 8.2.5 The Chief Financial Officer may order that emolument attachment or garnishee orders be instituted on debtors' salaries.
- 8.2.6 The Chief Financial Officer may withhold rates clearance certificates in terms of Section 118 of the Municipal Systems Act, 2000 (Act No. 32 of 2000) and Section 7.8 of this policy.
- 8.2.7 The Chief Financial Officer may withhold payments of grants-in-aid to consumers whose accounts are in arrears.
- 8.2.8 The Chief Financial Officer may withhold payment to suppliers, in terms of the Supply Chain Management policy, whose accounts are in arrears; and
- 8.2.9 The Chief Financial Officer must arrange to withhold/reject the approval of building plans relating to improvements on properties if there are arrears on that property;

8.3 FINAL COLLECTION PHASE

Where debtors' accounts are in arrears sixty days (or any earlier period if the Chief Financial officer deems that it is in the best interest of the Council) after due date and where an account rendered to a customer remains outstanding one of the following options may be taken –

- a) where an internal municipal debt collection unit is in operation.
- b) where external collection agents are involved.

8.3.1 Where an internal municipal debt collection unit is in operation –

The following listed steps be instituted for recovery of arrear debt up to the point where the debt is collected:

- 8.3.1.1 Registered final demand letter to be delivered.
- 8.3.1.2 Summons to be served.
- 8.3.1.3 Default Judgement to be served.

8.3.1.4 Warrant of Execution to be served.

8.3.1.5 Garnishee Order to be served.

8.3.1.6 Sale in Execution by Sheriff – moveable assets; and

8.3.1.7 If no success, hand over to Attorney for action in court and/or sale in execution of assets.

8.3.2 Where external collection agents are involved –

8.3.2.1 All arrear amounts shall be handed over to council's debt collection agents.

8.3.2.2 The collection agents will then make use of normal debt collection procedures including a call centre approach and legal processes to collect the amounts owed to the municipality.

8.3.2.3 Garnishee orders, in the case of employed debtors, are preferred to sales in execution, but both are part of the municipality's system of debt collection.

8.3.2.4 If necessary, the sale in execution of a property to recover arrear property rates and service charges will be instituted (if the accountholder is also the owner of the property);

8.3.2.5 The municipality will exercise strict control over this process, and will require regular reports on progress from service providers; and

8.3.2.6 The municipality will establish procedures and codes of conduct with these outside parties.

8.4 COLLECTION CONTROLS AND GENERAL MATTERS

8.4.1 All steps in credit control and debt collection procedures will be recorded for the municipality's records and for the information of the debtor.

8.4.2 Individual debtor account information is protected and not the subject of public information.

8.4.3 The municipality may consider the cost effectiveness of the legal process, and will receive reports on relevant matters, including cost effectiveness.

8.4.4 The municipality may consider the use of agents as service providers and innovative debt collection methods and products.

8.4.5 Customers will be informed of the powers and duties of such agents or service providers and their responsibilities including their responsibility to observe agreed codes of conduct.

8.4.6 Any agreement concluded with an agent, service provider or product vendor shall include a clause whereby breaches of the code of conduct by the agent or vendor will constitute a breach of the contract.

A user that enters into a payment arrangement can be obligated to have a pre-paid water and/or electricity meter installed.

8.5 COST OF COLLECTION

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

8.6 ABANDONMENT OF CLAIMS

- 8.6.1 The Municipal Manager must ensure that all avenues are utilised to collect the municipality's debt.
- 8.6.2 Whenever all the legal avenues and procedures listed above have been exhausted, or it becomes uneconomical to proceed further, the arrear amounts should, in terms of council's Debt Write-Off Policy, be classified as irrecoverable and should be written off.
- 8.6.3 The valid termination of debt collection procedures as contemplated in section 109(2) of the Systems Act, may be considered under the following circumstances –
- a) The insolvency of the debtor, whose estate has insufficient funds.
 - b) A balance being too small to recover, for economic reasons, considering the cost of recovery; and
 - c) Where the municipality deems that a customer or group of customers are unable to pay for services rendered.
- 8.6.4 The municipality must maintain audit trails in such instances and document the reasons for the abandonment of the actions or claims in respect of the debt.

8.7 CREDIT BUREAUS

- 8.7.1 The municipality may release debtor information to credit bureaus.
- 8.7.2 Any debtors whose amounts are written off may be listed with the Credit Bureau and may not be permitted to enter future service contracts with the municipality.

9. REPORTING AND PERFORMANCE MEASUREMENT

- 9.1 The Chief Financial Officer shall report to the Municipal Manager on a monthly basis in an appropriate format to enable the Municipal Manager to report to the Mayoral Committee as supervisory authority as defined in section 99 of the Municipal Systems Act, 2000 (Act 32 of 2000), read with section 100(c).

- 9.2 If the Chief Financial Officer is of the opinion that the expected income as included in the approved budget will not be realised, the Chief Financial Officer must submit a report together with a full motivation to the Municipal Manager. The Municipal Manager shall immediately request a budget review.
- 9.3 The Mayoral Committee shall report to Council on a quarterly basis as prescribed in section 99 of the Municipal Systems Act, 2000 (Act 32 of 2000)

10. PUBLICATION OF THE POLICY

- 10.1 The Municipality shall publish this Policy in the local media for general notification purposes. The Policy shall also be published on Council's website and shall be available at all municipal pay points.
- 10.2 Ward Councillors shall address ward committees on the contents of this Policy from time to time.

11. ADOPTION OF A BY-LAW

Council must adopt a by-law to give effect to its Customer Credit Control and Debt Collection Policy.

12. COMMENCEMENT

This Policy shall take effect on 1 July and shall be known as the Beaufort West Municipality Customer Care, Credit Control and Debt Collection Policy.

13. CONTACT DETAILS

Manager: Revenue Management

Name of contact person : Shanon Anthonie
Email : shanona@beaufortwestmun.co.za

DOCUMENT CONTROL



VERSION AND DOCUMENT CONTROL			
POLICY NAME:	Customer Care Credit Control & Debt Collection Policy		
POLICY OWNER:	Financial Department / BTO		
RELATED POLICIES:	Budget Policies		
REVIEW:	Annually	Budget Policy	Yes
POLICY EFFECTIVE DATE:	01 July 2026	Budget Policy Nr	03
Version	Date	Adoption	Revision
1	January 2009	1 st Adoption	
2	May 2024		7 th Revision
3	27 February 2025		8 th Revision
4	30 May 2025		9 th Revision
5	30 April 2026		10 th Revision
6	29 May 2026		11 th Revision
<p>-----</p>			
Acting Municipal Manager Gerald Esau			
Date:			



BEAUFORT WEST MUNICIPALITY



ELECTRICITY DISTRIBUTION LOSSES POLICY

2026/2027

Effective Date	: 1 July 2026
Last Revision	: 30 May 2025
Version	: 4 th Revision
Reviewed Date	: 29 May 2026
Budget Policy Nr	: 19
Item	: 8

Copies of this document can be viewed at the offices of the Municipality and on the municipal website.

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1. SCOPE

The scope of this policy is to identify and describe electrical losses that are experienced on the distribution system and to find ways to keep these losses to a minimum. This policy will also describe the disclosing of electricity losses in terms of the relevant legislation. This policy should be read in conjunction with the Accounting Policy of Beaufort West Municipality.

2. OBJECTIVE

The objective is to minimize electricity losses, as they can have a significant financial impact. The municipality may end up paying for electricity that cannot be billed to consumers. This policy is aligned with the Eskom Debt Relief Programme conditions, aimed to improve the municipality's collection rate, and protect municipal revenue.

3. LEGISLATION

Municipal Finance Management Act 56 of 2003

Section 125(2) - The notes to the annual financial statements of a municipality or municipal entity must disclose the following information:

(d) particulars of -

(i) any material losses

Section 64(2) - The accounting officer must for the purposes of subsection (1) take all reasonable steps to ensure—

(a) that the municipality has effective revenue collection systems consistent with section 95 of the Municipal Systems Act and the municipality's credit control and debt collection policy;

(b) that revenue due to the municipality is calculated on a monthly basis.

4. TYPES OF LOSSES

An *electricity distribution loss* refers to the amount of electrical energy lost during the process of transmitting and distributing electricity from the source (Eskom Bulk Purchases) to the end-users within the municipality. In other words, the difference between electricity input and the number of units sold.

The Municipality have two types of losses that can occur in the distribution of electricity.

- **Technical Losses:** These losses occur due to heat dissipation when electricity flows through the system conductors, which consist of either copper or aluminium (network/infrastructure-related losses). The condition of the infrastructure will be the key determining factor in technical losses.
- **Non – Technical Losses:** These losses occur due to theft (illegal connections, meter tampering) and incorrect metering and/or billing.

It is quite easy to calculate distribution loss if the municipality's sales statistics, pertaining to units sold, can be considered accurate and then to be deduction from the total number of units purchased from Eskom. However, it is much more complicated to calculate a completely accurate split between technical and non-technical losses and to quantify the loss that can be attributed to either technical or non-technical factors.

5. METERING AND DEBT RELIEF CONDITIONS

- The municipality must progressively install **Smart pre-paid meters** in the municipal electricity distribution areas.
- Commercial and Industrial should make use of Smart metering solutions but unlike residential should not necessarily be pre-paid.
- All new meter replacements and new meter installations should be Smart meter installations as required in terms of the Eskom Debt Relief Programme.
- The smart metering system to be installed must comprise an electronic smart electricity metering device or meter which communicates with a main data collector, whereby this data can then be seamlessly integrated into the municipality's billing system.
- A Smart meter is:
 - An advanced type of digital electricity meter that records when, and how much, electricity is consumed and deducts from the amount consumed from a prepaid balance loaded by the customer.
 - Smart prepayment split metering solution is made up of the meter and the Customer Interface Unit (CIU).
 - The meter and CIU communicate with each other remotely enabling the CIU to display exactly what your electricity credit balance is.
 - The smart meter allows you to view near real-time electricity usage over time and helps you manage your consumption.
 - Smart prepaid meters are capable of two-way communication between the meter and municipality. This enables the municipality to read information off the meter, detect power

outages and meter tampering and to send information to the meter such as programming updates.

- Automated instructions are also sent to the meter to interrupt the power supply when your prepaid account balance reaches zero, and to reconnect supply once you have loaded credit.

6. ACCEPTABLE NORM

In terms of Municipal Finance Management Act (MFMA) Circular No. 71: Uniform Financial Ratios and Norms, dated January 2014, states the following:

Electricity Distribution Losses (Percentage) – Purpose & Application

The purpose is to measure the percentage loss of potential revenue from Electricity Services through electricity units purchased and generated but not sold as a result of losses incurred through theft (illegal connections), non or inaccurate metering or wastage. It is expected that implementation of the free basic service policy is included in the calculation for sale of electricity.

Formula

(Number of Electricity Units Purchased and / or Generated - Number of Electricity Units Sold) / Number of Electricity Units Purchased and / or generated) × 100.

Norm

The Norm is between 7% and 10% and will be superseded by the sector determination.

Interpretation of Results

A ratio below the norm depicts that electricity losses are well managed. If the Ratio exceeds the norm, it could indicate various challenges, for example, deteriorating electricity infrastructure or poor management of the networks, affecting the Municipality or Municipal Entity, which would require further analysis to determine the reasons for such losses. In addition, the root causes should be addressed.

For the purposes of **Beaufort West Municipality**, the **norm** for technical losses can be set at 8% considering the aging network with the balance to be considered non-technical in nature. The municipal norm should be reviewed annually during the MTREF budget process.

7. CONTROL AND MONITORING

- The municipality must aim to maintain electricity losses below a specified percentage of the total electricity purchased from Eskom. This can serve as a Key Performance Indicator (KPI) within the Service Delivery and Budget Implementation Plan (SDBIP), linked to the finance department. While there is a dual responsibility for managing electricity distribution losses, the primary control and responsibility lie within the financial department. Interdepartmental communication should deal with potential risks.
- To keep the technical losses to a minimum, distribution losses must be reported on a monthly basis to the Director / Manager Infrastructure.
- To keep the non-technical losses to a minimum the metering of electricity must be monitored sufficiently. The billing system must be used to detect possible cases of illegal connections (low, no consumption report / deviation or exception reporting and managing estimates as in terms of the Customer Care Credit Control and Debt Collection Policy).
- A formal system of communication should be maintained or put in place to ensure effective and efficient communication between the revenue department and the technical department. This will ensure that meters replaced, meter reset, disconnections, last readings etc. being accounted for to ensure that the municipality suffer no losses in this regard.
- If theft is detected, the electricity supply to the premises will be blocked, and a tariff will be charged according to the council-approved tariffs. This action will be dealt with in accordance with the policy governing customer care, credit control, and debt collection and if applicable criminal charges should be considered. The meter will remain blocked until the penalty is paid in full, and the root cause for the blockage is addressed. This may involve full payment of the account or entering into a payment arrangement, as dictated by the situation and in accordance with the policy.
- Formal inter-departmental communication should be formalized through the use of the Ignite system, and this policy should be supported by a corresponding Standard Operating Procedure (SOP) in this regard.
- The Budget Steering Committee can quarterly evaluate the effectiveness of inter-departmental communication.

8. REPORTING

- Electricity Losses must be reported to the Director / Manager Infrastructure by the revenue department on a monthly basis.
- Reported on a quarterly basis in terms of section 52 of the MFMA to Council.
- Distribution losses should be reported within the Budget Steering Committee on a quarterly basis.
- The total losses that a municipality incurred for electricity must be reported and quantified in the Annual Financial Statements of the municipality.
- Electricity losses will also be reported in the Mid-Year Performance Report of the municipality.

The electricity losses reported upon in terms of financial reporting, must clearly indicate the quantity in terms of units (kWh) lost, as well as the financial implication of the losses. Losses incurred must be disclosed and quantified as in terms of the Accounting Policy.

9. POLICY REVIEW

The content of the policy will be reviewed as and when required but at least on an annual basis during the budget process.

DOCUMENT CONTROL



VERSION AND DOCUMENT CONTROL			
POLICY NAME:	Electricity Distribution Losses Policy		
POLICY OWNER:	Financial Department / BTO		
RELATED POLICIES:	Budget Policies – MBRR Regulation 7		
REVIEW:	Annually	Budget Policy	Yes
POLICY EFFECTIVE DATE:	01 July 2026	Budget Policy Nr	19
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1	6 June 2023	1 st Adoption	
2	21 May 2024		2 nd Revision
3	30 May 2025		3 rd Revision
4	29 May 2026		4 th Revision
<p>-----</p>			
Acting Municipal Manager Gerald Esau			
Date:			



BEAUFORT WEST MUNICIPALITY



BORROWING POLICY

2026/2027

Effective Date	: 1 July 2026
Last Revision	: 30 May 2025
Version	: 8 th Revision
Reviewed Date	: 29 May 2026
Budget Policy Nr	: 6
Item	: 8

Copies of this document can be viewed at the offices of the Municipality and on the municipal website.

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1. DEFINITIONS

“Accounting Officer” The municipal manager is the accounting officer of the municipality in terms of section 60 of the MFMA.

“Approved Budget” means an annual budget approved by a municipal council.

“Budget-related policy” means a policy of a municipality affecting or affected by the annual budget of the municipality.

“Chief Financial Officer” means a person designated in terms of the MFMA who performs such budgeting, and other duties as may in terms of section 79 of the MFMA be delegated by the accounting officer to the Chief Financial Officer.

“Capital Budget” This is the estimated amount for capital items in a given fiscal period. Capital items are fixed assets such as facilities and equipment, the cost of which is normally written off over a number of fiscal periods.

“Council” means the council of a municipality referred to in section 18 of the Municipal Structures Act.

“Financial year” means a 12-month year ending on 30 June.

“Line Item” an appropriation that is itemized on a separate line in a budget adopted with the idea of greater control over expenditure.

“Operating Budget” The Town’s financial plan, which outlines proposed expenditures for the coming financial year and estimates the revenues used to finance them.

“Ring Fenced” An exclusive combination of line items grouped for specific purposes for instance salaries and wages.

“Service Delivery and Budget Implementation Plan” means a detailed plan approved by the Mayor of a municipality in terms of section 53(1) (c) (ii) for implementing the municipality’s delivery of municipal services and its annual budget.

“Virement” is the process of transferring an approved budget allocation from one operating line item or capital project to another, with the approval of the relevant Manager. To enable budget managers to amend budgets in the light of experience or to reflect anticipated changes.

“Project code” means one of the main segments into which a budget of a municipality is divided for the appropriation of funds for the different departments or functional areas of the municipality, and which specifies the total amount that is appropriating for the purposes of the department or functional area concerned.

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- “**Project codes**” means one of the main segments into which a budget of a municipality is divided for the appropriation of funds for the different departments or functional areas of the municipality, and which specifies the total amount that is appropriating for the purposes of the department or functional area concerned.

2. APPLICATION AND SCOPE

- a) The primary goal of the borrowing of funds is to ensure that the funds are obtained at the lowest possible interest rates at minimum risk, within the parameters of authorized borrowings.
- b) Risk Management: The need to manage interest rate risk, credit risk exposure and to maintain debt within specified limits is the foremost objective of the borrowing policy. To attain this objective, diversification is required to ensure that the Chief Financial Officer prudently manages interest rate and credit risk exposure.
- c) Cost of Borrowings: The borrowings should be structured to obtain the lowest possible interest rate, on the most advantageous terms and conditions, taking cognisance of borrowing risk constraints, infrastructure needs and the borrowing limits determined by Legislation.
- d) Prudence: Borrowings shall be made with care, skill, prudence and diligence. The standard of prudence to be used shall be the "prudent person" standard and shall be applied in the context of managing overall debt. All loans must be in the name of Beaufort West Municipality.

3. LEGAL FRAMEWORK

The relevant legislation and regulations in terms of which borrowing decisions are governed is the Local Government Municipal Finance Management Act, No 56 of 2003, Section 45, 46 & 47.

4. OBJECTIVES OF THIS POLICY

- a) To establish a borrowing framework policy for the Municipality and to set out the guidelines for the borrowing of funds with the goals to:
 - Manage interest rates and credit risk exposure.
 - Maintain debt within specified limits and ensure adequate provision for the repayment of debt.
 - To ensure compliance with all legislation and Council policy governing borrowing of funds.

5. CONSIDERATIONS

The Municipality from time to time, will use certain of its surplus funds to fund its Capital programme. The utilisation of surplus funds enables the Municipality to reduce its reliance on external debt financing, thereby allowing it to borrow only funds from external sources when favourable market conditions prevail.

5.1 Factors to be considered when borrowing:

- the type and extent of benefits to be obtained from the borrowing.
- the length of time the benefits will be received.
- the beneficiaries of the acquisition or development.
- the impact of interest and redemption payments on both current and forecasted property tax revenue.
- the current and future capacity of the property tax base to pay for borrowings and the rate of growth of the property tax base.
- likely movements in interest rates for variable rate borrowings.
- other current and projected sources of funds.
- competing demands for funds.
- timing of money market interest rate movements and the long-term rates on the interest rate curve.
- The Municipality will, in general, seek to minimise its dependence on borrowings in order to minimise future revenue committed to debt servicing and redemption charges.
- The Municipality may only borrow funds, in terms of the Municipal Finance Management Act, for the purpose of acquiring assets, improving facilities or infrastructure to provide service delivery.

5.2 Potential lenders include:

- The Development Bank of Southern Africa
- Registered Banks in Southern Africa

6. REFINANCING DEBT

- 6.1 Section 46 of the MFMA provides that the Beaufort West Municipality may refinance existing long-term debt if such refinancing is in accordance with the prescribed framework.
- 6.2 The Municipality may borrow money for the purpose of refinancing existing long-term debt, provided the existing long-term debt was lawfully incurred and the refinancing will not extend the term of the debt beyond the useful life of the infrastructure, property, plant or equipment for which the money was originally borrowed.
- 6.3 Cognisance must be taken of any early repayment penalty clauses in the initial loan agreement, as part of the financial feasibility assessment.
- 6.4 No loans will be prematurely redeemed unless there is a financial benefit to the Municipality.

7. DEBT REPAYMENT PERIOD

- 7.1 Whilst the period for which loan debt may be received will vary from time to time according to the needs of the various Lenders, presently the typical debt repayment period for loans is between ten to twenty years, closely matching the underlying asset lives serviced by the loans.
- 7.2 Cognisance is taken of the useful lives of the underlying assets to be financed by the debt, and, moreover, careful consideration is taken of the interest rates on the interest yield curve. Should it be established that it is cost effective to borrow the funds on a shorter duration (as opposed to the life of the asset) as indicated by the interest yield curve, the loan will be negotiated to optimize the most favourable and cost-effective benefit to the Municipality.

8. SECURITY

The MFMA provides that the Municipality may provide security for any of its debt obligations, including the giving of a loan, 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.

9. BANK OVERDRAFT

- 9.1 Beaufort West Municipality has a Bank overdraft facility. The facility must be paid off by the end of the financial year and must be renewed each financial year after a careful analysis and assessment of the municipality's expected cash flows.
- 9.2 The accounting officer of the municipality has a delegated authority to approve an overdraft facility or the renewal thereof.

10. SHORT TERM DEBT

- 10.1 The MFMA provides that the Municipality may incur short term debt only:
- When necessary to bridge shortfalls within a financial year during which the debt is incurred.
 - In expectation of specific and realistic anticipated revenue to be received within that financial year.
 - Or capital needs within a financial year, to be repaid from specific funds to be received from enforceable allocations or long-term debt commitments.
- 10.2 The Municipality must pay off short term debt within the same financial year and may not renew or refinance its short-term debt.
- 10.3 The Municipality may, in terms of the MFMA, incur short term debt only if the Chief Financial Officer has made a prior written finding that the debt is either within prudential limits on short term debt as previously approved by the Municipality, or is necessary due to an emergency that could not reasonably have been foreseen.

11. DISCLOSURE

- 11.1 Any official involved in the securing of loans by the Municipality must, when interacting with a prospective Lender or when preparing documentation for consideration by a prospective Investor disclose all relevant information that may be requested or that may be material to the decision of the prospective Lender or Investor.
- 11.2 Reasonable care must be taken to ensure the accuracy of any information disclosed. Whilst this is a standard and acceptable business practice, it is also in compliance with section 49 of the MFMA.

12. GUARANTEES

- 12.1 The MFMA provides that the Municipality may not guarantee any debt of any entity unless the entity is a Municipal entity under its sole ownership control. The debt must be reflected in the approved business plan of the entity.
- 12.2 The guarantee must be authorized by the Municipality. This must be done in the same manner and subject to the same conditions applicable to any other borrowings. Neither the National nor Provincial Government may guarantee the debt of any Municipality.

13. APPROVAL OF LOANS BY THE MUNICIPALITY

- 13.1 Section 46 of the MFMA Stipulates that the Municipality may incur long-term debt only if a resolution of the Council, signed by the mayor, has approved the debt agreement and the Accounting Officer has signed the agreement or other document which acknowledges the debt.
- 13.2 At least 21 days prior to the meeting of the Council at which approval for the debt is to be considered, the Municipality must make public an information statement setting out particulars of the proposed debt, including the amount of the proposed debt, the purposes for which the debt is to be incurred and particulars of any security to be provided.
- 13.3 The Public, the National Treasury and Provincial Treasury must be invited to submit written comments or representations to the Council in respect of the proposed debt. A copy of the information statement must be submitted to Council at least 21 days prior to the meeting to discuss the proposed loan, together with particulars of the essential repayment terms, including the anticipated debt repayment schedule; and the anticipated total cost in connection with such debt over the repayment period.

14. PROVISION FOR REDEMPTION OF LOANS

- 14.1 Beaufort West Municipality may borrow from Institutions and set up sinking funds to facilitate loan repayments, especially when the repayment is to be met by a bullet payment on the maturity date of the loan. These sinking funds may also be invested directly with the Lender's Bank.
- 14.2 The maturity date and accumulated value of such investment must coincide with the maturity date and amount of the intended loan that is to be repaid.
- 14.3 The municipality can also use guaranteed endowment policies to facilitate the payment on maturity date.

15. NON-REPAYMENT OR NON-SERVICING OF LOAN

- 15.1 Beaufort West Municipality must honour all its loan obligations timeously.
- 15.2 Failure to effect prompt payment will adversely affect the raising of future loans at favourable costs of borrowing.
- 15.3 Failure to pay any loan instalment, even by one day and even if only through administrative oversight, will have severe repercussions, and may jeopardise the Municipality's credit rating.
- 15.4 In addition to the timeous payment of the loans the Municipality must adhere to the covenants stipulated in the loan agreements.

16. PROHIBITED BORROWING PRACTICES

- 16.1 In the past some Municipalities have borrowed funds with the sole purpose of investing them to earn a return. The motive was clearly speculative. The cost of debt is almost always more expensive than the return that the Municipality can derive by investing in permitted investments.
- 16.2 Consequently, as a principle, Beaufort West Municipality does not borrow for investment purposes, but depending on the shape of the interest yield curve may borrow in advance of its capital cash flow needs in a given financial year to take advantage of an inverse interest yield curve.
- 16.3 Foreign Borrowing is permitted in terms of section 47 of the MFMA, whereby the debt is denominated in Rand and is not indexed to, or affected by, fluctuations in the value of the Rand against any foreign currency.

17. INTERNAL CONTROL

- 17.1 In terms of section 79 of the Act, the Accounting Officer has delegated to the Director: Finance (CFO), the authority to manage the borrowings of Council effectively and economically in terms of the prescribed borrowings framework.
- 17.2 All borrowings must be made in the name of the Beaufort West Municipality.

- 17.3 The internal control procedures involve Internal Audit and Performance Management, and the Auditor General reviewing and testing the systems of the Finance Department on a regular basis.
- 17.4 In order to prevent losses arising from fraud, misrepresentations, error, conflict of interest or imprudent action, a system of internal controls governs the administration and management of the portfolio.
- 17.5 Controls deemed most important include:
- Control of collusion, separation of duties.
 - Custodial safekeeping of loan agreements and contracts.
 - Clear delegation of duties.
 - Checking and verification by senior officials of all transactions.
 - Documentation of transactions and repayments.
 - Code of ethics and standards.
 - Procedure manuals.
 - Electronic Funds Transfer limits and a detailed procedure manual for the system.

18. DUE CARE AND BORROWING ETHICS

In dealing with financial institutions, the following ethical principles must be observed:

- The Chief Financial Officer is responsible for the management of borrowings, and he must steer clear of outside interference, regardless of whether such interference comes from individual councillors, agents or any institution.
- Under no circumstances may he be susceptible to coercive measures of any description.
- No member of staff may accept any gift other than something which is so small that it cannot possibly be seen as anything but a sign of goodwill, regardless of whether such gift influences him in his work or is intended to do so.
- The Chief Financial Officer must act according to his own discretion and should report any serious cases, such as for instance offers of a personal commission or payment in kind, etc. to his council. Discretion should be the order of the day and excessive gifts and hospitality (gifts and hospitality with a value of more than R350) should be refused and avoided.
- The Chief Financial Officer and all staff in his/her directorate shall not accede to any influence by or interference from Councillors, bank agents, institutions, or any other outsiders.

- Interest rates and repayment terms quoted by one institution must not be disclosed to another institution.
- The business ethics of any controlling body of which the relevant financial institution is a member must be observed by such institution or body at all times.

19. NATIONAL TREASURY REPORTING AND MONITORING REQUIREMENTS

- 19.1 The Municipality quarterly submits the Borrowings Monitoring return to National Treasury and the Provincial Treasury. It is mainly coordinated by the Financial Administration Division. One such return, prepared on a quarterly basis, requires the Municipality to itemize all its external borrowings for the quarter ended.
- 19.2 Regular reporting mechanisms are in place in order to assess the borrowings portfolio and to ensure compliance with policy objectives, guidelines and applicable laws.

20. ANNUAL REVIEW OF POLICY

- 20.1 This policy on borrowings will be reviewed annually or earlier if so, required by legislation. Any changes to the policy must be adopted by council and be consistent with the Act and any National Treasury regulations.
- 20.2 The effective date of this policy will be 1 July 2021 and shall be reviewed on an annual basis to ensure that it is in line with the municipality's strategic objectives and with legislation.

DOCUMENT CONTROL



VERSION AND DOCUMENT CONTROL			
POLICY NAME:	Borrowing Policy		
POLICY OWNER:	Financial Department / BTO		
RELATED POLICIES:	Budget Policies – MBRR Regulation 7		
REVIEW:	Annually	Budget Policy	Yes
POLICY EFFECTIVE DATE:	01 July 2026	Budget Policy Nr	6
Version	Date	Adoption	Revision
1	January 2009	1 st Adoption	
2	6 June 2023		5 th Revision
3	21 May 2024		6 th Revision
4	30 May 2025		7 th Revision
5	29 May 2026		8 th Revision
<p>-----</p>			
Acting Municipal Manager Gerald Esau			
Date:			



BEAUFORT WEST MUNICIPALITY



FUNDING AND RESERVES POLICY

2026/2027

Effective Date	: 1 July 2024
Last Revision	: 30 May 2025
Version	: 7 th Revision
Reviewed Date	: 31 March 2026
Budget Policy Nr	: 06
Item	: 8

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1. DEFINITIONS

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“Approved Budget” means an annual budget approved by a municipal council.

“Budget-related policy” means a policy of a municipality affecting or affected by the annual budget of the municipality.

“Capital Budget” means an estimation of the expenses that meets the definition of capital assets, which will be incurred during a specific financial year from which future benefits economic benefits or service delivery will flow linked to the sources of finance from which these expenses will be funded.

“Chief Financial Officer” means a person designated in terms of the MFMA who performs such budgeting, and other duties as may in terms of section 79 of the MFMA be delegated by the accounting officer to the Chief Financial Officer.

“Council” means the council of a municipality referred to in section 18 of the Municipal Structures Act.

“Financial year” means a 12-month year ending on 30 June.

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“Service Delivery and Budget Implementation Plan” means a detailed plan approved by the mayor of a municipality in terms of section 53(1) (c) (ii) for implementing the municipality’s delivery of municipal services and its annual budget.

“Virement” is the process of transferring an approved budget allocation from one operating line item or capital project to another, with the approval of the relevant Manager. To enable budget managers to amend budgets in the light of experience or to reflect anticipated changes.

1. LEGISLATIVE FRAMEWORK

This policy is mandated by Section 8 of the Local Government: Municipal Budget and Reporting Regulations which is made in terms of section 168 of the Municipal Finance Management Act, 2003 (Act no.56 of 2003).

The Municipality is currently under a Financial Recovery Plan (FRP) brought about by an intervention in terms of section 139(5)(a) of the Constitution that legally binds the Municipality in terms of section 146(1) and 146(2) of the MFMA.

2. OBJECTIVES OF THIS POLICY

To ensure the operating and capital budgets of council are appropriately funded and also to ensure that provisions and reserves are maintained at the required levels to avoid future year unfunded liabilities.

3. INTRODUCTION

The municipal budget is prepared on the accrual basis, a system of accounting where transactions are brought to account in the financial year in which they occur irrespective of whether cash is paid or received in respect of such transactions during the financial year concerned.

The municipality will fund its budget based on the endeavours to meet the amongst other the following national objectives; being to-

- Protect the poor.
- Build capacity for long-term growth.
- Sustain employment growth;
- Maintain sustainable debt level; and
- Address sectoral barriers to growth and investment.

The funding of the operating and capital budgets is done on an annual basis for the MTREF period. The impact of movements in the Statement of Financial Position is taken into account when considering the funding position of the budget. The Municipal Budget & Reporting Regulations (2009) budget schedule A8 (B8 for the adjustment budget) to be read in conjunction with supporting schedule SA10, will indicate the funding position of the budget.

4. PROJECTED BILLINGS, COLLECTIONS AND DIRECT REVENUE

These projections are prepared in accordance with the following annual approved council policies:

- a) The Rates Policy which sets out the manner in which the municipality may impose rates on property.
- b) The Tariff Policy which guides the annual setting (or revision) of tariffs; and
- c) The policy is applicable to all tariffs for electricity, water, sanitation and solid waste services provided by the municipality. This policy is also applicable to all sundry tariffs.

With the Municipality currently under a FRP, revenue targets will be aligned with the revenue targets set within the FPR that may not necessarily align with section 18 of the MFMA.

5. FUNDING SOURCES FOR THE OPERATING AND CAPITAL BUDGET

6.1 The Operating Budget

The operating budget shall be financed from the following sources:

- a) Service Charges such as.
 - Electricity Charges
 - Water Sales
 - Refuse Removal Fees
 - Sewerage Fees
- b) Property Taxes - Increases in tariffs and rates will be based on actual billed revenue and as far as possible be limited to inflation plus an additional percentage increase to accommodate the growth of the town and more importantly to remain affordable and realistic. Detailed information can be found in the Tariff Policy.
- c) Grants & Subsidies - Grants and subsidies shall be based on all the gazetted grants and subsidies plus all other subsidies received by the organization.

- d) Rental Fees - Fees for rental property will be budgeted for based on the percentage growth rate as determined by Financial Services for a particular budget year.
- e) Fines - Fees for fines will be budgeted for based on the actual revenue received in the preceding year and the percentage growth rate as determined by Financial Services for a particular budget year.
- f) Other Revenue - All other revenue items will be budgeted for based on the actual revenue received in the preceding year and the percentage growth rate as determined by Financial Services for a particular budget year.
- g) Proceeds from the transfer or disposal of assets - The proceeds from transfer or disposal of assets will be budgeted in the operational revenue budget.

If the budget is unfunded on budget schedule A4 – Budgeted Financial Performance (excluding capital transfers & subsidies), the budget should be accompanied by a budget funding plan unless under a FRP.

5.2 The Capital Budget

6.2.1 Capital projects may only be funded:

- if approved in terms of an Integrated Development Plan and approved budget of the municipality.

The municipality may spend money on a capital project only:

- if the money for the project, excluding the cost of feasibility studies conducted by or on behalf of the municipality, has been appropriated in the capital budget.
- provisions relating to contracts having future budgetary implications in terms of section 33 has been complied with, to the extent that that section may be applicable to the project; and
- the considered sources of funding are available with reference to acceptable documentation in terms of regulation 10 2(a) (b) and (c) of the Budget and Reporting Regulations and have not been committed for other purposes.

6.2.2 The Capital Budget will be funded from:

a) Own Funding Sources

The Council shall establish a Capital Replacement Reserve (CRR) for the purpose of financing capital projects and the acquisition of capital assets.

b) Other Funding Sources

The capital budget shall also be financed from external sources such as the following:

- Grants and subsidies as allocated in the annual Division of Revenue of Act.
- Grants and subsidies as allocated by Provincial government.
- External Loans.
- Private Contributions.
- Contributions from the Capital Development Fund (developer's contributions); and
- Any other financing source secured by the local authority.

6. PROVISION FOR REVENUE THAT WILL NOT BE COLLECTED

- The municipality makes provision in the operational expenditure budget for revenue that will not be collected in the budget year.
- This provision that will be made is based on past trends in payment rates.

7. THE FUNDS THE MUNICIPALITY CAN EXPECT TO RECEIVE FROM INVESTMENT

- The municipality makes provision in the operational revenue budget for revenue that will be realized on investment.
- The interest received on investment is included in the revenue budget.
- This forecast will be based on projected interest rates and projected investments for the period.

8. BORROWING REQUIREMENTS

- The affordability of loans over the Medium-Term Revenue and Expenditure Framework (MTREF) period is determined before external loans are considered.
- Capital costs (interest and redemption payments) should be within the acceptable norms and in terms of the Borrowing Policy.

9. CAPITAL REPLACEMENT RESERVE (CRR)

- 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:
 - 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.
 - Additional amounts appropriated as contributions in each annual or adjustments budget.
- b) Before any asset can be financed from the CRR the financing must be available within the reserve as cash because this fund must be cash backed.
- c) If there is insufficient cash available to fund the CRR, this reserve fund will then be adjusted to equal the available cash.

10. POLICY REVIEW

The contents of the policy will be reviewed on an annual basis as part of the budget related policies.

DOCUMENT CONTROL



VERSION AND DOCUMENT CONTROL			
POLICY NAME:	Funding & Reserves Policy		
POLICY OWNER:	Financial Department / BTO		
RELATED POLICIES:	Budget Policies – MBRR Regulation 7		
REVIEW:	Annually	Budget Policy	Yes
POLICY EFFECTIVE DATE:	01 July 2026	Budget Policy Nr	7
Version	Date	Adoption	Revision
1	January 2009	1 st Adoption	
2	6 June 2023		5 th Revision
3	21 May 2024		6 th Revision
4	30 May 2025		7 th Revision
5	31 March 2026		8 th Revision
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Acting Municipal Manager Amos Makendlana			
Date:			