



5. ADJUSTMENTS TO BUDGET ASSUMPTIONS

5.1 Given the constraints on the revenue side, the Council took very tough decisions on the expenditure side. Priority was given to:

- Protecting the poor from the worst impacts of the economic downturn;
- Supporting meaningful local economic development (LED) initiatives that foster micro and small business opportunities and job creation;
- Securing the health of the asset base (especially the Council's revenue generating assets) by increasing spending on repairs and maintenance; and
- Expediting spending on capital projects that are funded by conditional grants.

5.2 In preparing the adjustments budget, the following priorities were considered:

- Deliver more and better services in a caring and efficient manner;
- Hold political office bearers and public servants accountable;
- Shift resources to new priorities;
- Move from debate to effective implementation and decisive action; and
- Work in partnership with communities, labour and businesses to achieve our shared objectives.

5.3 The following budget assumptions have a major influence on the budget adjustment:

- It will take some time for the economic upturn to flow through to increase municipal revenues and better cash flows.
- The revenue stream of this municipality may be under pressure for the next quarter of 2020.
- Also, the high cost of moving waste to the regional dump site.
- High expenditure which is determined by Department of Cooperative Governance on ward committee stipend.

6. ADJUSTMENTS TO BUDGET FUNDING

6.1 Below follows an explanation as to how the adjustment budget is funded:

No	Description	Amount 'R
1.	Property rates	79 041 000.00
2.	Service Charges – Electricity revenue	75 168 000.00
3.	Service Charges – Refuse revenue	10 055 000.00
4.	Rental of facilities and equipment	864 000.00
5.	Interest earned – external Investment	1 055 000.00
6.	Interest earned – outstanding debtors	1 700 000.00
7.	Fines, Penalties and forfeits	3 000 000.00
8.	Licences and permits	3 500 000.00
9.	Transfers and subsidies	192 498 000.00
10.	Other revenue	1 266 000.00
Total		368 147 000.00

The adjusted capital expenditure will be funded as follows:

No	Description	Amount 'R
1.	Municipal Infrastructure Grant (MIG)	30 900 000.00
2.	Equitable share	8 244 000.00
	Total	39 144 000.00

7. ADJUSTMENTS TO EXPENDITURE ON ALLOCATIONS AND GRANTS PROGRAMMES

No	Grant Name	Adjustment 'R	Comments
1.	Provincialization of Libraries	34 000.00	Error which occurred when original budget was prepared

2.	Human Housing	settlement-	3 679 770.00	Bilateral agreement signed during in May 2019 for the implementation in September 2019.
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8. ADJUSTMENTS TO COUNCILLOR ALLOWANCES AND EMPLOYEES BENEFITS

- There is a moratorium for all vacant positions.

9. ADJUSTMENT TO SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN (SDBIP)

DEPARTMENT	KPI NO.	INDICATOR	AMEN D	REMOV E	NEW	COMMENT
Technical Services	TS 2.3	20 households electrified (cabling with a meter box) in Ematafuleni		✓		Project will be done by Eskom
	TS 2.4	26 households electrified (cabling with a meter box) in Gade		✓		Project will be done by Eskom
	TS 2.8	20 households electrified (cabling with a meter box) in Babanango		✓		Project will be done by Eskom
	TS 5.7	Construction of 35 Streetlights in CBD, Unit C and Unit B North		✓		Project will be done in the next financial year
	TS 2.21	Electrification of Esiphiva Ward 7			✓	Savings of Ward 16 and 13 to be used for this project
	TS 6.3	Unit D Community Hall Phase 2			✓	MIG approval came late
	TS 5	CBD Roads Phase 2			✓	Additional funding received from MIG

	TS 5.1	B-North Roads Phase 2	R5 800 000.00			✓	Additional funding received from MIG
	TS 5.2	Rural Road re-gravelling – 1Km per ward	R3 640 000.00			✓	Prioritised by Council
	TS 2.17	Nkonjeni Electrification	R979 838.71	✓			More houses were added. Budget to be adjusted from R979 838.71 to R1 699 383.71
Finance	FS 8.1	Reduction of debt using Contour system (30% of prepaid electricity sales disallowed towards the existing debt)	R28 500 000.00	✓			The use of 30% reduction mechanism did not materialise. Annual target to be reduces from R28 500 000.00 to R17 000 000.00
Corporate	CMS 1.1	Commemoration of Anglo-Zulu War (King Cetshwayo Legacy)	R293 000.00		✓		Budget Constraints
	CMS 1.4	Princess Magogo Musical Symposium	R150 000.00		✓		Budget Constraints
	CMS 4.1	Feasibility Study, Business Plan & Purchase of Equipment	R1 995 000.00		✓		Budget Constraints
	CMS 11	Implementation of Job Evaluation Outcomes	R771 936.00		✓		Budget Constraints
	CMS 18.4	Taking Council to the People Event	R400 000.00		✓		Budget Constraints
	CMS 23	Ward Committees Training	R500 000.00		✓		Budget Constraints

	CMS 18.17	IGR Meeting Attended	Nil		✓	Meeting convened externally
Planning	DPL 10.1	Subdivision of properties in CBD (Layout Amendment)	R300 000.00		✓	Budget Constraints
	DPL 10.8	Appointment of Service Provider to manage Outdoor Advertising	R300 000.00		✓	Budget Constraints
	DPL 5.9	IGR Meetings Attended	Nil		✓	Meeting convened externally
	DPL 8	IDP Stakeholder Engagements	Nil	✓		Target to be moved to the last quarter
Community Services	CS 2.6	Waste compacted & building rubble removed in Babanango	R422 400.00		✓	Budget Constraints
	CS 5.4	Date of conducting coaching clinics for Rugby and Table Tennis	R64 000.00		✓	Budget Constraints
	CS 8.5	Training of Community Members on Silk Screen Printing	R228 000.00		✓	Budget Constraints
	CS 11.10	IGR Meetings attended	Nil		✓	Meetings convened externally
Protection Services	PS 3	Number of Payments of stipends to animal herders	Nil	✓		Amend POE
	PS 4.8	1250 of Learner's License tests undertaken per quarter	Nil	✓		Amend Target from 1250 to 600
	PS 4.9	50 Fire Prevention Inspections conducted on Business Premises per quarter	Nil	✓		Amend Target from 50 to 30
	PS 5.8	Quarterly Back2Basics Report to be submitted to the MM	Nil	✓		Not applicable to Department

10. ADJUSTMENT TO CAPITAL EXPENDITURE

Municipality due to the load shedding which was implemented due to the transformer that was damaged while waiting for the insurance to conclude, a transformer was procured in order to cure the die situation which was unfolding within the area.

13. MUNICIPAL MANAGER'S ADJUSTMENT BUDGET QUALITY CERTIFICATE

**UMASIPALA
WASOLUNDI**

Private Bag X17
Ulundi
3838

" The City of Heritage "



ULUNDI MUNICIPALITY

Tel: 035 - 8745100
Fax: 035 – 8745174
E-mail:
tmagwaza@ulundi.gov.za

I Nkosenye Godfrey Zulu, Municipal Manager of Ulundi Municipal, hereby certify that

- ☐ The monthly budget statements
- ☐ Quarterly report on the implementation of the budget and financial state affairs of the municipality
- ☒ The adjusted budget of Ulundi Municipality for 2019/2020 has been prepared in accordance with the Municipal Finance Management Act and regulations made under that Act.

Print Name: Mr. N.G Zulu

Municipal Manager of Ulundi Municipality (KZN266)

Signature: _____

Date: 07 November 2019

Annexures/ Supporting documents		
No.	Annexure	Description
1.	Annexure A	Rates calculation and valuers' certificate
2.	Annexure B	Refuse billing report
3.	Annexure C	Original Budget comments 2019/2020
4.	Annexure D	Human settlements Bilateral agreement
5.	Annexure E	Ad hoc rentals calculation
6.	Annexure F	Cost containment council resolution, Financial Recovery Plan and Support plan
7.	Annexure G	Eskom repayment plan and council resolution

**UMASIPALA
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**ULUNDI
MUNICIPALITY**

Tel: 035 - 8745100

Fax: 035 - 8745174

BUDGET AND TREASURY OFFICE

Summary of Property Rates Budget 2019/2020 Financial Year

No.	Property Description	Number of Properties	Market Value	Tariff	Revenue
1.	AG - Agricultural	285	R 844 030 000	0.00418	R 3 528 045.40
2.	BUS - Business	137	R 681 730 000	0.03337	R 22 749 330.10
3.	MUN - Municipal	1743	R 615 824 000	0.03337	R 20 550 046.88
4.	PSI - Public service Infrastructure	10	R 11 913 000	0.03337	R 397 536.81
5.	RES - Residential	3638	R 1 000 576 000	0.01668	R 16 689 607.68
6.	SOP - State Owned Property	1046	R 1 150 725 000	0.03337	R 38 399 693.25
7.	SPL - Specialized	26	R 102 985 000	0.01668	R 1 717 789.80
8.	VL - Vacant Land	730	R 59 539 000	0.03337	R 1 986 816.43
	TOTAL REVENUE INCLUDING REBATES				R 106 018 866.35

No.	Property Description	Number of Properties	Market Value	Tariff	Rebates & Impermissible
1.	RES - Residential	3638	R 218 280 000.00	0.01668	-R 3 640 910.40
2.	MUN – Municipal	1743	R 615 824 000.00	0.0337	-R 20 550 046.88
TOTAL REBATES AND IMPERMISSIBLE					-R 24 190 957.28
TOTAL REVENUE EXCLUDING REBATES					R 81 827 909.07

ITEM	INITIALS AND SURNAME	SIGNATURE	DATE
PREPARED BY:			
CHECKED BY:			
APPROVED BY:			

CERTIFICATION BY MUNICIPAL VALUER AS CONTEMPLATED IN SECTION 34 (c) OF THE ACT

I, Roger Martin Fitchet, Identity Number 5807285141084, do certify that I have, in accordance with the provisions of the Local Government: Municipal Property Rates Act, 2004 (Act No. 6 of 2004), as amended, hereinafter referred to as the "Act", to the best of my skills and knowledge and without fear, favor or prejudice, prepared the General Valuation Roll for Ulundi Local Municipality in terms of the provisions of the Act. In the discharge of my duties as municipal valuer I have complied with sections 43 and 44 of the Act.

Certified at Durban this 30th day of January 2019

Professional Registration Number with the South African Council for the Property Valuers Profession: **1373**

Category of Professional Registration: **Registered Professional Valuer**



Signature of Municipal Valuer

UMASIPALA
WASOLUNDI

"The City of Heritage"

ULUNDI MUNICIPALITY



Private Bag X17

Ulundi

3838

Tel: 035 - 8745100

Fax: 035 - 8745174

BUDGET AND TREASURY OFFICE

Rates collection rate		
Billed amount 'R	Collection rate -%	Amount 'R
79 041 000.00	0.92	72 717 720.00
<ul style="list-style-type: none">Municipality has estimated the collection rate to be at 0.92% which is based to the prior year actual collected revenue, above that all the defaulting customers will be blocked from purchasing prepaid electricity till they settle the balance.Currently engagement is held with the service provider to enable municipality to recover through prepaid electricity sales (if a customer is owing and comes to buy electricity for R100 a certain percentage goes towards debt and the balance goes to the electricity).		

Service charges- Electricity		
Billed amount 'R	Collection rate -%	Amount 'R
75 168 000.00	(110+50+111) = 0.90%	67 651 200.00
<ul style="list-style-type: none"> Municipality has estimated the electricity collection rate to be at 0.90% which is based to three prior consecutive years and the strategy implemented by the municipality to continuously audit all meters to early detect any faults and illegal connections. 		

Post Billing Reconciliation Listing

ANNEXURE

Post Billing Reconciliation List

Page 1 of 1

Post Billing Report for the period ended

Group by None

Service Refuse Removal

Account	Name	Exclusive	Tax	Amount Incl
No of Customers	6806	728717.78	109317.52	838035.30
Group Totals				

Monthly Bill = 283035,30 x 9 months = R7 542 317,70

Post Billing Reconciliation Listing

Post Billing Reconciliation List

Page 1 of 1

Post Billing Report for the period ended

Service Refuse Removal

Group by None

Account	Name	Exclusive	Tax	Amount Incl
No of Customers	20413	2185145.91	327801.45	2512947.36
Group Totals				

This is the billing report for three months
July to September 2019

No.	Key Focus Areas	Yes/No / N/A	Comments (If required)
7	Did the municipality formally respond to PT's Assessment Letter on 2019/20 Tabled Budget?	No	The municipality did not formally respond to PT's Assessment letter on 2019/20 Tabled Budget.
8	Does the Approved Budget include a list of approved capital projects?	Yes	
9	Is Table SA36 fully populated and reflects GPS Coordinates, IDP goal codes etc. in the 2019/20 Approved Budget?	Yes	
10	Have Service Level Standards been approved with the budget by the Council as per MFMA Circular No. 75?	No	The municipality did not submit Service level standards and the council resolution submitted does not indicate that the Service level standards were tabled together with the budget as required by MFMA Circular No. 75.
11	Have all new allocations as per the DoRA, and the Provincial Gazette for 2019/20 Estimates been included in the 2019/20 Approved Budget?	No	The municipality populated all the allocations as per DoRA and Provincial Estimates, however the municipality has incorrectly populated grants relating to Community Library Services and Provincialisation of Libraries. The correct allocation as per the Provincial Gazette should have been R880 000 and R834 000 respectively.
12	Is the 2019/20 Approved Budget funded? (as per Provincial Treasury's assessment)	Unfunded	As per PT's Approved Budget comments, the Budget does not appear to be funded.
13	Alignment of IDP Strategic Objectives to Budget:		
	• Does the 'Total Revenue' budget for IDP strategic objectives in Table SA4 reconcile to 'Total Operating Revenue in Table A4?	No	
	• Does the 'Total operating expenditure' for the IDP strategic objectives in Table SA5 reconcile to 'Total operating expenditure in Table A4?	Yes	
	• Does 'Total capital expenditure' for IDP strategic objectives in Table SA6 reconcile to 'Total capital expenditure in Table A5?	Yes	

BILATERAL AGREEMENT

BILATERAL BETWEEN DOHS and MUNICIPALITY

BILATERAL AGREEMENT

entered into between

PROVINCIAL DEPARTMENT OF HUMAN SETTLEMENTS

KWAZULU-NATAL

("the Department") represented by

Mr Mduduzi Orville Sikhumbuzo Zungu in his capacity as the Acting Head of Department and Accounting Officer in terms of section 12 (1) (b) of the Public Service Act 1994, (Proclamation 103 of 1994) as amended

And

ULUNDI LOCAL MUNICIPALITY

("The Developer") represented by

Mr Nkosenye Godfrey Zulu in his capacity as Municipal Manager duly authorized by resolution dated 29 May 2019

In respect of

Mbatha Rural Housing Project Stage 1 Activities K No: 18090012

Mbatha Rural Housing Project

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PREAMBLE**WHEREAS**

Volume 4, part 3 of the National Housing Code provides for subsidies, to those people living in rural areas.

AND WHEREAS

the Developer has applied to the Department, for the reservation of funding for the implementation of stage 1 activities of the project known as Mbatha Rural Housing Project, project No: K 18090012 to be implemented on 1000 (One Thousand) housing units.

AND WHEREAS

the Department has instructed on this date 23 October 2018 to convert the Agreement from Tripartite to Bilateral Agreement.

AND WHEREAS

the Department has approved the implementation of the Project on 1000 sites as per MEC approval dated 06 September 2019

AND WHEREAS

the Parties wish to record their Agreement in writing.

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NOW THEREFORE IT IS AGREED:-

1. INTERPRETATION

- 1.1. In this Agreement and unless stated to the contrary or inconsistent with the context;
- 1.1.1. words of the one gender shall include words of the other gender;
- 1.1.2. words importing the singular shall be deemed also to import the plural and vice versa; and
- 1.1.3. headings to clauses in this Agreement are for guidance only and shall not serve as a means of interpretation of such clauses.
- 1.2. The following words and expressions shall, unless inconsistent with the context, have the meanings assigned to them hereunder;

"Application" means the application by the Developer to the Department for the reservation of Subsidies in accordance with Volume 4 of Part 3 of the Housing Code, 2009 and Provincial Policy thereon, including all annexures and appendices to that application;

"Beneficiaries" means a natural person who holds informal rights to the land within the project Area and who qualifies for a Project Rural Subsidy in terms of the MEC's project approval dated **06 September 2019**

"CBP" means Community Based Partnership, the committee elected to represent the community in whose Area the project is being implemented;

"Code" means the National Housing Code of 2009 approved and published by the Minister of Human Settlements in terms of section 4 of the National Housing Act, 1997 (Act 107 of 1997) as amended time to time;

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"Development Programme" means the Project plan as approved by the Department, containing Project Milestones and timeframes to be achieved in accordance with the provisions of this Agreement marked Annexure "C";

"Developer" means the person, institution or body who initiates, designs and undertakes housing development projects. In this instance, the Developer is uLundi Local Municipality;

"District Municipality" means a category "C" district authority as defined in terms of section 155 (1) of the Constitution Act, 1996 (Act 108 of 1996) as amended, being a district authority. In this case it is Zululand District Municipality;

"Department" means the Provincial Department of Human Settlements of KwaZulu-Natal or its successor-in-title;

"Effective date" means the date of signature of the last Party signing this Agreement;

"External services" means all primary water, sewerage, electricity and Storm water services as well as the road network to which internal services are to be linked;

"Functional tenure" refers to informal rights in land as defined in section 1(1) (iii) of the Interim Protection of Informal Land Rights Act, 1996 (Act 31 of 1996) as amended;

"HOD" means the Head of Department of Human Settlements;

"Housing Subsidy" means the housing Subsidy scheme administered by the Department in accordance with the requirements of the National Department of Human Settlements;

"Internal services" means the services within the area, to be provided by the Developer, in accordance with the provisions of this Agreement excluding the services Agreement;

"Local Municipality" means a category B municipality as defined in section 155(1) (b) of the Constitution, 1996 (Act 108 of 1996) as amended. In this case it is the uLundi Local Municipality;

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"MEC" means the Member of the Executive Council of the Kwazulu-Natal Provincial Government contemplated in section 132 of the Constitution whose portfolio includes responsibility for the provision of housing;

"National Database" means the database maintained by the National Department of Human Settlements which contains the names and identity numbers of persons who have previously received financial assistance from the Government of the Republic of South Africa in order to acquire residential property;

"Parties" means the Department and the Developer, each individually is referred to as "a Party";

"Progress payment" means payment, made to the Developer as a phased payment in accordance with the Progress Payment Schedule attached hereto marked annexure "D";

"Project" means the implementation of all stage 1 activities on the Project, in accordance with the timeframe as set out in the Development Programme, attached hereto marked Annexure "C";

"Provincial Policy" means the policy of the Department with regard to the provision of subsidies and development of low income housing projects;

"Residential Allotment" means an allotment within the area, depicted on the Settlement Plan of the area, to which the basic level of services have been provided in accordance with the terms and conditions of this Agreement;

"Social Commitment" means a commitment between stakeholders to undertake a housing project in accordance with an agreed development vision;

"State" means National, Provincial or Local Government, or an entity wholly owned by any of them, as the context may indicate;

"Traditional Council" means a Council established in terms of Section 6 of the KwaZulu-Natal Traditional Leadership and Governance Act, 2005 (Act No. 5 of 2005).

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2. DOCUMENTS

2.1. The Agreement between the Parties in respect of the implementation of the Project is contained in the following documents, which forms an integral part of this Agreement:

2.1.1. Code. (Not bound in this document);

2.1.2. Provincial Policy;

2.1.3. Bilateral Policy (Not bound in this document);

2.1.4. This Agreement:

(a) Professional indemnity certificate

Annexure B

(b) Development Programme

Annexure C

(c) Progress Payment Schedule

Annexure D

2.2. The entire agreement, including all the documents therein, is subject to the provisions of Part 3 of Volume 4 of the Code of 2009. If there is any conflict between any provisions contained in the contract document and the provisions of Part 3 of Volume 4 of the National Housing Code shall prevail.

3. PROJECT FUNDING

3.1.1. The Project funding as approved by the Department on 06 September 2019 is an amount of **R3 086 740. 00 (Three Million and Eighty Six Thousand and Seven Hundred and Forty Rand Only)** on 1000 sites.

3.1.2. The funds will be paid to the Developer in accordance with the Progress Payment Schedule and the terms and conditions of this Agreement.

Mbatha Rural Housing Project

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3.2 HANDLING OF FUNDS

- 3.2.1 The Developer must open a dedicated account into which the funds contemplated in clause 3.1.2 above must be paid. The funds must be utilized by the Developer in accordance with the provisions of this Agreement.
- 3.2.2 Notwithstanding the provisions of clause 3.2.1 above, the funds shall not be paid to the Developer until satisfactory proof of the opening of the dedicated account as contemplated in clause 3.2.1 above has been presented to the Department.

3.3 SPECIAL CONDITION

- 3.3.1 Funding for Stage 1 is to be available in 2019/2020 and 2021 financial year respectively. An amount of R 500 000.00 will be allocated in 2019/2020 and the balance in the 2020/2021 financial year.
- 3.3.2 10 % youth participation and 30% women contractors and SMME to be included in the Contractual Agreement and the Municipality to provide records at the time of signature.

4 COMMENCEMENT AND DURATION

- 4.1 The Project shall commence on the effective date as contemplate in the Agreement and shall continue in force for the period of 18 (eighteen months) and be completed in accordance with the Development Programme.

5 RESPONSIBILITY OF THE DEVELOPER

5.1 Development Rights in Respect of the Area

- 5.1.1 The Developer hereby warrants that it is legally entitled to develop the Area. In the event that the Area is owned by the State or Ingonyama Trust Board, the Developer warrants that it holds a letter of consent that it will be provided with a Development Rights Agreement.

Mbatha Rural Housing Project

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5.1.2 The Developer shall ensure that it complies at all times with the terms and conditions of the Development Rights Agreement.

5.1.3 The Developer undertakes to immediately notify the Department of any breach or anticipated breach of the land owners' contractual obligations in respect of the land availability in which event the valid cancellation of the Development Rights Agreement shall constitute a material breach of this Agreement which shall entitle the Department to the remedies referred to in clause 10 below.

5.2 Execution of the Project

5.2.1 The Developer shall with due diligence and care execute or cause to be executed the Project in accordance with;

- (a) the terms and conditions of this Agreement;
- (b) the contents of the application, subject to the provisions of the resolution and any other amendments agreed upon between the Parties;
- (c) Provincial and National Housing Policy;
- (d) all Laws and Regulations including but not limited to;
 - (i) the National Building Regulations and Building Standards Act, 1997 (Act No. 103 of 1997) as amended;
 - (ii) the Housing Consumer Protection Measures Act, 1998 (Act No. 95 of 1998) as amended and Regulations thereto;
 - (iii) all applicable environmental laws, and
 - (iv) By-Laws of the Local Municipality having jurisdiction.

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- 5.2.2 The Developer hereby warrants that all documentation and information contained in the application is true and correct in all material respects and that it contains all such relevant information required to enable the Department to make an informed decision on the Project in accordance with the provisions of the Code and the Provincial policy.

5.3 Implementation of the Project

- 5.3.1 The Developer shall in addition to any other obligations in terms of this Agreement perform the following stage 1 activities:

- (a) conduct land survey;
- (b) conduct site pegging;
- (c) attend to civil engineering services designs and obtain approvals;
- (d) attend to subsidy admin;
- (e) attend to town planning;
- (f) be responsible for Project Management; and
- (g) conduct social facilitation.

- 5.3.2 The Developer shall in addition to the above activities perform the following obligations:

- (a) design the Top-Structure in consultation with all Stakeholders;
- (b) investigate building systems and designs for the Top-Structures that are acceptable within the community, the Developer and the Department;
- (c) prepare detailed Top-Structure foundation designs, in accordance to the varying geotechnical conditions;
- (d) review and finalize the level of services in line with estimated costs consistent with Provincial and National Housing Policy;
- (e) prepare detailed designs and specifications of Internal Services (where applicable and required), and submit to the Local Authority or District Municipality for approval;

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- (f) assist to ensure sound accounting practices are adhered to;
- (g) programme and plan the Project;
- (h) attend to the Functional Tenure in consultation with the Traditional Council;
- (i) meet all its financial commitments to consultants, contractors and other service providers engaged with the Development Project; and
- (j) provide a reconciliation of the subsidies paid, and approved beneficiary list on completion of the Agreement.

5.4 Processing of Claims

The Developer shall prepare all claims for Progress Payment and submit same to the Department for certification and for verification, and processing of the payments to be made to the Developer.

5.5 Performance of the Developer

5.5.1 The Parties to this Agreement acknowledge that time is of the essence for the implementation of this Project and therefore adherence to the Development Programme is a material term of this Agreement and the Developer hereby undertake to:

- (a) commence and complete the Project within the periods provided for in the Development Programme; and
- (b) meet any interim periods provided for in the Development Programme.

5.5.2 With effect from the effective date and until completion of the Project, the Department shall be entitled to:

- (a) request any information from the Developer pertaining to the Project;
- (b) inspect the Project and any records or documentation pertaining thereto;

Mbatha Rural Housing Project

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- (c) call meetings which the Developer shall be obliged to attend in order to deal with any queries of the Department pertaining to the Project.

5.5.3 In the event that the Developer is unable to comply with the Development Programme or any time provided therein;

- (a) Within 30 (thirty) days from the date upon which the Developer becomes aware of the potential delay, the Developer shall notify the Department of its intention to apply for an extension of time or date of completion, failing which the Department will not consider such application;
- (b) The Developer must apply in writing within 30 (thirty) days of the cause of delay ceasing, to the Department for its approval of an extension of time, giving full details of the cause of the failure to comply with the Development Programme and the extension required, failing which the Developer shall forfeit the right of an extension of time. The Developer must provide a detailed recovery plan, acceptable to the Department, on how plans to recover the lost times and to prevent and mitigate future occurrences of such delays.
- (c) Upon receipt of such written application, the Department may in writing extend the time period therein by a period to be determined by the Department, or may refuse to grant the requested extension of time.

5.5.4 Such approval shall not be unreasonably withheld provided that clause 5.5.2 above has been complied with.

5.5.5 The written notification of approval by the Department of an amendment to the Development Programme shall constitute a variation of this Agreement.

5.5.6 Should the Developer fail to apply in writing for an extension of time 30 (Thirty) days or should the Department refuse to grant an extension of time, the time in the Development Programme shall not be exceeded, the Developer shall not be exonerated from liability to pay the penalty stipulated in clause 5.5.8 below.

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5.5.7 Notwithstanding the provisions of this clause, if there is any dispute as to the Developer entitlement to an extension of time, either Party may refer the dispute for determination by arbitration in accordance with clause 16 below. In such event, the Arbitrator shall have the power to review the matter.

5.5.8 If the Developer fail to complete the Project within the time period or any extended period thereof, the Department shall have the right without prejudice to any other rights available to the Department, to recover a penalty of R0.40 (forty cents) per R100.00 (One Hundred Rand) of the development milestone sum per day for each day on which the completion of the Project milestone may be in arrears as provided for in clause 5.5.1.

5.5.9 Such penalty may be recovered or may be deducted as from the following date of completion stated in the Development Programme, or any extension thereof, from any payment due or to become due and payable under the Development Programme.

5.6 PROFESSIONAL INDEMNITY INSURANCE

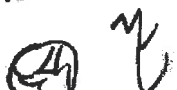
5.6.1 The Developer warrants that the Professionals employed by the Developer are covered by professional indemnity insurance which is sufficient to cover any claims which may arise specific to their services.

5.6.2 The appointed professional team shall at all times remain so insured and maintain a valid copy of such insurance during the term of this Agreement.

5.7 REPORTING PROCEDURE

5.7.1 The Developer shall submit written progress reports to the Department at the end of each month with effect from the effective date, which reports shall set out the status of the Project, whether the Developer is adhering to the timeframes as set out in the Development Programme and the reasons for any delays which have been experienced.

5.7.2 In addition to the reports required in terms of clause 5.7.1 above, the Developer shall provide the Department with cash flow projections with each claim submitted by it.

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- 5.7.3 Upon completion of the Project, the Parties shall sign a completion certificate as proof of completion of the Project.

5.8 DEFECTS LIABILITY

- 5.8.1 The Developer shall be responsible at its own costs for a period as cited in clause 9 below in relation to the works concerned, to execute all repairs, verification and make good any faults in execution of the service by the appointed professionals arising from time to time.
- 5.8.2 Clause 5.8.1 shall not derogate from the common law liability of the Developer in respect of the defects or faults in execution of the work, which may become apparent after the elapse of the defects liability period.

5.9 LATENT DEFECTS LIABILITY PERIOD

The latent defects liability period for the Project shall commence at the start of the construction period and end one (1) year from the date of achievement of final completion of each phase of the services installation and of each Top-structure.

5.10 ACCOUNTS

- 5.10.1 The Developer shall cause proper books of account to be kept in accordance with generally accepted accounting principles.
- 5.10.2 The Department shall at any time and if it deems appropriate to do so, have the right to appoint an auditor to undertake a detailed audit of the books of accounts of the Developer in so far as those books of account relate to the Project. The Department shall meet the costs of such audit and the Developer shall give full and complete access to all its relevant books of account and documents to the appointed auditor.
- 5.10.3 At the termination of the Project, the Implementing Agent and the Developer shall prepare a reconciliation of the Project in accordance with the procedures laid down by the Department from time to time.

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6. RESPONSIBILITY OF THE DEPARTMENT

6.1 Inspections and Processing of Claims

The Department shall evaluate, assess and certify the completion of all planning and facilitation activities prior to the Developer preparing the claim.

6.2 PAYMENT

- 6.2.1 The Department undertakes to make progress payments to the Developer in accordance with clause 3 above, and in accordance with the Progress Payment schedule, attached hereto marked Annexure "D" for each milestone completed on the Project, within 30 (thirty) days of receipt of a correctly completed tax invoice/s, valid tax clearance certificate, provincial database registration number, any relevant supporting documentation and payment certificate duly certified by the Professional Engineer or Quantity Surveyor.
- 6.2.2 If the Department pays the Developer later than the time mentioned then the Department shall pay interest in terms of the legislation applicable to the State on the outstanding amount from the due date until the date of payment.
- 6.2.3 In the event that the Department pays the Developer an amount in excess of the amount to which the Developer is entitled to, the Developer shall, within 30 (thirty) days of receipt of a demand from the Department, refund any excess payment to the Department, provided that in the event that the Developer fail to make such payment:
- (a) the amount owing shall attract interest at the prime overdraft rate as prescribed by legislation, calculated and compounded monthly in arrears, with effect from date of demand of payment to the date of payment, both days inclusive;
 - (b) the Department shall be entitled to set off the amount of any over-payment together with the interest due thereon against later payments due in respect of the Project; or
 - (c) the failure by the Developer to repay such amount shall constitute a material breach of this Agreement.

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7 MONITORING AND EVALUATION

The Department shall monitor and manage the performance of the Developer.

8 ASSIGNMENT

Assignment or cession of any rights or obligations by the Developer is strictly prohibited, and shall under no circumstances be considered or approved by the Department.

9 VAT

The Developer acknowledges the ruling by the former Commissioner of Inland Revenue, that housing subsidies fall within the definition of "transfer payments" as contemplated in the Value Added Tax Act, 2000 (Act No. 10 of 2000) and that services rendered in terms of Housing Subsidy Scheme are zero-rated or value-added tax in accordance with section 11(2)(s) of the Value-added Tax Act, 89 of 1991 (Act No. 89 of 1991) and therefore are subject to VAT at a rate of zero percent (0%).

10 BREACH AND TERMINATION

10.1 In the event of any Party committing a breach of this Agreement and failing to remedy such breach within 14 (Fourteen) days of the receipt of a written notice of such breach, the aggrieved Party shall be entitled to cancel this Agreement and claim damages without prejudice to any of its other rights in law.

10.2 This Agreement shall immediately terminate:

10.2.1 if the parties agree thereto in writing;

10.2.2 should any default judgment in respect of any debt in any court of law be obtained against any Party in relation to this Project, and without explanation such judgment remains unsatisfied or is not rescinded for a period of 14 (Fourteen) days after the notice of such judgment has come to the attention of the judgment debtor.

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- 10.2.3 if the Developer is sequestrated, liquidated or is placed under judicial management or debt administration.

11 CESSATION OF WORKS

- 11.1 The Department may by written notice given to either Party to cease works on the Project for a continuous period of not more than 60 (Sixty) days, or intermittent period totaling 90 days, due to circumstances beyond the control of either Party. Where such Party considers cancelling this Agreement, notice shall be given to the other Party. Should the party receiving the notice not object in writing within ten (10) working days of the issue of such notice the cancelling party may give notice of cancellation. Such cancellation shall be without prejudice to any rights that either party may have in terms of law.
- 11.2 Where either Party cancels this Agreement in terms of 11.1 above the following shall apply:
- 11.2.1 the Department shall forthwith issue written instructions specifying the continuation of work and protective measures required to bring the Project to specific points of cessation. The Developer may cease work should the Developer be prevented from carrying out such contract instruction due to reasons entirely beyond their control; and
- 11.2.2 the execution of the Project shall cease and the Developer shall be responsible for the Project until possession is relinquished to the Department.
- 11.3 The Department shall be liable to the Developer for the cost of materials and goods including those ordered before such cancellation where the Developer is bound to accept and make payment to their suppliers for such goods and materials. The Developer shall deliver such materials and goods to the Department in good order.
- 11.4 The Developer shall continue to certify the value of the work executed and the value of materials and goods for payment by the Department.
- 11.5 Neither Party shall be liable to the other for any expense and loss resulting from such cancellation.

12. CONSENT TO JURISDICTION

The Parties hereby consent to the jurisdiction of the Magistrate's court notwithstanding the amount in dispute may exceed the jurisdiction of that court. However, if any dispute between the Parties relates to the interpretation of this Agreement or questions of non-fulfilment or specific enforcement of any condition in or arising out of this Agreement then the Parties may refer the matter to the relevant High Court which has jurisdiction over the Parties or the cause of action.

13. DOMICILIUM CITANDI ET EXECUTANDI

13.1 For the purpose of this Agreement the Parties choose their respective *domicilium citandi et executandi* as follows:

13.1.1 the Department:

203 Church Street,
Old Mutual Building
Pietermaritzburg
3200

13.1.2 the Developer:

BA 81, Prince Mangosuthu Street
ULundi
3838

13.2 Any written notice of any change in *domicilium citandi et executandi* shall be delivered by hand or sent by prepaid registered certified post to the intended recipients.

13.3 Every notice to be given in terms of this Agreement shall be in writing and shall be:

13.3.1 delivered by hand to the *domicilium citandi et executandi* of the intended recipient in which event it shall be irrefutably presumed to have been served and the intended recipient to have been informed of the contents of such notice when such notice is so delivered; or

13.3.2 posted by prepaid registered or certified post to the *domicilium citandi et executandi* or the last known address of the intended recipient in which event it shall be presumed to have been served and the intended recipient to have been informed of the contents of such notice on the fifth day, excluding Saturdays, Sundays and public holidays, unless the contrary is proved.

Mbatha Rural Housing Project

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- 13.4 Either Party hereto shall be entitled to change its *domicilium citandi et executandi* from time to time provided that any new *domicilium* selected by it shall be situated in the Republic of South Africa and shall be an address other than a box number and any such change shall only be effective upon receipt of notice in writing by the other party of such change.

14. VARIATIONS

- 14.1 No variation, modification or waiver or any provision of this Agreement or consent to any departure therefore shall be of any force or effect unless confirmed in writing and signed by all of the Parties and then such variation, modification, waiver or consent shall be effective only in the specific instance and for the purpose and to the extent for which it was made or given.
- 14.2 The Department reserves the right at any time and upon the granting of 1 (one) month written notice to the Developer to vary or amend the Development Programme.
- 14.3 The Developer hereby agree and undertake to keep the Department indemnified and to hold it harmless against all loss or damage from any cause arising which they may sustain as a result of the variation or amendment contemplated in paragraph 14.2 above.

15. WAIVER

- 15.1 The waiver (whether express or implied) by either Party of any breach of the terms or conditions of this Agreement by another Party shall not prejudice any remedy of the waiving Party in respect of any continuing or other breach of the terms and conditions thereof.
- 15.2 No favour, delay or relaxation or indulgence on the part of any Party in exercising any power or right conferred on each Party in terms of this Agreement shall operate as a waiver of such power or right nor preclude any other or further exercises thereof or the exercise of any other power or right under this Agreement.
- 15.3 The expiry or termination of this Agreement shall not prejudice the rights of either Party in respect of any antecedent breach or non-performance by another Party of any of the terms or conditions hereof.

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17 WARRANTY AND UNDERTAKING BY THE DEVELOPER

The Developer hereby warrants that with exception of the professionals already appointed in terms of the conditions of this Agreement with the Department, it will not be engaged in any further procurement of service providers for this project. However in the event that a need for such procurement arises, the Developer hereby undertakes that any such appointment will be in consultation with Department and in accordance with the criteria and prescripts of legislation, the principles of legislation, the National Housing Code and specifically:

- 17.1.1 Municipal Finance Management Act 2003 (Act no 56 of 2003);
- 17.1.2 Municipal Supply Chain Management Regulations;
- 17.1.3 the Preferential Procurement Framework Act , 2000 (Act No. 5 of 2000);
- 17.1.4 the Construction Industry Development Board Act , 2000 (Act No. 38 of 2000);
- 17.1.5 the Constitution, 1996 (Act 108 of 1996) as amended;
- 17.1.6 the Broad Based Black Economic Empowerment Act, 2003 (Act of 53 of 2003).

18 EXCLUSION

The Parties to this agreement contract out of sections 197 and 197A of the Labour Relations Act. 1996 (Act no 66 of 1996) as amended.

19. WHOLE AGREEMENT

This Agreement together with all annexures constitutes the whole agreement between the Parties in relation to its subject matter and supersedes all prior agreements and no documentation, representation; warranty or agreement not contained herein shall be of any force between Parties.

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20 AUTHORITY TO SIGN THIS AGREEMENT

By appending his/her signature hereto, each person doing so thereby warrants his/her authority to do so.

Thus done and signed at DURBAN on this 30th day 7 September 2019 in the presence of the undersigned witnesses.

AS WITNESSES:

1. [Signature]
2. [Signature]

On behalf of the Department

Name of Signatory: [Signature]

Mr Mduduzi Orville Sikhumbuzo Zungu

Designation: Acting Head of Department

Thus done and signed at ULUNU on this 08 day OCTOBER 2019 in the presence of the undersigned witnesses.

AS WITNESSES

1. [Signature]
2. [Signature]

On behalf of the Developer

Name of Signatory: Mr. K. G. Zulu

Designation: Municipal Manager

ANNEXURE D

PROGRESS PAYMENT SCHEDULE



human settlements

Department:

Human Settlements

PROVINCE OF KWAZULU-NATAL

ANNEXURE D : RURAL

PROJECT NAME: MBATHA RURAL HOUSING PROJECT

IMPLEMENTING AGENT: IGABADE INVESTMENTS cc

ORIGINAL PROJECT PERIOD: 18 MONTHS

APPROVED SUBSIDY AMOUNT: R3 086 740.00

APPROVED COMMENCEMENT DATE : SEPTEMBER 2019

REFERENCE NO: K18090012

CONTRACTORS NAME:

APPROVED PROJECT PERIOD EXTENSION:-

APPROVED YEAR END ALIGNMENT:

PROJECT PERIOD:

STAGE 1	Milestone	Sub-Milestone	Cost per site	Total Sites	Total Cost	Total Expenditure	Balance
P1	Planning	P1.1 Pre-planning Studies	R 527,00	1000	R 527 000,00		
		P1.2 Geo-tech Investigation	R 110,67	1000	R 110 670,00		
		P1.3 Social Facilitation	R 333,50	1000	R 333 500,00		
		P1.4 Legal Fee- Agreement /DRA	R 42,16	1000	R 42 160,00		
P2	Planning and Engineering Designs	P2.1 Contour Survey/Floodline Determination	R 31,62	1000	R 31 620,00		
		P2.2 Town Planning (SPLUMA Applic)	R 388,08	1000	R 388 080,00		
		P2.3 Land Survey and site pegging (Lat& long per	R 384,71	1000	R 384 710,00		
		P2.4 Civil Engineering (20%)	R 475,60	1000	R 475 600,00		
		P2.5 Project Management (50%)	R 793,40	1000	R 793 400,00		
Start Date	Sep-19		End Date	Feb-21			

Signed by District:

BIYELA: ACTING DIRECTOR: PLANNING

Date: 18/09/2019

BILATERAL BETWEEN MUNICIPALITY and IGABADE INVESTMENTS CC

**UMASIPALA
WASOLUNDI**

" The City of Heritage "



**ULUNDI
MUNICIPALITY**

Private Bag X17

Ulundi

3838

Tel: 035 - 8745100

Fax: 035 – 8745174

BUDGET AND TREASURY OFFICE

Rentals Estimates Calculation	
Description	Amount
Budget per Month	
Actual collected to date	R9 625.00
Estimates per Month	R67 236.59
Estimates per Annum	R26 200.00
Original Budget	R314 400.00
Adjustment Budget Add on	R115 500.00
	R200 000.00



Ulundi Local Municipality Statement of Comprehensive Income

For: July 2019 To: September 2019

Income Statement

Page 1 of 1

<u>Account</u>	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>Var %</u>	<u>PY Actual</u>
1400 - Rental from Fixed Assets [Reven					
D0001/IR01088/F0046/X049/R0071/001/FINA (Default Transactions/Ad-hc	67,236.59	(28,875.00)	96,111.59	(332.85)	104,199.06
Total 1400 - Rental from Fixed Assets [Revenue - Exchang	67,236.59	(28,875.00)	96,111.59	(332.85)	104,199.06
Gross Profit	67,236.59	(28,875.00)	96,111.59	(332.85)	104,199.06

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" The City of Heritage "**ULUNDI
MUNICIPALITY**

Tel: 035 8745100
Fax: 035 870 1105

EXTRACT

FROM MINUTES OF THE 4TH 2019/2020 ORDINARY MEETING OF THE EXECUTIVE AND FINANCE COMMITTEE IN ACCORDANCE WITH SECTION 50 (1) OF THE LOCAL GOVERNMENT MUNICIPAL STRUCTURES ACT NO. 117 OF 1998, HELD IN THE COUNCIL CHAMBER, ULUNDI CIVIC CENTRE AT BA 81, PRINCE MANGOSUTHU STREET ON WEDNESDAY, 30 OCTOBER 2019 AT 14H00.

A7 **MUNICIPAL COST CONTAINMENT REGULATIONS AND
POLICY-2019**

(A7./217)

5/1/1

COMMITTEE RECOMMENDATIONS

1. **THAT** the Council adopts the Policy on Cost Containment.
2. **THAT** Council condones expenditure with effect 2019 to date which the roll out of the on-cost containment expenditure complies with all other legislative prescribes.
3. **THAT** all expenditure from this date 1 July 2019 onwards be inkeeping with the policy regulation.

CERTIFIED A TRUE COPY

**Z.G DHLAMINI: DIRECTOR
CORPORATE AND MANAGEMENT SERVICES**

Ulundi
31-10-2019

**UMASIPALA
WASOLUNDI**

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**ULUNDI
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EXTRACT

MINUTES OF THE 1ST 2019/2020 ORDINARY COUNCIL MEETING OF THE ULUNDI MUNICIPAL COUNCIL IN ACCORDANCE WITH SECTION 29 (1) READ WITH SECTION 18 (2) OF THE LOCAL GOVERNMENT MUNICIPAL STRUCTURES ACT NO 117 OF 1998 HELD IN THE COUNCIL CHAMBER, ULUNDI CIVIC CENTRE AT BA 81, PRINCE MANGOSUTHU STREET ON **WEDNESDAY, 25 SEPTEMBER 2019 AT 10H00**

A23. **ULUNDI MUNICIPAL SUPPORT PLAN FOR
2019/2020-2023/2024**
2/3/1

(A23./265)

RESOLVED: -

THAT the Ulundi Municipal Support Plan for 2019/2020 – 2023/2024 be adopted.

CERTIFIED A TRUE COPY



**Z.G DHLAMINI: DIRECTOR
CORPORATE AND MANAGEMENT SERVICES**

ULUNDI
27-09-2019

Municipal Support Plan as an intervention programme for the year 2019/2020 – 2023/2024

Municipal Name: ULUNDI LOCAL MUNICIPALITY

Preamble

Section 154 of the Constitution states that the national and provincial government, by legislative and other measures, must support and strengthen the capacity of municipalities to manage their own affairs, to exercise their powers and to perform their functions...

Section 105 (1) of the Local Government: Municipal System Act (No. 32 of 2000) states that: The MEC for local government in a province must establish mechanisms, processes and procedures in terms of section 155 (6) of the Constitution to –

- (a) monitor municipalities in the province in managing their own affairs, exercising their powers and performing their functions;
- (b) monitor the development of local government capacity in the province; and
- (c) Assess the support needed by municipalities to strengthen their capacity to manage their own affairs, exercise their powers and, perform their functions.

Sections 152 of the Constitution of the Republic of South Africa - Objects of Local Government are:

- a) To provide democratic and accountable government for local communities
- b) To ensure the provision of service to communities in a sustainable manner
- c) To promote social and economic development
- d) To promote a safe and healthy environment; and
- e) To encourage the involvement of communities and community organisations in the matter of local government

Section 153 of the Constitution of the Republic of South Africa – Development duties of municipalities - a municipality must participate in nation and provincial development programmes.

		me	y	Interventions	Q1 Apr - Jun	Q2 Jul - Sep	Q3 Oct - Dec	Q4 Jan - Mar
FOCAL AREA 2 : SOUND FINANCIAL VIABILITY AND MANAGEMENT								
1.	Unqualified Audit Outcomes with matters	Reduced number of audit queries and improved audit outcome	31 March 2024	Cogta: Municipal Finance	<ul style="list-style-type: none"> • Support municipality with audit outcome of unqualified with matters to move to unqualified without matters • Develop clear milestones and timelines for preparation of interim AFS by February 2020 	<ul style="list-style-type: none"> • Develop clear milestones and timelines Issue a notice in terms of Section 105 for preparation of interim financial statements 	<ul style="list-style-type: none"> • Implement milestones and timelines and report on monthly basis Appoint specialist resource to support municipality in accordance with audit action plan 	<ul style="list-style-type: none"> • Implement milestones and timelines and report on monthly basis Report on support and resolution of audit queries
				Municipality	<ul style="list-style-type: none"> • Implement Audit improvement plan Prepare and submit interim AFS 	<ul style="list-style-type: none"> • Implement Audit improvement plan 	<ul style="list-style-type: none"> • Implement Audit improvement plan 	<ul style="list-style-type: none"> • Implement Audit improvement plan Prepare and submit interim AFS
				Sector Department: Provincial Treasury	<ul style="list-style-type: none"> • Review municipal interim AFS 			<ul style="list-style-type: none"> • Review municipal interim AFS

2.	ESKOM DEBT	Reduce Eskom Debt.	March 2020	Cogta Municipal Finance	Assess cash flow of defaulting municipality and support in development of a credible payment plan with Eskom jointly with Provincial Treasury	Review of cash flow and payment plan	Review of cash flow and payment plan	Review of cash flow and payment plan
	B2B Pillar: Sound Financial	Collect monies owed by Eskom to municipality.		Municipality/ Cogta/ Treasury	Assist municipality engage Eskom as initiated by municipality i.t.o. sec. 44 of the MFMA to deal with all other matters.			
		Termination of Wheeling Agreement or correction of wheeling fee.		Municipality/ Eskom/Cogta/ Treasury				
		Removal of burdensome non- Agreement items from monthly Invoice.		Eskom/Nersa/ Cogta/ Treasury				
		Enter into a new feasible Repayment Plan and removal of		Municipality/ Eskom/Cogta/ Treasury				

		interest from current account.		Municipality/ Nersa/ Cogta/ Treasury	Facilitation of provision of electrification function through an agent.				
		Leverage through Nersa authority to levy a seasonal charge		Municipality/ Nersa/ Eskom/ Cogta					
		Externalisation of Electricity function i.t.o. sec. 78 of Systems Act or non renewal of Main Supply Agreement including capping of debt for repayment.							

Municipality		• Adhere to payment plan, report at meetings and to Council Implement consequence management where appropriate.	• Adhere to payment plan, report at meetings and to Council Implement consequence management where appropriate.	• Adhere to payment plan, report at meetings and to Council Implement consequence management where appropriate.	• Adhere to payment plan, report at meetings and to Council Implement consequence management where appropriate.
3.	Municipalities with poor Financial Viability Municipalities experiencing cash flow challenges: (a) Creditors days below the norm (b) Debtors collection rates below the norm (c) Cash coverage	Improved municipal cash flow and liquidity ratios Collection of all outstanding debts from government departments.	Provincial Treasury	Attend meetings with municipality and ESKOM and provide guidance and advice	Attend meetings with municipality and ESKOM and provide guidance and advice
		Cogta Municipal Finance	• Analyse actual and projected cash flow and make recommendations to municipal management and EXCO		Cash flow analysed with recommendations
			• Present recommendations to municipal management and EXCO		Presentation to municipal management and EXCO
			• Support municipality to implement credit control policy		Assessment and feedback by 31 March 2020

<p>below the norm (d) Poor Financial Viability</p> <p>B2B Pillar: Sound Financial Management</p>	<p>Report on district wide sessions held on government debt</p>		<p>against government departments. •Assess credit control and debt collection policy and provide feedback (to schedule with municipality)</p>				
			<p>Mayors and CFOs at Technical MUNIMEC, MUNIMEC and District Area Finance Forum (DAFF)</p>			<p>MUNIMEC by 31 December 2019.</p>	<p>10 DAFFs by 31 March 2020</p>
			<p>• Convene the Provincial Co-ordinating Forum on Government Debt working session with municipalities and sector Departments to assist district family of municipalities to recover government debt</p>		<p>• District wide municipal working session on government debt convened</p>	<p>District wide municipal working session on government debt convened</p>	<p>District wide municipal working session on government debt convened</p>
			<p>• Support Municipal Property Rates Act compliance through:</p>		<p>• Assess tariff compliance and provide feedback</p>		

				<ul style="list-style-type: none"> • Tariff compliance and feedback • MPRA Policy and bylaw review and feedback • Provide guidance to municipality through MPRA Steering Committee 		<ul style="list-style-type: none"> • Assess policy and bylaw and provide feedback • 1 Provincial MPRA SC 		<ul style="list-style-type: none"> • Provide information, policies, reports and documents as per individual quarterly activities. Convene/attend steering committee meetings as required. • PT to provide input and support 	<ul style="list-style-type: none"> • Provide information, policies, reports and documents as per individual quarterly activities. Convene/attend steering committee meetings as required. 	<ul style="list-style-type: none"> • Provide information, policies, reports and documents as per individual quarterly activities. Convene/attend steering committee meetings as required.
				<ul style="list-style-type: none"> • Provide information, policies, reports and documents as per individual quarterly activities. Convene and attend steering committee meetings as required 						
				Provincial Treasury						
FOCAL AREA 4 : SERVICE DELIVERY										
4..	High electricity losses	Reduction of technical non-electricity	March 2020	Cogta : Municipal Infrastructure	Conduct comprehensive assessment of the state of infrastructure and	Conduct comprehensive assessment of the state of infrastructure assessment	Conduct comprehensive assessment of the state of infrastructure assessment	Conduct comprehensive assessment of the state of infrastructure assessment	Conduct comprehensive assessment of the state of infrastructure assessment	Conduct comprehensive assessment of the state of infrastructure assessment

B2B Pillar: Delivering Basic Service	losses by 1% per annum POE: Report on support provided to reduce electricity losses Report of the reduction of electricity losses			develop remedial plans		and develop remedial plans	and develop remedial plans	and develop remedial plans
			Municipality	Implement remedial action and report			Implement remedial action and report	Implement remedial action and report
			Sector Department : DOE	Produce norms and Standards for operation and maintenance of infrastructure			Produce norms and Standards for operation and maintenance of infrastructure	

Signature by the Municipal Manager

Date:.....

Signature by the DDG Local Government

Date:.....

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EXTRACT

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2019/2020-2023/2024**
2/3/1

(A23./265)

RESOLVED: -

THAT the Ulundi Municipal Support Plan for 2019/2020 – 2023/2024 be adopted.

CERTIFIED A TRUE COPY



**Z.G DHLAMINI: DIRECTOR
CORPORATE AND MANAGEMENT SERVICES**

ULUNDI
27-09-2019

Municipal Support Plan as an intervention programme for the year 2019/2020 – 2023/2024

Municipal Name: ULUNDI LOCAL MUNICIPALITY

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		me	y	Interventions	Q1 Apr Jun	Q2 Jul - Sep	Q3 Oct - Dec	Q4 Jan - Mar
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				Municipality	<ul style="list-style-type: none"> Implement Audit improvement plan Prepare and submit interim AFS 	<ul style="list-style-type: none"> Implement Audit improvement plan 	<ul style="list-style-type: none"> Implement Audit improvement plan 	<ul style="list-style-type: none"> Implement Audit improvement plan Prepare and submit interim AFS
				Sector Department: Provincial Treasury	Review municipal interim AFS			Review municipal interim AFS

2.	ESKOM DEBT B2B Pillar: Sound Financial	Reduce Eskom Debt.	March 2020	Cogta Municipal Finance	Assess cash flow of defaulting municipality and support in development of a credible payment plan with Eskom jointly with Provincial Treasury Assist municipality engage Eskom as initiated by municipality i.t.o. sec. 44 of the MFMA to deal with all other matters.	Review of cash flow and payment plan	Review of cash flow and payment plan	Review of cash flow and payment plan
		Collect monies owed by Eskom to municipality.		Municipality/ Cogta/ Treasury				
		Termination of Wheeling Agreement or correction of wheeling fee.		Municipality/ Eskom/Cogta/ Treasury				
		Removal of burdensome non- Agreement items from monthly Invoice.		Eskom/Nersa/ Cogta/ Treasury				
		Enter into a new feasible Repayment Plan and removal of		Municipality/ Eskom/Cogta/ Treasury				

		interest from current account.		Municipality/ Nersa/ Cogta/ Treasury	Facilitation of provision of electrification function through an agent.				
		Leverage through Nersa authority to levy a seasonal charge		Municipality/ Nersa/ Eskom/ Cogta					
		Externalisation of Electricity function i.t.o. sec. 78 of Systems Act or non renewal of Main Supply Agreement including capping of debt for repayment.							

				Municipality	Adhere to payment plan, report at meetings and to Council Implement consequence management where appropriate.	Adhere to payment plan, report at meetings and to Council Implement consequence management where appropriate.	Adhere to payment plan, report at meetings and to Council Implement consequence management where appropriate.	Adhere to payment plan, report at meetings and to Council
					Provincial Treasury	Attend meetings with municipality and ESKOM and provide guidance and advice	Attend meetings with municipality and ESKOM and provide guidance and advice	Attend meetings with municipality and ESKOM and provide guidance and advice
3.	Municipalities with poor Financial Viability Municipalities experiencing cash flow challenges: (a) Creditors days below the norm (b) Debtors collection rates below the norm (c) Cash coverage	Improved municipal cash flow and liquidity ratios Collection of all outstanding debts from government departments. PEO: report on support provided to improve municipal cash flow and liquidity ratio	Cogta Municipal Finance	<ul style="list-style-type: none"> Analyse actual and projected cash flow and make recommendations to municipal management and EXCO Present recommendations to municipal management and EXCO Support municipality to implement credit control policy 	<ul style="list-style-type: none"> Provincial Treasury 	Attend meetings with municipality and ESKOM and provide guidance and advice	Attend meetings with municipality and ESKOM and provide guidance and advice	<ul style="list-style-type: none"> Cash flow analysed with recommendations Cash flow analysed with recommendations Presentation to municipal management and EXCO Presentation to municipal management and EXCO Assessment and feedback by 31 March 2020

	<p>below the norm (d) Poor Financial Viability</p> <p>B2B Pillar: Sound Financial Management</p>	<p>Report on district wide sessions held on government debt</p>		<p>against government departments. •Assess credit control and debt collection policy and provide feedback (to schedule with municipality)</p>				
				<p>Mayors and CFOs at Technical MUNIMEC, MUNIMEC and District Area Finance Forum (DAFF)</p>			<p>MUNIMEC by 31 December 2019.</p>	<p>10 DAFFs by 31 March 2020</p>
				<p>•Convene the Provincial Co-ordinating Forum on Government Debt working session with municipalities and sector Departments to assist district family of municipalities to recover government debt</p>		<p>•District wide municipal working session on government debt convened</p>	<p>District wide municipal working session on government debt convened</p>	<p>District wide municipal working session on government debt convened</p>
				<p>•Support Municipal Property Rates Act compliance through:</p>		<p>•Assess tariff compliance and provide feedback</p>		

				<ul style="list-style-type: none"> Tariff compliance and feedback MPRA Policy and bylaw review and feedback Provide guidance to municipality through MPRA Steering Committee 	<ul style="list-style-type: none"> Assess policy and bylaw and provide feedback 1 Provincial MPRA SC 				
			Municipality	<ul style="list-style-type: none"> Provide information, policies, reports and documents as per individual quarterly activities. Convene and attend steering committee meetings as required 	<ul style="list-style-type: none"> Provide information, policies, reports and documents as per individual quarterly activities. Convene and attend steering committee meetings as required. 	<ul style="list-style-type: none"> Provide information, policies, reports and documents as per individual quarterly activities. Convene/attend steering committee meetings as required. 	<ul style="list-style-type: none"> Provide information, policies, reports and documents as per individual quarterly activities. Convene/attend steering committee meetings as required. 		
			Provincial Treasury	PT to provide support	PT to provide input and support				
FOCAL AREA 4 : SERVICE DELIVERY									
4..	High electricity losses	Reduction of technical non-electricity	March 2020	Cogta Municipal Infrastructure	Conduct comprehensive assessment of the state of infrastructure and	Conduct comprehensive assessment of the state of infrastructure assessment	Conduct comprehensive assessment of the state of infrastructure assessment	Conduct comprehensive assessment of the state of infrastructure assessment	Conduct comprehensive assessment of the state of infrastructure assessment

B2B Pillar: Delivering Basic Service	losses by 1% per annum POE: Report on support provided to reduce electricity losses Report of the reduction of electricity losses			develop remedial plans		and develop remedial plans	and develop remedial plans	and develop remedial plans
			Municipality	Implement remedial action and report			Implement remedial action and report	Implement remedial action and report
			Sector Department : DOE	Produce norms and Standards for operation and maintenance of infrastructure			Produce norms and Standards for operation and maintenance of infrastructure	

Signature by the Municipal Manager

Date:.....

Signature by the DDG Local Government

Date:.....



EXTRACT

MINUTES OF THE 1ST 2019/2020 ORDINARY COUNCIL MEETING OF THE ULUNDI MUNICIPAL COUNCIL IN ACCORDANCE WITH SECTION 29 (1) READ WITH SECTION 18 (2) OF THE LOCAL GOVERNMENT MUNICIPAL STRUCTURES ACT NO 117 OF 1998 HELD IN THE COUNCIL CHAMBER, ULUNDI CIVIC CENTRE AT BA 81, PRINCE MANGOSUTHU STREET ON WEDNESDAY, 25 SEPTEMBER 2019 AT 10H00

A28. MUNICIPAL COST CONTAINMENT REGULATIONS-2019
3/3/1

(A28./366)

RESOLVED: -

1. **THAT** the contents of the report regarding Municipal Cost Containment Regulations be noted.
2. **THAT** the complementary policy formulated by the administration be tabled before Executive and Finance Committee for consideration and adoption subject to ratification by Council.
3. **THAT** the Municipal Cost Containment Policy be implemented with effect from 1st of October 2019.

CERTIFIED A TRUE COPY


Z.G DHLAMINI: DIRECTOR
CORPORATE AND MANAGEMENT SERVICES

ULUNDI
27-09-2019



ULUNDI LOCAL MUNICIPALITY

ACKNOWLEDGEMENT OF DEBT AND REPAYMENT PLAN AGREEMENT SUSPENDING FUTURE INTEREST CHARGES

1. INTRODUCTION

It is recorded that:

- 1.1 Eskom Holdings SOC Ltd ("Eskom") is currently supplying Ulundi Local Municipality with bulk electricity in terms of the Electricity Supply Agreement ("ESA"), entered into between Eskom and Ulundi Municipality.
- 1.2 The Municipality acknowledges that it is truly and lawfully indebted to Eskom for electricity supplied in terms of the ESA referred to in sub-clause 1.1 above and undertakes to pay Eskom as detailed herein.
- 1.3 The Municipality also acknowledges that the terms and conditions set out herein below shall regulate and govern the repayment of all and any monies due, owing and payable to Eskom arising out of the Municipality's indebtedness to Eskom.
- 1.4 This Acknowledgement of Debt and Payment Plan Agreement ("the Agreement") is a separate agreement from the ESA or any other agreement that is entered into between Eskom and Ulundi Municipality

2. PERIOD OF AGREEMENT

This Agreement shall notwithstanding the last signature thereof become effective on 26 January 2018 and shall remain in force until the Municipality has paid Eskom in full the amounts referred to or tabulated in clause 4 below.

3. DEBT ACKNOWLEDGEMENT

The Municipality acknowledges that as at 25 January 2018 it is truly and lawfully indebted to Eskom in the balance sum of R 79 510 952.34 (Seventy nine million five hundred and ten thousand nine hundred and fifty two rands thirty four cents including VAT.

Jfm *DBZ*
Nk

4. REPAYMENT

4.1 Ulundi Local Municipality hereby undertakes to pay the debt as follows:

3 YEAR PROPOSAL

Month	Amount ('R)	
February 2018	500,000.00	Year 1
March 2018	1,000,000.00	
April 2018	1,000,000.00	
May 2018	1,000,000.00	
June 2018	50,000.00	
July 2018	3,000,000.00	
August 2018	50,000.00	
September 2018	1,000,000.00	
October 2018	1,000,000.00	
November 2018	1,000,000.00	
December 2018	2,000,000.00	
January 2019	1,000,000.00	
February 2019	1,250,000.00	Year 2
March 2019	2,000,000.00	
April 2019	2,000,000.00	
May 2019	2,000,000.00	
June 2019	50,000.00	
July 2019	3,000,000.00	
August 2019	50,000.00	
September 2019	3,000,000.00	
October 2019	3,000,000.00	
November 2019	3,000,000.00	

[Handwritten signatures and initials]
JFM RBZ
N/A

December 2019	3,000,000.00	Year 3
January 2020	3,500,000.00	
February 2020	3,500,000.00	
March 2020	3,500,000.00	
April 2020	3,500,000.00	
May 2020	3,500,000.00	
June 2020	50,000.00	
July 2020	6,000,000.00	
August 2020	50,000.00	
September 2020	4,000,000.00	
October 2020	4,000,000.00	
November 2020	4,000,000.00	
December 2020	4,000,000.00	
January 2021	4,960,952.34	
TOTAL	R 79 510 952,34	

- 4.1.1 Current bill amount to be submitted monthly must be paid in conjunction with the payment plan as arranged above.
- 4.2 Subject to sub-clause **Error! Reference source not found.** below, the debt shall not bear any interest after the date on which the last interest was calculated as indicated in paragraph 3 above.
- 4.3 It is specifically recorded that the Municipality retains the right to repay the debt in full at any given time during the period contemplated in clause 4.1 above. In the event of such occurrence, the Municipality will only be liable for interest accumulated on the debt up to and until the date of such payment, in full and final settlement.
- 4.4 A certificate under the signature of a duly authorised employee of Eskom (whose authority as such need not be proved by Eskom) or by any professional practising accountant who is engaged by Eskom setting out the amount due and payable by the Municipality at any time in terms of this Agreement, shall be sufficient and prima facie proof of the Municipality's debt for purpose of any legal proceedings including obtaining of summary or default judgement.

[Handwritten signature]
[Handwritten initials]
 Jm 1082

5. CURRENT ACCOUNTS

The Municipality acknowledges that its undertaking herein does not absolve it from any of its obligations in terms of the ESA, including its obligation to pay all the current accounts timeously and as and when they become due and payable in terms of the ESA.

6. DEFAULT

6.1 Should the Municipality default in the payment of any one of the amounts as set out in clause 4.1 above and/or default in the payment of any current account, or it enters into a compromise with creditors or *if the Municipality is already under administration*, the Municipality hereby consents to judgment being taken against it and the following shall apply;

6.1.1 The full balance owing on the Debt at the relevant time shall become due and payable immediately; and shall bear interest, compounded monthly from the date on which the last interest was calculated as indicated in clause 3 above, at a rate per annum equal to the prevailing prime rate charged by First National Bank of Southern Africa Limited in South Africa plus 2.5%.

6.1.2 Eskom may without further notice take whatever legal remedies available to it including disconnection of supply of electricity to the Municipality within 7 (seven) days of the date of default; and

6.1.3 Eskom shall be entitled in such event to forthwith make the Agreement an order of court and to obtain judgment against the Municipality.

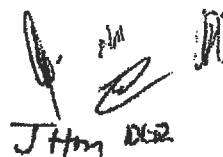
6.2 The Municipality undertakes to pay on an attorney and client scale, all legal costs and expenses incurred in making demand for, or suing for the recovery of the capital and interest or any portion thereof and the cost of the execution of any judgement and in general all the costs which Eskom may incur in connection herewith.

7. RENUNCIATION OF BENEFITS

The Municipality renounces the benefits of the legal exceptions that there was no cause for the debt and that there was an error in calculations and the Municipality declares itself to be fully acquainted with the meaning, force and effect of such renunciations.

8. GENERAL

8.1 This Agreement constitutes the sole record with respect to the indebtedness of the Municipality to Eskom.


J Hm DLR

**UMASIPALA
WASOLUNDI**

Private Bag X 17
Ulundi
3838

" The City of Heritage "



**ULUNDI
MUNICIPALITY**

Tel: 035 8745100
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EXTRACT

MINUTES OF THE 2017/2018 SPECIAL COUNCIL MEETING OF THE ULUNDI MUNICIPAL COUNCIL IN ACCORDANCE WITH SECTION 29 (1) READ WITH SECTION 18 (2) OF THE LOCAL GOVERNMENT MUNICIPAL STRUCTURES ACT NO 117 OF 1998 HELD IN THE COUNCIL CHAMBER, ULUNDI CIVIC CENTRE AT BA 81, PRINCE MANGOSUTHU STREET ON THURSDAY, 24 MAY 2018 AT 10H00

A8. 2018/2019 FINANCIAL RECOVERY PLAN
5/1/1

(A8./42)

RESOLVED:-

1. **THAT** the Ulundi Local Municipal Council on this 24th day of May 2018 hereby repeals all previous resolutions that stand to contradict this Financial Recovery Plan.

BUDGET AND TREASURY STEERING COMMITTEE

2. **THAT** Council hereby establishes the Budget and Treasury Steering Committee in terms of Regulation 4 of the Municipal Budget and Reporting Regulations, which shall be tasked with the Terms of Reference as shall be as follows:

2.1 Provide guidance over the budget process.

2.2 Co-ordinate the annual revision of the IDP for budget purposes to complement the IDP Steering Committee.

2.3 Take all reasonable steps to ensure that:

- 2.3.1 The municipality approves its annual budget.
- 2.3.2 The Mayor approves the SDBIP at least 28 days before the approval of the budget.
- 2.3.3 The Performance Agreements for each department are in place.
- 2.3.4 Promptly reports to Council and the MEC for COGTA any delays to approve the budget.
- 2.3.5 The revenue and expenditure projections for each month and the service delivery targets and performance indicators for each quarter as set out in the SDBIP are made public not later than 14 days after the SDBIP approval.
- 2.3.6 The Performance Agreements of Senior Managers are made public not later than 14 days after their approval.
- 2.3.7 Copies of the above agreements are submitted to the MEC
- 2.3.8 All the In-year monitoring reports are submitted to Treasury and or Cogta as the case may be.

2.4 The Budget and Treasury Steering Committee shall meet once monthly.

3. **THAT** the Budget Steering Committee submits all relevant mandatory documents to Provincial Treasury and reports through the Chairperson of the Executive and Finance Committee. This Committee shall be composed as follows:

- 3.1 The Mayor or nominee
- 3.2 The Municipal Manager
- 3.3 All HODs; and,
- 3.4 The Budget Manager
- 3.5 Secretariat (Department of Finance)

FINANCIAL RECOVERY

4. **THAT IN ORDER** to avert the financial crisis Council hereby directs all Heads of Departments under the day-to-day supervision of the Municipal Manager to henceforth begin the following responsibilities:

- 4.1 Compile an "Inter-Departmental Staff Related Cost Expenditure Reduction Operational Plan" in which gradual staff cost reduction measures on salaries through identification of supernumerary or non-critical positions effected. This gradual salary budget reduction to also reduce the Pension Fund, Medical Aid, Sanlam Umbrella Fund, UIF, SARS etc.
 - 4.1.1 Notwithstanding the Council approval of the Staff Complement, all vacant position shall remain frozen, subject to a comprehensive motivation to the Accounting Officer to be submitted as a last resort for a position to filled or for insourcing of a requisite skill.
 - 4.1.2 No new positions shall be created.
 - 4.1.3 As and when contractual positions become vacant, it is taken that in the interest of cost saving no renewals shall be allowed, except for critical instances that shall be comprehensively motivated to the Accounting Officer.
 - 4.1.4 For creation of employment opportunities and availing of skilling opportunities, Director Corporate Services shall identify more clerical and non-clerical internships.
- 4.2 Submit the "External Funding Application Copies", in which the HOD applies for funding to the identified Government Department or Private Funding such as locally represented national franchises or any private funding source by way of tapping social funding taking advantage of the compulsory Corporate Social Responsibility that is obligatory to all private entities in terms of the King Commission 1,2 and 3 to fund ONLY the operations contained in the 2018/2019 Operational Budget and/or the IDP. All such applications should as far as possible intend to substitute the funding model of a budgeted matter with external funding.
- 4.3 Compile and submit to the Municipal Manager the "Departmental Expenditure Operational Cost Budget Minimization Mechanisms", in which notwithstanding the budget figures, which will be difficult to finance in any event, the HOD shall commit to across the board "Departmental Operational Cost Budgeted Expenditure Minimization Mechanisms". The benchmark in this regard shall be:

- 4.4 Expenditure commitment in the first three months of the new financial year, save for already committed expenditure with SLA and salaries, to be averted.
- 4.5 0% expenditure on all votes, apart from SLA, salaries and statutory expenditure, not more than 20% expenditure on all votes in the second quarter of the first half of the financial year (certain votes may cross-subsidize the others in case of critical areas) and not more than 30% expenditure during quarter three and four.
- 4.6 The 2018/2019 Adjustment Budget to adjust Operational Votes downwards, except where this is impracticable.
- 4.7 The Municipal Manager to rationalize and perpetually reduce creditors expenditure.
- 4.8 The Chief Financial Officer to send out account statements timeously and to effect rolling electricity disconnections by the 7th of every month.
- 4.9 Chief Financial Officer to reduce the Debtor's Book balance by 50% in case of all collectables. And to embark on a write-off of all irrecoverable debt.
- 4.10 The Chief Financial Officer and Director Technical Services to forthwith prepare monthly Cashflow Forecasts by the end of week 1 for submission to the Municipal Manager, Cashflow Management Committees and the Executive and Finance Committee.
- 4.11 To this viability end, the Chief Financial Officer and Director Technical Services bear a responsibility to raise sufficient revenue to finance month-to-month expenditure.
- 4.12 The transfers to Business Units to be done by the Chief Financial Officer on weekly basis.

Director Technical Services to ensure that sufficient funding to pay Eskom by due date is available.
- 4.13 **THAT** based on the Constitutional argument that all functions that are not listed in Schedule 4, Part B of the Constitution, which lists the functional areas of a municipality and for which there is no Service Agreement or fully funded SLA where the owner of a function transfers funding to Ulundi in a manner that is permissible in terms of the Division of Revenue Act.
- 4.14 **THAT** HOD's through the Municipal Manager for funding purposes approach the Sector Departments.
- 4.15 **THAT** In case of all invoices, the Accounting Officer to take personal responsibility for a right of refusal in case of an invoice lacking sufficient evidence for work performed. Notwithstanding the GRV which shall only be signed by the HOD or Acting HOD.
- 4.16 **THAT** certain Circular No. 82 issued by Treasury Regulations adopted by Council for 2018/2019 as shall be enforce by the Accounting Officer will be as follows:
 - 4.16.1 Overnight accommodation to be avoided at all cost.
 - 4.16.2 All HODs to design internal control measures to limit the stores material.
 - 4.16.3 The Municipal Manager enforces the avoidance of quotations, except where it is demonstrably impracticality to do so in favour of SLAs.
 - 4.16.4 HODs to reduce overtime and standby allowance. Time off is utilized as an option to financial compensation.

- 4.16.5 HODs to enforce that employees become fully operational for 8 hours, inclusive of EPWP employees.
- 4.16.6 The Municipal Manager to ensure that the fleet numbers are reduced in no manner that will undermine service delivery.
- 4.16.7 Political Office Bearers to contribute to cost saving measures through disengagement of official vehicles and officials in case of private trips.
- 4.16.8 Reduction of paper-based agendas and use of printers for legal copies only.
- 4.16.9 Reduction of laptops and issuance of desktops except for managers and strategic employees.
- 4.16.10 Drivers of vehicles who use vehicles negligently to pay for damages suffered by a vehicle.
- 4.19.11 No untested driver shall drive a municipal vehicle.
- 4.16.12 Conveying of private individuals in a municipal vehicle is strictly forbidden, unless this is undertaken to further the plight of service delivery.
- 4.16.13 All employees with subsidized vehicles shall not drive a municipal vehicle.
- 4.16.14 Management of fleet to be intensified through engagement of extra measures
- 4.16.15 Vacation leave enforcement in case of instances of approved absence from work to minimize future liability to the municipality.
- 4.16.16 HODs to develop leave plans to ensure that employees take their annual leave.
- 4.16.17 All encashment of leave while the municipality is undergoing a financial doldrum, are strictly forbidden.
- 4.16.18 All excess vacation leave not taken within a financial year to lapse.
- 4.16.19 HODs to enforce the interest of operations to save guard against interruption of service delivery.
- 4.16.20 All expenditure applications to be sufficiently motivated with a supporting recommendation of the Chief Financial Officer for approval by the Municipal Manager.
- 4.16.21 The Municipal Manager to endeavour to ensure payments of creditors within 30 days to avoid interest.
- 4.16.22 All payments made out of the fruitless expenditure vote to be investigated by the Accounting Officer, sanctioned by MPAC with a supporting resolution of Council for reporting to Treasury.
- 4.16.23 Civic functions where there is expenditure to be incurred kept to a minimal. This is in keeping with a Council resolution to prioritise Eskom.

5. STANDARD OPERATING PROCEDURE: MOTIVATION

- 5.1 All departments shall present a motivation signed by the HOD to the Municipal Manager to commence a purchase process, which motivation as regulated before by Circular issued by the Municipal Manager shall be designed as follows;
- 5.2 The Divisional Head shall compile the expenditure intending memo and shall sign UNDER RELEVANT TITLE upon the directive of the HOD.

- 5.3 A departmental Senior Manager shall sign as a REVIEWER to ensure quality (where practical) UNDER RELEVANT TITLE
- 5.4 The Deputy Director shall sign to Recommend/ Not Recommend
- 5.5 The HOD as the Accountable Senior Manager for the department shall **Authorize/Not Authorize** expenditure and shall take responsibility for the overall purchaser.
- 5.6 The Chief Financial Officer or Deputy Chief Financial Officer exclusively, after confirmation with the Budget Officer mindful of the cash flow situation of the municipality, shall **Support/ Not Support. (The availability of funds in the vote shall not guarantee support).**
- 5.7 Lastly the Municipal Manager to Approve/Not Approve expenditure.

The Chief Financial Officer shall process no expenditure unless a proper GRV confirming delivery of goods is in the voucher. Unless approved by the Accounting Officer in the event of special cases.

6. STANDARD OPERATING PROCEDURE: OUTBOUND CORRESPONDENCE

- 6.1 All external minute or letter shall bear the signature of the Municipal Manager, who shall take accountability for all outbound correspondence.

7. STANDARD OPERATING PROCEDURE: FLEET MANAGEMENT

- 7.1 The Accounting Officer shall authorize all external trips in keeping with Policy.
- 7.2 Vehicles to load petrol once a week, except where a vehicle has also undertaken an external trips.
- 7.3 It is forbidden for a vehicle to exceed 3000 kilometres per month. On average at the most a vehicle should not travel internally for more than 80 kms, except during high intensity work which is not around the month and may travel for 120-130 kms per day, nothing beyond this.
- 7.4 All traffic tickets shall be for the cost of the driver of vehicle. The Deputy Director Protection Services and Fleet Manager to direct reports to the Municipal Manager by the 7th of each month listing all violators for approval of applicable traffic violation fee upon salary advice notification.
- 7.5 The Deputy Director Protection Services and Fleet Manager to direct reports to the Municipal Manager by the 7th of each month listing all violators for approval of applicable traffic violation fee upon salary advice notification.
- 7.6 All accident-prone drivers of official vehicles shall be refused permission to drive municipal vehicles upon the discretion of the Fleet Manager who shall recommend to the Municipal Manager. Monthly Reports on all accidents shall be submitted to the Municipal Manager by the 7th of each month.
- 7.7 The Traffic Officer appointed to safeguard the interest of a Motor Vehicle Policy to be seconded interdepartmentally to Technical Services to function under the Fleet Manager.

- 7.8 The above is empowered to cancel the trip authority and to confiscate or impound a municipal vehicle and to write a report of submit copy of the offence to Fleet Manager for a decision by the Municipal Manager.
- 7.9 All additional unapproved kilometres to be paid for by the driver/ supervisor/ HOD.

10. STANDARD OPERATING PROCEDURE: MISCELLENIOUS MANAGEMENT OF ASSETS

- 10.1 The safeguarding of assets including intellectual property is the responsibility of the Accounting Officer exercised in co-operation with HOD's. Therefore, all asset management directives issued by the Municipal Manager shall have the same force as a Council resolution. Any HOD who fails to exercise due care and diligence shall be guilty of misconduct against the municipality.
- 10.2 As a means of financial recovery, not more than two local radio stations plus one national platform shall be utilized, subject to the availability of funds.
- 10.3 To honour community radio station invoices only where a monthly schedule of who goes to the station is in place as compiled in advance by Corporate Services (PRO in capacity as the Deputy Information Officer) and approved by the Mayor as the Political Head and the Municipal Manager as the Information Officer.
- 10.4 Private calls and facsimiles are strictly forbidden. All abuse of official phones shall give rise to prosecution for misconduct.
- 10.5 Purchase of corporate clothing by departments to be kept to a minimal and to be approved by the Municipal Manager, with due regard to the proviso regarding approved capping on expenditure.
- 10.6 To only honour community radio station invoices only where a monthly schedule of who goes to the station was compiled by Corporate Services (PRO in capacity as the Deputy Information Officer) and approved by the Mayor as the Political Head and the Municipal Manager as the Information Officer.
- 10.7 Purchase of corporate clothing by departments to be kept to a minimal and to be approved by the Municipal Manager, with due regard to the proviso regarding approved capping on expenditure.
- 10.8 All office users to switch off electricity lights, computers and air conditioners before departure for home. Transgressors of this provision shall be fined a R100. 00 per day.
- 10.9 Senior Manager Facilities and Compliance to conduct daily inspections and to generate monthly reports by the 7th of each month listing all those whose salaries shall be deducted upon notification in the salary advise.

11. STANDARD OPERATING PROCEDURE: GARAGING OF VEHICLES AT HOME AND USE OF VEHICLES TO FETCH AND DELIVER EMPLOYEES

- 11.1 In keeping with the Basic Conditions of Employment Act, any employee who drives another employee including or any supervisor who instructs an employee to either fetch or deliver another employee at home before 18h00 is guilty of misconduct. Express approval shall be sought from the Accounting Officer in case of a department that seeks to authorize an employee to garage the official vehicle at home.

12. STANDARD OPERATING PROCEDURE: EMAILS

- 12.1 While all outbound official emails, where practicable, shall bear the letterhead of a municipality, the official municipal IT signature with the logo and colours of the municipality as per the approved Corporate Identity, including a monthly message duly approved.
- 12.2 Shall contain clear details of the author's official position, a header, a salutation, the opening paragraph, theme, conclusion, shall bear a letterhead of the municipality and, as much as possible, signed by the Municipal Manager or at least the HOD "On behalf of the Municipal Manager".
- 12.3 Shall be sent from the official municipal email address.
- All efforts to ensure integrity of content shall be made to safeguard the reputation of Ulundi Municipality.
- 12.4 It is forbidden for any official other than the HOD or Deputy HOD to directly communicate a municipal position on any matter, as this commits the municipality and may bring the name of the municipality into disrepute.
- 12.5 Where a random direct email is sent directly to the official email by an official of an outside entity other than a Manager of that entity, it is compulsory that a Senior Manager of that Department proofreads the response prepared by the official.
- 12.6 This review will save the municipality embarrassment since the queen's language is not vernacular to black South Africans. To this end a simple habit to read what you write again or ask a colleague for confirmation is a good habit that may save the municipality and the author embarrassment.
- 12.7 The cost saving and revenue enhancement measures pronounced supra merely serve to obviate the resolve of Council and empower the Accounting Officer to impose similar measures across the expenditure areas.

CERTIFIED A TRUE COPY



**Z.G DHLAMINI: DIRECTOR
CORPORATE AND MANAGEMENT SERVICES**

ULUNDI
27-09-2019

**UMASIPALA
WASOLUNDI**

Private Bag X 17
Ulundi
3838

" The City of Heritage "**ULUNDI
MUNICIPALITY**

Tel: 035 8745100
Fax: 035 870 1105

EXTRACT

FROM MINUTES OF THE 4TH 2019/2020 ORDINARY MEETING OF THE EXECUTIVE AND FINANCE COMMITTEE IN ACCORDANCE WITH SECTION 50 (1) OF THE LOCAL GOVERNMENT MUNICIPAL STRUCTURES ACT NO. 117 OF 1998, HELD IN THE COUNCIL CHAMBER, ULUNDI CIVIC CENTRE AT BA 81, PRINCE MANGOSUTHU STREET ON WEDNESDAY, 30 OCTOBER 2019 AT 14H00.

A4. ESKOM RE-PAYMENT PLAN

(A4./202)

5/2/11/2/4

COMMITTEE RECOMMENDATION: -

1. **THAT** as at 29 October 2019 it is indebted to Eskom in the balance sum of R 109 248 099,68 (One hundred and nine million two hundred and forty-eight thousand, ninety nine Rands and sixty eight cents including VAT.)
2. **THAT** Ulundi Municipality hereby undertakes to pay the debt as follows:

Month	Amount ('R)	Year
Nov-19	R50 000,00	Year 1
Dec-19	R6 000 000,00	
Jan-20	R50 000,00	
Feb-20	R50 000,00	
Mar-20	R4 000 000,00	
Apr-20	R50 000,00	
May-20	R50 000,00	
Jun-20	R50 000,00	
Jul-20	R7 000 000,00	
Aug-20	R50 000,00	
Sep-20	R50 000,00	
Oct-20	R50 000,00	
Nov-20	R50 000,00	Year 2
Dec-20	R5 000 000,00	
Jan-21	R50 000,00	
Feb-21	R50 000,00	
Mar-21	R5 000 000,00	
Apr-21	R50 000,00	

May-21	R50 000,00	
Jun-21	R50 000,00	
Jul-21	R8 000 000,00	
Aug-21	R50 000,00	
Sep-21	R50 000,00	
Oct-21	R50 000,00	
Nov-21	R50 000,00	
Dec-21	R7 000 000,00	
Jan-22	R50 000,00	
Feb-22	R50 000,00	
Mar-22	R5 000 000,00	
Apr-22	R50 000,00	
May-22	R50 000,00	
Jun-22	R50 000,00	
Jul-22	R12 000 000,00	
Aug-22	R50 000,00	
Sep-22	R50 000,00	
Oct-22	R50 000,00	Year 3
Nov-22	R50 000,00	
Dec-22	R7 000 000,00	
Jan-23	R50 000,00	
Feb-23	R50 000,00	
Mar-23	R5 000 000,00	
Apr-23	R50 000,00	
May-23	R50 000,00	
Jun-23	R50 000,00	
Jul-23	R12 000 000,00	
Aug-23	R50 000,00	
Sep-23	R50 000,00	
Oct-23	R50 000,00	Year 4
Nov-23	R500 000,00	
Dec-23	R7 000 000,00	
Jan-24	R500 000,00	
Feb-24	R500 000,00	
Mar-24	R5 000 000,00	
Apr-24	R50 000,00	
May-24	R50 000,00	
Jun-24	R50 000,00	
Jul-24	R10 600 387,21	
Aug-24	R50 000,00	
Sep-24	R50 000,00	
Oct-24	R97 712,47	Year 5
TOTAL	R109 248 099,68	

CERTIFIED A TRUE COPY

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Z.G DHLAMINI: DIRECTOR
CORPORATE AND MANAGEMENT SERVICES

Ulundi
31-10-2019