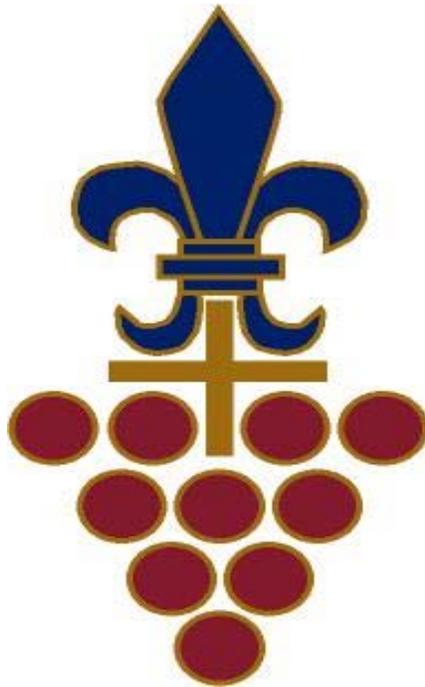


# **APPENDIX 4**

## **STELLENBOSCH MUNICIPALITY**



### **SUMMARY OF CHANGES TO BUDGET AND RELATED POLICIES**

**2023/2024**



# STELLENBOSCH MUNICIPALITY

## SUMMARY OF POLICIES

Policy/ By-law	Summarized Nature of change
Pool Vehicle Policy	New Policy
Infrastructure Asset Unbundling Policy	New Policy
Borrowing, Funds and Reserves Policy	<p><b>2023/24 Borrowing, Funds and Reserves Policy Changes:</b></p> <p><b>Minor Corrections and document layout improvements</b></p> <p>Various grammatical and language changes and layout improvements were applied to enhance the readability of the document. The details of such may be traced via the “Track Changes” that has been activated in said documents.</p> <p><b>Substantial Changes</b></p> <p>Major changes were made to the Budget Implementation and Monitoring Policy. The details of such may be traced via the “Track Changes” that has been activated in said document.</p> <p><b>4.1. OPERATING BUDGET</b></p> <p>The Operating Budget should be cash funded. The Operating Budget is funded from the following main sources of revenue:</p> <ul style="list-style-type: none"> <li>a) Property Rates;</li> <li>b) Service Charges;</li> <li>c) Government Grants and Subsidies;</li> <li>d) Rental of facilities and Equipment;</li> <li>e) Other revenue, fines, interest received etc.;</li> </ul> <p>The following guiding principles apply when compiling the Operating Budget:</p> <ul style="list-style-type: none"> <li>a) Provision for revenue that will not be collected is made against the expenditure item provision for bad debt and based on actual collection levels for the previous financial year and the reasonably projected annual non-payment rate;</li> <li>j) Sufficient provision must be made for the maintenance of existing infrastructure based on affordable levels. The maintenance budgets are normally lower than the recommended levels as a guiding principal repair and maintenance should constitute between 5% and 8% of total operating expenditure and should annually be increased incrementally until the required targets are achieved.</li> </ul>

Policy/ By-law	Summarized Nature of change
	<p data-bbox="524 222 837 247"><b>4.2. CAPITAL BUDGET</b></p> <p data-bbox="618 285 914 310"><b>c) External Borrowing:</b></p> <p data-bbox="654 375 1520 533">a. The borrowing requirements as contained in the <b>Borrowing Policy</b> in paragraph 6 are used as a basis to determine the affordability of external loans over the Medium Term Income and Expenditure Framework. The ratios to be considered to take up additional borrowings are as follows, unless in contravention with any loan covenants:</p> <ul style="list-style-type: none"> <li data-bbox="708 539 1373 564">i. Estimated long-term credit rating of BBB and higher;</li> <li data-bbox="708 573 1520 632">ii. Total Long-term Debt to Total Operating Revenue (excluding conditional grants and transfers) not to exceed 45%;</li> </ul> <p data-bbox="524 672 1520 730">Capital Cost (Interest Paid and Redemption) as a % of Total Operating Expenditure not to exceed the norm between 6 -8 %.</p> <p data-bbox="524 800 802 825"><b>1. RESERVES POLICY</b></p> <p data-bbox="524 856 1520 915">All reserves are “ring fenced” as internal reserves within the accumulated surplus, except for provisions as allowed by the General Recognized Accounting Practices (GRAP):</p> <p data-bbox="623 955 987 980">a) Housing Development Fund;</p> <p data-bbox="623 1052 1170 1077"><b>a) Cash generated from Operating Activities:</b></p> <ul style="list-style-type: none"> <li data-bbox="659 1142 1520 1230">a. The Municipality has maintained a strong ability to generate surplus operational cash flow which it has used to fund most of its capital spending in the past;</li> <li data-bbox="659 1270 1520 1430">b. In the past depreciation charges could be considered sufficiently cash backed based on the cash surplus generated prior to capital spending. However, going forward should capital spending increase sharply it will result simultaneously with Depreciation charges increasing sharply which may therefore in future not be fully supported by cash.</li> <li data-bbox="659 1470 1520 1558">c. Depreciation is a method to generate future cash. Therefore, it is prudent to annually measure the cash coverage for depreciation charges until it is fully funded from cash through tariff setting.</li> <li data-bbox="659 1598 1520 1824">d. As at year end it is to be determined whether the Municipality meets its <b>Minimum Liquidity Criteria</b> as stipulated in the <b>Liquidity Policy</b>, excess cash in addition to this prescribed level is to be calculated and appropriated to the Capital Replacement Reserve and no more than 80% of the balance of the Capital Replacement Reserve as at year end should be allocated to the following year’s capital budget unless sufficient recommendations are made to Council to substantiate such a decision.</li> </ul>

<b>Policy/ By-law</b>	<b>Summarized Nature of change</b>
Budget Implementation and Monitoring Policy	<p><b>2023/24 Budget Implementation and Monitoring Policy</b></p> <p><b>Minor Corrections and document layout improvements</b></p> <p>Various grammatical changes and layout improvements were applied to enhance the readability of the document. The details of such may be traced via the “Track Changes” that has been activated in said document.</p> <p><b>Substantial Changes</b></p> <p>Major changes were made to the Budget Implementation and Monitoring Policy. The details of such may be traced via the “Track Changes” that has been activated in said document.</p>
Cash Management and Investment Policy	<p><b>2023/24 Cash Management and Investment Policy</b></p> <p><b>Minor Corrections and document layout improvements</b></p> <p>Various grammatical changes and layout improvements were applied to enhance the readability of the document. The details of such may be traced via the “Track Changes” that has been activated in said document.</p> <p><b>Substantial Changes</b></p> <p>The details of such may be traced via the “Track Changes” that has been activated in said document.</p> <p><i>Substantial changes made to the cash management and investment policy from pages 5 to 8 are as follow:</i></p> <p>Cheque Management were replaced by Petty Cash Withdrawal on point 3.2.2 (page3). Cheques are not used as a method of payment or accepted as payment.</p> <p><b>3.2 Bank Accounts</b></p> <p><b>3.2.2 Petty Cash Withdrawal</b></p> <p>Petty Cash is replenished by completing a petty cash replenish form provided.</p> <p><b>3.2.3 Delegation/Rights</b></p> <p>The incumbents of the following posts are authorized to sign petty cash request forms and authorise electronic payments on behalf of Council:</p> <p><b>3.2.3.1</b> Signatories for signing of cheques were removed from policy</p> <p><b>3.2.3.2 Electronic Funds Transfer (EFT) and Petty cash request</b></p> <p>A-Signatories:</p> <p style="padding-left: 40px;">Chief Financial Officer</p> <p style="padding-left: 40px;">SNR Manager: Financial Management Services</p>

Policy/ By-law	Summarized Nature of change
	<p>SNR Manager: Revenue and Expenditure</p> <p>Manager: Expenditure</p> <p>Manager: Revenue</p> <p>SNR Manager: Supply Chain Management</p> <p>Manager: Budget and Costing</p> <p>Manager: Financial Statements, Compliance and Reporting</p> <p>Manager: Financial Asset Management</p> <p>B-Signatories:</p> <p>Chief Accountant: Consumer Accounts and Valuations</p> <p>Senior Accountant: Cash Management and Credit Control</p> <p>Senior Accountant: MFMA Reporting and Compliance</p> <p>Senior Accountant: Financial Statements and Reconciliations</p> <p>Chief Accountant: Asset Management</p> <p>Chief Accountant: SDBIP Monitoring and Budget Control x2</p> <p>Senior Accountant: Creditors and Payroll</p> <p><i>Each electronic payment and petty cash request form needs to be authorized by at least two A-Signatories, or one A-Signatory and one B-Signatory.</i></p> <p><i>B Signatories were amended: the word Senior replacing the word Chief for Accountant: Financial Statements and Reconciliations and Accountant: MFMA Reporting and Compliance. Petty cash request were added to the heading and the petty cash request form were added to the paragraph above.</i></p> <p><b>4.CASH MANAGEMENT PROCEDURES</b></p> <p><b>4.5 Deposit Books</b></p> <p>Each satellite-office cashier has an enumerated deposit book, as each pay point has a number. The Senior Clerk: Cashier orders books from the bank when needed. Head Office cashiers use the cash-vault machines for all deposits.</p> <p><b>4.6 Other payment methods</b></p> <p><b>4.6.2 3rd Party</b></p> <p>Payments can be made at any EasyPay and pay points. This information is extracted and uploaded on a daily basis from EasyPay and and credited against the client's accounts.</p>

Policy/ By-law	Summarized Nature of change
	<p><b>4.6.3</b> Cheque Deposit (Only bank guaranteed cheques will be accepted) and <b>4.6.4</b> Mailed Bank Guaranteed Cheques were removed from policy because the municipality does not accept any cheques.</p> <p><b>4.6.5 Rejected Debit Orders and/or Electronic Payments</b></p> <p>When debit orders are rejected by the respective banks, the full balance will immediately become payable. If debit orders are rejected three times the debit order will be cancelled.</p> <p><b>4.6.5.1</b> In the event that a debit order is rejected due to insufficient funds, or the clients bank account being closed (or other reasons) an admin charge , as approved by council, will be levied to the debtor account. An admin charge will not be levied in the event of death or where the error arises on the municipalities side.</p> <p><b>4.6.6 Private Money</b></p> <p>No Municipal employee is allowed to:</p> <ul style="list-style-type: none"> <li>- Use Council's cash funds at any stage to be replaced at a later stage.</li> <li>- Use his/her own money as cashier float.</li> <li>- Safeguard private money amongst Council's cash (e.g., Cashier drawers, petty cash boxes, safes. Cash vault machines (where installed) etc.)</li> </ul> <p><b>5.3 Diversification</b></p> <p>Council will only make investments, as prescribed by Section 6 of the Municipal Investment Regulations, with approved institutions as set out in par 5.2 above. Excluding investments made per Executive Mayoral Committee resolution not more than 50% of available funds will be placed with a single institution. The discretion of management should be used when investing funds into the institution quoting the highest rate versus diversification of investment portfolio. Should the difference between the investment quotes be minimal, a decision can be made to invest in the lower quote for the diversification of investment portfolios.</p> <p><b>5.5 Internal Controls Over Investments</b></p> <p><b>5.5.1 Delegations</b></p> <p><b>5.5.1.1</b> In terms of Section 60(2) of the Local Government: Municipal Systems Act, (Act 32 of 2000) (the MSA), the Council may only delegate to the Municipal Manager (MM) the power to make decisions on investments on behalf of the Municipality.</p> <p><b>5.5.1.2</b> In terms of section 79 of the Act, the Accounting Officer has delegated to the Chief Financial Officer (CFO), in writing, his/her duty under section 65(2) (h) to manage the Council's available working capital effectively and</p>

Policy/ By-law	Summarized Nature of change												
	<p>economically in terms of the prescribed cash management and investment framework.</p> <p><b>5.5.2 Obtaining quotations and concluding deals</b> Request are emailed to all approved institutions the day before, or the morning thereof. A cut-off is requested to ensure timeous processing of authorisation and payment of the investment. Quotes are captured on the decision report rates are compared and chosen in terms of the policy. Writing mandates, signed by the CFO and MM, shall be issued to successful investees with whom the Council of Stellenbosch Municipality invests funds setting out the following:</p> <p><b>9. REPORTING</b></p> <p><b>9.1 Reports</b></p> <p>The following reports are produced:</p> <table border="1" data-bbox="574 804 1516 1136"> <thead> <tr> <th>REPORT NAME</th> <th>FREQUENCY</th> <th>PREPARED BY</th> <th>RECIPIENT</th> </tr> </thead> <tbody> <tr> <td>Bank Balance report</td> <td>Daily</td> <td>Senior Clerk: Electronic Payments</td> <td>Chief Finance Officer</td> </tr> <tr> <td>Investments</td> <td>Monthly</td> <td>Senior Accountant: Financial Statements and Reconciliations</td> <td>Manager: Financial Statements and Reporting</td> </tr> </tbody> </table> <p><i>The word Chief were replaced by Senior for the Accountant Financial Statements and Reconciliations.</i></p> <p><b>Appendix A:</b> Consisting of the long-term and short-term ratings of Fitch and Moody's were removed from policy.</p>	REPORT NAME	FREQUENCY	PREPARED BY	RECIPIENT	Bank Balance report	Daily	Senior Clerk: Electronic Payments	Chief Finance Officer	Investments	Monthly	Senior Accountant: Financial Statements and Reconciliations	Manager: Financial Statements and Reporting
REPORT NAME	FREQUENCY	PREPARED BY	RECIPIENT										
Bank Balance report	Daily	Senior Clerk: Electronic Payments	Chief Finance Officer										
Investments	Monthly	Senior Accountant: Financial Statements and Reconciliations	Manager: Financial Statements and Reporting										
Credit Control and Debt Collection Policy	<p><b>2023/24 Credit Control and Debt Collection Policy</b></p> <p><b>Minor Corrections and document layout improvements</b></p> <p>Various grammatical changes and layout improvements were applied to enhance the readability of the document. The details of such may be traced via the "Track Changes" that has been activated in said document.</p> <p><b>Substantial Changes</b></p> <p>The details of such may be traced via the "Track Changes" that has been activated in said document.</p> <p><i>Substantial changes made to the credit control and debt collection policy are as follow:</i></p> <p><b>2.2.2 Water Services:</b></p>												

Policy/ By-law	Summarized Nature of change
	<p>(a) The Stellenbosch Municipality may in the event of an owner/debtor/consumer exhibiting a trend of non-payment of accounts during a twelve (12) month period prior to a non-payment event (i.e. 3 times or more non-payment events) consider the installation of water demand management devices with pre-paid functionality in a bid to limit credit risk. The Municipality may also consider upward adjustment of the relevant consumer deposit/bank guarantee.</p> <p>(b) In addition to the above, Stellenbosch Municipality will restrict water usage on a property for a high-usage non-paying owner/debtor/consumer or a non-paying indigent owner if such user fails to pay for water usage in excess of 6k/ (kilolitre). These restrictive measures will be applied on said property as described and according to the table below.</p> <p>The process to limit the outstanding debt basically follows a three-stage approach. The stages corresponding to the limiting levels as per the table below are dependent upon the level of usage at the commencement of debt management and the “Category of usage” of the property. The stages are administered as follows:</p> <ul style="list-style-type: none"> <li>(i) It will be incumbent of the user to present proof of occupancy if in the opinion of said user the number of persons on the property is different as to the “Category of usage” applied by Stellenbosch Municipality. Upon any proven discrepancies the Stellenbosch Municipality may apply the necessary corrective actions.</li> <li>(ii) The lowest stage of service for any “Category of usage” is the “Free Basic Service” level [6k/ (kilolitre)].</li> <li>(iii) If the defaulting user is using more than the monthly usage of the “1<sup>st</sup> Restrictive limit” as per the table below at the commencement of debt management, the user’s maximum usage will be set to the corresponding “1<sup>st</sup> Restrictive limit” level.</li> <li>(iv) If the defaulting user is not using more than the monthly usage of the “1<sup>st</sup> Restrictive limit” then the level will, at the commencement of debt management, be set based upon the range of a given lower level within which said user’s usage corresponds.</li> <li>(v) Upon the user defaulting after any previous stage had been set and to mitigate further debt the service level will be downgraded from the highest level at the commencement of debt management via reactionary stages until that user is at the lowest stage of service.</li> <li>(vi) The Stellenbosch Municipality will determine the timeframes between stages which may be different for the users involved.</li> <li>(vii) After the implementation of any restrictive measures as describe above, and said user has fully paid the outstanding debt, the Stellenbosch Municipality may after consideration and approval by the Manager Revenue or the Accountants in the Credit Control Section reverse the restrictive measures, but nevertheless in discreet ascending stage steps. Each stage will be time managed to prove successful payment of usage during said stage before any other stage is considered. If said user should default during this process all restrictive measures will be reverted.</li> </ul>

Policy/ By-law	Summarized Nature of change
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Category of usage	Free Service	Basic 2 <sup>nd</sup> Restrictive limit	1 <sup>st</sup> Restrictive limit
1 to 6 persons or Indigent households	200/ per day up to 6k/ per month	Not applicable for this "Category of usage"	400/ per day up to 12k/ per month
7 to 9 persons	200/ per day up to 6k/ per month	400/ per day up to 12k/ per month	750/ per day up to 22.5k/ per month
10 or more persons	200/ per day up to 6k/ per month	400/ per day up to 12k/ per month	1000/ per day up to 30k/ per month

**5. FURTHER ACTIONS**

(c) The Municipality shall at its own discretion in compliance to the measures provided for in the Municipality’s By-Laws, be entitled to withhold or limit the supply of services until the total costs, penalties, other fees, services, and rates due to the Municipality have been paid in full.

This may include the restriction of supply of water or electricity to a debtor who is found guilty by the Municipality or any Court of Law:

- (i) of fraud or theft of water and/or electricity,
- (ii) any another criminal activity relating to the supply or unauthorised consumption of water and/or electricity, or
- (iii) if it is evident that fraud, theft or any other criminal activity has occurred relating to such supply or consumption.

**12. PAYMENT OF ACCOUNTS – GENERAL**

12.1 In order to promote the payment of accounts, payment facilities and hours for payment must be convenient to consumers, but the establishment of such facilities should still be subject to normal business principles and the economy of the provision of such services.

12.2 The following facilities are presently available – with the office hours (usually between 08h00 - 13h00 and 13h30 - 15h30) and modes of payment indicated. Facilities are extended on an on-going basis.

<i>Facility</i>	<i>Hours</i>	<i>Payment methods accepted</i>
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Policy/ By-law	Summarized Nature of change		
	Cash offices at Stellenbosch, Kayamandi, Franschhoek, Klapmuts and Pniel	Office hours: Monday to Friday	Cash, debit cards
	Debit orders	Application during office hours	Bank transfers
	Third Party Service Providers: Countrywide outlets of Pick 'n Pay, Shoprite/Checkers, Pep Stores, Ackermans and other stores	Trading hours as per Service Provider: 7 days per week	Cash, credit cards, debit cards
	Internet payments	All hours	Bank transfers
	Direct bank deposits	Banking hours	Bank transfers
	Personnel deductions	Office hours	Direct deductions from earnings
	24-hour Utility shops at petrol stations	All hours	Cash, credit cards, debit cards
	Approved Pre-Paid Vending Agents	Trading hours as per Vending Agent	Cash
Development Charges Policy	<p><b>2023/24 Development Charges Policy</b></p> <p><b>Minor Corrections and document layout improvements</b></p> <p>Various grammatical changes and layout improvements were applied to enhance the readability of the document. The details of such may be traced via the “Track Changes” that has been activated in said document.</p> <p><b>Substantial Changes:</b></p> <p>The details of such may be traced via the “Track Changes” that has been activated in said document.</p> <p><i>Substantial Changes made to the Development Charges policy are as follow:</i></p> <p><b>6. OBLIGATION TO IMPOSE A DEVELOPMENT CHARGE</b></p> <p><b>6.1 Development Charges Apply</b></p> <p>When the Municipal Planning Tribunal or delegated authority approves a land development application which will or may result in intensified land use with an increased demand for external municipal engineering services infrastructure, it may, by imposing a condition of approval in terms of section 66 of the Planning By-Law, levy a development charge proportional to the calculated municipal public expenditure that has or may be incurred to satisfy the increased demand according to the normal need arising from such approval.</p>		

Policy/ By-law	Summarized Nature of change
	<p data-bbox="527 262 1502 399"><b>6.4</b> A developer must pay to the Municipality the full amount of the applicable development charge due prior to the exercise of any rights to use, develop or improve the land arising from the approval of a land development application, unless in the case of a phased land development –</p> <p data-bbox="576 441 1502 546">6.4.1 The Municipality authorises phased payments in the conditions of approval of land development applications, to take into account the timing of the proposed phases of the land development; and</p> <p data-bbox="576 567 1502 735">6.4.2 The Municipality may approve payment of the outstanding development charge into an attorney’s trust account, in cases where this will enable the completion of infrastructure projects in lieu of Development Charges that are not yet completed at the time that clearance is sought and if such withholding of clearance is deemed to be unfair towards the developer.</p> <p data-bbox="665 766 1502 997">An example of this is where the Municipality has requested the upgrade or installation of a service in-lieu of Development Charges, of which the upgrade was not an original condition of approval, or which is not specifically triggered by the development, but of which the immediate upgrade will be of benefit to the Municipality and/or the greater public. The conditions for the utilisation of the funds in this trust account shall be stipulated in a letter of undertaking issued by the trust attorney and as agreed to in writing by the Municipality.</p> <p data-bbox="527 1060 1096 1092"><b>7.CALCULATION OF DEVELOPMENT CHARGES</b></p> <p data-bbox="527 1123 1502 1249">7.7 Where possible, unit costs for each municipal infrastructure service should be recalculated every five years to take into account the current and planned capacity for each municipal infrastructure service at the date of re-calculation, and any other relevant factors.</p> <p data-bbox="527 1291 1502 1449">7.8 The unit costs were last recalculated for 2022/23. No adjustment factor between 2021/22 and 2022/23 was approved by Council as the new rates became effective immediately. As an escalation factor is still required in some instances, for instance to escalate the value of work done in lieu of DCs over multiple financial years, this increase is hereby confirmed as 14.7415%.</p> <p data-bbox="527 1501 1502 1627">7.9 In the event of the Municipality discovering that a gross error has occurred in the determination of the development charges, or if there are justifiable reasons to review the charges, it may, by means of a council resolution, correct such error or review the charges.</p> <p data-bbox="527 1669 1502 1732"><b>9.INSTALLATION OF EXTERNAL ENGINEERING SERVICES INSTEAD OF THE PAYMENT OF DEVELOPMENT CHARGES</b></p> <p data-bbox="552 1753 1502 1911">9.1 “Upon the “Developer” having complied with all the terms and conditions of an engineering services agreement the “Municipality” undertakes to value the total cost of “Municipal Services”, such valuation will be based on the payment certificates as certified by the professional Consulting Engineer. The total value as per the final payment certificate of the project will be used to determine the total</p>

Policy/ By-law	Summarized Nature of change
	<p>cost of “Municipal Services”. If the project has been completed in a previous financial year, the total completion value (as normally indicated on the final payment certificate) can be escalated to the year at which time DC payment is to be made. The escalation rate will be the same as the DC annual escalation as approved by council.</p> <p>The outstanding amount of development contributions payable as concluded with the “Developer” will be reduced by the value of such “Municipal Services” as provided in terms of this Agreement. The outstanding amount will be payable before a clearance certificate is issued by the Municipality, or before an occupation certificate is issued (where clearance certificate is not applicable).”</p> <p><b>12.SUBSIDIES AND EXEMPTIONS</b></p> <p>12.1 The Municipality may only subsidise a land development or category of land developments through reducing the development charge payable in respect thereof if it meets any of the following criteria.</p> <ul style="list-style-type: none"> <li>• The beneficiaries of the land development must primarily be indigent persons, persons dependent on pensions or social grants for their livelihood, or persons temporarily without income.</li> <li>• The land development must be for purposes of serving community, conservation, educational, institutional or public purposes as defined in Schedule 2 to the SPLUMA.</li> <li>• The applicant for a subsidy must be a registered non-profit or charitable community organisations undertaking social development projects that is beneficial to the community and/or where the applicant is able to demonstrate how the proposed development will have a social and/or economic benefit to the Municipality. The use of any land or buildings, or any part thereof, shall not be for the private financial benefit of any individual, including as a shareholder in a company or otherwise.</li> <li>• If the bulk engineering services for the land development concerned have been budgeted to be funded through a fiscal transfer from another sphere of government, a subsidy may be granted to the extent of that grant funding.</li> </ul> <p>12.2 Examples of land uses that may potentially qualify for subsidies or exemptions, are the following:</p> <ul style="list-style-type: none"> <li>• Breaking New Ground (BNG) (also known as low-cost) housing projects implemented by the Municipality will be exempt from DCs. These projects are approved by council prior to implementation and such approval should include financial commitments regarding the provision of bulk services for these projects. It is thus not necessary for development charges if the provision of bulk services is to be funded by alternative funding sources. If any bulk upgrades are identified to accommodate the new development during land use approval, then the onus will be on Council to allocate the required funds to the budget as part of the project implementation.</li> </ul>

Policy/ By-law	Summarized Nature of change
	<ul style="list-style-type: none"> <li>• Public schools, hospitals, clinics and other public infrastructure projects developed and funded by government which provides a service to especially the poorer communities may qualify for a potential subsidy. These projects will have a social and economic benefit to the communities and the Municipality in its whole and in so doing will alleviate some institutional and financial pressure on the Municipality in terms of providing social infrastructure and social development programmes.</li> </ul> <p>12.3. Applications for subsidies must be in writing and addressed to the Director: Infrastructure Services for evaluation, calculation of the applicable development charge as if it were payable, and submission of a recommendation to the Stellenbosch Municipal Council for consideration. Such submission must clearly indicate how the application meets the criteria of 12.1 and 12.2 above.</p> <p>12.4 If a subsidy is granted, the Municipal Council must set out the reasons for its decision, must identify the alternative funding source for the required bulk engineering services to the value of the subsidy, and must budget for and/or obtain funding from an alternative source to the value of the subsidy.</p> <p>12.5 Before the Municipality grants an individual subsidy, it must:</p> <p>12.5.1 ensure that the revenue to be forgone as a result of any subsidy approved by the Municipal Council is reflected in the Municipality's budget (Finance);</p> <p>12.5.2 must provide for budgetary provision for the realisation of the revenue forgone to be made, from another realistically available source of revenue (Finance);</p> <p>12.5.3 ensure that the monetary value of the subsidy, together with the amount of any other payment or payments received by the Municipality towards the capital costs of external engineering services for an approved land development, is at least equal to the development charge calculated in accordance with paragraph 12.4.1.</p> <p><b>13. SPECIAL ARRANGEMENTS</b></p> <p>13.1. Rural areas/farms: Development Charges will not be levied in respect of buildings as are reasonably connected with the permissible main farming activities on the farm (e.g. cellar and bottling facilities on a wine farm or a fruit packaging and storage facility on a fruit farm). Development Charges according to the applicable tariff will be levied for any other development on farms requiring approval of land use applications, e.g., a farm stall, function venue, tourist accommodation facilities, conference facilities or other commercial activities. A scientifically calculated reduction factor of 50% will however be applied to the trip generation rates as specified for such land uses outside of urban areas.</p> <p>13.7 Temporary Departures: No Development Charges will be levied in respect of temporary departure approvals; provided that:</p> <p>13.7.1. If, in the Municipality's opinion, any external engineering services upgrades are required to meet increased demand due to the impact of the temporary land use concerned, even if of a</p>

Policy/ By-law	Summarized Nature of change
	<p>temporary nature, the developer must construct such upgrade at own cost; and</p> <p>13.7.2. if an application for an extension of a temporary departure is granted, Development Charges will be levied due to the prolonged impact on services.</p>
Grants in Aid	<p><b>2023/24 Grant-in-aid Policy</b></p> <p><b>Minor Corrections and document layout improvements</b></p> <p>Various grammatical changes and layout improvements were applied to enhance the readability of the document. The details of such may be traced via the “Track Changes” that has been activated in said document.</p> <p><b>Substantial Changes</b></p> <p>The details of such may be traced via the “Track Changes” that has been activated in said document.</p> <p><i>Substantial changes in the grant-in-aid policy are as follow:</i></p> <ol style="list-style-type: none"> <li>1. General changes to correct language use contributing to clarity throughout the policy.</li> <li>2. Defining the concept of emerging organization not requiring audited financial statements as organization not older than 5 years of the application in question.</li> <li>3. Including churches as PBO’s as bodies used by government as an agency to serve the poor, marginalised or otherwise vulnerable as envisaged in as far as alleviating the burden on municipal cemeteries to erect “Memorial Walls”.</li> <li>4. Clarifying the responsibility of applicants to respond to the Call for Proposals by RSVP’ing to attend the compulsory clarification meeting.</li> <li>5. Health Category: Including services aimed at addressing mental health within communities/schools.</li> <li>6. Environment Category: Include facilities created to alleviate the burden on municipal cemeteries.</li> <li>7. Services for persons living on the street: Create opportunities for organisations other than Night Shelters to apply for Category B applications to include the following services for persons living on the streets: “Provision of social relief and healthy living, trauma, mental and substance support, job rehabilitation, skills development, job creation, readiness and placement services specifically for persons on the streets”</li> <li>8. Inclusion of specific mandatory template to use for feedback reports which will       <ol style="list-style-type: none"> <li>a. Assist with standardization of assessments of feedback reports and</li> <li>b. Assist organization to include all required information in feedback reports</li> </ol> </li> </ol>
Indigent Policy	<p><b>2023/24 Indigent Policy</b></p> <p><b>Substantial Changes</b></p> <p>The details of such may be traced via the “Track Changes” that has been activated in said document.</p>

Policy/ By-law	Summarized Nature of change
	<p><i>Substantial changes in the indigent policy are as follow:</i></p> <p><b>5.2 Household:</b></p> <p>(c) The head of the household should be:</p> <ul style="list-style-type: none"> <li>(i) the registered owner or part owner of the property; or</li> <li>(ii) the registered lessee of a Council housing unit; or</li> <li>(iii) the registered lessee of an Organ of State - (as defined in Section 239 of the Constitution) owned housing unit; or</li> <li>(iv) in meritorious cases as determined by the Municipality a person, being the head of the household, who is incapable of paying for basic municipal services and who resides in said property/unit.</li> </ul> <p><b>5.5 Qualifying income:</b></p> <ul style="list-style-type: none"> <li>(a) The total Gross Household income for a household will be taken into account when considering the application for Indigent support.</li> <li>(b) The maximum qualifying income level defined as the Indigent Income Threshold for a household as described in paragraph 5.2 of this Policy will be equal to or less than R 7 000 per month. Proof must be produced in the form of pay slips, unemployment certificates, income certificates or other acceptable proof of income.</li> <li>(c) Should proof of income not be available, income may be declared by means of a sworn statement. Such applications may be verified by means of a full investigation and a socio-economic survey.</li> </ul>
Irrecoverable Debt Policy	<p><b>2023/24 Irrecoverable Debt Policy</b></p> <p><b>Substantial Changes</b></p> <p>The details of such may be traced via the “Track Changes” that has been activated in said document.</p> <p><i>Substantial in the irrecoverable debt policy are as follow:</i></p> <p><b>1. Requirements before writing-off debt</b></p> <p>All applicable actions must have been executed/implemented before any debt, owed to Stellenbosch Municipality will be considered for writing-off.</p> <p>However, in special cases where all applicable actions were impossible/impractical to implement, the administration must motivate such write-off for consideration.</p> <p>The irrecoverable debt of registered indigent consumers may be written-off on an annual basis by Council.</p>

Policy/ By-law	Summarized Nature of change
	<p>The abovementioned applicable actions are those as contained in the approved Credit Control and Debt Collection Policy of Stellenbosch Municipality.</p> <p><b>3. Thresholds for writing-off of debt</b></p> <p>3.1 The writing-off of debt per individual case may be considered as follows:</p> <ul style="list-style-type: none"> <li>(i) Above forty thousand rand (R40 000) will be effected after Council approval.</li> <li>(ii) Amounting to forty thousand rand (R40 000) and below may be effected after motivation to and approval by the Chief Financial Officer (CFO) or his/her delegate.</li> <li>(iii) Amounting to twenty-five thousand rand (R25 000) and below may be effected after motivation to and approval by the Senior Manager: Revenue and Expenditure.</li> <li>(iv) Amounting to fifteen thousand rand (R15 000) and below may be effected after motivation to and approval by the Manager Revenue.</li> </ul> <p>3.2 The writing-off of any interest (or part thereof) component of debt, providing that the debt excluding the interest component, is paid in full, may be considered as follows:</p> <ul style="list-style-type: none"> <li>(i) Above one hundred and fifty thousand rand (R150 000) will be effected after Council approval.</li> <li>(ii) Amounting to one hundred and fifty thousand rand (R150 000) and below may be effected after motivation to and approval by the Chief Financial Officer (CFO).</li> </ul> <p><b>5. Rescission of Judgments</b></p> <p>Stellenbosch Municipality will consider applications for the consent to rescission of judgments, obtained by the Stellenbosch Municipality for the recovering of debt, provided that the following conditions are applicable:</p> <p>5.1 All outstanding debt accrued on the affected account of said property have been settled in full, and</p> <p>5.2 A period of at least five years has lapsed since the date of the applicable judgment, in the case where the Stellenbosch Municipality has written off any debt.</p>

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Rates Policy	<p data-bbox="524 222 773 254"><b>2023/24 Rates Policy</b></p> <p data-bbox="524 285 1179 317"><b>Minor Corrections and document layout improvements</b></p> <p data-bbox="524 348 1513 443">Various grammatical changes were applied to enhance the readability of the document. The details of such may be traced via the “Track Changes” that has been activated in said document.</p> <p data-bbox="524 474 773 506"><b>Substantial Changes</b></p> <p data-bbox="524 537 1468 600">The details of such may be traced via the “Track Changes” that has been activated in said document.</p> <p data-bbox="524 632 1105 663"><i>Substantial changes in the rates policy are as follow:</i></p> <p data-bbox="570 705 773 737"><b>4. DEFINITIONS</b></p> <p data-bbox="615 768 1513 863">“<b>residential purposes</b>” in relation to the use of the property means improved property primarily intended for human habitation and inhabited as such; subject to paragraph 7.9 of this Policy and provided that:</p> <ul data-bbox="660 884 1513 1325" style="list-style-type: none"> <li>• the following properties are specifically excluded from this definition: hostels, old age homes, and vacant land;</li> <li>• properties registered in terms of the Sectional Title Act, 1986 (Act 95 of 1986) must solely be used for this purpose; or</li> <li>• properties owned by a share-block company must solely be used for this purpose; or</li> <li>• a block of flats must solely be used for this purpose; or</li> <li>• a dwelling used for this purpose must be situated on property used for or related to educational purposes; or</li> <li>• the predominant use of a retirement scheme or life right scheme must be 60% or more for this purpose.</li> </ul> <p data-bbox="570 1367 927 1398"><b>7. APPLICATION OF RATING</b></p> <p data-bbox="615 1451 1179 1482"><b>7.4 Public Service Infrastructure properties</b></p> <p data-bbox="667 1514 1513 1577">The Municipality will apply the rate ratio as set out in the MPRA to public service infrastructure.</p> <p data-bbox="667 1671 1513 1797">The Municipality acknowledges that Sections 17(1)(a) and 17(1)(aA) of the MPRA provides for the distinct grouping of kinds of public service infrastructure as in the “public service infrastructure” definition in Section 1 of the MPRA.</p> <p data-bbox="667 1829 1513 1892">These groups will be processed respectively as either a PSI formulae code or a PSIE formulae code as referenced by the table in paragraph 18.1. For such</p>

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	<p>properties for which the Municipality is the owner the formulae code MUNP will be used.</p> <p>The Municipality will impose the 100% exclusion under the PSIE formulae code as directed by Section 93A of the MPRA.</p> <p>For properties under the PSI formulae code the Municipality will impose the 30% exclusion as directed by Section 17(1)(a) of the MPRA and grant on the 70% remainder a further 100% exception.</p> <p><b>7.5 Rural Properties</b></p> <p><b>7.5.1 Agricultural Use</b></p> <p>The Municipality will apply the rate ratio as set out in the MPRA to properties that are used for agricultural purposes by <i>bona fide</i> farmers. These properties will however not qualify for any relief measures.</p> <p>For a property to be categorised as agricultural, processes and structures fundamental to agricultural activities on that farming unit, will be considered. Structures such as a dwelling used by the farmer and farm employees will be considered integral to such processes.</p> <p>The Municipality may consider applying multiple use categorisation as per paragraph 7.2 if any structures are not used exclusively for agricultural purposes, or the structures are used for delivering or selling services or products to/for customers.</p> <p><b>7.5.2 Alternate Criteria and Use</b></p> <p>(a) Where a property in a rural area is being used for residential, business, mining, or industrial purposes, such as truck depots, construction yards, restaurants, functioning venue, guesthouses, and/or factories, said property will be valued and rated according to the category for residential, business, mining or industrial properties as applicable. The Municipality may however, consider valuating said property as a Multiple Use Property (refer to paragraph 7.2 of this Policy).</p> <p>(b) Owners of a property in rural areas which is not categorised as agricultural, but which in the opinion of the owner should be agricultural, must apply (refer to paragraph 14.1 of this Policy) for a revaluation, submit documentation as required by the CFO and declare in an affidavit, that no contraventions of the criteria for agricultural activities are taking place on the property. The application will be dealt with according to the supplementary valuation process.</p> <p><b>8.3 Senior Citizens and Disabled Persons</b></p> <p>8.3.4 The percentage rebate granted to different monthly <i>household income</i> levels will be determined according to the schedule below. The income</p>

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bands and rebates for the effective financial period of this Policy are as follows:

<b>Gross Monthly Household Income</b>			<b>% Rebate</b>	
<b>Income bands</b>				
Up to			8 000	100%
From	8 001	to	11 000	75%
From	11 001	to	13 000	50%
From	13 001	to	17 000	25%

**8.8 Non-Profit Organizations (NPO)**

An organisation must be registered as a Non-Profit Organisation (NPO) under the Non-profit Organisations Act, 1997 (Act 71 of 1997) to be considered as a candidate for the relief measures described below.

Organizations listed in paragraph 8.8.1 below that are operated as not-for-gain (declared or registered by law) or organisations that execute activities as per Item 6 (Cultural), item 7 (Conservation, Environment and Animal Welfare) and Item 9 (Sport) of Part 1 of the Ninth Schedule to the Income Tax Act may receive a rebate. All abovementioned organisations being privately controlled must be the owner of said properties.

These rebates are not applicable to any vacant land irrespective of its zoning or intended usage unless stated otherwise in this Policy.

Any part of said property that has been categorised as agricultural will not qualify for this relief measure.

All NPO must annually submit, according to paragraph 14.1 of this Policy proof of their status as per the above criteria. A SARS TAX Clearance Certificate may be required as well.

Abovementioned organisations which have a total revenue/income as defined in the schedule of paragraph 8.8.2 of this Policy will receive a rebate as set in said schedule.

Supply Chain Management Policy	<p><b>2023/24 Supply Chain Management Policy</b></p> <p><b>Minor Corrections and document layout improvements</b></p> <p>Various grammatical changes and layout improvements were applied to enhance the readability of the document. The details of such may be traced via the “Track Changes” that has been activated in said document.</p>
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	<p data-bbox="526 222 776 254"><b>Substantial Changes</b></p> <p data-bbox="526 285 1468 344">The details of such may be traced via the “Track Changes” that has been activated in said document.</p> <p data-bbox="526 380 1240 411">Substantial in the supply chain management policy are as follow:</p> <p data-bbox="570 443 740 474"><b>59. GENERAL</b></p> <p data-bbox="613 501 1521 632">Depending on the ability of Stellenbosch Municipality to implement the content of the Framework for Infrastructure Delivery and Procurement Management, only those parts that are practically implementable will be applied. The proper assessments will be done accordingly.</p> <p data-bbox="570 663 967 695"><b>60. CANCELATION OF TENDERS</b></p> <p data-bbox="613 726 1419 758">The municipality may, prior to the award of a tender, cancel the tender if:</p> <ol data-bbox="623 789 1521 1188" style="list-style-type: none"> <li>1) Due to changed circumstances, there is no longer a need for the goods or services requested; or</li> <li>2) Funds are no longer available to cover the total envisaged expenditure; or</li> <li>3) No acceptable tenders are received. [If all bids received are rejected, the municipality must review the reasons justifying the rejection and consider making revisions to the specific conditions of contract, design and specifications, scope of the contract, or a combination of these, before inviting new bids]; or</li> <li>4) Due to material irregularities in the tender process. If there are material irregularities that are committed during the tender process such that it renders the entire process unfair, the municipality may cancel the tender process and start afresh.</li> </ol> <p data-bbox="570 1220 1260 1251"><b>61. <u>NEGOTIATING A FAIR MARKET RELATED PRICE</u></b></p> <ol data-bbox="623 1283 1521 1879" style="list-style-type: none"> <li>1) Tender documents must include a condition stating clearly that the award of the tender may be subject to price negotiation with the preferred tenderers.</li> <li>2) The Bid Evaluation Committee may indicate in its report to the Bid Adjudication Committee that based on the evaluation the prices offered are above market related prices after factoring the premium to be paid in terms of the 80/20 or 90/10 preference point system and the findings of an objective market analysis conducted.</li> <li>3) When the Bid Adjudication Committee considers the Evaluation report it must express itself on whether it agrees or disagrees with the Bid Evaluation Committee; if it disagrees, the decision must be recorded and reasons provided as part of the Bid Adjudication Committee report.</li> <li>4) Where the Bid Adjudication Committee agrees with the BEC or on its own assessment is of the view that the tenderer is charging prices higher than the fair market price, the Bid Adjudication Committee may request from the AO/AA or delegated authority to subject the tender to price negotiations with</li> </ol>

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	<p>the three preferred tenderers scoring the highest points (from first highest to third highest) before award is made.</p> <ol style="list-style-type: none"> <li>5) Upon approval to negotiate, the AO/AA or delegated authority must appoint a cross functional negotiation team, with one member appointed to be team leader.</li> <li>6) The negotiating team leader must ensure that all members of the negotiating team are clear on the negotiation strategy and desired outcomes.</li> <li>7) Negotiations must be fair and objective and may not be used to unfairly prejudice the highest scoring / preferred tenderer or any other tenderer.</li> <li>8) Members of the negotiating team must behave ethically at all material times during and after negotiations, may not divulge any information related to negotiations to third parties without prior consent from the accounting officer/ authority.</li> <li>9) All negotiations must be officially closed with a decision communicated and agreed between parties before moving to negotiate with the next preferred tenderer.</li> <li>10) Negotiating; <ol style="list-style-type: none"> <li>(a) May not allow any preferred tenderer a second or unfair opportunity</li> <li>(b) Is not to the detriment of any other tenderer</li> <li>(c) Does not lead to higher price than the bid as submitted.</li> </ol> </li> </ol>
Travel and Subsistence Policy	<p><b>2023/24 Travel and Subsistence Policy</b></p> <p><b>Minor Corrections and document layout improvements</b></p> <p>Various grammatical changes and layout improvements were applied to enhance the readability of the document. The details of such may be traced via the “Track Changes” that has been activated in said document.</p>
Virement Policy	<p><b>2023/24 Virement Policy</b></p> <p><b>Minor Corrections and document layout improvements</b></p> <p>Various grammatical changes and layout improvements were applied to enhance the readability of the document. The details of such may be traced via the “Track Changes” that has been activated in said document.</p>
Ward Allocation Policy	<p><b>2023/24 Ward Allocation Policy</b></p> <p><b>Substantial Changes</b></p> <p>The details of such may be traced via the “Track Changes” that has been activated in said document.</p>

Policy/ By-law	Summarized Nature of change
	<p data-bbox="527 220 1112 252"><i>Substantial changes in the rates policy are as follow:</i></p> <p data-bbox="527 283 1323 315"><b>10. BASIS FOR ALLOCATING WARD ALLOCATION BUDGET</b></p> <p data-bbox="576 378 1518 514">10.1. Council <b>MAY</b> allocate as part of the municipal annual budgetary process certain funding from the rates accounts towards the Ward Allocations which may be an Operating Budget allocation and/or a Capital Budget allocation. The funding provided for each ward in the municipality must be equal;</p> <p data-bbox="576 546 1518 703">10.2. Ward allocation funding might be approved annually as part of the budgeting process with a percentage distribution between capital and operational funding if there is allocation for both capital and operational. All capital projects must be captured on the municipality's capital project identification, planning and prioritization system.</p> <p data-bbox="576 745 1518 871">10.3 If funding for ward projects is allocated in the annual budget, formal communication will be circulated to all ward councillors to inform them of the amount allocated to each ward for projects, either for operational or capital or both. This is done after the approval of the budget.</p>