

# KANNALAND MUNICIPALITY

## GRANTS- IN- AID POLICY

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### POLICY

The policy of the Council provides that:-

- 1.1 Whereas it is the norm for grants to be valid for one year only, as set out in paragraph 1.2, consideration shall be given to supporting and sustaining strategic relationships/partnerships with non-profit organizations/organs of Civil Society, for projects which will stimulate activities in social spheres, as well as applications in respect of specific programmes (such as HIV/AIDS awareness), such projects to be funded over a three year period;
- 1.2 All applications shall be considered simultaneously once a year to enable the Council to apply equal and consistent measures, with due regard for relative priority. Grants other than those per 1.1 above all only be valid for one year and organizations requiring further assistance will have to re-apply annually;
- 1.3 Applications shall be made on the prescribed application form by 31 March each year and considered only when such form is received together with the supporting documents required;
- 1.4 Applications received during the year shall be accumulated for consideration as per 1.2 above provided that in exceptional circumstances, the Council may depart from this procedure, e.g. where it can be proved that hardship may otherwise occur;
- 1.5 Applications to cover property rates assessments shall not be classified as such but shall be evaluated purely in terms of the approved criteria and need for financial assistance. This shall also apply in cases where entitlement to rates exemption falls away;
- 1.6 The amount of any grant will be determined according to the information supplied on the prescribed application form and will be at the discretion of Council;
- 1.7 The annual provision in respect of grants-in-aid, shall be allocated as follows amongst the various categories of applications (% indicated below is a guideline):

Suggested categories of applications/approximate provision allocation:

1. Educational Institutions – 15%
2. Welfare organizations – 20%
3. Sporting Bodies – 20%
4. Art and Culture – 15%
5. Local Economic development – 20%
6. Other – 10%

1.8 In each financial year 10% of the globular provision shall not be allocated, but shall be held as a contingency for distribution in cases of urgency or emergency the determination of urgency/emergency to be at the discretion of the Chairperson of the Financial Services Committee and in conjunction with the Manager: Corporate Services, in consultation with the Executive Mayor.

1.9 An undesirable precedent shall not be created.

## **2. CRITERIA**

2.1 the following factors shall be taken into account when a grant is to be awarded:

- 2.1.1 The grant must be permissible in terms of the applicable legislation;
- 2.1.2 The applicant's function shall be one which could be regarded as the responsibility of the Council, i.e. the applicant must be a non-profit institution engaged and where it is considered capable of delivering more effectively in terms of civic empowerment and value for money than the Council could. Should this not be the case, the application shall be directed elsewhere, e.g. the State, Provincial Government or other body;
- 2.1.3 the contribution of the applicant to the local community;
- 2.1.4 the need for financial assistance;
- 2.1.5 the financial resources of the applicant may determine its priority for assistance, provided that organizations which have built up reserves for specific projects and which are self-sufficient will not be penalized;

2.1.6 The non-utilisation of assets, such as property, which could be sold unless it forms a material source of annual income.

2.2 The following types of organizations shall qualify:

2.2.1 Registered benevolent, welfare or charitable institutions including animal Welfare societies (unless members of the Community Chest which qualify for rates relief only);

2.2.2 universities, public colleges and educational institutions initiating programmes;

2.2.3 libraries, museums, art galleries, agricultural societies, art and culture organization (in respect of the latter, preference to be given to groups staging shows locally or performing at Council functions);

2.2.4 sporting bodies – to be affiliated to Provincial/National governing body (applications for development projects/hosting of events must be channelled through the relevant governing body);

2.2.5 educational outreach programmes and/or community upliftment/development projects presented by registered welfare organizations/Section 21 companies/other Non-profit making Organisations;

2.2.6 Pre-schools, educare centres;

The Council to make land and buildings available by lease or sale to properly constituted community structures from which to operate educare facilities, and in the absence of alternative funding and within the limits of Council funds provided therefore, assist through grants-in-aid to cover the operational costs of such facilities. The Council's involvement would be limited to making grants-in-aid available to the structures against an indication that no other funding is available. This will necessitate the body exploring all other avenues of funding before coming to the Council for other avenues of funding for assistance, which in any event will be limited by other demands on the funds available for grant-in-aid;

- 2.2.7 local economic development organizations – only registered non profit organizations engaged in Economic Development through job creation, Small Medium Micro Enterprise development, inward investment, training, empowerment, community development and tourism;
- 2.2.8 any organization or institution which has, either individually or by reference to the class of organization or institution to which it belongs been classified as an organization or institution which serves the interests of the public or a section of the public or which serves a cultural or educational purpose.

2.3 Types of assistance not to be considered:

- 2.3.1 Travelling costs in respect of tours, delegations and visits outside Eden;
- 2.3.2 Payment of salaries, allowances, honoraria or any form of remuneration;
- 2.3.3 Municipal service charges (rates and taxes) in respect of land owned/leased by applicant;
- 2.3.4 Municipal service charges (sewerage and environmental charges in respect of applications received as a result of the amendment of the Municipal Finance Management Act 56 of 2003 (MFMA)
- 2.3.5 Funds for capital projects;
- 2.3.6 Fuel for motor vehicles
- 2.3.7 Short term insurance

2.4 Types of assistance which may be considered:

- 2.4.1 Property rates relief;
- 2.4.2 interest on loans in respect of permanent improvements to immovable property let by Council to the applicant or owned under an agreement containing a reversionary clause in favour of Council;
- 2.4.3 Rental due on municipal property;
- 2.4.4 Costs of hosting provincial/national/international events in the city (Sporting bodies to apply through relevant governing body);
- 2.4.5 hiring/utilizing/equipment of municipal facilities;

2.4.6 Any purpose which is considered to be of benefit to the City and which is permissible in terms of the MFMA or such other applicable legislation.

2.5 Types of organizations which do not qualify:

2.5.1 Churches;

2.5.2 Resident's/civic/ratepayer's organizations;

2.5.3 Politically affiliated bodies;

2.5.4 Labour or employer organizations;

2.5.5 Organisations which further racial discrimination or practice unfair discriminatory policies,

2.5.6 Organisations operating on a "for gain" i.e. profit making basis;

2.5.7 Internal (i.e. municipal/departmental) social or sport clubs.

### **3. PROCEDURE**

3.1 The following procedure is suggested in dealing with applications for grants-in-aid:

3.1.1 Notice shall be given in the local press during January each year inviting Qualifying organizations/bodies to apply for grant-in-aid;

3.1.2 Applications shall be submitted to the Manager: Corporate Services before 31 March each year for consideration in August of that year once the new Operating Budget has been approved. Applicants submitting forms after the aforementioned cut-off date shall be notified to re-apply before the cut-off date for the following financial year;

3.1.3 No application shall be considered unless the applicant has complied with the following conditions:

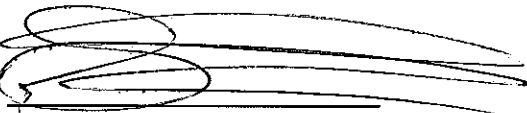
3.1.3.1 The application must be made on the prescribed application form obtainable from the Director Management and Administration;

3.1.3.2 A copy of the applicant's Constitution (new applications only), latest audited financial statements and annual report have been submitted to the Manager: Corporate Services. In cases where no financial statements are available (i.e.

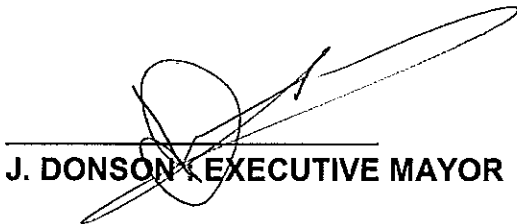
newly established organizations), a Business Plan and budget estimates must accompany the application;

- 3.1.3.3 The applicant must obtain from the Manager: Financial Services a certified letter reflecting the status of the applicant's municipal debt, if any. The awarding of grants-in-aid will be subject to payment thereof or an arrangement being made to pay any arrears on municipal accounts;
- 3.1.3.4 The applicant's Constitution must provide that any assets remaining in the event of dissolution of the organization shall be handed over to an organization or society with similar objectives;
- 3.1.4 All applications forms, with supporting documents shall be analysed and reported on by the Manager: Financial Services;
- 3.1.5 All applications for assistance shall be considered by the Grants-in-Aid Subcommittee in the first instance before submission to the Finance Committee and Executive Mayor;
- 3.1.6 All recipients of cash grants-in-aid shall be required to submit annual reports on the spending of the grants, failing which no consideration shall be given to future requests for assistance.

Approved : MAYCO 07/05/14 dated 28 May 2014



**M.M. HOOGBAARD : MUNICIPAL MANAGER**



**J. DONSON : EXECUTIVE MAYOR**