

SCHEDULE A

FINAL ANNUAL BUDGET AND SUPPORTING  
DOCUMENTATION FOR CHRIS HANI DISTRICT  
MUNICIPALITY



**CHRIS HANI**  
**DISTRICT MUNICIPALITY**

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SUSTAINING GROWTH  
THROUGH OUR PEOPLE

FINAL ANNUAL BUDGET OF  
**CHRIS HANI DISTRICT MUNICIPALITY**

2015/16 TO 2017/18  
MEDIUM TERM REVENUE AND  
EXPENDITURE FRAMEWORK

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## 1.1 Executive Summary

In terms of section 227 of the Constitution, local government is entitled to an equitable share of nationally raised revenue to enable it to provide basic services and perform its allocated functions. The local government equitable share is an unconditional transfer that supplements the revenue raised by municipalities (including property rates and service charges). The equitable share provides funding for municipalities to deliver free basic services to poor households and subsidises the cost of administration and other core services for those municipalities that have the least potential to cover these.

The Constitution gives local government substantial own-revenue-raising powers (particularly through property rates and surcharges on services). Municipalities are expected to fund most of their own administrative costs and cross-subsidise some services for indigent residents. The budget must indicate all allocations from its equitable share and conditional allocations to be transferred to the municipality indicating each category of funding to be utilised by the municipality in the provision of services.

In view of the aforementioned, the following table is a consolidated overview of the proposed 2015/16 Medium-term Revenue and Expenditure Framework for Chris Hani District Municipality:

**Table 1 Consolidated Overview of the 2015/16 MTREF**

Chris Hani District Municipality Consolidated Budget Summary 2015-2016					
Description	Current Year 2014/15		2015/16 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand					
Total Revenue (excluding capital transfers and contributions)	1 035 270	784 366	874 547	925 989	950 072
Total Expenditure	1 189 542	928 339	962 447	883 812	915 464
Surplus/(Deficit)	(154 272)	(143 973)	(87 900)	42 177	34 608
Total Capital Expenditure - Standard	609 168	625 003	767 320	600 663	558 935

Total operating revenue has grown by 11 per cent or is R874 million for the 2015/16 financial year when compared to the 2014/15 Adjustments Budget. For the two outer years, operating revenue will increase by 6 per cent and 3% respectively, equating to a total revenue growth of R165 million over the MTREF when compared to the 2014/15 financial year.

Total operating expenditure for the 2015/16 financial year has been appropriated at R962 million and translates into a budgeted deficit of R87 million. When compared to the 2014/15 Adjustments Budget, operational expenditure has increased by 4 per cent in the 2015/16 budget and by -8 and 4 per cent for each of the respective outer years. The operating surplus for the two outer years steadily decreases to R42 million and then stabilise at R34 million.

The capital budget of R767 million for 2015/16 is 23 per cent more when compared to the 2014/15 Adjustment Budget. The increase is due to the accounting of the asset financing reserve under the capital budget. The capital programme decreases to R600 million in the 2016/17 financial year and R 558 million in 2017/18. The main source of funding for the municipality is the conditional grants. The municipality has to fully implement the revenue enhancement strategy to increase the revenue base of the municipality. The cost of maintaining the capital infrastructure has to be funded through revenue generating assets. The municipality has to budget on the maintenance of the infrastructure capital assets to maintain their service delivery potential.

## **1.2 Operating Revenue Framework**

For Chris Hani District Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that the district is faced with infrastructure backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues. The municipality has to improve the revenue cycle in order to have funds available to improve the cash flow position of the municipality and its liquidity position.

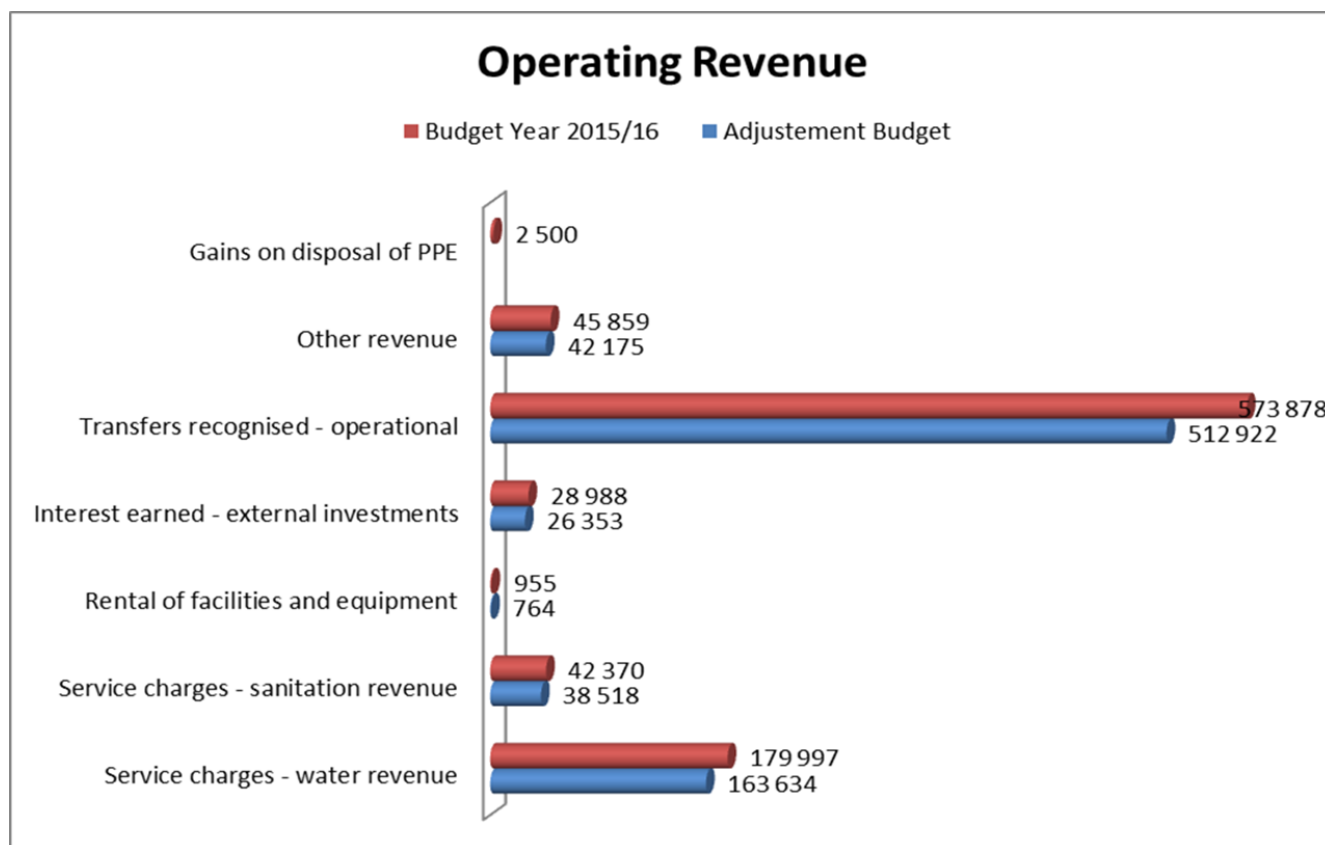
The municipality has embarked on Data cleansing and this will improve the billing and collection rate of the municipality. The focus areas of this strategy are to improve and enhance the following:

- ✚ The indigent registration for all the 8 local municipalities;
- ✚ Data cleansing on the financial information systems;
- ✚ Updating of all consumer files;
- ✚ Accurate billing (proper tariffs charged);
- ✚ Revenue collection that's sustains the cash flow position of the municipality;
- ✚ Skills transfer and capacitation of municipal officials on the revenue enhancement strategy.
- ✚ Debt recovery of all outstanding amounts; and
- ✚ An effective implementation of the credit control policy

The following table is a summary of the 2015/16 MTREF (classified by main revenue source):

**Table 2 Summary of revenue classified by main revenue source**

Chris Hani District Municipality Operating Revenue								
Description	2011/12	2012/13	2013/14	Current Year 2014/15		2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Revenue By Source</b>								
Service charges - water revenue	-	-	-	398 644	163 634	179 997	190 617	201 292
Service charges - sanitation revenue	-	-	-	173 060	38 518	42 370	44 870	47 382
Rental of facilities and equipment	97	94	39		764	955	1 011	1 070
Interest earned - external investments	19 601	19 049	25 984	18 019	26 353	28 988	30 699	32 418
Transfers recognised - operational	415 460	472 188	467 653	445 065	512 922	573 878	607 607	613 704
Other revenue	2 319	12 231	15 459	482	42 175	45 859	48 611	51 527
Gains on disposal of PPE	1 500	6 331	4 890			2 500	2 575	2 678
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>438 978</b>	<b>509 894</b>	<b>514 024</b>	<b>1 035 270</b>	<b>784 366</b>	<b>874 547</b>	<b>925 989</b>	<b>950 072</b>

**Table 3 Percentage growth in revenue by main revenue source**

Chris Hani District Municipality Operating Revenue Growth								
Description	2015/16 Medium Term Revenue & Expenditure Framework							
	R thousand	Adjusted Budget	% Change	Budget Year 2015/16	% Change	Budget Year +1 2016/17	% Change	Budget Year +2 2017/18
<b>Revenue By Source</b>								
Service charges - water revenue	163 634		10%	179 997	6%	190 617	6%	201 292
Service charges - sanitation revenue	38 518		10%	42 370	6%	44 870	6%	47 382
Rental of facilities and equipment	764		25%	955	6%	1 011	6%	1 070
Interest earned - external investments	26 353		10%	28 988	6%	30 699	6%	32 418
Transfers recognised - operational	512 922		12%	573 878	6%	607 607	1%	613 704
Other revenue	42 175		9%	45 859	6%	48 611	6%	51 527
Gains on disposal of PPE				2 500	3%	2 575	4%	2 678
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>784 366</b>		<b>11%</b>	<b>874 547</b>	<b>6%</b>	<b>925 989</b>	<b>3%</b>	<b>950 072</b>

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

Transfers recognised operational which comprises of grant funding comprises the main source of revenue stream of the municipality. Transfers recognised operational constitute 66 per cent of the total operating revenue of the municipality at R 573 million. In the 2015/16 financial year, revenue from water services charges totalled R222 million or 25 per cent. This increases to R235 million and R248 million in the respective financial years of the MTREF. The municipality has projected an annual increase in the revenue at 2 per cent and 7 per cent respectively this is based on the assumption of the changes in the tariffs charged and improvement in the accounts issued and billed. An effective and efficient revenue enhancement strategy will improve the collection rate of the budgeted revenue by the municipality.

Services charges – water revenue constitutes 25 per cent of the total operating revenue of the municipality hence the need for the municipality to focus on the implementation of the revenue enhancement strategy to improve billing and collection rate. The municipality is highly grant dependent as mentioned above hence the need to focus on the generation of own revenue for the long term financial health and sustainability of the municipality.



**Table 4 Operating Transfers and Grant Receipts**

DC13 Chris Hani - Supporting Table SA18 Transfers and grant receipts								
Description	2011/12	2012/13	2013/14	Current Year 2014/15		2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>RECEIPTS:</b>								
<b>Operating Transfers and Grants</b>								
<b>National Government:</b>	<b>374 138</b>	<b>419 978</b>	<b>419 729</b>	<b>442 480</b>	<b>442 480</b>	<b>542 578</b>	<b>607 607</b>	<b>613 704</b>
Local Government Equitable Share	325 908	359 060	384 900	356 171	413 744	446 759	478 364	512 703
RSC Levy Replacement				57 573				
Finance Management	1 511	1 528	1 513	1 500	1 500	1 500	1 500	1 500
Municipal Systems Improvement	1 338	991	902	934	934	940	960	1 033
Water Services Operating Subsidy				300	300			
EPWP Incentive	13 229	9 835	8 445	9 124	9 124	5 961		
National: Sport and Development	2 854	394						
Municipal Infrastructure Grant	14 171	34 643	18 781	13 899	13 899	84 402	123 686	95 182
Rural Roads Asset MS Grant	690	961	2 626	2 979	2 979	3 016	3 097	3 286
DWAF		12 567						
Department of Agriculture	12 746		2 262					
Acip: Capacity Building			300					
L G SETA	1 288							
National: Land Affairs	404							
<b>Provincial Government:</b>	<b>28 880</b>	<b>52 138</b>	<b>47 891</b>	<b>2 585</b>	<b>70 443</b>	<b>31 300</b>	<b>-</b>	<b>-</b>
Housing					35 701	-	-	-
Dept of Roads and Transport	-	3 887				-	-	-
Provincial Health Subsidies						-	-	-
DEA		9 433	1 349			-	-	-
DHLG & TA	3 389	3 456	2 897	2 585		-	-	-
DEDEA		1 201			2 102	3 500		
Public Works Roads & Transport	25 411	32 325	32 388		32 640	27 800		
Provincial: Treasury Grant	80					-	-	-
Provincial: Transport Grant		1 776				-	-	-
Other Subsidies		60	11 258			-	-	-
<b>Other grant providers:</b>	<b>12 442</b>	<b>71</b>	<b>33</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	12 442							
		71	33					
<b>Total Operating Transfers and Grants</b>	<b>415 460</b>	<b>472 188</b>	<b>467 653</b>	<b>445 065</b>	<b>512 922</b>	<b>573 878</b>	<b>607 607</b>	<b>613 704</b>
<b>Capital Transfers and Grants</b>								
<b>National Government:</b>	<b>418 520</b>	<b>502 489</b>	<b>570 340</b>	<b>685 562</b>	<b>579 978</b>	<b>594 253</b>	<b>491 515</b>	<b>603 789</b>
Municipal Infrastructure Grant (MIG)	269 247	311 786	356 832	264 078	264 078	189 142	161 447	367 435
Regional Bulk Infrastructure	104 330	185 577	156 363	218 238	245 972	275 503	258 000	154 716
Rural Households Infrastructure			4 511	4 000	4 000	4 000	4 500	5 000
EPWP/ Accelerated Comm Infrastru Prog						-	-	-
Municipal Water Infrastructure Grant			29 372	48 528	48 528	120 608	57 568	64 138
Water Services Operating Grant (WSOP)	44 942		15 841	12 000	12 000	5 000	10 000	12 500
ACIP		5 127	7 420	5 400	5 400	-	-	-
DHS Unblocking				133 318	-	-	-	-
<b>Provincial Government:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>133 318</b>	<b>70 000</b>	<b>-</b>	<b>-</b>
DHS Unblocking					133 318			
Provincial Treasury	-	-	-	-	-	70 000	-	-
<b>Total Capital Transfers and Grants</b>	<b>418 520</b>	<b>502 489</b>	<b>570 340</b>	<b>685 562</b>	<b>713 296</b>	<b>664 253</b>	<b>491 515</b>	<b>603 789</b>
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>	<b>833 980</b>	<b>974 677</b>	<b>1 037 993</b>	<b>1 130 627</b>	<b>1 226 218</b>	<b>1 238 131</b>	<b>1 099 122</b>	<b>1 217 493</b>

The table above is a breakdown of the grant funding that is allocated to Chris Hani District Municipality. This is an indication that, the municipality to be financially viable it mainly depends on grant funding for its operations. As depicted on Table 4 above over the MTREF period there is going to be a decrease in grants allocated to the municipality this therefore requires the municipality to fully implement the revenue enhancement strategy to improve the billing and collection; and the implementation of the cost containment measures to curb unnecessary expenditure.

### **1.2.1 Sale of Water and Impact of Tariff Increases**

Chris Hani District Municipality as a Water Service Authority and Provider is currently experiencing challenges in the billing, collection and implementation of the water tariffs across the district. The local municipalities have in the previous financial year's implemented different tariff structures other than those approved by the district municipality hence no uniformity in the tariff structure used. Consequently, National Treasury is encouraging all municipalities to carefully review the level and structure of their water tariffs to ensure, that:

- Water tariffs are fully cost-reflective – including the cost of maintenance and renewal of purification plants, water networks and the cost associated with reticulation expansion;
- Water tariffs are structured to protect basic levels of service and ensure the provision of free water to the poorest of the poor (indigent); and
- Water tariffs are designed to encourage efficient and sustainable consumption.

In addition National Treasury has urged all municipalities to ensure that water tariff structures are cost reflective by 2014 and Chris Hani District Municipality has missed that deadline.

Better maintenance of infrastructure, new dam construction and cost-reflective tariffs will ensure that the supply challenges are managed in future to ensure sustainability and improve the revenue base of the municipality.

Chris Hani District Municipality is a Water Services Authority and Provider therefore has to recognise own revenue from the rendering of water and sanitation services. The above allocations are not sustainable to maintain, repair and ensure the sustainability of the water

infrastructure assets that should generate a revenue base for the municipality in order to cover operational and capital costs. Attached is Annexure A indicating the breakdown of the tariffs to be implemented in recognising own revenue from water and sanitation services.

Chris Hani District Municipality reviewed the level and structure of their water and sanitation tariffs carefully with a view to ensure that;

- ❖ Water and sanitation tariffs are on aggregate not fully cost-reflective – inclusive of bulk cost of water, the cost of maintenance and renewal of purification/treatment plants and network infrastructure, and the cost of new infrastructure
- ❖ Water and sanitation tariffs are structured to protect basic levels of service; and
- ❖ Water and sanitation tariffs are designed to encourage efficient and sustainable consumption (e.g. through inclining block tariffs).

Better maintenance of infrastructure, new dam construction and cost-reflective tariffs will ensure that the supply challenges are managed in future to ensure sustainability.

### **1.3 Operating Expenditure Framework**

Chris Hani District municipality's expenditure framework for the 2015/16 budget and MTREF is informed by the following:

- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- The capital programme is aligned to the asset renewal strategy and backlog eradication plan;
- Operational gains and efficiencies will be directed to funding the capital budget and other core services;
- The municipality is striving to eliminate all non-priority spending;

- The municipality is to implement the cost containment measures and will continue to do so,
- The municipality currently has engaged on data cleansing and intends to improve its revenue.

The following table is a high level summary of the 2015/16 budget and MTREF (classified per main type of operating expenditure):

**Table 6 Summary of operating expenditure by standard classification item**

Chris Hani District Municipality Operating Expenditure								
Description	2011/12	2012/13	2013/14	Current Year 2014/15		2015/16 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Expenditure By Type</b>								
Employee related costs	112 297	122 565	134 215	223 850	170 141	259 220	275 864	293 347
Remuneration of councillors	7 437	7 918	7 331	9 633	9 930	10 923	11 567	12 215
Debt impairment	(12 334)	2 368	(1 087)	228 682	122 094	100 065	82 420	62 169
Depreciation & asset impairment	88 788	91 297	91 602	95 400	104 940	115 434	122 245	129 457
Finance charges	385	868	126	631	661	701	742	784
Bulk purchases	6 679	13 175	13 322	10 762	26 700	25 822	27 345	28 876
Other materials	31 210							
Contracted services	529	1 028	9 197	18 375	19 502	20 672	21 892	23 119
Transfers and grants	379 374	529 243	405 924	171 172	25 831	20 658	21 987	23 349
Other expenditure	39 196	45 221	57 660	431 038	448 540	408 952	319 750	342 148
Loss on disposal of PPE	6 008	1 746	-					
<b>Total Expenditure</b>	<b>659 570</b>	<b>815 430</b>	<b>718 291</b>	<b>1 189 542</b>	<b>928 339</b>	<b>962 447</b>	<b>883 812</b>	<b>915 464</b>

The budgeted allocation for employee related costs for 2015/16 financial year totals R259 million, which equals 27 per cent of the total operating expenditure. Based on the three year collective Salary and Wage Collective Agreement, salary increases have been factored into this budget at a percentage increase of 6 per cent for the 2015/16 financial year. An annual increase of 6 per cent has been included in the two outer years of the MTREF. The increase in the employee related costs by 30 per cent in comparison to the 2014/15 financial year was as a result of the organogram that is still under review and also the migration of water services staff from local municipalities due to the take-over of the water services function. The municipality has also prioritised the filling of all vacant and critical posts within 2015/16 financial year hence the increase in employee related costs.

The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the municipality budget.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total R115 million for the 2015/16 financial and equates to 13 per cent of the total operating expenditure. Note that the implementation of GRAP 17 accounting standard has meant bringing a range of assets previously not included in the assets register onto the asset register.

Bulk purchases are directly informed by the purchase of water from Department of Water Affairs. The annual price increases have been factored into the budget appropriations and directly inform the expenditure provisions. Bulk purchases constitute 3 per cent of the total operating expenditure. The municipality needs to implement a comprehensive activity based costing in the relationship between water purchases and the corresponding revenue receivable from the services rendered.

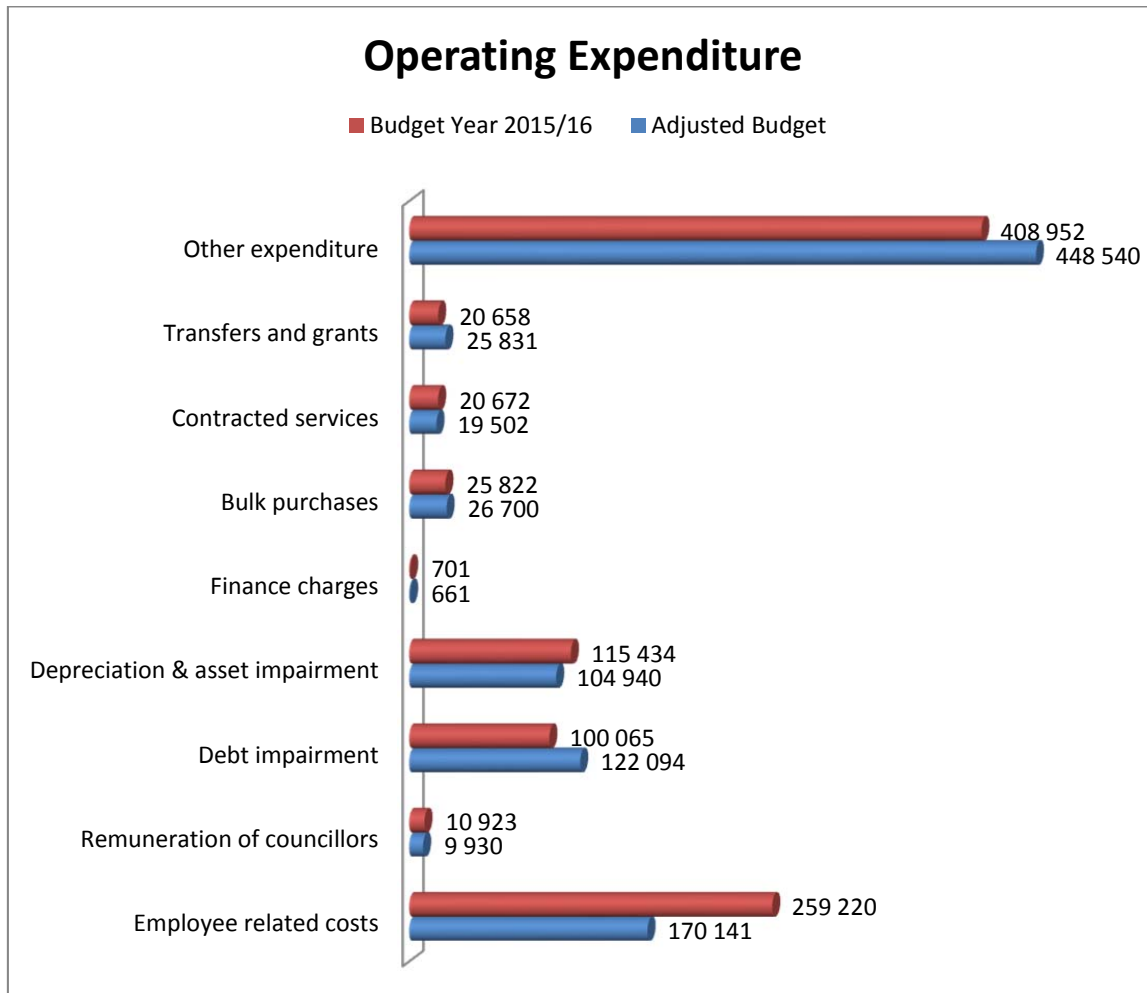
Chris Hani District Municipality is currently constrained with capacity and skills issues in various departments hence the use of service providers to enhance business process flows. The municipality will be engaging on a revenue enhancement strategy shared internal audit, security services and Chief Financial Officer Support for the preparation of the annual financial statements hence the use of consultants to assist with the processes. In the 2015/16 financial year, this group of expenditure totals R25 million and has escalated by 6 per cent, clearly demonstrating the need for the vacant and critical positions to be filled and skills transfers and capacitation by the current service providers within the municipality. As part of the process of identifying further cost efficiencies, a business process reengineering project will commence in the 2015/16 financial year to identify alternative practices and procedures, including building in-house capacity for certain activities that are currently being contracted out.

Other expenditure comprises of various line items relating to the daily operations of the municipality. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved. Other expenditure has declined by 8 per cent for 2015/16 financial year. This is due to the exclusion of the purchasing of assets and equipment as part of the IDP programmes and allocated to the asset financing reserve. Also included in other expenditure are the equitable share projects of the various departments to the value of R 98 million these projects are linked to the SDBIP. Other expenditure constitutes 42 per cent of the total operating budget.

The provision of debt impairment was budgeted for in the 2015/16 financial year and constitutes 11 per cent of the total operating expenditure. This was determined based on a collection rate of 40 per cent and the Debt Write-off Policy of the municipality. For the 2015/16 financial year this amount equates to R100 million. While this expenditure is considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues.

The transfers and grants amount to R20,6 million and this includes a transfer to Chris Hani Development Agency of R 15.6 million and the indigent subsidy of R 3 million..

The following graph gives a breakdown of the main expenditure categories for the 2015/16 financial year.

**Figure 1 Main operational expenditure categories for the 2015/16 financial year**

### 1.3.1 Free Basic Services: Indigent Support

The indigent support assists households that are poor or face other circumstances that limit their ability to pay for municipal services. To receive these free services the households are required to register in terms of the municipality's indigent policy in line with the water and sanitation services. The district municipality will be conducting indigent registration and data

cleansing as part of the revenue enhancement strategy so as to provide for the indigent households, this process will be reviewed annually. Detail relating to free services, cost of free basic services, revenue lost owing to free basic services as well as basic service delivery measurement is contained in Table 20 MBRR A10 (Basic Service Delivery Measurement) and supporting table SA21.

The cost of the indigent support of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act.

The basic services component provides a subsidy of R313.76 per month in 2015/16 for the cost of providing basic services to each of these households. The subsidy includes funding for the provision of free basic water (6 kilolitres per poor household per month), energy (50 kilowatt-hours per month) sanitation and refuse (based on service levels defined by national policy). The monthly amount provided for each service is detailed in Table W1.27 and includes an allocation of 10 per cent for service maintenance costs that is incurred by the municipality.

**Table W1.27 Amounts per basic service allocated through the local government equitable share**

	Allocation per household below affordability threshold (Rands per month)		
	Operations	Maintenance	Total
Energy	59.57	6.62	66.19
Water	89.77	9.97	99.75
Sanitation	72.37	8.04	80.41
Refuse	60.67	6.74	67.41
<b>Total basic services</b>	<b>282.38</b>	<b>31.38</b>	<b>313.76</b>

*Source: National Treasury*



## 1.4 Capital expenditure

The following table provides a breakdown of budgeted capital expenditure by vote:

**Table 7 2015/16 Medium-term capital budget per vote**

DC13 Chris Hani - Table A5 Consolidated Budgeted Capital Expenditure by vote, standard classification and funding									
Vote Description	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>R thousand</b>									
<b>Capital expenditure - Vote</b>									
<b>Multi-year expenditure <i>to be appropriated</i></b>									
Vote 7 - Technical Services	418 520	502 489	570 340	599 461	613 296	613 296	664 253	491 515	443 675
<b>Capital multi-year expenditure sub-total</b>	<b>418 520</b>	<b>502 489</b>	<b>570 340</b>	<b>599 461</b>	<b>613 296</b>	<b>613 296</b>	<b>664 253</b>	<b>491 515</b>	<b>443 675</b>
<b>Single-year expenditure <i>to be appropriated</i></b>									
Vote 1 - Council	-	-	-	1 590	-	-	-	-	-
Vote 2 - Municipal Manager	-	-	-	604	86	86	-	-	-
Vote 3 - Budget & Treasury	-	-	-	1 157	11 078	11 078	103 067	109 148	115 260
Vote 4 - Community Services	-	-	-	1 728	367	367	-	-	-
Vote 5 - Corporate Services	-	-	-	3 975	117	117	-	-	-
Vote 6 - Planning & Development	-	-	-	265	59	59	-	-	-
<b>Capital single-year expenditure sub-total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9 319</b>	<b>11 707</b>	<b>11 707</b>	<b>103 067</b>	<b>109 148</b>	<b>115 260</b>
<b>Total Capital Expenditure - Vote</b>	<b>418 520</b>	<b>502 489</b>	<b>570 340</b>	<b>608 780</b>	<b>625 002</b>	<b>625 002</b>	<b>767 320</b>	<b>600 663</b>	<b>558 935</b>

For 2015/16 an amount of R664 million has been appropriated for the development of infrastructure which represents 87 per cent of the total capital budget. In the outer years this amount totals R491 million, 82 per cent and R443 million, 79 per cent respectively for each of the financial years. Chris Hani District municipality provides water and sanitation services and currently has service delivery backlogs and infrastructure backlogs hence the capital funding is never sufficient to eradicate the backlogs. It is therefore essential for the municipality to explore and enhance the own revenue capabilities of the municipality to contribute on the improvement of infrastructure. Council out of its reserves has made a provision of R 99.5 million for 2015/16, R 105, 4 million and R 111. 3 million for the outer years to deal with fleet shortages and improve on tools of trade.

The following is the list of the capital infrastructure projects that the municipality has budgeted for in the 2014/15 financial year:

## **1.5 Annual Budget Tables - Parent Municipality**

The following pages present the main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2015/16 budget and MTREF as approved by the Council. Each table is accompanied by *explanatory notes*. **Table 8 MBRR Table A1 - Budget Summary**



### **Explanatory notes to MBRR Table A1 - Budget Summary**

1. Table A1 is a budget summary and provides a concise overview of the Chris Hani District Municipality budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminate basic service delivery backlogs.
3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
  - a. The operating deficit (after Total Expenditure) is negative over the MTREF declining in the outer years.
  - b. Capital expenditure is balanced by capital funding sources, of which
    - i. Transfers recognised is reflected on the Financial Performance Budget;
    - ii. Internally generated funds are financed from accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. .
4. The Cash backing/surplus reconciliation shows that in previous financial years the municipality was not paying much attention to managing this aspect of its finances, and consequently many of its obligations are not cash-backed. This places the municipality in a very vulnerable financial position, as the collection rate of the revenue from water and sanitation services is very low and needs to be enhanced.

Even though Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of providing basic services to the poor. The section of Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to increase. In addition, the municipality continues to make progress in addressing service delivery backlogs though not at a larger scale as it is grant dependent. The municipality has to ensure that it improves the billing and collection of the revenue from water and sanitation services so as to have cash available to fund service delivery and infrastructure backlogs.

**Table 9 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)**

DC13 Chris Hani - Table A2 Consolidated Budgeted Financial Performance (revenue and expenditure by standard classification)								
Standard Classification Description	2011/12	2012/13	2013/14	Current Year 2014/15		2015/16 Medium Term Revenue & Expenditure Framework		
	R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2015/16	Budget Year +1 2016/17
<b>Revenue - Standard</b>								
<i>Governance and administration</i>	857 498	1 012 383	320 070	425 139	493 470	632 368	773 141	895 569
Executive and council	1 500	-	94 919	-	-	-	-	-
Budget and treasury office	855 998	1 012 090	177 691	425 139	492 706	629 573	772 087	894 453
Corporate services	-	293	47 459	-	764	2 794	1 054	1 115
<i>Community and public safety</i>	-	-	60 449	15 918	5 477	6 661	3 347	3 535
Community and social services	-	-	60 449	15 918	5 477	6 661	3 347	3 535
<i>Economic and environmental services</i>	-	-	89 959	694 172	845 578	28 800	1 059	1 118
Planning and development	-	-	48 459	2 560	40 101	1 000	1 059	1 118
Road transport	-	-	41 500	-	32 640	27 800	-	-
Environmental protection	-	-	-	691 612	772 837	-	-	-
<i>Trading services</i>	-	-	613 886	571 705	202 153	974 038	749 105	768 899
Electricity	-	-	-	-	-	-	-	-
Water	-	-	613 886	398 644	163 634	873 573	650 252	415 146
Waste water management	-	-	-	173 060	38 518	100 465	98 852	353 753
<b>Total Revenue - Standard</b>	<b>857 498</b>	<b>1 012 383</b>	<b>1 084 364</b>	<b>1 706 933</b>	<b>1 546 677</b>	<b>1 641 867</b>	<b>1 526 652</b>	<b>1 669 121</b>
<b>Expenditure - Standard</b>								
<i>Governance and administration</i>	385 563	99 169	185 417	510 812	309 837	249 760	264 496	279 308
Executive and council	52 334	45 783	60 133	63 445	52 256	42 072	44 555	47 050
Budget and treasury office	292 650	26 694	55 870	288 866	166 494	152 456	161 450	170 492
Corporate services	40 579	26 692	69 414	158 502	91 086	55 232	58 491	61 767
<i>Community and public safety</i>	14 332	-	48 415	96 152	70 392	37 745	39 972	42 210
Community and social services	7 413	-	28 293	96 152	70 392	37 576	39 793	42 022
Public safety	6 861	-	651	-	-	169	179	188
Housing	-	-	-	-	-	-	-	-
Health	59	-	19 472	-	-	-	-	-
<i>Economic and environmental services</i>	11 357	137 572	213 291	327 352	169 986	26 431	27 990	29 557
Planning and development	7 370	55 557	135 342	119 281	130 026	26 431	27 990	29 557
Road transport	3 944	35 135	59 257	39 960	39 960	-	-	-
Environmental protection	43	46 879	18 692	168 111	-	-	-	-
<i>Trading services</i>	248 317	578 689	271 167	255 226	995 299	620 711	551 354	564 388
Electricity	-	-	-	-	-	-	-	-
Water	215 488	578 689	271 167	227 288	995 299	293 106	198 752	248 439
Waste water management	32 829	-	-	27 938	-	327 605	352 601	315 949
Waste management	-	-	-	-	-	-	-	-
<i>Other</i>	-	-	-	-	26 387	27 800	-	-
<b>Total Expenditure - Standard</b>	<b>659 570</b>	<b>815 430</b>	<b>718 291</b>	<b>1 189 542</b>	<b>1 571 900</b>	<b>962 447</b>	<b>883 812</b>	<b>915 464</b>
<b>Surplus/(Deficit) for the year</b>	<b>197 928</b>	<b>196 954</b>	<b>366 073</b>	<b>517 391</b>	<b>(25 223)</b>	<b>679 420</b>	<b>642 840</b>	<b>753 657</b>

**Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)**

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
2. Council should note that the Total Revenue on this table includes both operating and capital revenues (Transfers recognised – capital).
3. Council should also note that as a general principle the revenue not generated from Trading Services should exceed expenditure. The table highlights that this is the case for Water and Sanitation functions as the capital expenditure is not included on the expenditure below. As already noted above, the municipality will be undertaking a detailed study of this function to explore ways of improving efficiencies and provide a basis for re-evaluating the function's tariff structure.
4. It is imperative for the municipality to enhance its revenue generation capabilities than to be dependent on conditional grant funding for financing of business process flows and activities.

**Table 10 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)**

DC13 Chris Hani - Table A3 Consolidated Budgeted Financial Performance (revenue and expenditure by municipal vote)								
Vote Description	2011/12	2012/13	2013/14	Current Year 2014/15		2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Revenue by Vote</b>								
Vote 1 - Council	-	-	47 459	-	-	-	-	-
Vote 2 - Municipal Manager	1 500	-	47 459	-	-	-	-	-
Vote 3 - Budget & Treasury	855 998	1 012 090	177 691	425 139	492 706	629 573	772 087	894 453
Vote 4 - Community Services	-	-	60 449	15 918	5 477	6 661	3 347	3 535
Vote 5 - Corporate Services	-	293	47 459	-	764	2 794	1 053	1 115
Vote 6 - Planning & Development	-	-	48 459	2 560	40 101	1 000	1 059	1 118
Vote 7 - Technical Services	-	-	613 886	1 263 317	974 990	974 038	749 105	768 899
Vote 8 - Roadworks	-	-	41 500	-	32 640	27 800	-	-
<b>Total Revenue by Vote</b>	<b>857 498</b>	<b>1 012 383</b>	<b>1 084 364</b>	<b>1 706 933</b>	<b>1 546 677</b>	<b>1 641 867</b>	<b>1 526 651</b>	<b>1 669 121</b>
<b>Expenditure by Vote to be appropriated</b>								
Vote 1 - Council	13 760	13 770	16 230	19 408	20 236	19 189	20 321	21 459
Vote 2 - Municipal Manager	34 636	32 013	43 903	44 036	32 020	22 883	24 233	25 590
Vote 3 - Budget & Treasury	226 745	26 694	55 870	288 866	166 136	152 456	161 450	170 492
Vote 4 - Community Services	46 746	46 879	67 108	96 152	70 391	37 745	39 972	42 210
Vote 5 - Corporate Services	27 385	26 692	69 414	158 502	91 086	55 232	58 491	61 767
Vote 6 - Planning & Development	59 457	55 557	135 342	119 281	130 026	26 431	27 990	29 557
Vote 7 - Technical Services	181 239	544 342	213 890	423 337	333 029	606 343	536 139	548 321
Vote 8 - Roadworks	69 602	69 482	116 535	39 960	85 414	42 167	15 214	16 067
<b>Total Expenditure by Vote</b>	<b>659 570</b>	<b>815 430</b>	<b>718 291</b>	<b>1 189 542</b>	<b>928 339</b>	<b>962 447</b>	<b>883 811</b>	<b>915 464</b>
<b>Surplus/(Deficit) for the year</b>	<b>197 928</b>	<b>196 954</b>	<b>366 073</b>	<b>517 391</b>	<b>618 338</b>	<b>679 420</b>	<b>642 840</b>	<b>753 657</b>

### Explanatory notes to MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

1. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the municipality. This means it is possible to present the operating surplus or deficit of a vote. The following table is an analysis of the surplus or deficit for the water trading services.

**Table 11 Surplus/ (Deficit) calculations for the trading services**

DC13 Chris Hani - Table A2 Consolidated Budgeted Financial Performance (revenue and expenditure by standard classification)									
Standard Classification Description	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Revenue - Standard</b>									
<i>Trading services</i>	-	-	613 886	571 705	202 153	-	974 038	749 105	768 899
Water	-	-	613 886	398 644	163 634	-	873 573	650 252	415 146
Waste water management	-	-	-	173 060	38 518	-	100 465	98 852	353 753
<b>Total Revenue</b>	-	-	613 886	571 705	202 153	-	974 038	749 105	768 899
<b>Expenditure - Standard</b>									
<i>Trading services</i>	248 317	578 689	271 167	255 226	995 299	-	620 711	551 354	564 388
Water	215 488	578 689	271 167	227 288	995 299	-	293 106	198 752	248 439
Waste water management	32 829	-	-	27 938	-	-	327 605	352 601	315 949
Capital Expenditure	502 489	570 340	599 461	613 296	613 296	-	664 253	491 515	443 675
<b>Surplus/(Deficit) for the year</b>	(750 806)	(1 149 028)	(256 742)	(296 817)	(1 406 442)	-	(310 926)	(293 764)	(239 163)

2. The water services deficit is decreasing over the 2015/16 MTREF.
3. Note that the deficits to be incurred on the trading services which is water and sanitation services indicate that the municipality does not have enough funding for the capital budget. It is imperative to enhance the billing and collection of revenue. This will assist the municipality to eradicate service delivery backlogs within the district.

**Table 12 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)**

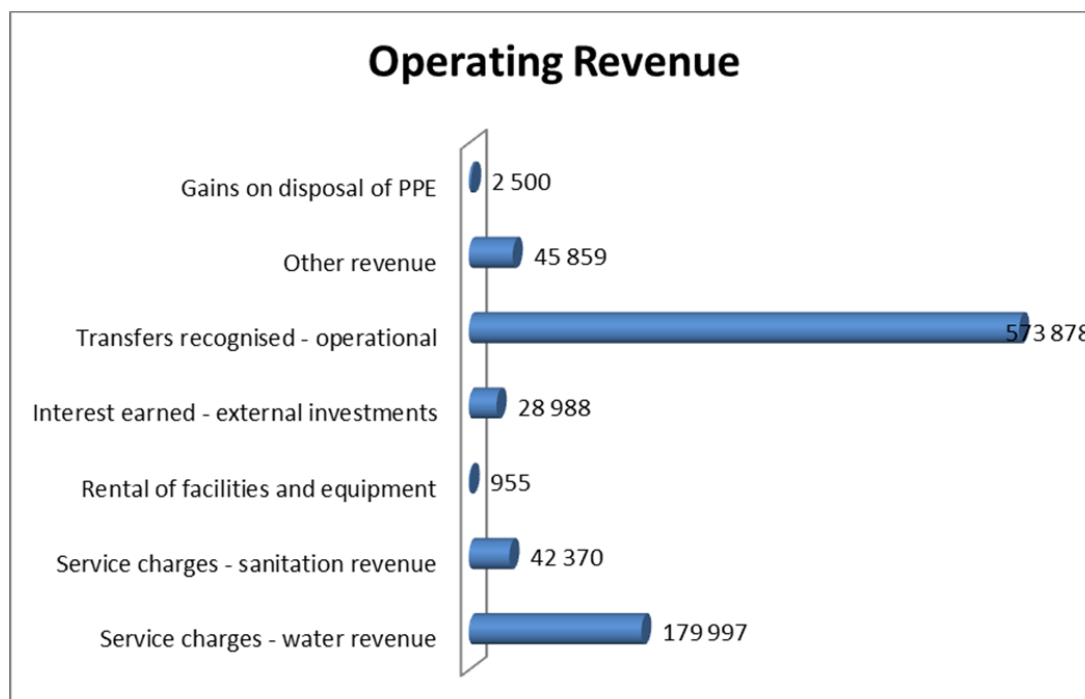
DC13 Chris Hani - Table A4 Consolidated Budgeted Financial Performance (revenue and expenditure)								
Description	2011/12	2012/13	2013/14	Current Year 2014/15		2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Revenue By Source</b>								
Service charges - water revenue	-	-	-	398 644	163 634	179 997	190 617	201 292
Service charges - sanitation revenue	-	-	-	173 060	38 518	42 370	44 870	47 382
Rental of facilities and equipment	97	94	39		764	955	1 011	1 070
Interest earned - external investments	19 601	19 049	25 984	18 019	26 353	28 988	30 699	32 418
Transfers recognised - operational	415 460	472 188	467 653	445 065	512 922	573 878	607 607	613 704
Other revenue	2 319	12 231	15 459	482	42 175	45 859	48 611	51 527
Gains on disposal of PPE	1 500	6 331	4 890			2 500	2 575	2 678
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>438 978</b>	<b>509 894</b>	<b>514 024</b>	<b>1 035 270</b>	<b>784 366</b>	<b>874 547</b>	<b>925 989</b>	<b>950 072</b>
<b>Expenditure By Type</b>								
Employee related costs	112 297	122 565	134 215	223 850	170 141	259 220	275 864	293 347
Remuneration of councillors	7 437	7 918	7 331	9 633	9 930	10 923	11 567	12 215
Debt impairment	(12 334)	2 368	(1 087)	228 682	122 094	100 065	82 420	62 169
Depreciation & asset impairment	88 788	91 297	91 602	95 400	104 940	115 434	122 245	129 457
Finance charges	385	868	126	631	661	701	742	784
Bulk purchases	6 679	13 175	13 322	10 762	26 700	25 822	27 345	28 876
Other materials	31 210							
Contracted services	529	1 028	9 197	18 375	19 502	20 672	21 892	23 119
Transfers and grants	379 374	529 243	405 924	171 172	25 831	20 658	21 987	23 349
Other expenditure	39 196	45 221	57 660	431 038	448 540	408 952	319 750	342 148
Loss on disposal of PPE	6 008	1 746	-					
<b>Total Expenditure</b>	<b>659 570</b>	<b>815 430</b>	<b>718 291</b>	<b>1 189 542</b>	<b>928 339</b>	<b>962 447</b>	<b>883 812</b>	<b>915 464</b>
<b>Surplus/(Deficit)</b>	<b>(220 592)</b>	<b>(305 536)</b>	<b>(204 267)</b>	<b>(154 272)</b>	<b>(143 973)</b>	<b>(87 900)</b>	<b>42 177</b>	<b>34 608</b>
Transfers recognised - capital	418 520	502 489	570 340	671 663	713 296	664 253	491 515	603 789
Contributions recognised - capital	-	-	-	-	-	-	-	-
Contributed assets						103 067	109 148	115 260
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>197 928</b>	<b>196 954</b>	<b>366 073</b>	<b>517 391</b>	<b>569 323</b>	<b>679 420</b>	<b>642 840</b>	<b>753 657</b>
Taxation								
<b>Surplus/(Deficit) after taxation</b>	<b>197 928</b>	<b>196 954</b>	<b>366 073</b>	<b>517 391</b>	<b>569 323</b>	<b>679 420</b>	<b>642 840</b>	<b>753 657</b>
Attributable to minorities								
<b>Surplus/(Deficit) attributable to municipality</b>	<b>197 928</b>	<b>196 954</b>	<b>366 073</b>	<b>517 391</b>	<b>569 323</b>	<b>679 420</b>	<b>642 840</b>	<b>753 657</b>
Share of surplus/ (deficit) of associate								
<b>Surplus/(Deficit) for the year</b>	<b>197 928</b>	<b>196 954</b>	<b>366 073</b>	<b>517 391</b>	<b>569 323</b>	<b>679 420</b>	<b>642 840</b>	<b>753 657</b>



### Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)

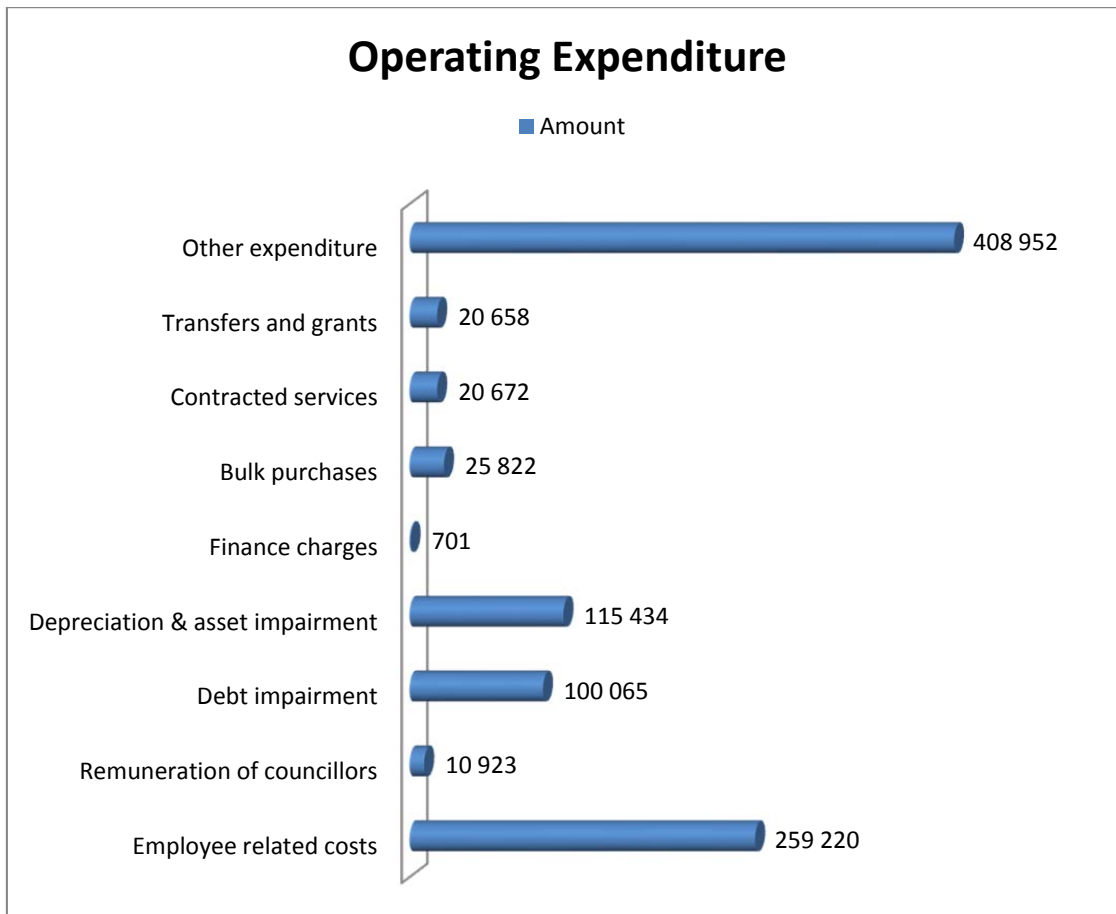
1. Total revenue is R874 million in 2015/16 and escalates to R950 million by 2017/18. This represents a year-on-year increase of 2 per cent for the 2015/16 financial year and 6 per cent for the 2016/17 financial year.
2. Revenue to be generated from water services is R222 million in the 2015/16 financial year and increases to R235 million by 2016/17 and represents 25 per cent of the operating revenue base of Chris Hani District Municipality and therefore indicating that the municipality is heavily grant dependent. It remains relatively constant over the medium-term, this has to be the revenue base of the municipality as the municipality is currently grant dependent to fund its operations and has to improve on billing and collection of own revenue.
3. Transfers recognised – operating, includes the local government equitable share and other operating grants from national and provincial government. These grants form 66 per cent of the total revenue base of the municipality therefore an indication that the municipality has to focus on the billing and collection of own revenue to have a better cash flow position
4. The following graph illustrates the major expenditure items per type.

**Figure 3 Revenue by major type**



5. Employee related costs are the major cost driver for the municipality at 27 per cent of the total budget. These costs have increased significantly over the years due to the filling of vacancies that existed in the municipality and also annually the collective bargaining cost element is factored in. The water and sanitation take over has also influenced this cost as employees that were in local municipalities have moved to the district municipality.
6. The table above reflects an overall increase of 11% in the final budget for operating expenditure.
- ❖ The following expenditure items have increased:-
    - ✓ Employee related costs
    - ✓ Remuneration of councillors
    - ✓ Depreciation & asset impairment
    - ✓ Contracted services
    - ✓ Transfers and grants
  - ❖ The following expenditure items have decreased:
    - ✓ Debt impairment;
    - ✓ Bulk Purchases
    - ✓ Other expenditure

Figure 4 Expenditure by major type



**Table 13 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source**

DC13 Chris Hani - Table A5 Consolidated Budgeted Capital Expenditure by vote, standard classification and funding									
Vote Description	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Capital expenditure - Vote</b>									
<b>Multi-year expenditure to be appropriated</b>									
Vote 7 - Technical Services	418 520	502 489	570 340	599 461	613 296	613 296	664 253	491 515	443 675
<b>Capital multi-year expenditure sub-total</b>	<b>418 520</b>	<b>502 489</b>	<b>570 340</b>	<b>599 461</b>	<b>613 296</b>	<b>613 296</b>	<b>664 253</b>	<b>491 515</b>	<b>443 675</b>
<b>Single-year expenditure to be appropriated</b>									
Vote 1 - Council	-	-	-	1 590	-	-	-	-	-
Vote 2 - Municipal Manager	-	-	-	604	86	86	-	-	-
Vote 3 - Budget & Treasury	-	-	-	1 157	11 078	11 078	103 067	109 148	115 260
Vote 4 - Community Services	-	-	-	1 728	367	367	-	-	-
Vote 5 - Corporate Services	-	-	-	3 975	117	117	-	-	-
Vote 6 - Planning & Development	-	-	-	265	59	59	-	-	-
<b>Capital single-year expenditure sub-total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9 319</b>	<b>11 707</b>	<b>11 707</b>	<b>103 067</b>	<b>109 148</b>	<b>115 260</b>
<b>Total Capital Expenditure - Vote</b>	<b>418 520</b>	<b>502 489</b>	<b>570 340</b>	<b>608 780</b>	<b>625 002</b>	<b>625 002</b>	<b>767 320</b>	<b>600 663</b>	<b>558 935</b>
<b>Capital Expenditure - Standard</b>									
<i>Governance and administration</i>	-	-	-	7 326	11 281	-	103 067	109 148	115 260
Executive and council				2 194	86				
Budget and treasury office				1 157	11 078		103 067	109 148	115 260
Corporate services				3 975	117				
<i>Community and public safety</i>	-	-	-	1 728	367	-	-	-	-
Community and social services				1 728	367				
<i>Economic and environmental services</i>	-	-	-	265	59	-	-	-	-
Planning and development				265	59				
<i>Trading services</i>	418 520	502 489	570 340	599 849	613 296	-	664 253	491 515	443 675
Electricity									
Water	314 190	316 913	380 094	599 461	613 296		603 664	432 908	370 592
Waste water management	104 330	185 577	190 246	388			60 590	58 607	73 083
Waste management									
<i>Other</i>									
<b>Total Capital Expenditure - Standard</b>	<b>418 520</b>	<b>502 489</b>	<b>570 340</b>	<b>609 168</b>	<b>625 003</b>	<b>-</b>	<b>767 320</b>	<b>600 663</b>	<b>558 935</b>
<b>Funded by:</b>									
National Government	418 520	502 489	570 340	599 461	613 296		664 253	491 515	443 675
Transfers recognised - capital	418 520	502 489	570 340	599 461	613 296	-	664 253	491 515	443 675
Internally generated funds				9 707	11 707		103 067	109 148	115 260
<b>Total Capital Funding</b>	<b>418 520</b>	<b>502 489</b>	<b>570 340</b>	<b>609 167</b>	<b>625 002</b>	<b>-</b>	<b>767 320</b>	<b>600 663</b>	<b>558 935</b>

**Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source**

1. Table A5 is a breakdown of the capital programmes in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations. In relation to multi-year appropriations, for 2015/16 R664 million has been allocated, which totals to 87 per cent. This allocation declines to R491 million in 2016/17 and then flattens out to R443 million in 2017/18. The municipality has to enhance its own revenue in order to fund capital expenditure and eradicate service delivery backlogs and be able to maintain existing infrastructure.
3. Single-year capital expenditure has been appropriated at R103 million for the 2015/16 financial year and remains relatively constant over the MTREF at levels of R109 million and R115 million respectively for the two outer years.
4. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles, furniture and office equipment, specialized tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the municipality. For the purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.
5. The capital programme is funded from capital and provincial grants and transfers. For 2015/16, capital transfers totals R664 million (100 per cent) and declines to R491 million by 2016/17. Chris Hani municipality is solely dependent on grant funding to fund the capital budget. The municipality needs to strengthen the generation of own revenue to fund its capital budget.

**Table 14 MBRR Table A6 - Budgeted Financial Position**

DC13 Chris Hani - Table A6 Consolidated Budgeted Financial Position								
Description	2011/12	2012/13	2013/14	Current Year 2014/15		2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>R thousand</b>								
<b>ASSETS</b>								
<b>Current assets</b>								
Cash	238 961	191 648	251 333	371 000	371 000	103 112		
Call investment deposits	306 690	308 381	380 377	380 444	380 444	-	-	-
Consumer debtors	-	-	-	68 605	(7 753)	570 942	604 627	638 486
Other debtors	85 688	190 957	50 483	19 080	19 080	19 080	20 206	21 337
Current portion of long-term receivables	47 938	76 095	51 922	-	-			
Inventory	797	873	1 623	848	848	848		
<b>Total current assets</b>	<b>680 075</b>	<b>767 954</b>	<b>735 738</b>	<b>839 976</b>	<b>763 618</b>	<b>693 982</b>	<b>624 833</b>	<b>659 824</b>
<b>Non current assets</b>								
Investment in Associate	1 500	1 500	1 500			1 500	1 589	1 677
Property, plant and equipment	2 720 665	2 885 666	3 277 151	3 333 943	3 700 892	4 520 739	4 787 463	5 055 561
Agricultural								
Biological								
Intangible	441	1 366	915			1 366	1 447	1 528
Other non-current assets								
<b>Total non current assets</b>	<b>2 722 606</b>	<b>2 888 533</b>	<b>3 279 566</b>	<b>3 333 943</b>	<b>3 700 892</b>	<b>4 523 605</b>	<b>4 790 498</b>	<b>5 058 766</b>
<b>TOTAL ASSETS</b>	<b>3 402 681</b>	<b>3 656 487</b>	<b>4 015 303</b>	<b>4 173 919</b>	<b>4 464 511</b>	<b>5 217 587</b>	<b>5 415 331</b>	<b>5 718 590</b>
<b>LIABILITIES</b>								
<b>Current liabilities</b>								
Bank overdraft	8 736		17 620					
Borrowing	1 130	47	44	-	-	-	-	-
Consumer deposits	1 086	4 950	6 759					
Trade and other payables	168 077	250 330	164 854	231 180	231 180	14 796	15 669	16 547
Provisions	1 734							
<b>Total current liabilities</b>	<b>180 763</b>	<b>255 327</b>	<b>189 277</b>	<b>231 180</b>	<b>231 180</b>	<b>14 796</b>	<b>15 669</b>	<b>16 547</b>
<b>Non current liabilities</b>								
Borrowing	4 424	-	-	-	-	-	-	-
Provisions	28 474	33 405	32 878	31 270	31 270	38 783	41 071	43 371
<b>Total non current liabilities</b>	<b>32 898</b>	<b>33 405</b>	<b>32 878</b>	<b>31 270</b>	<b>31 270</b>	<b>38 783</b>	<b>41 071</b>	<b>43 371</b>
<b>TOTAL LIABILITIES</b>	<b>213 661</b>	<b>288 732</b>	<b>222 155</b>	<b>262 450</b>	<b>262 450</b>	<b>53 580</b>	<b>56 741</b>	<b>59 918</b>
<b>NET ASSETS</b>	<b>3 189 021</b>	<b>3 367 755</b>	<b>3 793 148</b>	<b>3 911 470</b>	<b>4 202 061</b>	<b>5 164 007</b>	<b>5 358 590</b>	<b>5 658 671</b>
<b>COMMUNITY WEALTH/EQUITY</b>								
Accumulated Surplus/(Deficit)	3 189 021	3 367 755	3 793 148	2 178 336	2 178 335	1 790 770	1 742 610	1 754 973
Reserves	-	-	-	1 733 134	2 023 725	3 762 261	4 027 956	4 338 745
Minorities' interests								
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>3 189 021</b>	<b>3 367 755</b>	<b>3 793 148</b>	<b>3 911 470</b>	<b>4 202 061</b>	<b>5 553 031</b>	<b>5 770 566</b>	<b>6 093 718</b>

**Explanatory notes to Table A6 - Budgeted Financial Position**

1. Table A6 is consistent with international standards of good financial management practice, and improves understand ability for councillors and management of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
3. Table 14 is supported by an extensive table of notes in supporting table SA3 providing a detailed analysis of the major components of a number of items, including:
  - Call investments deposits;
  - Consumer debtors;
  - Property, plant and equipment;
  - Trade and other payables;
  - Non-current provisions ;
  - Changes in net assets; and
  - Reserves.
4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position for the MTREF.

**Table 15 MBRR Table A7 - Budgeted Cash Flow Statement**

DC13 Chris Hani - Table A7 Consolidated Budgeted Cash Flows								
Description	2011/12	2012/13	2013/14	Current Year 2014/15		2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>								
<b>Receipts</b>								
Property rates, penalties & collection charges						-	-	-
Service charges	557	208 544	32 451	399 127	245 091	122 301	129 517	136 770
Other revenue						46 814	49 621	52 598
Government - operating	415 460	472 188	467 653	445 065	512 922	573 878	607 607	613 704
Government - capital	418 520	502 489	570 340	685 562	713 296	664 253	491 515	603 789
Interest	19 601	19 049	25 984	18 019	26 353	28 988	30 699	32 418
Dividends						2 500	2 575	2 678
<b>Payments</b>								
Suppliers and employees	(680 566)	(760 897)	(699 821)	(693 658)	(672 612)	(941 088)	(861 083)	(891 331)
Finance charges	(385)	(868)	(126)	(631)	(661)	(701)	(742)	(784)
Transfers and Grants				(171 172)	(25 031)	(20 658)	(21 987)	(23 349)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>173 187</b>	<b>440 505</b>	<b>396 480</b>	<b>682 311</b>	<b>799 358</b>	<b>476 287</b>	<b>427 722</b>	<b>526 493</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>								
<b>Receipts</b>								
Proceeds on disposal of PPE	271 202	(409 904)	(330 965)			-	-	-
Decrease (Increase) in non-current debtors	(1 240)					-	-	-
Decrease (Increase) other non-current receivables	(1 500)		(193)			-	-	-
Decrease (Increase) in non-current investments	(48 057)	(49 003)	12 311			-	-	-
<b>Payments</b>								
Capital assets	(418 520)	(502 489)	(570 340)	(609 167)	(625 002)	(767 320)	(710 092)	(638 992)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(198 115)</b>	<b>(961 396)</b>	<b>(889 187)</b>	<b>(609 167)</b>	<b>(625 002)</b>	<b>(767 320)</b>	<b>(710 092)</b>	<b>(638 992)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>								
<b>Payments</b>								
Repayment of borrowing	(1 075)	(5 554)				-	-	-
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>(1 075)</b>	<b>(5 554)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>(26 003)</b>	<b>(526 444)</b>	<b>(492 707)</b>	<b>73 144</b>	<b>174 356</b>	<b>(291 033)</b>	<b>(282 370)</b>	<b>(112 499)</b>
Cash/cash equivalents at the year begin:	267 291	230 224	191 648	299 014	299 014	299 014	7 981	(274 389)
Cash/cash equivalents at the year end:	241 289	(296 220)	(301 059)	372 158	473 370	7 981	(274 389)	(386 888)



**Table 16 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation**

DC13 Chris Hani - Table A8 Consolidated Cash backed reserves/accumulated surplus reconciliation									
Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15		2015/16 Medium Term Revenue & Expenditure Framework		
					Original Budget	Adjusted Budget	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand		Audited Outcome	Audited Outcome	Audited Outcome					
<b>Cash and investments available</b>									
Cash/cash equivalents at the year end	1	241 289	(296 220)	(301 059)	372 158	473 370	7 981	(274 389)	(386 888)
Other current investments > 90 days		295 626	796 249	915 149	379 285	278 073	95 131	274 389	386 888
Non current assets - Investments	1	-	-	-	-	-	-	-	-
<b>Cash and investments available:</b>		<b>536 915</b>	<b>500 029</b>	<b>614 090</b>	<b>751 444</b>	<b>751 444</b>	<b>103 112</b>	<b>-</b>	<b>-</b>
<b>Application of cash and investments</b>									
Unspent conditional transfers		68 338	53 717	42 771	-	-	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-
Statutory requirements	2	16 807	16 436	18 080	19 888	19 888			
Other working capital requirements	3	79 992	(3 034 311)	16 379	170 016	219 853	(355 889)	(376 924)	(398 192)
Other provisions		1 950		3 031	3 335	3 335			
Long term investments committed	4	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	204 574	159 612	206 733	227 406	1 733 134			
<b>Total Application of cash and investments:</b>		<b>371 661</b>	<b>(2 804 546)</b>	<b>286 993</b>	<b>420 644</b>	<b>1 976 209</b>	<b>(355 889)</b>	<b>(376 924)</b>	<b>(398 192)</b>
<b>Surplus(shortfall)</b>		<b>165 254</b>	<b>3 304 575</b>	<b>327 097</b>	<b>330 800</b>	<b>(1 224 766)</b>	<b>459 001</b>	<b>376 924</b>	<b>398 192</b>

**Explanatory notes to Table A7 - Budgeted Cash Flow Statement**

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. It can be seen that the cash levels of the municipality increased over the years 2011/12 to 2014/15 due to the increased allocations of conditional grants received by the municipality, vat receivable income and the municipality has budgeted for revenue from water and sanitation services. In the 2015/16 budget year there is a decline in the cash levels due to the increase in the operating budget and also a decline in grant allocations of the municipality. However the municipality needs to take into consideration a realistic collection rate as this has implications on the funding of the budget.
4. The approved 2015/16 MTREF provide for a further net decrease in cash of 291 million.
5. The 2015/16 MTREF has been informed by the planning principle of a 55 per cent collection rate on water and sanitation services revenue.
6. Cash and cash equivalents totals R7 million as at the end of 2015/16 financial year and declines to negative R274 million by 2016/17.

**Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation**

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.
5. From the table it can be seen that for the period 2011/12 to 2015/16 the deficit increased from R7 million to R97 million.
6. Considering the requirements of section 18 of the MFMA, it can be concluded that the adopted 2015/16 MTREF was funded as much as the budget is showing a deficit as a result of budgeting for non-cash items which are depreciation and debt impairment
7. As part of the budgeting and planning guidelines that informed the compilation of the 2015/16 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.
8. As can be seen the budget indicates that for the municipality to be financially viable and sustainable the municipality has to focus on the implementation of the revenue enhancement strategy and data cleansing to improve the revenue base of the municipality.

## ANNEXURE A

## 2015/16 Tariff Structure

### Water and Sanitation

AN ANNUAL BUDGET AND SUPPORTING  
DOCUMENTATION FOR CHRIS HANI DISTRICT  
MUNICIPALITY



**CHRIS HANI**  
**DISTRICT MUNICIPALITY**  

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**SUSTAINING GROWTH  
THROUGH OUR PEOPLE**

Chris Hani District Municipality as a Water Service Provider is currently experiencing challenges in the billing, collection and implementation of the water tariffs across the district. The local municipalities have in the previous financial year's implemented different tariff structures hence no uniformity in the tariff structure used. Consequently, National Treasury is encouraging all municipalities to carefully review the level and structure of their water tariffs to ensure:

- Water tariffs are fully cost-reflective – including the cost of maintenance and renewal of purification plants, water networks and the cost associated with reticulation expansion;
- Water tariffs are structured to protect basic levels of service and ensure the provision of free water to the poorest of the poor (indigent); and
- Water tariffs are designed to encourage efficient and sustainable consumption.

In addition National Treasury has urged all municipalities to ensure that water tariff structures are cost reflective by 2014.

Better maintenance of infrastructure, new dam construction and cost-reflective tariffs will ensure that the supply challenges are managed in future to ensure sustainability

Chris Hani District Municipality is a Water Services Provider therefore has to recognise own revenue from the rendering of water and sanitation services. The above allocations are not sustainable to maintain, repair and ensure the sustainability of the water infrastructure assets that should generate a revenue base for the municipality in order to cover operational and capital costs. Below is the breakdown of the tariffs to be implemented in recognising own revenue from water services.

#### **TARIFFS: WATER SUPPLY SERVICES AND INCIDENTAL CHARGES**

In terms of the relevant legislation the Chris Hani District Municipality will be implementing tariffs for the water and sanitation services with effect from **1 July 2015** as follows:

**Start date: 01 JULY 2015**

**VAT INCLUDED**

**End date: 30 JUNE 2016**

### 1. TARIFFS: WATER SUPPLY SERVICES AND INCIDENTAL CHARGES

The amounts due for water services for the 2015/2016 financial year be paid on dates as indicated on accounts which will be rendered from 1 July 2015.

- ✚ The Sewerage Charges will be linked to the account where the water connection is billed.
- ✚ Reference to “per month” in the tariffs is based on a meter reading period of 30 days with regard to the calculation of a charge for the free consumption portion.
- ✚ Use is the determining factor for tariff application but where a mixed use occurs on any given property the property zoning will be the determining factor in the tariff

Application.

- ✚ ALL TARIFFS LISTED BELOW OR TO BE CALCULATED IN TERMS OF THIS SCHEDULE OF TARIFFS **EXCLUDE VAT.**

### 2. WATER TARIFFS

Charges shall be levied in respect of each separate connection for water. It is further noted that the tariffs effective to consumption as from 01 July 2015 and accounts as from those to be generated from July 2015 on a pro rata basis where applicable, will be levied.

### 3. CONSUMPTION TARIFFS

The tariffs listed in this item shall be payable where water, used solely for household purposes, including temporarily connections for this purpose, has been supplied. In the case of hostels and old age homes, every 4 beds shall be deemed to be a residential unit. Where the Housing Department officially accommodates two or three beneficiaries (families) per stand, each beneficiary (family) is deemed to be a residential unit.

#### 3.1 Household use

This tariff is only applicable to properties used exclusively for household purposes.

In the event that a small business is conducted as a primary right in terms of a Town Planning Scheme, or home enterprise in terms of the Council's policy, from a property used for household purposes, and the connection size is either a 15mm or 20mm connection, the tariffs in the table below shall apply. However, any connection which is greater than 20mm and the property is not exclusively used for residential purposes, shall be charged in terms of the tariffs. Spaza Shops, defined as an area of a dwelling unit and or associated immovable outbuilding not more than 20m<sup>2</sup> in extent, used by the occupant of such a dwelling unit for the purposes of selling basic household goods, is also included in this tariff, provided the connection size is either a 15mm or 20mm connection.

**Table 1**

<b>Tariff Summary</b>	<b>Tariff R/kl 2013/14</b>	<b>Tariff R/kl 2015/16</b>
Number of residential units x (0 – 6 kl / month)	<b>R 0.00</b>	<b>R 8.66</b>
Number of residential units x (5 – 15 kl / month)	<b>R 0.00</b>	<b>R 10.02</b>
Number of residential units x (16 – 30 kl / month)	<b>R 0.00</b>	<b>R 12.28</b>
Number of residential units x (31 – 45 kl / month)	<b>R 0.00</b>	<b>R 15.29</b>
Number of residential units x (46 – 60 kl / month)	<b>R 0.00</b>	<b>R 16.70</b>
Number of residential units x (61 or more kl / month)	<b>R 0.00</b>	<b>R 18.85</b>

### **3.2 Institutional Use: Welfare Organizations, Government Schools Institutional Public Hospitals, Churches**

Public Benefit Organizations, Non-Governmental Organizations and Cultural Organizations approved in terms of section 30 of the Income Tax Act 58 of 1962, read with items 1, 2 and 4 of the ninth Schedule to the Act; Welfare organizations registered in terms of the National Welfare Act, 1978 (Act No 100 of 1978), State Assisted Public Schools or Colleges, Public Hospitals and Churches.

The tariff payable in terms of this item is as follows:

<b>Tariff Summary</b>	<b>Tariff R/kl 2013/14</b>	<b>Tariff R/kl 2015/16</b>
0-200kls per month	<b>R 0.00</b>	<b>R 10.24</b>
201-2500 kl per month	<b>R 0.00</b>	<b>R 11.32</b>
2501 or more kl per month	<b>R 0.00</b>	<b>R 12.39</b>

### 3.3 Informal Settlements:

<b>Tariff Summary</b>	<b>Tariff R/kl 2013/14</b>	<b>Tariff R/kl 2015/16</b>
This item is applicable in cases where stands and /or dwelling units are supplied by means of a standpipe (no stand connection available)	<b>R 0.00</b>	<b>R 0.00</b>

### 3.4 Un-metered and/or Unread Connections

Tariffs payable in respect of un-metered and/or unread connections where the Water Supply By laws of the Council do not provide an alternative method for calculating consumption or estimating consumption for purposes of interim charges: -

#### 3.4.1 Institutional Uses as listed in item (public benefit organizations)

The tariff specified below, and not the tariff specified in item for Public Benefit Organizations, Non-Governmental Organizations and Cultural Organizations, is payable where water is supplied, but there is no relevant meter reading for the relevant month, irrespective of whether or not a meter has been fitted

<b>Tariff Summary</b>	<b>Tariff R/kl 2015/16</b>
Fixed rate	<b>R 1 18.30</b>



**3.4.2 Business & Other Uses not included in items 3.1, 3.2, 3.3, 3.4.1, 3.4.2 & 3.5:****Business and Other Uses Municipal**

The tariff specified below, and not the tariffs listed in item 3.6, is payable where water is supplied but there is no relevant meter reading for the relevant month, irrespective of whether or not a meter has been fitted.

<b>Tariff Summary</b>	<b>Tariff R/kl 2015/16</b>
Fixed rate	<b>R 1 27.40</b>

**3.5 Flow Restriction/Water Consumption Management Meter**

3.5.1 Properties used exclusively for household purposes as defined in 3.1: For as long as a flow restriction/water consumption management meter implemented by the Head of Department: Water and Sanitation or his nominee in respect of the supply of water to the relevant premises applicable, the relevant tariff listed as per 3.1 shall be payable:

3.5.2 Registered Indigent Account Holders as defined in the Indigent Policy: If so requested by a registered indigent account holder, or deemed necessary by the Head of Department:

Water and Sanitation or his nominee, a flow restrictor/water consumption management

meter can be installed on the premises, subject to such Indigent being registered in terms of the Council's Indigent Policy:

The registered indigent will receive the allocated 9 kl free basic water per month on a daily pro rata basis where after the tariff in 3.1 will be applicable

**3.6 Business and Other Uses**

The tariffs listed in this item are payable in respect of all uses not listed in items 3.1, 3.2 and 3.3.

These tariffs apply to e.g. the following uses: business, commercial, industrial, government, mining, private schools, crèches, sport clubs including sport clubs whose lease agreements with Council have expired, private hostels, private hospitals and clinics, agriculture, temporary connections for building or

business use, fire hydrant use, including Council owned properties, where the usage is not defined as in paragraphs 3.1, 3.2 or 3.3

<b>Tariff Summary</b>	<b>Tariff R/kl 2015/16</b>
0 – 5 000 kl / month	<b>R 13.14</b>
5001 -25000 kl / month	<b>R 13.36</b>
25 001- 50000 kl/month	<b>R 13.57</b>
50 001- or more kl / month	<b>R 13.57</b>

The tariffs listed in this item shall be levied in respect of each water connection provided to the premises on which a use as intended in this item is being exercised. The relevant tariffs listed in this item shall be levied accumulatively.

### **3.7 Minimum Basic Charges**

#### **3.7.1 Min Basic Household Use**

Any premises, including vacant stands, where Council Water Supply is available, but the supply is not directly connected to the Council's water reticulation system, the monthly minimum basic charge below will be levied until such time that the relevant premises including vacant stands, have been connected where after the tariff sliding scale in item 3.1 will apply.

<b>Tariff Summary</b>	<b>Tariff R/kl 2015/16</b>
Fixed rate	<b>R 91.00</b>

#### **3.7.2 Min Basic Institutional Uses**

Any premises, including vacant stands, where Council Water Supply is available, but the supply is not directly connected to the Council's water reticulation system, the monthly minimum basic charge below will be levied until such time that the relevant premises including vacant stands, have been connected where after the fixed tariff in item 3.2 will apply.

<b>Tariff Summary</b>	<b>Tariff R/kl 2015/16</b>
Fixed rate	<b>R 241.00</b>

**3.7.3 Min Basic Informal Settlements:** Tariff as per item 3.3.**3.7.4 Min Basic Business and Other Uses, Min Basic Business and Other Uses Municipal**

Any premises, including vacant stands, where Council Water Supply is available, but the supply is not directly connected to the Council's water reticulation system, the monthly minimum basic charge below will be levied until such time that the relevant premises including vacant stands, have been connected where after the tariff sliding scale in item 3.6 will apply.

<b>Tariff Summary</b>	<b>Tariff R/kl 2015/16</b>
Fixed rate	<b>R 473.00</b>

**3.8 Private Internal Water Leaks**

In case of exceptionally high meter readings of water consumption, due to leaks from a private internal pipeline, the Director Income; Finance Department or his nominee, may determine that the excess consumption be levied at **R8.66** per kilolitre for a maximum period of 91days, the commencement date of such period to be determined in the entire discretion of the said Director. A reduction in consumption is required as well as proof of the leak been rectified as substantiated by a plumbers invoice or affidavit from the consumer which must be submitted to the municipality within 90 days after repair of the leak.

**3.9 Service Audit**

3.9.1 Where a service audit identifies residential and agricultural zoned properties used for business purposes, the adjustment to service charges from residential to business use

will be effected from the date the audit was conducted.

3.9.2 The water consumption in government subsidized housing scheme areas identified through a service audit in respect of water meters not being incorporated in the Council's records will be calculated from the date the error was detected, provided a reading was obtained on such a date.

#### **4. CONNECTION PIPES, WATER CONNECTIONS INCLUDING FIRE CONNECTIONS OR UPGRADING OF SUCH CONNECTIONS, METERING OF UNMETERED CONNECTIONS AND METERING OF UNMETERED FIRE CONNECTIONS USED ILLEGALLY**

The following tariffs or charges are payable in respect of the installation of connection pipes, water connections including fire connections or upgrading of such connections, the metering of unmetered connections and where existing unmetered fire connections are unlawfully used.

In the latter case the Council reserves the right to change the water supply installation to a meter installation metered by a combination meter as sized by the Council and to recover the appropriate cost as listed in 4.1.1 from the owner. **(All tariffs exclude Vat).**

#### **4.1 Where a water or fire hydrant connection is supplied:**

(Note: Only combination meters are to be installed for connections larger than 25mm up to 150mm.)

##### **4.1.1 Combination meters**

<b>Main Meter size</b>	<b>Tariff R/kl 2015/16</b>
<b>50mm</b>	<b>R 32 991.00</b>
<b>80mm</b>	<b>R 35 978.00</b>
<b>100mm</b>	<b>R 44 222.00</b>
<b>150mm</b>	<b>R 70 188.00</b>

4.1.2 Normal meters and Water Consumption Management meters. (WCM). It is currently

CHDM policy to only install WCM meters and the charges for normal meters are only included should the policy revert back to normal mechanical meters.

Installation, including a standpipe, the connection into the reticulation pipeline, connection pipe to meter, isolating valve, meter, meter box with connecting pipe extending to boundary line and / or entrance to stand. (Road crossing included).

Main Meter connection	Tariff R/kl 2015/16
15mm	R 2 271.00
15mm WCM	R 3 269.00
25mm	R 4 238.00

The installation of a Water Consumption Management meter is at the discretion of the Head of Department: Water and Sanitation.

4.1.3 Full Installation by Council, which includes a standpipe, the connection into the reticulation pipeline, connection pipe to meter, isolating valve, meter, meter box with connecting pipe extending to boundary line and / or entrance to stand, (Road crossing excluded – refer paragraph 6):

Main Meter connection	Tariff R/kl 2015/16
15mm	R 1 729.00
15mm WCM	R 2 767.00

The installation of a Water Consumption Management meter is at the discretion of the Head of Department: Water and Sanitation.

## 5. ILLEGAL CONNECTIONS AND OR CONSUMPTIONS AND DAMAGES TO SERVICES

5.1 Illegal use of the fire connection and/or use of unauthorized connections / consumption:

5.1.1 A fee of **R5, 006.00** per unit representing water consumption and related administration costs in cases of Household usage.

5.1.2 A fee of **R10, 201.00** per unit representing water consumption and related administration costs in cases where Business and Other usage is applicable.

**Other:**

5.1.3 A fee of **R13, 800.00** per incident representing water consumption and related administration costs in cases of unauthorized usage by vehicles such as tankers.

5.2 Any damages to the network or connections: **Actual cost of repairs + cost of water loss + 15% administration fee per incident.**

5.3 Neglect by an owner to repair a leaking fire connection within 48 hours after notification in terms of the policy of CHDM: **Actual cost of repairs + 15% administration fee per incident**

**6. CHARGES IN RESPECT OF SERVICES FOR WHICH NO TARIFFS ARE LISTED**

In cases where a connection to or service in respect of the water system is required and for which a charge has not been listed above, the party applying for such connection or service shall pay the cost of such work plus an administration fee of 15%, such cost to be determined by the Head of Department: Water and Sanitation or his nominee in advance and such cost to be paid in advance.

**7. READING OF METERS ON REQUEST**

Should a person require that a meter be read at any time other than the time appointed by the Head of Department: Water and Sanitation or his nominee, a charge of **R236.00** shall be paid in advance for each such reading.

**8. DISCONTINUATION AND RESTRICTION OF WATER SUPPLY AS CREDIT CONTROL MEASURE AND RE-INSTATEMENT OF SUPPLY**

In the event of the water supply to a premises being cut off or restricted as a credit control measure, the consumer will be charged the following tariffs:

**8.1 Household Usage**

8.1.1 To deliver by hand at the premises being supplied with water, a notice addressed to the consumer instructing the consumer to settle the account within 14 days from the date of the notice: No proof of delivery required: **R78.00**.

8.1.2 To install Water Consumption Management meter in order to restrict the flow through the connection to 30 kl or less per month: **R2, 691.00 -applicable to 15mm connection**.

8.1.3 To disconnect the water supply by removing the connection pipe and / or T piece or Meter R836.00.

8.1.4 To adjust the Water Consumption management meter in order to re-instate full flow to the premises: **R439.00 -applicable to 15mm connection**.

## 8.2 Business and Other Usage

8.2.1 To deliver by hand at the premises being supplied with water, a notice addressed to the consumer instructing the consumer to settle the account within 14 days from the date of the notice: No proof of delivery required: **R78.00**

8.2.2 To terminate the water supply **R836.00**

8.2.3 To re-instate the water supply **R836.00**

8.2.4 To install Water Consumption Management meter in order to restrict the flow through the connection to 30 kl or less per month: **R2, 691.00 -applicable to 15mm connection**

8.2.5 To adjust the Water Consumption Management meter in order to re-instate full flow to the premises: **R439.00 -applicable to 15mm connection**

10.2.6 To disconnect the water supply by removing the connection pipe and / or T piece or meter: **R836.00**.

## 11 DAMAGES TO THE MUNICIPAL WATER PIPE SYSTEM AND/OR WATER INSTALLATIONS

Any damages to the municipal pipe system and/or installation: Actual costs of repairs + cost of water loss calculated as follows:

a) Pipes with diameter of 50mm or less R6, 111.00

b) Pipes with diameter larger than 50mm but less than or equal to 100mm R12, 223.00

c) Pipes with diameter larger than 100mm but less than or equal to 250mm R18, 334.00

d) Pipes with diameter larger than 250mm but less than or equal to 400mm R24, 446.00

e) Pipes with diameter larger than 400mm but less than or equal to 700mm R48, 892.00

f) Pipes with diameter larger than 700mm R67, 226.00



**12. TARRIFFS FOR MUNICIPAL HEALTH SERVICES/ ENVIRONMENTAL MANAGEMENT AND WATER QUALITY SERVICES****VECTOR CONTROL**

<b>Service</b>	<b>Tariff</b>
<b>Vector control per occurrence</b>	<b>R 300</b>

**ENVIRONMENTAL POLLUTION CONTROL**

<b>Service</b>	<b>Tariff</b>
<b>Waste water spillages</b>	<b>R 500</b>
<b>Noise control</b>	<b>R 500 (Residential)</b>
	<b>R 600 (Commercial)</b>

**ATMOSPHERIC EMISSIONS LICENCES**

SERVICE	TARRIFFS			
	New Application	Review	Renewal	Transfer
Complexity of the Application				
1 unit of listed activities	R 1500	R 1000	R 1000	R 500
2 to 5 units of listed activities	R 2500	R 1500	R 1000	R 500
6 to 10 units of listed activities	R 3500	R 2500	R 1000	R 500
11 and more units of listed activities	R 4500	R 3500	R 1000	R 500

**WATER QUALITY – LABORATORY**

ANALYSIS	TARRIF
<b>BACTERIOLOGICAL ANALYSIS</b>	
E .coli (count/100ml)	R 92.00
Faecal Coliform Count (count/100ml)	R 75.00
<b>PHYSICAL &amp; ORGANOLEPTIC ANALYSIS</b>	
pH	R 20.72
Turbidity	R 12.25
Electrical Conductivity	R 16.87

<b>Chlorine</b>	<b>R 6.45</b>
<b>Total Dissolved Solids (TDS)</b>	<b>R 41.65</b>
<b>Suspended Solids</b>	<b>R 31.36</b>
<b>CHEMICAL ANALYSIS</b>	
<b>Fluoride</b>	<b>R 70.22</b>
<b>Nitrate</b>	<b>R 88.26</b>
<b>Ammonia</b>	<b>R 67.20</b>
<b>Chemical Oxygen Demand (COD)</b>	<b>R 140.00</b>
<b>Phosphate</b>	<b>R 74.93</b>
<b>Sulphate</b>	<b>R 70.22</b>