

**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**

**2017/18 TO 2019/20  
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 2017/18 Medium-term Revenue and Expenditure Framework for Chris Hani District Municipality:

**Table 1 Consolidated Overview of the 2017/18 MTREF**

Chris Hani District Municipality Consolidated Budget summary 2017/18 final Budget						
Description	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
	Original Budget 2016/17	Adjusted Budget 2016/17	Full Year Forecast	Budget Year 2017/18	Budget Year + 1 2018/19	Budget Year + 2 2019/20
<b>Total Revenue (excluding capital transfers and contributions)</b>	893,554	914,248	–	1,039,394	1,015,304	1,025,702
<b>Total Expenditure</b>	1,214,243	1,299,122	–	1,285,881	1,338,868	1,407,080
<b>Surplus/(Deficit)</b>	<b>(320,689)</b>	<b>(384,874)</b>	–	<b>(246,487)</b>	<b>(323,564)</b>	<b>(381,378)</b>
<b>Capital Revenue</b>	611,798	570,851	–	514,254	454,250	365,503
<b>Capital Expenditure</b>	741,325	691,078	–	611,254	557,070	474,492
<b>Surplus/(Deficit)</b>	<b>(450,216)</b>	<b>(505,101)</b>		<b>(343,487)</b>	<b>(426,384)</b>	<b>(490,367)</b>

Total operating revenue has grown by 14 % to R 1 039 billion for the 2017/18 financial year when compared to the 2016/17 second adjustment budget. For the two outer years, operating revenue will increase by 5% and 1% respectively.

Total operating expenditure for the 2017/18 financial year has been appropriated at R 1,285 billion and translates into a budgeted operating deficit of R 343.5 million, when compared to the 2016/17 second adjustment budget, operational expenditure has decreased by 1 % in the 2017/18 final budget and has increased by 4,0% and 5% respectively in 2018/19 and 2019/20. The operating deficit for the two outer years steadily increases from R 343.5 million in current budget year to R 426.4 million and R 490.4 million in the two outer year. These deficits indicate that the municipality has to increase own revenue base from the water and sanitation services to improve the deficit.

The capital budget of R 611.3 million for 2017/18 is 11,5% less when compared to the 2016/17 second adjustment budget. The decrease is due to the lesser allocations by National treasury and no allocation from provincial government (DHS Unblocking) in the coming budget year. The capital programmes are reflecting signs of decrease in the two outer year to R 557 million and R 474 million respectively. The main source of capital funding for the municipality are national conditional grants meant to fund infrastructure. The municipality has to devise and 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 for the maintenance of the infrastructure capital assets to maintain its service delivery potential.

## **1.2 Operating Revenue Framework**

For the 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 the need to determine economic and affordable tariffs and balancing expenditures against realistically anticipated

revenues. The municipality has to improve the revenue cycle in order to have funds available to sustain a positive cash flow position and its liquidity.

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

- ✚ The indigent registration;
- ✚ 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

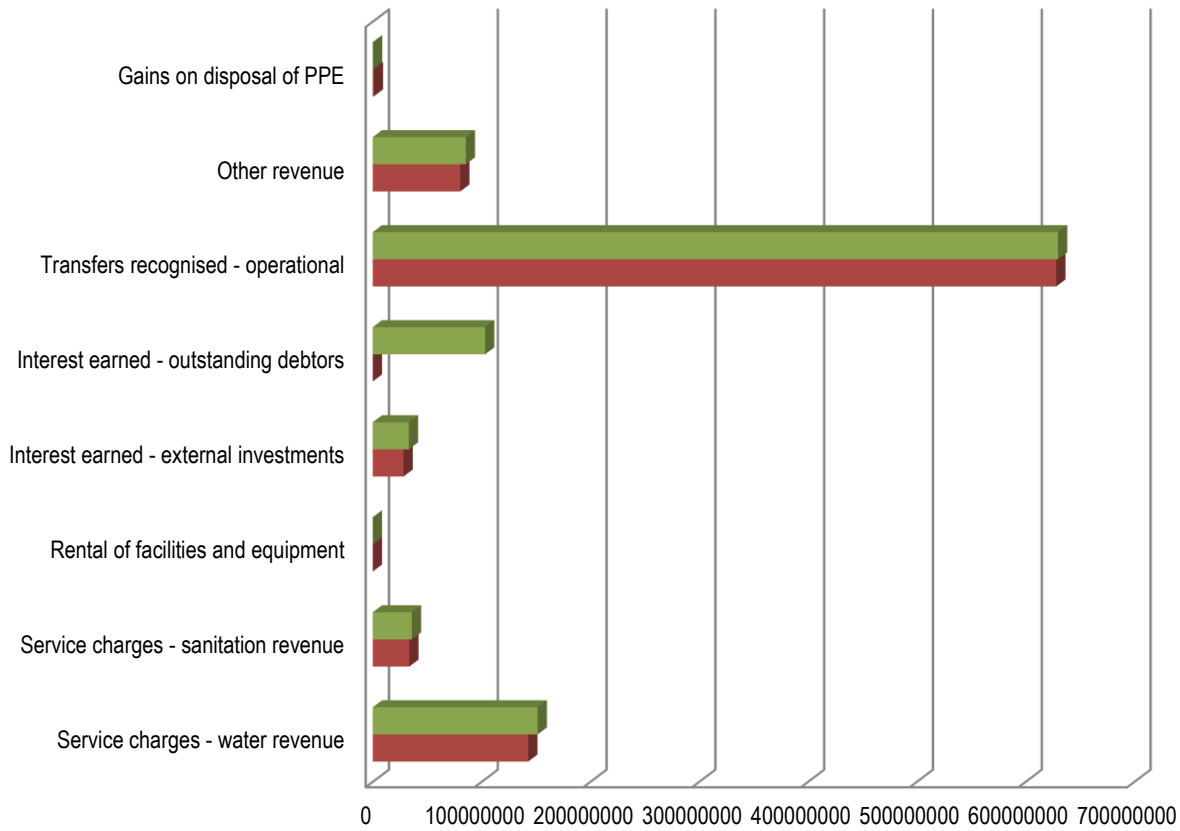
**The following table is a summary of the 2017/18 MTREF (classified by main revenue source):**

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

Chris Hani District Municipality Operating Revenue by Source draft Budget 2017/18					
Description	Current Year 2016/17		2017/18 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2017/18	Budget Year + 2018/19	Budget Year + 2019/20
<b>R thousand</b>					
<b>Revenue By Source</b>					
Service charges - water revenue	142,846	142,846	151,560	160,653	170,292
Service charges - sanitation revenue	33,558	33,558	35,940	38,097	40,383
Rental of facilities and equipment	–	–	103,234	35,110	37,146
Interest earned - external investments	28,284	28,284	33,154	35,110	37,146
Transfers recognised - operational	607,504	628,198	629,804	655,558	644,525
Other revenue	80,362	80,362	85,502	90,576	96,010
Gains on disposal of PPE	1,000	1,000	200	200	200
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>893,554</b>	<b>914,248</b>	<b>1,039,394</b>	<b>1,015,304</b>	<b>1,025,702</b>

**Figure 1 Main operating revenue categories for the 2017/18 financial year-**

### Operating Revenue- final budget 2017/18



	Service charges - water revenue	Service charges - sanitation revenue	Rental of facilities and equipment	Interest earned - external investments	Interest earned - outstanding debtors	Transfers recognised - operational	Other revenue	Gains on disposal of PPE
■ Budget Year 2017/18	151,560	35,940	-	33,154	103,234	629,804	85,502	200
■ Adjusted Budget 2016/17	142,846	33,558	-	28,284	-	628,198	80,362	1,000



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

Chris Hani District Municipality Perc Growth in Operating Revenue by Source draft Budget 2017/18							
Description	Adjusted Budget	%	2017/18 Medium Term Revenue & Expenditure Framework				
			Budget Year 2017/18	%	Budget Year + 2018/19	%	Budget Year + 2019/20
R thousand							
<b>Revenue By Source</b>							
Service charges - water revenue	142,846	6	151,560	6	160,653	6	170,292
Service charges - sanitation revenue	33,558	7	35,940	6	38,097	6	40,383
Interest earned - outstanding debtors	-	0	103,234	-	35,110	-	37,146
Interest earned - external investments	28,284	17	33,154	6	35,110	6	37,146
Transfers recognised - operational	628,198	0	629,804	4	655,558	(2)	644,525
Other revenue	80,362	6	85,502	6	90,576	6	96,010
Gains on disposal of PPE	1,000	(80)	200	-	200	-	200
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>914,248</b>	<b>14</b>	<b>1,039,394</b>	<b>(2)</b>	<b>1,015,304</b>	<b>1</b>	<b>1,025,702</b>

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement in order to achieve the correct calculation of the operating surplus/deficit.

Transfers recognised operational which are in fact operating grants, are the main source of revenue stream and constitute 67% of the total operating revenue of the municipality amounting R 629.8 million. In 2017/18 financial year, revenue from water services charges totalled R 151.6 million or 15 % of total operating revenue and sanitation services constitute 3,0 % of the total operating revenue. The water revenue increases to R160.7 and R 170.3 million in the respective outer financial years of the MTREF. The municipality has projected an annual decrease and increase in revenue at – 2 %, and 1% respectively for the two outer years and is based on the assumption of the changes in the tariffs charged and improvement in the collection rate and accuracy of billing. An effective and efficient revenue enhancement strategy will improve the collection rate of the budgeted revenue by the municipality.

Services charges – water and sanitation revenue constitutes 18 % of the total operating revenue of the municipality hence the need for the municipality to focus on the implementation of the credit control policy to improve the 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 sustainability.

**Figure 2 Main operational expenditure categories for the 2017/18 financial year-**

Chris Hani District Municipality Operating Expenditure by Standard classification final Budget 2017/18					
Description	Current Year 2016/17		2017/18 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2017/18	Budget Year + 2018/19	Budget Year + 2019/20
<b>R thousand</b>					
<b>Expenditure By Type</b>					
Employee related costs	312,011	326,038	349,188	370,139	392,347
Remuneration of councillors	11,954	11,744	12,578	13,333	14,133
Debt impairment	196,237	196,237	200,000	200,000	200,000
Depreciation & asset impairment	130,000	129,991	180,000	190,800	202,248
Finance charges	400	1,100	1,200	1,272	1,348
Bulk purchases	17,050	23,050	24,894	26,387	27,971
Contracted services	16,000	62,991	32,956	25,008	26,508
Transfers and grants	18,540	20,540	20,198	21,290	22,447
Other expenditure	512,052	527,431	464,868	490,640	520,079
Loss on disposal of PPE					
<b>Total Expenditure</b>	<b>1,214,243</b>	<b>1,299,122</b>	<b>1,285,881</b>	<b>1,338,868</b>	<b>1,407,080</b>

1 Operating expenditure has increased by 1% (R 14,3 million) when compared to the draft budget that was tabled in Council in March, from R 1,271 billion to R 1,285 billion and has decreased by 1% (R 13,2 million) when compared to the second adjustment budget from R 1,299 billion to R1,285 billion.

**Table 4 Operating Transfers and Grant Receipts –**

DC13 Chris Hani - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>RECEIPTS:</b>	1, 2									
<b>Operating Transfers and Grants</b>										
<b>National Government:</b>		398,386	467,524	546,047	574,404	595,915	-	-	-	-
Local Government Equitable Share		384,900	415,244	446,759	485,308	485,308				
RSC Levy Replacement										
Finance Management		1,513	1,500	1,500	1,500	1,500				
Municipal Systems Improvement		902	934	940	1,040	-				
Water Services Operating Subsidy										
EPWP Incentive		8,445	9,124	5,213	7,797	7,797				
Municipal Infrastructure Grant			37,743	88,619	75,662	93,713				
Municipal Water Infrastructure Grant						4,500				
Rural Road Asset Management Grant		2,626	2,979	3,016	3,097	3,097				
<b>Provincial Government:</b>		44,083	38,227	36,689	33,100	31,275	-	-	-	-
Housing		2,897								
Sport and Recreation										
Health subsidy		8,799	6,386	6,114	5,300	3,475				
Municipal Infrastructure Grant										
Dept of Roads and Subsidies		32,388	31,841	30,575	27,800	27,800				
<b>District Municipality:</b>		13,735	130	810	-	1,008	-	-	-	-
L G S E T A		33	130	310						
C O G T A		13,702		500		1,008				
<b>Other grant providers:</b>		-	-	-	-	-	-	-	-	-
[insert description]										
<b>Total Operating Transfers and Grants</b>	5	456,204	505,881	583,546	607,504	628,198	-	-	-	-
<b>Capital Transfers and Grants</b>										
<b>National Government:</b>		581,701	576,943	566,481	505,173	642,242	-	-	-	-
Municipal Infrastructure Grant (MIG)		375,613	279,911	184,925	200,261	177,710				
Regional Bulk Infrastructure		156,363	236,570	291,331	207,815	332,906				
Municipal Infrastructure Grant (MIG)										
Rural Households Infrastructure		4,511								
Municipal Water Infrastructure Grant		29,372	48,528	85,225		34,530				
Water Services Infrastructure Grant					97,097	97,097				
Water Services Operating Grant		15,841	11,935	5,000						
<b>Provincial Government:</b>		-	-	9,427	-	30,000	-	-	-	-
DHS Unblocking				9,347		30,000				
DHLGTA				80						
<b>District Municipality:</b>		88	-	27,904	-	21,700	-	-	-	-
L G S E T A		88								
Provincial Treasury				27,904		21,700				
<b>Other grant providers:</b>		-	21,481	17,068	-	-	-	-	-	-
[insert description]			21,481	17,068						
ACIP						-				
<b>Total Capital Transfers and Grants</b>	5	581,788	598,425	620,880	505,173	693,942	-	-	-	-
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>		1,037,993	1,104,305	1,204,426	1,112,677	1,322,141	-	-	-	-

The table above is a breakdown of grant funding that is allocated to the municipality. This is an indication that, the municipality to be financially viable it mainly depends on grant funding for its operations. As depicted in Supporting Table SA18 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 strategies to improve on the billing and collection of consumer debtors; and the implementation of the cost containment measures to curb unnecessary expenditure.

### 1.1.1 Sale of Water and Impact of Tariff Increases

The 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. 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 operating and maintenance of purification plants, water networks and the cost associated with reticulation expansion;
- Tariffs are structured such that they protect basic levels of service and ensure the provision of free services to the indigent; and
- Tariffs are designed to encourage efficient and sustainable consumption.

In addition National Treasury has urged all municipalities to ensure that Tariff structures are cost reflective by 2014 and to date the municipality has missed that deadline, as the cost of providing these services is higher than the billing and collection rate for the services referred to.

The municipality is a Water Services Authority (WSA) and Provider (WSP) therefore has to realise own revenue from rendering of water and sanitation services. The above allocations are not sufficient 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.

The municipality is reviewing the level and structure of water and sanitation tariffs carefully with a view to ensure that:

- Tariffs are on aggregate fully cost-reflective – inclusive of bulk cost of water, the cost of maintenance of purification/treatment plants and network infrastructure.
- Tariffs are structured to protect basic levels of service; and

- 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.

## 1.2 Operating Expenditure Framework

The municipality's expenditure framework for the 2017/18 MTREF budget 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; and
- The municipality is to implement the cost containment measures continuously.

The following table is a high level summary of the 2017/18 MTREF budget (classified per main type of operating expenditure):

**Table 5 Summary of operating expenditure by standard classification item –**

Chris Hani District Municipality Operating Expenditure by Standard classification final Budget 2017/18					
Description	Current Year 2016/17		2017/18 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2017/18	Budget Year + 2018/19	Budget Year + 2019/20
<b>R thousand</b>					
<b>Expenditure By Type</b>					
Employee related costs	312,011	326,038	349,188	370,139	392,347
Remuneration of councillors	11,954	11,744	12,578	13,333	14,133
Debt impairment	196,237	196,237	200,000	200,000	200,000
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Transfers and grants	18,540	20,540	20,198	21,290	22,447
Other expenditure	512,052	527,431	464,868	490,640	520,079
Loss on disposal of PPE					
<b>Total Expenditure</b>	<b>1,214,243</b>	<b>1,299,122</b>	<b>1,285,881</b>	<b>1,338,868</b>	<b>1,407,080</b>

The budgeted allocation for employee related costs for 2017/18 financial year totals R 349.2 million, which equals 27,4 % of the total operating expenditure. Based on the three year Salary and Wage Collective Agreement, salary increases have been factored into this budget at a percentage increase of 7% for the 2017/18 financial year. An annual increase of 6% has been included in the two outer years of the MTREF. The municipality has also prioritised the filling of all vacant and critical posts within 2017/18 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 final budget.

Provision for depreciation and asset impairment has been informed by the municipality's Asset Management Policy and the recent audited financial statements, hence the huge increase in depreciation. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total R 180.0 million for the 2017/18 financial and equates to 14 % of the total operating expenditure.

Bulk purchases are directly informed by the purchase of water from Department of Water and Sanitation. The annual price increases have been factored into the budget appropriations and directly inform the expenditure provisions in line with current year expenditure and previous year audit outcomes. Bulk purchases constitute 2% 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.

The 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 support for the preparation of the annual financial statements hence the use of consultants to assist with the processes. In 2017/18 financial year, this combined expenditure totals R 32,9 million and has decreased by 47,7% compared to the second adjustment budget. As part of the process of identifying further cost efficiencies, a business process reengineering project will commence in the 2017/18 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 daily operations of the municipality. This combined expenditure has also been identified as an area in which cost savings and efficiencies can be achieved. Other expenditure has decreased by 12,7% for 2017/18 budget year, when compared to the second adjustment budget. Also included in other expenditure are equitable share funded IDP projects of various departments to the value of R 85,2 million that are linked to the SDBIP and repairs and maintenance amounting to R 47,4 million or 3,7% of the total operating budget. Other expenditure constitutes 71% of the total other expenditure and 36,2% of the total operating expenditure.

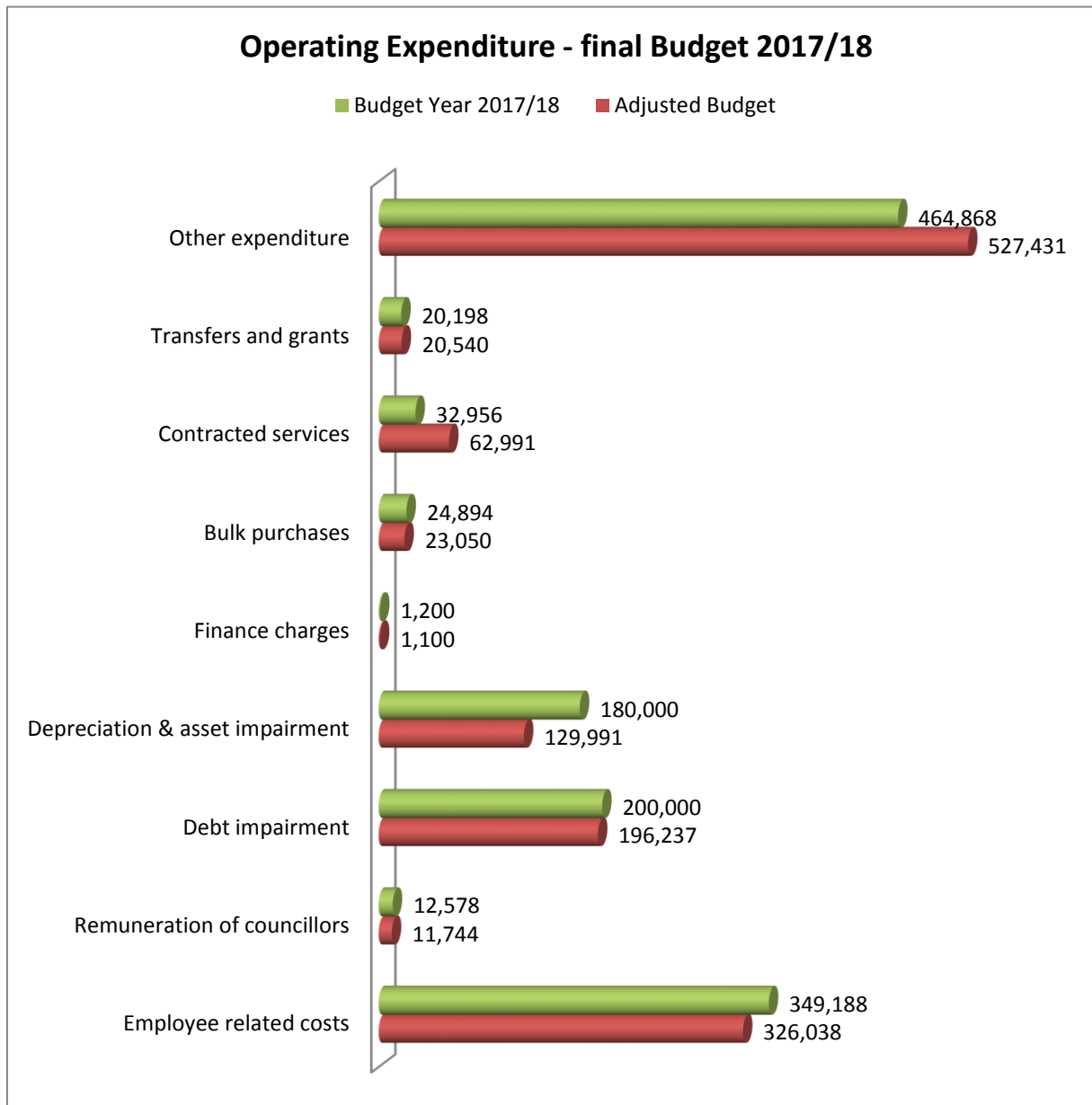
The provision for debt impairment is budgeted for at R 200 million in 2017/18 financial year and constitutes 16 % of the total operating expenditure. This was determined based on an estimated collection rate of 20 % and the Debt Write-off Policy of the municipality. While this expenditure is a non-cash 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 R 20,1 million and this comprises of a subsidy to Chris Hani Development Agency of R 17.7 million as the operating grant to the agency, R 2 million for bursary fund and R 500 thousand for adopted schools.

**The following graph gives a breakdown of the main expenditure categories for 2017/18 budget year.**



Figure 2 Main operational expenditure categories for the 2017/18 financial year-



### 1.2.1 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 basic services the households are required to register in terms of the municipality's indigent policy in respect to the water and sanitation services. The district municipality will have an ongoing indigent registration programme and data cleansing will be conducted as part of the revenue enhancement strategy so as to provide for the indigent households, this process is being reviewed annually. Detail

May 2017

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 A10 (Basic Service Delivery Measurement) and supporting table SA9.

The cost of the indigent support to 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 R 359.04 per month in 2017/18 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 W1.22 and includes an allocation of 10% for service maintenance costs that is incurred by the municipality. Applicable to Chris Hani district municipality would be a subsidy of R 207.09 per indigent household per month that excludes the energy and refuse components.

	Allocation per household below affordability threshold (R per month)		
	Operations	Maintenace	Total
Energy	68.52	7.61	76.13
Water	104.99	11.67	116.66
Sanitation	81.39	9.04	90.43
Refuse	68.23	7.58	75.81
<b>Total basic services</b>	<b>323.13</b>	<b>35.90</b>	<b>359.03</b>
Source: National Treasury			

### 1.3 Capital expenditure

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

**Table 6 2017/18 Medium-term capital budget per vote-**

Chris Hani District Municipality Capital Expenditure by vote draft Budget 2017/18					
Description	Current Year 2016/17		2017/18 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2017/18	Budget Year + 1 2017/18	Budget Year + 2 2018/19
R thousand					
<b>Capital expenditure -vote</b>					
<b>Multi-year expenditure to be appropriated</b>					
<u>Vote 7 - Technical Services</u>	611,798	570,851	514,254	454,250	365,503
<b>Capital multi-year expenditure sub-total</b>	<b>611,798</b>	<b>570,851</b>	<b>514,254</b>	<b>454,250</b>	<b>365,503</b>
<b>Single-year expenditure to be appropriated</b>					
Vote 1 - Council					
Vote 2 - Municipal manager					
Vote 3 - Budget & Treasury	49,527	75,227	42,000	44,520	47,191
Vote 4 - Community Services					
Vote 5 - Corporate Services	80,000	45,000	55,000	58,300	61,798
Vote 6 - Planning & Development					
<b>Capital single-year expenditure sub-total</b>	<b>129,527</b>	<b>120,227</b>	<b>97,000</b>	<b>102,820</b>	<b>108,989</b>
<b>Total Capital expenditure-vote</b>	<b>741,325</b>	<b>691,078</b>	<b>611,254</b>	<b>557,070</b>	<b>474,492</b>

For 2017/18 an amount of R 514.3 million has been appropriated for the development of infrastructure which represents 84 % of the total capital budget. In the outer years this amount totals to R 454 million or 82% and R 365 million, 73% of total capital expenditure of the two outer years respectively. The 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 to contribute on the improvement of infrastructure. Council out of its reserves has made a provision of R 97 million for 2017/18, R 102.8 million and R 108.9 million for the two outer years to deal with fleet shortages, CHDM Village and improve on tools of trade.

These reserves are generated through VAT claimed from conditional grants and interest raised on invested funds that are not immediately required.

#### **1.4 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 2017/18 budget and MTREF as tabled before Council. Each table is accompanied by *explanatory notes*.

**Table 7 MBRR Table A1 - Budget Summary-****DC13 Chris Hani - Table A1 Consolidated Budget Summary**

Description	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>R thousands</b>										
<b>Financial Performance</b>										
Property rates	-	-	-	-	-	-	-	-	-	-
Service charges	-	185,225	335,760	176,404	176,404	-	-	187,500	198,750	210,675
Investment revenue	25,984	26,425	38,464	28,284	28,284	-	-	33,154	35,110	37,146
Transfers recognised - operational	706,834	486,188	590,775	607,504	628,198	-	-	629,804	655,558	644,525
Other own revenue	15,498	522,482	76,700	81,362	81,362	-	-	188,936	125,886	133,357
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>748,316</b>	<b>1,220,320</b>	<b>1,041,698</b>	<b>893,554</b>	<b>914,248</b>	-	-	<b>1,039,393</b>	<b>1,015,303</b>	<b>1,025,702</b>
Employee costs	134,215	216,437	246,191	312,011	326,038	-	-	349,187	370,138	392,346
Remuneration of councillors	7,331	7,718	9,631	11,954	11,744	-	-	12,578	13,333	14,133
Depreciation & asset impairment	91,602	122,387	158,329	130,000	129,991	-	-	180,000	190,800	202,248
Finance charges	-	629	737	400	1,100	-	-	1,200	1,272	1,348
Materials and bulk purchases	13,322	27,528	73,684	17,050	23,050	-	-	24,894	26,387	27,971
Transfers and grants	405,924	195,566	213,186	18,540	20,540	-	-	20,198	21,290	22,447
Other expenditure	61,006	494,981	720,208	724,289	786,659	-	-	697,824	715,648	746,587
<b>Total Expenditure</b>	<b>713,401</b>	<b>1,065,246</b>	<b>1,421,966</b>	<b>1,214,243</b>	<b>1,299,122</b>	-	-	<b>1,285,881</b>	<b>1,338,868</b>	<b>1,407,080</b>
<b>Surplus/(Deficit)</b>	<b>34,915</b>	<b>155,075</b>	<b>(380,268)</b>	<b>(320,689)</b>	<b>(384,874)</b>	-	-	<b>(246,487)</b>	<b>(323,565)</b>	<b>(381,378)</b>
Transfers and subsidies - capital (monetary alloc	331,158	618,117	613,451	505,173	570,851	-	-	514,254	454,250	365,503
Contributions recognised - capital & contributed a	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>366,073</b>	<b>773,192</b>	<b>233,184</b>	<b>184,484</b>	<b>185,978</b>	-	-	<b>267,767</b>	<b>130,686</b>	<b>(15,875)</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	<b>366,073</b>	<b>773,192</b>	<b>233,184</b>	<b>184,484</b>	<b>185,978</b>	-	-	<b>267,767</b>	<b>130,686</b>	<b>(15,875)</b>
<b>Capital expenditure &amp; funds sources</b>										
<b>Capital expenditure</b>	<b>331,158</b>	<b>632,552</b>	<b>622,119</b>	<b>634,700</b>	<b>691,080</b>	-	-	<b>611,254</b>	<b>557,070</b>	<b>474,492</b>
Transfers recognised - capital	331,158	622,542	601,160	505,173	570,851	-	-	514,254	454,250	365,503
Public contributions & donations	-	81	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	-	9,929	20,959	129,527	120,228	-	-	97,000	102,820	108,989
<b>Total sources of capital funds</b>	<b>331,158</b>	<b>632,552</b>	<b>622,119</b>	<b>634,700</b>	<b>691,080</b>	-	-	<b>611,254</b>	<b>557,070</b>	<b>474,492</b>
<b>Financial position</b>										
Total current assets	484,404	820,337	598,303	580,728	554,753	-	-	570,797	656,499	844,129
Total non current assets	3,279,566	3,368,666	3,830,901	5,256,841	5,256,850	-	-	5,118,030	5,664,329	6,127,403
Total current liabilities	189,277	231,583	232,603	69,718	58,767	-	-	109,391	66,233	38,788
Total non current liabilities	32,878	37,297	43,243	41,920	46,270	-	-	49,509	52,974	56,682
Community wealth/Equity	3,541,815	3,920,122	4,153,358	5,725,931	5,706,567	-	-	5,529,927	6,201,621	6,876,062
<b>Cash flows</b>										
Net cash from (used) operating	385,535	589,290	629,455	690,132	725,882	-	-	540,959	490,736	364,394
Net cash from (used) investing	(343,469)	(598,597)	(622,125)	(602,965)	(656,526)	-	-	(580,691)	(529,217)	(450,767)
Net cash from (used) financing	-	-	-	-	-	-	-	-	-	-
<b>Cash/cash equivalents at the year end</b>	<b>350,446</b>	<b>356,162</b>	<b>363,492</b>	<b>450,660</b>	<b>432,849</b>	-	-	<b>393,117</b>	<b>354,636</b>	<b>268,263</b>
<b>Cash backing/surplus reconciliation</b>										
Cash and investments available	362,757	356,162	363,492	398,643	372,668	-	-	399,842	423,832	449,262
Application of cash and investments	59,149	146,462	172,341	(11,065)	(11,065)	-	-	37,997	(55,280)	(175,456)
<b>Balance - surplus (shortfall)</b>	<b>303,608</b>	<b>209,701</b>	<b>191,151</b>	<b>409,708</b>	<b>383,733</b>	-	-	<b>361,844</b>	<b>479,112</b>	<b>624,718</b>

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

- Table A1 is a budget summary and provides a concise overview of the municipality budget from all of the major financial perspectives (operating, capital, 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 increasing into 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 activities 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 11 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)

## DC13 Chris Hani - Table A4 Consolidated Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Revenue By Source</b>											
Property rates	2	-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	2	-	147,760	293,631	142,846	142,846	-	-	151,560	160,653	170,292
Service charges - sanitation revenue	2	-	37,466	42,129	33,558	33,558	-	-	35,940	38,097	40,383
Service charges - refuse revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - other											
Rental of facilities and equipment		39									
Interest earned - external investments		25,984	26,425	38,464	28,284	28,284			33,154	35,110	37,146
Interest earned - outstanding debtors									103,234	35,110	37,146
Dividends received											
Fines, penalties and forfeits											
Licences and permits											
Agency services											
Transfers and subsidies		706,834	486,188	590,775	607,504	628,198			629,804	655,558	644,525
Other revenue	2	15,459	522,482	76,700	80,362	80,362	-	-	85,502	90,576	96,010
Gains on disposal of PPE					1,000				200	200	200
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>748,316</b>	<b>1,220,320</b>	<b>1,041,698</b>	<b>893,554</b>	<b>914,248</b>	<b>-</b>	<b>-</b>	<b>1,039,393</b>	<b>1,015,303</b>	<b>1,025,702</b>
<b>Expenditure By Type</b>											
Employee related costs	2	134,215	216,437	246,191	312,011	326,038	-	-	349,187	370,138	392,346
Remuneration of councillors		7,331	7,718	9,631	11,954	11,744			12,578	13,333	14,133
Debt impairment	3	(1,087)	341,465	522,558	196,237	196,237			200,000	200,000	200,000
Depreciation & asset impairment	2	91,602	122,387	158,329	130,000	129,991	-	-	180,000	190,800	202,248
Finance charges		-	629	737	400	1,100			1,200	1,272	1,348
Bulk purchases	2	13,322	14,344	22,585	17,050	23,050	-	-	24,894	26,387	27,971
Other materials	8		13,184	51,099							
Contracted services		9,197	13,065	11,383	16,000	62,991	-	-	32,956	25,008	26,508
Transfers and subsidies		405,924	195,566	213,186	18,540	20,540	-	-	20,198	21,290	22,447
Other expenditure	4, 5	51,761	140,452	184,705	512,052	527,431	-	-	464,868	490,640	520,079
Loss on disposal of PPE		1,136		1,561							
<b>Total Expenditure</b>		<b>713,401</b>	<b>1,065,246</b>	<b>1,421,966</b>	<b>1,214,243</b>	<b>1,299,122</b>	<b>-</b>	<b>-</b>	<b>1,285,881</b>	<b>1,338,868</b>	<b>1,407,080</b>
<b>Surplus/(Deficit)</b>		<b>34,915</b>	<b>155,075</b>	<b>(380,268)</b>	<b>(320,689)</b>	<b>(384,874)</b>	<b>-</b>	<b>-</b>	<b>(246,487)</b>	<b>(323,565)</b>	<b>(381,378)</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		331,158	618,117	613,451	505,173	570,851			514,254	454,250	365,503
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Transfers and subsidies - capital (in-kind - all)	6	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>366,073</b>	<b>773,192</b>	<b>233,184</b>	<b>184,484</b>	<b>185,978</b>	<b>-</b>	<b>-</b>	<b>267,767</b>	<b>130,686</b>	<b>(15,875)</b>
Taxation			700	148							
<b>Surplus/(Deficit) after taxation</b>		<b>366,073</b>	<b>772,492</b>	<b>233,036</b>	<b>184,484</b>	<b>185,978</b>	<b>-</b>	<b>-</b>	<b>267,767</b>	<b>130,686</b>	<b>(15,875)</b>
Attributable to minorities											
<b>Surplus/(Deficit) attributable to municipality</b>		<b>366,073</b>	<b>772,492</b>	<b>233,036</b>	<b>184,484</b>	<b>185,978</b>	<b>-</b>	<b>-</b>	<b>267,767</b>	<b>130,686</b>	<b>(15,875)</b>
Share of surplus/ (deficit) of associate	7										
<b>Surplus/(Deficit) for the year</b>		<b>366,073</b>	<b>772,492</b>	<b>233,036</b>	<b>184,484</b>	<b>185,978</b>	<b>-</b>	<b>-</b>	<b>267,767</b>	<b>130,686</b>	<b>(15,875)</b>

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

1. Total revenue is R 1 039.4 million in 2017/18 and decreases to R 1 025.7 million by 2019/20. This represents a year-on-year decrease of 2 % for 2018/19 financial year and a 1 % increase for 2019/20 financial year.
2. Revenue to be generated from water and sanitation services is R 187.5 million in 2017/18 financial year and increases to R 210.7 million by 2019/20 and represents 20% of the total operating revenue and therefore indicating that the municipality is heavily grant dependent. It remains relatively constant over the medium-term, this income stream is the revenue base of the municipality that must improve moving into the future.
3. Transfers recognised – operating, includes the local government equitable share and other operating grants from national and provincial government. These grants form 67 % 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. Employee related costs are the major cost driver for the municipality at 27% of the total operating expenditure budget. These costs have increased significantly over the years due to the filling of vacancies that existed in the municipality and also annual increase in line with the collective agreement of the bargaining council. The water and sanitation take over has also influenced this cost as employees that were in local municipalities have been transferred to the district municipality and are in a process of being integrated to the municipality.
5. The table above reflects an overall decrease of 2% in the final budget for operating expenditure when compared to the second adjustment budget.
  - The increase was influenced by the following expenditure items:
    - ✓ Employee related costs and Remuneration of councillors by 7%;
    - ✓ Depreciation & asset impairment by 3,5 %; and
    - ✓ Water Bulk purchases by 8%.
  - The following expenditure items have however decreased:-
    - ✓ Contracted services by 48%; and

Other Expenditure by 13%.



Table 12 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source-

## DC13 Chris Hani - Table A5 Consolidated Budgeted Capital Expenditure by vote, functional classification and funding

Vote Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Capital expenditure - Vote</b>											
<b>Multi-year expenditure to be appropriated</b>	2										
Vote 1 - Council		-	-	-	-	-	-	-	-	-	-
Vote 2 - Municipal Manager		-	-	-	-	-	-	-	-	-	-
Vote 3 - Budget & Treasury		-	10,010	4,556	-	-	-	-	-	-	-
Vote 4 - Community Services		-	-	-	-	-	-	-	-	-	-
Vote 5 - Corporate Services		-	-	-	-	-	-	-	-	-	-
Vote 6 - Planning & Development		-	-	-	-	-	-	-	-	-	-
Vote 7 - Technical Services		331,158	622,542	617,564	505,173	570,851	-	-	514,254	454,250	365,503
Vote 8 - Roadworks		-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
<b>Capital multi-year expenditure sub-total</b>	7	331,158	632,552	622,119	505,173	570,851	-	-	514,254	454,250	365,503
<b>Single-year expenditure to be appropriated</b>	2										
Vote 1 - Council		-	-	-	-	-	-	-	-	-	-
Vote 2 - Municipal Manager		-	-	-	-	-	-	-	-	-	-
Vote 3 - Budget & Treasury		-	-	-	49,527	75,228	-	-	42,000	44,520	47,191
Vote 4 - Community Services		-	-	-	-	-	-	-	-	-	-
Vote 5 - Corporate Services		-	-	-	80,000	45,000	-	-	55,000	58,300	61,798
Vote 6 - Planning & Development		-	-	-	-	-	-	-	-	-	-
Vote 7 - Technical Services		-	-	-	-	-	-	-	-	-	-
Vote 8 - Roadworks		-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
<b>Capital single-year expenditure sub-total</b>		-	-	-	129,527	120,228	-	-	97,000	102,820	108,989
<b>Total Capital Expenditure - Vote</b>		331,158	632,552	622,119	634,700	691,080	-	-	611,254	557,070	474,492
<b>Capital Expenditure - Functional</b>											
<b>Governance and administration</b>		-	10,010	4,556	129,527	120,228	-	-	97,000	102,820	108,989
Executive and council		-	-	-	-	-	-	-	-	-	-
Finance and administration		-	10,010	4,556	129,527	120,228	-	-	97,000	102,820	108,989
Internal audit		-	-	-	-	-	-	-	-	-	-
<b>Community and public safety</b>		-	-	-	-	-	-	-	-	-	-
Community and social services		-	-	-	-	-	-	-	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		-	-	-	-	-	-	-	-	-	-
Planning and development		-	-	-	-	-	-	-	-	-	-
Road transport		-	-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-	-
<b>Trading services</b>		331,158	622,542	617,564	505,173	570,851	-	-	514,254	454,250	365,503
Energy sources		-	-	-	-	-	-	-	-	-	-
Water management		331,158	622,542	617,564	505,173	570,851	-	-	514,254	454,250	365,503
Waste water management		-	-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-	-
<b>Other</b>		-	-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure - Functional</b>	3	331,158	632,552	622,119	634,700	691,080	-	-	611,254	557,070	474,492
<b>Funded by:</b>											
National Government		331,158	622,542	601,160	505,173	570,851	-	-	514,254	454,250	365,503
Provincial Government		-	-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-
<b>Transfers recognised - capital</b>	4	331,158	622,542	601,160	505,173	570,851	-	-	514,254	454,250	365,503
<b>Public contributions &amp; donations</b>	5	-	81	-	-	-	-	-	-	-	-
<b>Borrowing</b>	6	-	-	-	-	-	-	-	-	-	-
<b>Internally generated funds</b>		-	9,929	20,959	129,527	120,228	-	-	97,000	102,820	108,989
<b>Total Capital Funding</b>	7	331,158	632,552	622,119	634,700	691,080	-	-	611,254	557,070	474,492

**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 2017/18 R 514.3 million has been allocated, which totals to 84 % of total capital budget. This allocation decreases to R 454.3 million in 2018/19 and to R 365.5 million in 2019/20.
3. Single-year capital expenditure has been appropriated at R 97 million for the 2017/18 financial year and remains relatively constant over the MTREF at levels of R 102.8 million and R 108.9 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, CHDM Village, 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 2017/18, capital transfers totals R 514.3 million (100 %) and declines to R 365.5 million by 2019/20 (30 %). The municipality is solely dependent on grant funding to fund the capital budget, to improve its infrastructure and deal with basic services backlogs.

Table 13 MBRR Table A6 - Budgeted Financial Position-

## DC13 Chris Hani - Table A6 Consolidated Budgeted Financial Position

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>R thousand</b>											
<b>ASSETS</b>											
<b>Current assets</b>											
Cash		251,333	398,643	363,492	398,643	372,668			399,842	423,832	449,262
Call investment deposits	1	129,043	-	-	-	-	-	-	-	-	-
Consumer debtors	1	-	336,195	111,349	107,112	107,112	-	-	35,148	88,712	242,275
Other debtors		50,483	77,522	116,395	59,519	59,519			128,034	135,716	143,859
Current portion of long-term receivables		51,922									
Inventory	2	1,623	7,977	7,066	15,454	15,454			7,773	8,239	8,733
<b>Total current assets</b>		<b>484,404</b>	<b>820,337</b>	<b>598,303</b>	<b>580,728</b>	<b>554,753</b>	<b>-</b>	<b>-</b>	<b>570,797</b>	<b>656,499</b>	<b>844,129</b>
<b>Non current assets</b>											
Long-term receivables											
Investments											
Investment property											
Investment in Associate		1,500		-	1,500	1,500			1,500	1,500	1,500
Property, plant and equipment	3	3,277,151	3,367,996	3,830,400	5,254,898	5,254,907	-	-	5,116,049	5,662,319	6,125,363
Agricultural											
Biological											
Intangible		915	670	501	443	443			481	510	541
Other non-current assets											
<b>Total non current assets</b>		<b>3,279,566</b>	<b>3,368,666</b>	<b>3,830,901</b>	<b>5,256,841</b>	<b>5,256,850</b>	<b>-</b>	<b>-</b>	<b>5,118,030</b>	<b>5,664,329</b>	<b>6,127,403</b>
<b>TOTAL ASSETS</b>		<b>3,763,970</b>	<b>4,189,003</b>	<b>4,429,204</b>	<b>5,837,569</b>	<b>5,811,603</b>	<b>-</b>	<b>-</b>	<b>5,688,827</b>	<b>6,320,828</b>	<b>6,971,532</b>
<b>LIABILITIES</b>											
<b>Current liabilities</b>											
Bank overdraft	1	17,620	42,481						-	-	-
Borrowing	4	44	-	-	-	-	-	-	-	-	-
Consumer deposits											
Trade and other payables	4	164,854	179,357	223,917	58,767	58,767	-	-	99,836	56,104	28,052
Provisions		6,759	9,746	8,686	10,951				9,555	10,128	10,736
<b>Total current liabilities</b>		<b>189,277</b>	<b>231,583</b>	<b>232,603</b>	<b>69,718</b>	<b>58,767</b>	<b>-</b>	<b>-</b>	<b>109,391</b>	<b>66,233</b>	<b>38,788</b>
<b>Non current liabilities</b>											
Borrowing		-	-	-	-	-	-	-	-	-	-
Provisions		32,878	37,297	43,243	41,920	46,270	-	-	49,509	52,974	56,682
<b>Total non current liabilities</b>		<b>32,878</b>	<b>37,297</b>	<b>43,243</b>	<b>41,920</b>	<b>46,270</b>	<b>-</b>	<b>-</b>	<b>49,509</b>	<b>52,974</b>	<b>56,682</b>
<b>TOTAL LIABILITIES</b>		<b>222,155</b>	<b>268,881</b>	<b>275,846</b>	<b>111,638</b>	<b>105,037</b>	<b>-</b>	<b>-</b>	<b>158,900</b>	<b>119,207</b>	<b>95,471</b>
<b>NET ASSETS</b>	5	<b>3,541,815</b>	<b>3,920,122</b>	<b>4,153,358</b>	<b>5,725,931</b>	<b>5,706,567</b>	<b>-</b>	<b>-</b>	<b>5,529,927</b>	<b>6,201,621</b>	<b>6,876,062</b>
<b>COMMUNITY WEALTH/EQUITY</b>											
Accumulated Surplus/(Deficit)		3,541,815	3,920,122	4,153,358	5,725,931	5,706,567			5,529,927	6,201,621	6,876,062
Reserves	4	-	-	-	-	-	-	-	-	-	-
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	5	<b>3,541,815</b>	<b>3,920,122</b>	<b>4,153,358</b>	<b>5,725,931</b>	<b>5,706,567</b>	<b>-</b>	<b>-</b>	<b>5,529,927</b>	<b>6,201,621</b>	<b>6,876,062</b>

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

1. Table A6 is consistent with international standards of good financial management practice, and improves understandability by council 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 6 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 debt impairment. 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 14 MBRR Table A7 - Budgeted Cash Flow Statement –**

## DC13 Chris Hani - Table A7 Consolidated Budgeted Cash Flows

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>											
<b>Receipts</b>											
Property rates									-	-	-
Service charges		32,451	56,271	93,408	35,281	35,281			65,625	79,500	94,804
Other revenue					72,326	72,326			76,951	81,518	86,409
Government - operating	1	696,082	457,744	515,984	607,504	628,198			629,804	655,558	644,525
Government - capital	1	330,965	661,561	705,442	505,173	570,851			514,254	454,250	365,503
Interest		25,984	26,425	38,464	28,284	28,284			33,154	35,110	37,146
Dividends									-	-	-
<b>Payments</b>											
Suppliers and employees		(293,897)	(417,309)	(509,920)	(539,495)	(587,418)			(757,431)	(792,638)	(840,197)
Finance charges		(126)	(629)	(737)	(400)	(1,100)			(1,200)	(1,272)	(1,348)
Transfers and Grants	1	(405,924)	(194,772)	(213,186)	(18,540)	(20,540)			(20,198)	(21,290)	(22,447)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>385,535</b>	<b>589,290</b>	<b>629,455</b>	<b>690,132</b>	<b>725,882</b>	<b>-</b>	<b>-</b>	<b>540,959</b>	<b>490,736</b>	<b>364,394</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>											
<b>Receipts</b>											
Proceeds on disposal of PPE									-	-	-
Decrease (Increase) in non-current debtors		(193)							-	-	-
Decrease (increase) other non-current receivables									-	-	-
Decrease (increase) in non-current investments		(12,311)							-	-	-
<b>Payments</b>											
Capital assets		(330,965)	(598,597)	(622,125)	(602,965)	(656,526)			(580,691)	(529,217)	(450,767)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>(343,469)</b>	<b>(598,597)</b>	<b>(622,125)</b>	<b>(602,965)</b>	<b>(656,526)</b>	<b>-</b>	<b>-</b>	<b>(580,691)</b>	<b>(529,217)</b>	<b>(450,767)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>											
<b>Receipts</b>											
Short term loans									-	-	-
Borrowing long term/refinancing									-	-	-
Increase (decrease) in consumer deposits									-	-	-
<b>Payments</b>											
Repayment of borrowing									-	-	-
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>		<b>42,065</b>	<b>(9,307)</b>	<b>7,330</b>	<b>87,168</b>	<b>69,356</b>	<b>-</b>	<b>-</b>	<b>(39,732)</b>	<b>(38,481)</b>	<b>(86,373)</b>
Cash/cash equivalents at the year begin:	2	308,381	365,470	356,162	363,492	363,492			432,849	393,117	354,636
Cash/cash equivalents at the year end:	2	350,446	356,162	363,492	450,660	432,849			393,117	354,636	268,263

**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 decline over the years 2017/18 to 2019/20 due to the decline in conditional grant allocations received by the municipality and increased operating expenditure. In 2017/18 budget year there is a decline in the cash levels responding to the increased operating expenditure budget and a decline in conditional grant allocations of the municipality. Further the municipality needs to take into consideration a realistic collection rate as this has implications on the funding of the budget.
4. The final 2017/18 MTREF provides for a further net decrease in cash of R 124.8 million.

5. The 2017/18 MTREF has been informed by the planning principle of a 40 % collection rate on water and sanitation services revenue.
6. Cash and cash equivalents totals R 393.1 million as at the end of 2017/18 financial year and declines to R 268.3 million by 2019/20.

## ANNEXURE A



The Chris Hani District Municipality as a Water Services Authority and Provider delivers the service in the area of the six (formerly eight) local municipal areas within its jurisdiction.

The National Treasury is encouraging all Municipalities to implement tariff structure that reflect the following;

- Water tariffs that 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 that 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 that are designed to encourage efficient and sustainable consumption.

Chris Hani District Municipality as a Water Services Provider therefore has to raise sufficient own revenue from the rendering of water and sanitation services. Since the municipality has not increased the water and sanitation tariffs for past two years, the level of own revenue raised from the service is 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. The proposed tariff increase below is based on the guidelines provided by the National Treasury for the 2017/2018 MEDIUM TERM REVENUE AND EXPENDITURE

FRAMEWORK. In terms of the proposal, the increase should be linked to the consumer price index (CPI) which is estimated to be 6.1% for 2016/ 2017.

The tariff will be applicable for the following period;

**Start date: 01 JULY 2017**

**End date: 30 JUNE 2018**

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

The amounts due for water services for the 2017/2018 financial year be paid on dates as indicated on accounts which will be rendered from 1 July 2017.

- ✚ The Sewerage Charges will be linked to the account where either a waterborne sewer connection or septic tank sewer is available.
- ✚ 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 **INCLUDE VAT.**

### **2. WATER TARIFFS**

Charges shall be levied in respect of each separate connection for water. The tariffs relating to consumption of water will be levied as from 01 July 2017 on all accounts linked to water and accounts opened after July 2017 will be levied for the applicable period of the year.

### **3. SANITATION TARIFFS**

A flat rate shall be levied in respect of each household / business / institution relating to sanitation. The tariffs applicable for sanitation services shall apply from 01 July 2017 and accounts opened after July 2017 will be levied for the applicable period of the year.



#### 4. CONSUMPTION TARIFFS BASED ON WATER RELATED SERVICES

The tariffs listed under this section 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.

##### 4.1 Domestic / Household Water 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.

TARIFFS	CHDM Current Tariff 2016/2017	CPIX Increase (6,1 %)	CHDM Proposed Tariff after CPIX (6,1 %) Increase for 2017/2018
<b>WATER</b>			
<i>Water Consumption (Domestic/Household use)</i>			
0-6	8.66	0.53	<b>9.19</b>
7-15	10.02	0.61	<b>10.63</b>
16-30	12.28	0.75	<b>13.03</b>
31-45	15.29	0.93	<b>16.22</b>
46-60	16.70	1.02	<b>17.72</b>
61 or more	18.85	1.15	<b>20.00</b>

May 2017

#### 4.2 Institutional Water 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:

TARIFFS	CHDM Current Tariff 2016/2017	CPIX Increase (6,1 %)	CHDM Proposed Tariff after CPIX (6,1 %) Increase for 2017/2018
<b>WATER</b>			
<i>Water Consumption (Institutional, etc)</i>			
0-200kls per month	10.24	0.62	<b>10.86</b>
201-2500 kl per month	11.32	0.69	<b>12.01</b>
2501 or more kl per month	12.39	0.76	<b>13.15</b>

#### 4.3 Business and Other Water Uses

The tariffs listed in this item are payable in respect of all uses not listed in items 4.1 and 4.2.

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 4.1 and 4.2

TARIFFS	CHDM Current Tariff 2016/2017	CPIX Increase (6,1 %)	CHDM Proposed Tariff after CPIX (6,1 %) Increase for 2017/2018
<b>WATER</b>			
<b><i>Water Consumption (Business &amp; other use)</i></b>			
0 – 5 000 kl / month	13.14	0.80	<b>13.94</b>
5001 -25000 kl / month	13.36	0.81	<b>14.17</b>
25 001- 50000 kl/month	13.57	0.83	<b>14.40</b>
50 001- or more kl / month	13.57	0.83	<b>14.40</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.

#### 4.4 Un-metered and/or Unread Water Meter 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:

TARIFFS	CHDM Current Tariff 2016/2017	CPIX Increase (6,1 %)	CHDM Proposed Tariff after CPIX (6,1 %) Increase for 2017/2018
<b>WATER</b>			
<b><i>Water Consumption (no meter/unread meter) - Flat Rate (Per Month)</i></b>			
Domestic/Household	91.00	5.55	<b>96.55</b>
Institutional	118.30	7.22	<b>125.52</b>
Business & other	127.40	7.77	<b>135.17</b>

#### 4.5 Minimum Basic Charges / Availability of Water Infrastructure

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 / availability 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 4.1 will apply for households, the tariff sliding scale in item 4.2 will apply for institutions and the tariff sliding scale in item 4.3 will apply for businesses.

TARIFFS	CHDM Current Tariff 2016/2017	CPIX Increase (6,1 %)	CHDM Proposed Tariff after CPIX (6,1 %) Increase for 2017/2018
<b>WATER</b>			
<b><i>Water Basic (Availability) – Per Month</i></b>			
Domestic/Household	91.00	5.55	<b>96.55</b>
Institutional/ Government	118.30	7.22	<b>125.52</b>
Business	127.40	7.77	<b>135.17</b>

#### 4.6 Flow Restriction/Water Consumption Management Meter

**4.6.1** Properties used exclusively for household purposes as defined in 4.1: 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 4.1 shall be payable:

**4.6.2** 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 6 kl free basic water per month on a monthly pro rata basis where after the tariff in 4.1 will be applicable

#### 4.7 Private Internal Water Leaks (Households/Domestic)

In case of exceptionally high meter readings of water consumption in households, due to leaks from a private internal pipeline, the Chief Financial Officer or their nominee, may determine that the excess consumption be levied at **R9.27** per kilolitre for a maximum period of 91 days, 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 plumber's letter of confirmation of leak being fixed or affidavit from the consumer which must be submitted to the municipality within 90 days after repair of the leak.

#### 4.8 Service Audit

**4.8.1** 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.

**4.8.2** 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.

#### 4.9 Utility Services – Water Tariffs (Water Delivery)

TARIFFS	CHDM Current Tariff 2016/2017	CPIX Increase (6,1 %)	CHDM Proposed Tariff after CPIX (6,1 %) Increase for 2017/2018
<b>WATER</b>			
<b>UTILITY SERVICES - WATER TARIFFS (WATER DELIVERY)</b>			
<b>Domestic / Households</b>			
Tariff per load	400.00	56.00	<b>456.00</b>
<b>Commercial - per Load</b>			
Water supplied to premises predominantly of a commercial nature	400.00	56.00	<b>456.00</b>
<b>Industrial - Per Load</b>			
Water which is used in manufacturing, generating electricity, land-based transport, construction or any related purpose	400.00	56.00	<b>456.00</b>
<b>Government - Per load</b>			

National and Provincial Departments	400.00	56.00	<b>456.00</b>
<b>Schools / Sport Bodies / Churches / Charities – Per Load</b>			
Any educational activity / sporting activity / religious activity / charitable activity	400.00	56.00	<b>456.00</b>
<b>Homeless people shelters / Homes catering for physically or mentally challenged individuals - Per kl per person</b>			
Homeless people shelters/ homes catering for the health of physically or mentally challenged individuals, including HOMAC accredited children's homes, registered with council on an annual basis. A sworn affidavit must accompany the application indicating the number of people normally accommodated at the facility			
Step 1 (0 to 1.5kls)	-	-	-
Step 2 (above 1.6kls)	12.61	0.77	<b>13.38</b>
<b>Additional Charges</b>			
Labour - Charged per person	44.90	2.74	<b>47.64</b>
Travel Expenses - Charged per kilometer	8.00	0.49	<b>8.49</b>

**5. 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 5.1.1 from the owner. **(All tariffs include Vat).**

**5.1 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.)

**5.1.1 Combination meters**

<b>TARIFFS</b>	<b>CHDM Current Tariff 2016/2017</b>	<b>CPIX Increase (6,1 %)</b>	<b>CHDM Proposed Tariff after CPIX (6,1 %) Increase for 2017/2018</b>
<b>WATER</b>			
<i>Water Combination Meters Connections (Where water or fire hydrant connection is supplied)</i>			
<b>50mm</b>	32,991.00	2,012.45	<b>35,003.45</b>
<b>80mm</b>	35,978.00	2,194.66	<b>38,172.66</b>
<b>100mm</b>	44,222.00	2,697.54	<b>46,919.54</b>
<b>150mm</b>	70,188.00	4,281.47	<b>74,469.47</b>

**5.1.2 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).

TARIFFS	CHDM Current Tariff 2016/2017	CPIX Increase (6,1 %)	CHDM Proposed Tariff after CPIX (6,1 %) Increase for 2017/2018
<b>WATER</b>			
<b>Main Meter Connection (incl road crossing)</b>			
<b>15mm</b>	2,271.00	138.53	<b>2,409.53</b>
<b>15mm WCM</b>	3,269.00	199.41	<b>3,468.41</b>
<b>25mm</b>	4,238.00	258.52	<b>4,496.52</b>

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

### 5.1.3 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):

TARIFFS	CHDM Current Tariff 2016/2017	CPIX Increase (6,1 %)	CHDM Proposed Tariff after CPIX (6,1 %) Increase for 2017/2018
<b>WATER</b>			
<b>Main Meter Connection (excl road crossing)</b>			
<b>15mm</b>	1,729.00	105.47	<b>1,834.47</b>
<b>15mm WCM</b>	2,767.00	168.79	<b>2,935.79</b>

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



## 6. ILLEGAL CONNECTIONS AND/OR CONSUMPTIONS AND DAMAGES TO SERVICES

Fines for the Illegal use of fire connections and/or use of unauthorized connections / consumption, calculated as fees per unit (Household / Business) representing water consumption and related administration costs, and fees per incident representing water consumption and related administration costs in the case of illegal activities relating to damages to services:

TARIFFS	CHDM Current Tariff 2016/2017	CPIX Increase (6,1 %)	CHDM Proposed Tariff after CPIX (6,1 %) Increase for 2017/2018
<b>WATER</b>			
<b>ILLEGAL CONNECTIONS AND/OR CONSUMPTIONS AND DAMAGES TO SERVICES</b>			
<b><u>Fines for the Illegal use of the fire connection and/or use of unauthorized connections / consumption:</u></b>			
DOMESTIC	5,006.00	305.37	<b>5,311.37</b>
BUSINESS	10,201.00	622.26	<b>10,823.26</b>
<b><u>Fines for other illegal activities relating to damages to services</u></b>			
Unauthorized usage by vehicles such as tankers	13,800.00	841.80	<b>14641.80</b>

### 6.1 OTHER ILLEGAL ACTIVITIES RELATING TO DAMAGES TO SERVICES

Fees calculated per incident:

**Any damages to the network or connections:**

Actual Cost of Repairs + Cost of Water Loss + 15 % Administration Fee

**Neglect by an owner to repair a leaking fire connection within 48 hours after notification in terms of the CHDM Policy:**

Actual Cost of Repairs + 15 % Administration Fee

## 7. 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 + 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.

## 8. 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 shall be paid in advance for each such reading:

TARIFFS	CHDM Current Tariff 2016/2017	CPIX Increase (6,1 %)	CHDM Proposed Tariff after CPIX (6,1 %) Increase for 2017/2018
<b>WATER</b>			
<b>READING OF METERS ON REQUEST FROM CONSUMER</b>			
READING METERS	236.00	14.40	<b>250.40</b>

## 9. 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:

TARIFFS	CHDM Current Tariff 2016/2017	CPIX Increase (6,1 %)	CHDM Proposed Tariff after CPIX (6,1 %) Increase for 2017/2018
<b>WATER</b>			
<b>DISCONTINUATION AND RESTRICTION OF WATER SUPPLY AS A CREDIT CONTROL MEASURE AND RE-INSTATEMENT OF SUPPLY</b>			
<b>Domestic / Households Usage</b>			

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	78.00	4.76	<b>82.76</b>
To install Water Consumption Management meter in order to restrict the flow through the connection to 30 kl or less per month - applicable to 15mm connection	2,691.00	164.15	<b>2,855.15</b>
To disconnect the water supply by removing the connection pipe and / or T piece or meter	836.00	51.00	<b>887.00</b>
To adjust the Water Consumption management meter in order to re-instate full flow to the premises - applicable to 15mm connection	439.00	26.78	<b>465.78</b>
<b>Business &amp; Other Usage</b>			
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	78.00	4.76	<b>82.76</b>
To terminate the water supply	836.00	51.00	<b>887.00</b>
To re-instate the water supply	836.00	51.00	<b>887.00</b>
To install Water Consumption Management meter in order to restrict the flow through the connection to 30 kl or less per month	2,691.00	164.15	<b>2,855.15</b>
To adjust the Water Consumption Management meter in order to re-instate full flow to the premises	439.00	26.78	<b>465.78</b>
To disconnect the water supply by removing the connection pipe and / or T piece or meter	836.00	51.00	<b>887.00</b>

## 10. 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:

TARIFFS	CHDM Current Tariff 2016/2017	CPIX Increase (6,1 %)	CHDM Proposed Tariff after CPIX (6,1 %) Increase for 2017/2018
<b>WATER</b>			
<b>DAMAGES TO THE MUNICIPAL WATER PIPE SYSTEM</b>			
Pipes with diameter 50mm or less	6,111.00	372.77	<b>6,483.77</b>
Pipes with diameter between 50mm and 100mm		745.60	

	12,223.00		<b>12,968.60</b>
Pipes with diameter between 100mm and 250mm	18,334.00	1,118.37	<b>19,452.37</b>
Pipes with diameter between 250mm and 400mm	24,446.00	1,491.21	<b>25,937.21</b>
Pipes with diameter between 400mm and 700mm	48,892.00	2,982.41	<b>51,874.41</b>
Pipes with diameter greater than 700mm	67,226.00	4,100.79	<b>71,326.79</b>

**11. TARRIFFS FOR SECURITIES / DEPOSITS PAYABLE ON OPENING OF NEW WATER & SANITATION SERVICES ACCOUNTS:**

<b>TARIFFS</b>	<b>CHDM Current Tariff 2016/2017</b>	<b>CPIX Increase (6,1 %)</b>	<b>CHDM Proposed Tariff after CPIX (6,1 %) Increase for 2017/2018</b>
<b>DEPOSITS / SECURITIES</b>			
<b>OPENING OF NEW WATER &amp; SANITATION SERVICES ACCOUNT</b>			
Domestic / Household	400.00	24.40	<b>424.40</b>
Business / Institutions & Other	1,067.00	65.10	<b>1132.10</b>

**12. TARIFFS RELATING TO SANITATION RELATED SERVICES**

**12.1 MONTHLY FLAT RATE SANITATION TARIFFS:**

<b>TARIFFS</b>	<b>CHDM Current Tariff 2016/2017</b>	<b>CPIX Increase (6,1 %)</b>	<b>CHDM Proposed Tariff after CPIX (6,1 %) Increase for 2017/2018</b>
<b>SANITATION</b>			
<b><i>Basic Charge per Month (Flat Rate)</i></b>			
Domestic / Households	R 59.96	R 3.66	R <b>63.62</b>
Business	R 98.84	R 6.03	R <b>104.87</b>
Government	R 99.77	R 6.09	R <b>105.86</b>
Churches, Hotels, Schools & Hospitals	R 94.13	R 5.74	R <b>99.87</b>

## 12.2 OTHER SANITATION RELATED TARIFFS:

<b>TARIFFS</b>	<b>CHDM Current Tariff 2016/2017</b>	<b>CPIX Increase (6,1 %)</b>	<b>CHDM Proposed Tariff after CPIX (6,1 %) Increase for 2017/2018</b>
<b>SANITATION</b>			
<b><i>Night-soil Removals per load</i></b>			
Night-soil removals (Buckets)	R 65.66	4.00	<b>69.66</b>
<b><i>New Sewer Connection</i></b>			
100mm Sewer Connection	R 1,250.00	76.25	<b>1,326.25</b>
150mm Sewer Connection	R 1,540.00	93.94	<b>1,633.94</b>
<b><i>Unblocking of Drains</i></b>			
Domestic	R 109.34	6.66	<b>116.00</b>
Business	R 195.97	11.95	<b>207.92</b>
Government	R 215.57	13.15	<b>228.72</b>

## 12.3 Sewerage Tariffs

<b>TARIFFS</b>	<b>CHDM Current Tariff 2016/2017</b>	<b>CPIX Increase (6,1 %)</b>	<b>CHDM Proposed Tariff after CPIX (6,1 %) Increase for 2017/2018</b>
<b>SANITATION</b>			
<b><i>Sewerage charges (waterborne sewer system)</i></b>			
<b><i>Domestic / Households Full - Standard</i></b>			
Single residential properties- 70% of water consumption to a maximum of 35kl of sewerage per month (70% of 50kl water = 35 kl of sewerage)			
Step 1 (0to 4kl) - Per kl	7.84	0.48	<b>8.32</b>
Step 2 (4.1kl to 7.35kl) - Per kl	8.21	0.50	<b>8.71</b>
Step 3 (7.36kl to 14 kl) - Per kl	15.46	0.94	<b>16.40</b>
Step 4 (14.1 kl to 24.5 kl) - Per kl	16.90	1.03	<b>17.93</b>
Step 5 (24.6kl to 35 kl) - Per kl	17.74	1.08	<b>18.82</b>
<b><i>Commercial - Standard - Per kl</i></b>			
95% of water consumption	10.96	0.67	<b>11.63</b>
<b><i>Industrial - Standard - Per kl</i></b>			
95% of water consumption	10.96	0.67	<b>11.63</b>
<b><i>Government - Standard - Per kl</i></b>			
National / Provincial – 95% of water consumption	10.96	0.67	<b>11.63</b>
<b><i>Schools / Sport Bodies / Churches / Charities - Standard - Per kl</i></b>			
Any educational activity / sporting activity / religious activity / charitable activity	10.96	0.67	<b>11.63</b>
<b><i>Miscellaneous - Standard - Per kl</i></b>			

All consumers who do not fall within the above categories	10.96	0.67	<b>11.63</b>
<b>Homeless people shelters / Homes catering for physically or mentally challenged individuals - Standard - Per kl per person</b>			
Homeless people shelters/ homes catering for the health of physically or mentally challenged individuals, including HOMAC accredited children's homes, registered with council on an annual basis. A sworn affidavit must accompany the application indicating the number of people normally accommodated at the facility			
Step 1 (0 to0.6 kls)	-	-	-
Step 2 (above 0.6kls)	10.09	0.62	<b>10.71</b>
<b>Old Aged Homes as defined</b>			
Registered old aged homes as defined. A sworn affidavit must accompany the application indicating the number of people normally accommodated at the facility			
Step 1 (0 to0.6 kls)	-	-	-
Step 2 (above 0.6kls)	10.09	0.62	<b>10.71</b>

#### 12.4 Septic tank clearance

<b>TARIFFS</b>	<b>CHDM Current Tariff 2016/2017</b>	<b>CPIX Increase (6,1 %)</b>	<b>CHDM Proposed Tariff after CPIX (6,1 %) Increase for 2017/2018</b>
<b>Septic Tank Clearing</b>			
<b>UTILITY SERVICES - SANITATION TARIFFS (SEWERAGE REMOVAL)</b>			
<b>Domestic / Households Full - Standard</b>			
Septic tank clearing per load	400.00	56.00	<b>456.00</b>
<b>Commercial - per Load</b>			
Water supplied to premises predominantly of a commercial nature	400.00	56.00	<b>456.00</b>

<b>Industrial - Per Load</b>			
Water which is used in manufacturing, generating electricity, land-based transport, construction or any related purpose	400.00	56.00	<b>456.00</b>
<b>Government - Per load</b>			
National and Provincial Departments	400.00	56.00	<b>456.00</b>
<b>Schools / Sport Bodies / Churches / Charities – Per KI</b>			
Any educational activity / sporting activity / religious activity / charitable activity	12.61	1.77	<b>14.38</b>
<b>Additional Charges (for all the above categories)</b>			
Labour - Charged per person	44.90	2.74	<b>47.64</b>
Travel Expenses - Charged per kilometer	8.00	0.49	<b>8.49</b>

### 13. TARRIFFS FOR MUNICIPAL HEALTH SERVICES/ ENVIRONMENTAL MANAGEMENT AND WATER QUALITY SERVICES

#### 13.1 CERTIFICATES



<b>TARIFFS</b>	<b>CHDM Current Tariff 2016/2017</b>	<b>CPIX Increase (6,1%)</b>	<b>CHDM Proposed Tariff after CPIX (6,1%) Increase for 2017/2018</b>
<b>MUNICIPAL HEALTH SERVICES / ENVIRONMENTAL MANAGEMENT AND WATER QUALITY SERVICES</b>			
<b>CERTIFICATES</b>			
<b><i>Certificate of Acceptability (CoA) (FCD Act)</i></b>			
New Application	R 250	R 15.25	R 265.25
Review	R 100	R 6.10	R 106.10
Renewal	R 100	R 6.10	R 106.10
<b><i>Certificate of Unsound Foodstuffs (Condemns Certificate)</i></b>	R200/hour	R12,20/hour	R212,20/hour
<b><i>Health Certificate (HA) (H. Act)</i></b>			
New Application	R 150	R 9.15	R 159.15
Review	R 100	R 6.10	R 106.10
Renewal	R 100	R 6.10	R 106.10
<b><i>Certificate of Competence (CoC) (H. Act)</i></b>			
New Application	R 250	R 15.25	R 265.25
Review	R 100	R 6.10	R 106.10
Renewal	R 100	R 6.10	R 106.10
<b><i>Application for Exhumations and Re-Burials</i></b>	R 250	R 15.25	R 265.25
<b><i>RE-Issue of Certificates</i></b>			
New Application	R 100	R 6.10	R 106.10
Review	R 100	R 6.10	R 106.10
Renewal	R 100	R 6.10	R 106.10
<b><i>Request for Re-Inspection or Special Inspections</i></b>	R 200	R 12.20	R 212.20
<b><i>Illegal Transport of Foodstuffs (FCD Act)</i></b>	R 200	R 12.20	R 212.20
<b><i>Application for Selling of Foodstuffs during Public Events</i></b>	R 100	R 6.10	R 106.10
<b><i>Meat Safety Inspections (MS Act)</i></b>	R250/hour	R15.25/hour	

R265.25/hour

**13.2 VECTOR CONTROL**

<b>TARIFFS</b>	<b>CHDM Current Tariff 2016/2017</b>	<b>CPIX Increase (6,1 %)</b>	<b>CHDM Proposed Tariff after CPIX (6,1 %) Increase for 2017/2018</b>
<b>MUNICIPAL HEALTH SERVICES / ENVIRONMENTAL MANAGEMENT AND WATER QUALITY SERVICES</b>			
<b>VECTOR CONTROL</b>			
Vector control per occurrence	R 300.00	18.30	<b>318.30</b>

**13.3 ENVIRONMENTAL POLLUTION CONTROL**

<b>TARIFFS</b>	<b>CHDM Current Tariff 2016/2017</b>	<b>CPIX Increase (6,1 %)</b>	<b>CHDM Proposed Tariff after CPIX (6,1 %) Increase for 2017/2018</b>
<b>MUNICIPAL HEALTH SERVICES / ENVIRONMENTAL MANAGEMENT AND WATER QUALITY SERVICES</b>			
<b>ENVIRONMENTAL POLLUTION CONTROL</b>			
<b>Waste water spillages</b>	R 500	30.50	<b>530.50</b>
<b>Noise control</b>			
Residential	R 500	30.50	<b>530.50</b>
Commercial	R 600	R 36.60	<b>636.60</b>

**13.4 ATMOSPHERIC EMISSIONS LICENCES**

<b>TARIFFS</b>	<b>CHDM Current Tariff 2016/2017</b>	<b>CPIX Increase (6,1%)</b>	<b>CHDM Proposed Tariff after CPIX (6,1%) Increase for 2017/2018</b>
<b>MUNICIPAL HEALTH SERVICES / ENVIRONMENTAL MANAGEMENT AND WATER QUALITY SERVICES</b>			
<b>ATMOSPHERIC EMISSIONS LICENCES</b>			
<b><i>1 unit of listed activities</i></b>			
New Application	R 1,500.00	R 91.50	<b>R 1,591.50</b>
Review	R 1,000.00	R 61.00	<b>R 1,061.00</b>
Renewal	R 1,000.00	R 61.00	<b>R 1,061.00</b>
Transfer	R 500.00	R 30.50	<b>R 530.50</b>
<b><i>2 to 5 units of listed activities</i></b>			
New Application	R 2,500.00	R 152.50	<b>R 2,652.50</b>
Review	R 1,500.00	R 91.50	<b>R 1,591.50</b>
Renewal	R 1,000.00	R 61.00	<b>R 1,061.00</b>
Transfer	R 500.00	R 30.50	<b>R 530.50</b>
<b><i>6 to 10 units of listed activities</i></b>			
New Application	R 3,500.00	R 213.50	<b>R 3,713.50</b>
Review	R 2,500.00	R 152.50	<b>R 2,652.50</b>
Renewal	R 1,000.00	R 61.00	<b>R 1,061.00</b>
Transfer	R 500.00	R 30.50	<b>R 530.50</b>
<b><i>11 and more units of listed activities</i></b>			
New Application	R 4,500.00	R 274.50	<b>R 4,774.50</b>
Review	R 3,500.00	R 213.50	<b>R 3,713.50</b>
Renewal	R 1,000.00	R 61.00	<b>R 1,061.00</b>
Transfer	R 500.00	R 30.50	<b>R 530.50</b>

**13.5 WATER QUALITY – LABORATORY**

May 2017

<b>TARIFFS</b>	<b>CHDM Current Tariff 2016/2017</b>	<b>CPIX Increase (6,1%)</b>	<b>CHDM Proposed Tariff after CPIX (6,1%) Increase for 2017/2018</b>
<b>MUNICIPAL HEALTH SERVICES / ENVIRONMENTAL MANAGEMENT AND WATER QUALITY SERVICES</b>			
<b>WATER QUALITY - LABORATORY</b>			
<b>BACTERIOLOGICAL ANALYSIS</b>			
E .coli (count/100ml)	R 92.00	R 5.61	R <b>97.61</b>
Faecal Coliform Count (count/100ml)	R 75.00	R 4.58	R <b>79.58</b>
<b>PHYSICAL &amp; ORGANOLEPTIC ANALYSIS</b>			
pH	R 20.72	R 1.26	R <b>21.98</b>
Turbidity	R 12.25	R 0.75	R <b>13.00</b>
Electrical Conductivity	R 16.87	R 1.03	R <b>17.90</b>
Chlorine	R 6.45	R 0.39	R <b>6.84</b>
Total Dissolved Solids (TDS)	R 41.65	R 2.54	R <b>44.19</b>
Suspended Solids	R 31.36	R 1.91	R <b>33.27</b>
<b>CHEMICAL ANALYSIS</b>			
Fluoride	R 70.22	R 4.28	R <b>74.50</b>
Nitrate	R 88.26	R 5.38	R <b>93.64</b>
Ammonia	R 67.20	R 4.10	R <b>71.30</b>
Chemical Oxygen Demand (COD)	R 140.00	R 8.54	R <b>148.54</b>
Phosphate	R 74.93	R 4.57	R <b>79.50</b>
Sulphate	R 70.22	R 4.28	R <b>74.50</b>

**14. PROPOSAL TO IMPLEMENT ADDITIONAL TARIFFS FOR FINES ON ENVIRONMENTAL IMPACT RELATED ACTIVITIES AND SERVICES RENDERED**

TARIFFS	CHDM Proposed Tariff for 2017/2018
<b>PROPOSAL TO IMPLEMENT ADDITIONAL TARIFFS FOR FINES ON ENVIRONMENTAL IMPACT RELATED ACTIVITIES AND SERVICES RENDERED</b>	
<b>PROPOSAL FOR FINES ON ACTIVITIES HAVING AN ENVIRONMENTAL IMPACT - LAW ENFORCEMENT OFFICERS (EHP'S)</b>	
Environmental Pollution – (Municipal Boundaries) - Relating to Environmental pollution created during protest Action	R            20,000.00
Air pollution - Residential	R            2,500.00
Air pollution – Commercial	R            5,000.00
Trading without COA (Certificate of Acceptability)	R            250.00
Environmental pollution ( Waste Water)	R            10,000.00
Illegal transport of Meat	R            250.00
Illegal transport of Milk	R            250.00
Illegal keeping of Animals	R            500.00
Illegal trading – Pesticides / Chemicals	R            250.00
<b>PROPOSAL FOR ADDITIONAL TARIFFS FOR SERVICES RENDERED</b>	
Issuing of Water & Sanitation Clearance Certificates	R            150.00
RE-Issuing of Water & Sanitation Clearance Certificates	R            100.00
Re-Connection/Re-Activation of Water Meter (Change in ownership/user)	R            350.00
Sewerage 'Dump'/'Deposit' into CHDM Waste Water Treatment Works (per dump/deposit)	R            400.00