

SCHEDULE A

FINAL ANNUAL BUDGET AND SUPPORTING
DOCUMENTATION FOR CHRIS HANI DISTRICT
MUNICIPALITY



CHRIS HANI
DISTRICT MUNICIPALITY

SUSTAINING GROWTH
THROUGH OUR PEOPLE

FINAL ANNUAL BUDGET OF
CHRIS HANI DISTRICT MUNICIPALITY

2018/19 TO 2020/21
MEDIUM TERM REVENUE AND
EXPENDITURE FRAMEWORK

1 Table of Contents

1.1	EXECUTIVE SUMMARY	3
	<i>Table 1 Consolidated Overview of the 2018/19 MTREF</i>	3
1.2	OPERATING REVENUE FRAMEWORK	4
	<i>Table 1 Summary of revenue classified by main revenue source</i>	
	<i>Table 3 Percentage growth in revenue by main revenue source</i>	6
	<i>Table 4 Operating Transfers and Grant Receipts</i>	9
	1.2.1..... <i>Sale of Water and Impact of Tariff Increases</i>	10
	
1.3	OPERATING EXPENDITURE FRAMEWORK.....	11
	<i>Table 5 Summary of operating expenditure by standard classification item</i>	12
	<i>Figure 1 Main operational expenditure categories for the 2017/18 financial year</i>	14
	1.3.1..... <i>Free Basic Services: Indigent Support</i>	15
	
1.4	CAPITAL EXPENDITURE	17
	<i>Table 6 2017/18 Medium-term capital budget per vote</i>	Error! Bookmark not defined.
1.5	ANNUAL BUDGET TABLES - PARENT MUNICIPALITY.....	19
	<i>Table 7 MBRR Table A1 - Budget Summary</i>	
	<i>Table 8 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)</i>	Error! Bookmark not defined.
	<i>Table 9 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)</i>	Error! Bookmark not defined.
	<i>Table 10 Surplus/ (Deficit) calculations for the trading services</i>	Error! Bookmark not defined.
	<i>Table 11 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)</i>	22
	<i>Table 12 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source</i>	24
	<i>Table 13 MBRR Table A6 - Budgeted Financial Position</i>	26
	<i>Table 14 MBRR Table A7 - Budgeted Cash Flow Statement</i>	29
	<i>Table 15 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation</i>	29

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 2018/19 Medium-term Revenue and Expenditure Framework for Chris Hani District Municipality:

Table 1: Consolidated Overview of the 2018/19 MTREF

Chris Hani District Municipality Consolidated Final Budget Summary: 2018/19 MTREF								
Description	Previous Year 2016/17		Current Year 2017/18 Medium Term Revenue & Expenditure Framework			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Figures 2015/16 R000	Audited Figures 2016/17 R000	Budget Year 2017/18 R000	1st Adjusted Budget 2017/18 R000	2nd Adjusted Budget 2017/18 R000	Budget Year 2018/19 R000	Budget Year + 2019/2020 R000	Budget Year + 2020/2021 R000
R thousand								
Total Revenue	1 655 149	1 592 945	1 553 647	1 604 040	1 529 468	1 409 416	1 324 289	1 385 075
Operating Revenue	1 041 698	930 101	1 039 393	1 041 625	989 208	937 496	1 005 607	1 076 255
Capital Revenue	613 451	662 844	514 254	562 415	540 260	471 919	318 682	308 820
Total Expenditure	2 043 977	1 689 284	1 897 135	1 958 962	1 896 369	1 758 177	1 689 547	1 622 370
Operating Expenditure	1 421 858	991 410	1 285 881	1 297 440	1 277 002	1 206 257	1 254 365	1 285 460
Capital Expenditure	622 119	697 874	611 254	661 522	619 367	551 919	435 182	336 910
Surplus/(Deficit)	(388 828)	(96 339)	(343 488)	(354 922)	(366 902)	(348 761)	(365 258)	(237 295)

Total operating revenue has declined by R51,7 million or 5,2% to R 937.5 million for the 2018/19 financial year when compared to the 2017/18 final adjustment budget. For the two outer years, operating revenue will increase by 7,3% and 7% respectively.

Total operating expenditure for the 2018/19 financial year has been appropriated at R1,206,3 billion and translates into a budgeted operating deficit of R268,8 million, when compared to the 2017/18 final adjustment budget, operational expenditure has decreased by 4,9% in the 2018/19 final budget and has increased by 4% and 2,5% respectively for 2019/20 and 2020/21. The operating deficit for the two outer years steadily increases from R68,8 million in coming budget year to R248,8 million and R209,2 million in the two outer years. These deficits indicate that the municipality has to increase own revenue base from the water and sanitation services to improve the deficit. The operating deficit is however a non cash deficit when looking at the amount for non cash items (Depreciation and Debt Provision).

The capital budget of R551,9 million for 2018/19 is 10,9% less when compared to the 2017/18 final adjustment budget. The decrease is due to the lesser allocations received in the national fiscus and no allocation from provincial government (DHS Unblocking) and Provincial treasury in the coming budget year as these were intervention grants that have since come to an end. The capital programmes are reflecting signs of decrease in the two outer years to R435,2 million and R336,9 million respectively. The main sources 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 at an acceptable level 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 data;
- ✚ 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 revenue for 2018/19 MTREF (classified by main revenue source):

Table 2: Summary of operating revenue classified by main revenue source

Chris Hani District Municipality Operating Revenue by Source Final Budget 2018/19							
Description	2015/16	2016/17	Current Year 2017/18		2018/19 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2018/19	Budget Year + 2019/20	Budget Year + 2020/21
Revenue By Source							
Service charges - water revenue	293 631	128 569	151 560	168 466	178 574	189 288	200 646
Service charges - sanitation revenue	42 129	43 006	35 940	51 176	54 246	57 501	60 951
Rental of facilities and equipment	-	-	-	-	-	-	-
Interest earned - external investments	38 464	37 255	33 154	33 154	32 480	34 429	36 495
Interest earned - outstanding debtors	-	-	103 234	6 471	6 730	7 133	7 561
Transfers recognised - operational	590 775	626 609	629 804	644 557	600 325	648 217	697 434
Other revenue	76 700	93 758	85 502	85 184	64 942	68 838	72 969
Gains on disposal of PPE	-	904	200	200	200	200	200
Total Revenue (excluding capital transfers and contributions)	1 041 699	930 101	1 039 393	989 208	937 496	1 005 607	1 076 255

Figure 1 Main operating revenue categories for the 2018/19 financial year-

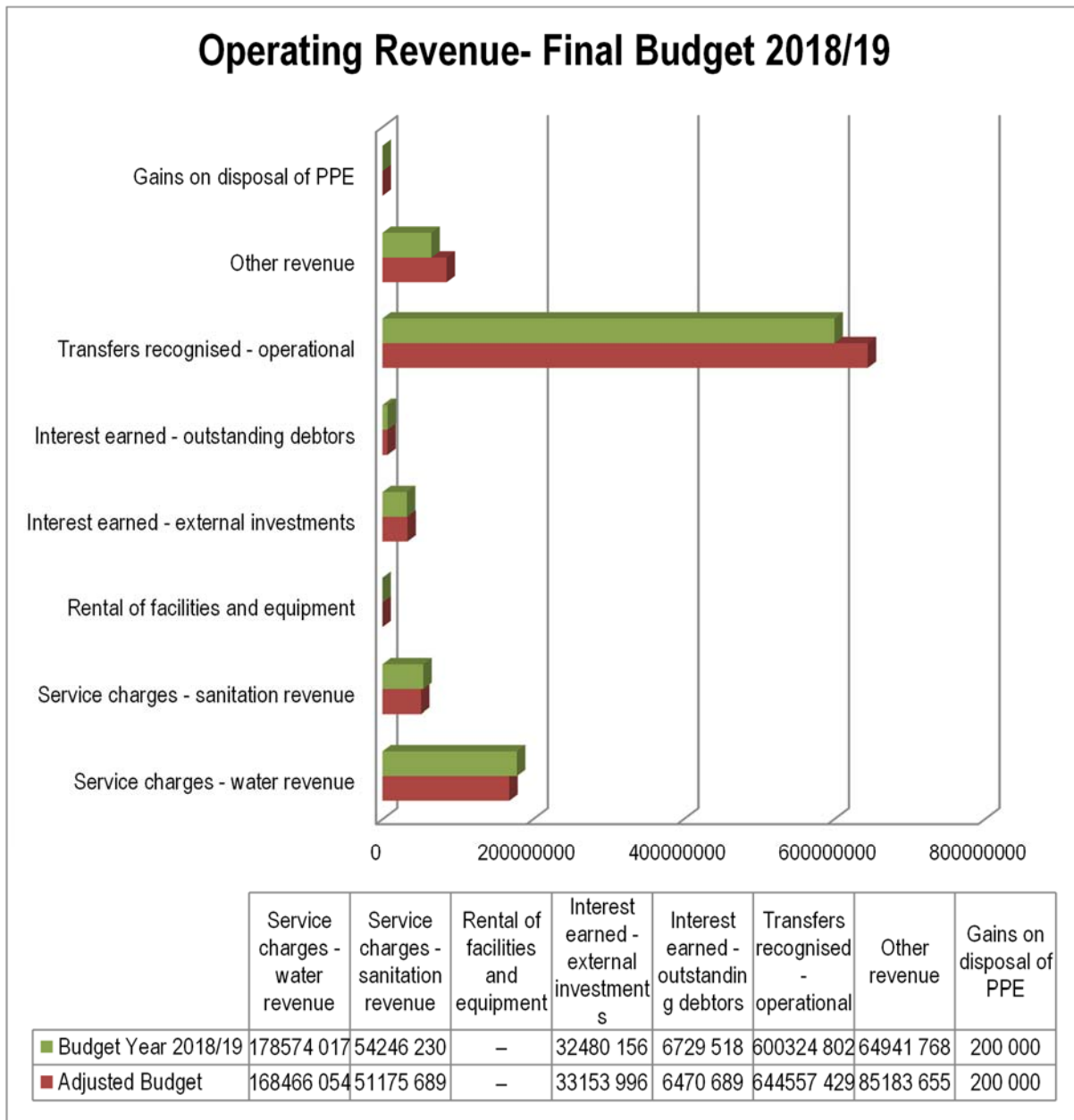


Table 3: Percentage growth in operating revenue by main revenue source

Chris Hani District Municipality Perc Growth in Operating Revenue by Source Final Budget 2018/19							
Description	2018/19 Medium Term Revenue & Expenditure Framework						
	R thousand	Adjusted Budget	%	Budget Year 2018/19	%	Budget Year + 2019/20	%
Revenue By Source							
Service charges - water revenue	168 466	6	178 574	6	189 288	6	200 646
Service charges - sanitation revenue	51 176	6	54 246	6	57 501	6	60 951
Rental of facilities and equipment	-	0	-	-	-	-	-
Interest earned - external investments	33 154	(2)	32 480	6	34 429	6	36 495
Interest earned - outstanding debtors	6 471		6 730		7 133		7 561
Transfers recognised - operational	644 557	(7)	600 325	8	648 217	8	697 434
Other revenue	85 184	(24)	64 942	6	68 838	6	72 969
Gains on disposal of PPE	200	-	200	-	200	-	200
Total Revenue (excluding capital transfers and contributions)	989 208	(5)	937 496	7	1 005 607	7	1 076 255

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 64% of the total operating revenue of the municipality amounting to R600,3 million. In 2018/19 financial year, revenue from water services charges totalled R178,6 million or 19% of total operating revenue and sanitation services constitute 6% of the total operating revenue. The water revenue increases to R189,3 and R 200,6 million in the respective outer financial years of the MTREF. The municipality has projected an annual decrease in revenue at 5,2%, and an increase of 8% and 7% for the two outer years respectively, 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 25% 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.

Table 4 Operating Transfers and Grant Receipts

DC13 Chris Hani - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		464 545	543 031	591 966	595 582	602 824	-	562 896	644 797	693 816
Local Government Equitable Share		415 244	446 759	484 455	507 459	507 459		524 527	542 195	583 613
RSC Levy Replacement				-		-				
Finance Management		1 500	1 500	1 500	1 500	1 500		1 250	1 250	1 000
Municipal Systems Improvement		934	940	-						
Water Services Operating Subsidy				4 500	5 000	12 242		5 000	7 000	9 000
EPWP Incentive		9 124	5 213	7 797	10 037	10 037		6 158	-	
Municipal Infrastructure Grant		37 743	88 619	93 713	71 586	71 586		25 961	94 352	100 203
Provincial Government:		9 365	9 130	34 050	34 222	34 222	-	33 229	3 420	3 618
Housing				-	2 000	2 000				
Dept of Roads and Transport				27 800	29 000			30 000		
Provincial Health Subsidies				-						
Health subsidy/ DEDEAT		6 386	6 114	3 153						
Rural Road Asset Management Grant		2 979	3 016	3 097	3 222	3 222		3 229	3 420	3 618
District Municipality:		130	810	593	1 312	1 312	-	-	-	-
L G S E T A		130	310	435	462	462				
COGTA			500	158	850	850				
Other grant providers:		-	-	-	-	6 200	-	4 200	-	-
ECONOMIC DEVELOPMENT						6 200		4 200		
Total Operating Transfers and Grants	5	474 040	552 971	626 609	631 115	644 557	-	600 325	648 217	697 434
Capital Transfers and Grants										
National Government:		576 943	566 481	617 282	504 254	524 122	-	471 919	318 682	308 820
Municipal Infrastructure Grant (MIG)		279 911	184 925	177 710	220 754	220 754		254 919	192 682	203 853
Regional Bulk Infrastructure		236 570	291 331	335 055	208 500	208 500		172 000	25 000	26
Rural Households Infrastructure										
EPWP/ Accelerated Comm Infrastru Prog										
Municipal Water Infrastructure Grant		48 528	85 225	69 987	75 000	94 868		45 000	101 000	104 940
Water Services Operating Grant		11 935	5 000	34 530						
Provincial Government:		-	9 347	23 862	-	6 138	-	-	-	-
DHS Unblocking			9 347	23 862		6 138				
District Municipality:		-	27 984	21 700	10 000	10 000	-	-	-	-
Provincial Treasury			27 904	21 700	10 000	10 000				
DHLGTA			80							
Other grant providers:		21 481	17 068	-	-	-	-	-	-	-
ACIP		21 481	17 068							
Total Capital Transfers and Grants	5	598 425	620 880	662 844	514 254	540 260	-	471 919	318 682	308 820
TOTAL RECEIPTS OF TRANSFERS & GRANTS		1 072 464	1 173 851	1 289 453	1 145 370	1 184 817	-	1 072 244	966 899	1 006 253

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.

1.2.1 Sale of Water and Impact of Tariff Increases

The municipality as a Water Service Authority and Provider is currently experiencing challenges in the correctness of consumer accounts, though there is an increase in billing in the current year the collection rate remains very low. 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 currently undergoing a review of tariffs at all levels and structure of water and sanitation 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. Upon conclusion of the study consultations will be done by the municipality before implementation.

1.3 Operating Expenditure Framework

The municipality's expenditure framework for the 2018/19 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 2018/19 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 2018/19 MTREF							
Description	2015/16	2016/17	Current Year 2017/18		2018/19 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2018/19	Budget Year + 2019/20	Budget Year + 2020/21
Expenditure By Type							
Employee related costs	246 191	245 075	349 187	325 660	308 843	327 374	347 016
Remuneration of councillors	9 631	9 577	12 578	10 544	11 071	11 736	12 440
Debt impairment	522 558	44 876	200 000	200 000	200 000	200 000	200 000
Depreciation & asset impairment	158 329	119 620	180 000	180 000	140 000	140 000	140 000
Finance charges	629	271	1 200	1 200	1 260	1 336	1 416
Bulk purchases	22 585	21 589	24 894	24 894	26 139	27 707	29 369
Contracted services	62 482	78 783	32 956	106 836	124 153	118 882	126 015
Transfers and grants	213 186	246 619	20 198	179 165	175 942	215 816	226 692
Other expenditure	184 705	224 998	464 868	248 702	218 850	211 515	202 512
Loss on disposal of PPE	1 561	-	-	-	-	-	-
Total Expenditure	1 421 858	991 410	1 285 881	1 277 002	1 206 257	1 254 365	1 285 460

The budgeted allocation for employee related costs for 2018/19 financial year totals R308,8 million, which equals 25,6% of the total operating expenditure. Based on the three year Salary and Wage Collective Agreement, salary increases have been factored into this budget at an estimated percentage increase of 7% for the 2018/19 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 2018/19 financial year.

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 budget.

Provision for depreciation and asset impairment has been informed by the municipality's Asset Management Policy and the recent audited financial statements. Depreciation is widely considered a proxy for the measurement of the rate of asset consumption. Budget appropriations

in this regard total R140 million for the 2018/19 financial and equates to 11,6% 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 2018/19 financial year, this combined expenditure totals R 30,6 million and has decreased by 5% compared to the final adjustment budget. As part of the process of identifying further cost efficiencies, a business process reengineering project will commence in the 2018/19 financial year to identify alternative practices and procedures, including building in-house capacity for certain activities that are currently being contracted out.

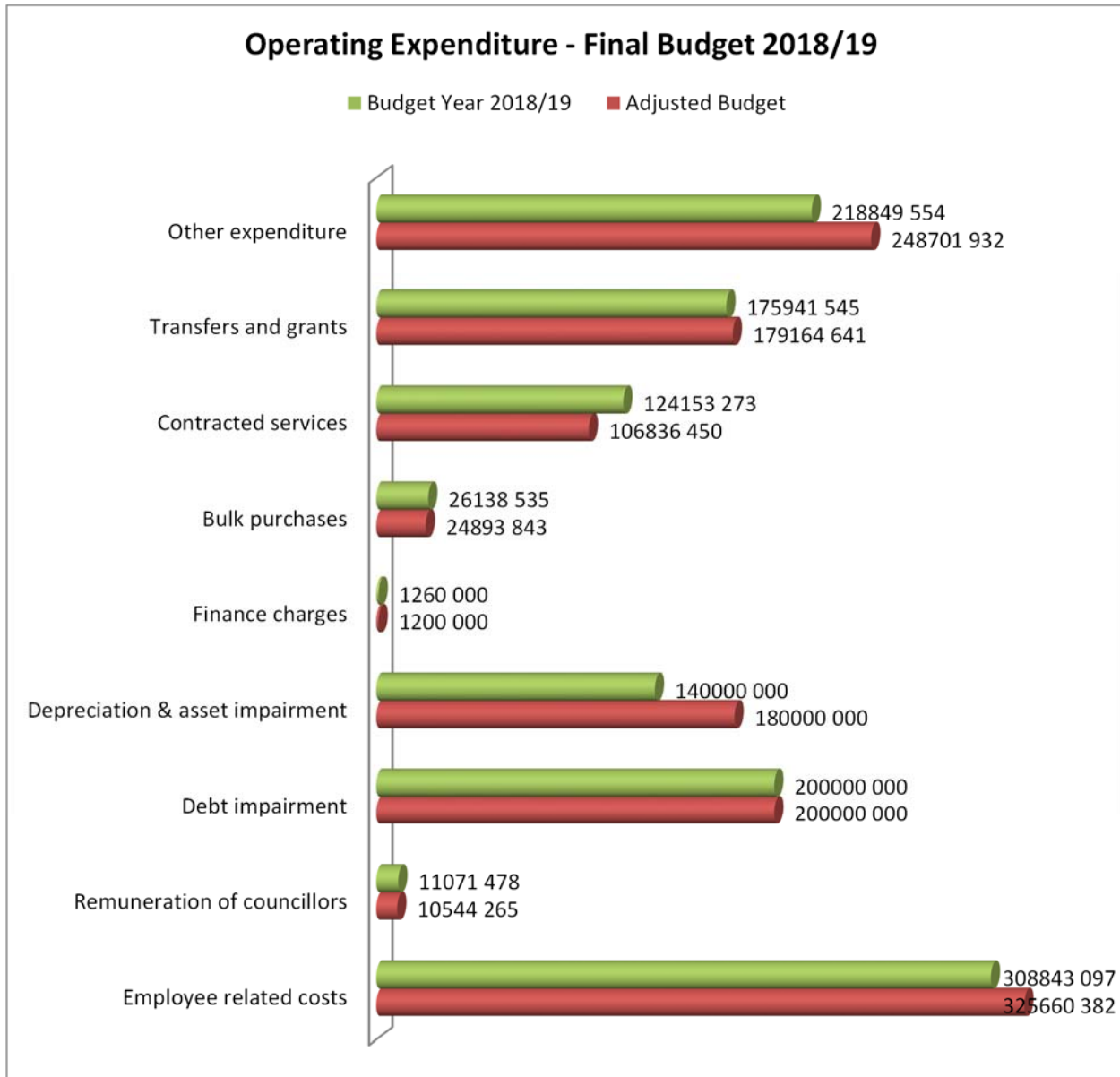
Other expenditure comprises of various line items relating to daily operations of the municipality. This combined expenditure has also been identified as an area in which cost savings and efficiencies can be achieved. Other expenditure has decreased by 12% for 2018/19 budget year, when compared to the final adjustment budget. Also included in other expenditure are equitable share funded IDP projects of various departments to the value of R87.2 million that are linked to the SDBIP and repairs and maintenance amounting to R92,4 million or 7,7% of the total operating budget. Other expenditure constitutes 18% of the total operating expenditure.

The provision for debt impairment is budgeted for at R200 million in 2018/19 financial year and constitutes 16,6% 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 R175,9 million and this comprises of operating grants funding expenditure, a subsidy to Chris Hani Development Agency of R20.7 million as the operating grant to the agency, R2,5 million for bursary fund and R500 thousand for adopted schools. The other amounts relate to operating transfers that are for VIP toilets and equitable share programmes.

The following graph gives a breakdown of the main expenditure categories for 2018/19 budget year.

Figure 2 Main operational expenditure categories for the 2018/19 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 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 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 R383.11 per month in 2018/19 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 R221,21 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	73.46	8.16	81.62
Water	112.90	12.54	125.44
Sanitation	86.19	9.58	95.77
Refuse	72.25	8.03	80.28
Total basic services	344.80	38.31	383.11
Source: National Treasury			

1.4 Capital Revenue and Expenditure

The following tables provides a breakdown of budgeted capital revenue and expenditure by vote:

Table 6: Final Capital Revenue 2018/2019 MTREF: Table SA18 R471.9 million

Chris Hani District Municipality Capital Revenue 2018/19 MTREF Final Budget					
Description	Current Year 2017/18		2018/19 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2018/19	Budget Year 2019/20	Budget Year 2020/21
R thousand					
Capital Transfers and Grants					
National Government:	504 254	524 122	471 919	318 682	308 820
Municipal Infrastructure Grant (MIG)	220 754	220 754	254 919	192 682	203 853
Regional Bulk Infrastructure (RBIG)	208 500	208 500	172 000	25 000	26
Water Services Infrastructure Grant (WSIG)	75 000	94 868	45 000	101 000	104 940
Municipal Water Infrastructure Grant (MWIG)	-	-	-	-	-
Provincial Government:	10 000	16 138	-	-	-
Provincial Treasury	10 000	10 000	-	-	-
DHS Unblocking	-	6 138	-	-	-
Total Capital Transfers and Grants	514 254	540 260	471 919	318 682	308 820

MIG, RBIG, WSIG are conditional grants allocated per the DORA to specified approved projects. Provincial treasury/COGTA and DHS unblocking are also conditional grants received from the provincial state departments for specified projects.

The 12,6% overall decreases and increases in capital grant funding is a result of decreases in the following grants:

- ✓ MIG increased by (R34,2 million) or 15,5%;
- ✓ RBIG decreased by (R36,5 million) or 17,5%; and
- ✓ WSIG decreased by (R30 million) or 40%, and R49 million when taking into account the rollover.

There was no allocation from Provincial Treasury/COGTA and DHS unblocking as these were intervention grants that were meant for a specific period and were not bound to continue. The decreases in infrastructure grants will however have a negative impact on running projects.

Table 7: Final Budget 2018/2019 MTREF - Capital Expenditure: R551,9 million

Chris Hani District Municipality Capital Expenditure by vote Final Budget 2018/19 MTREF					
Description	Current Year 2017/18		2018/19 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2018/19	Budget Year 2019/20	Budget Year 2020/21
R thousand					
Capital expenditure -vote					
Multi-year expenditure to be appropriated					
Vote 7 - Technical Services	514 254	540 260	471 919	318 682	308 820
Capital multi-year expenditure sub-total	514 254	540 260	471 919	318 682	308 820
Single-year expenditure to be appropriated					
Vote 1 - Council					
Vote 2 - Municipal manager					
Vote 3 - Budget & Treasury	42 000	42 000	25 000	26 500	28 090
Vote 4 - Community Services					
Vote 5 - Corporate Services	55 000	37 107	55 000	90 000	-
Vote 6 - Planning & Development					
Capital single-year expenditure sub-total	97 000	79 107	80 000	116 500	28 090
Total Capital expenditure-vote	611 254	619 367	551 919	435 182	336 910

For 2017/18 an amount of R551,9 million has been appropriated for the development of infrastructure which represents 86% of the total capital budget. In the outer years this amount totals to R318,7 million or 73% and R 308,8 million, 92% 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 own revenue capabilities to contribute on the improvement of infrastructure. Council out of its reserves has made a provision of R80 million for 2018/19, R116,5 million and R28,1 million for the two outer years to deal with movable assets, CHDM Village and improve on tools of trade.

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

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 2018/19 budget and MTREF as tabled before Council. Each table is accompanied by *explanatory notes*.

Table 8 MBRR Table A1 - Budget Summary-

DC13 Chris Hani - Table A1 Consolidated Budget Summary

Description	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousands										
Financial Performance										
Property rates	-	-	-	-	-	-	-	-	-	-
Service charges	185 225	335 760	171 575	187 500	219 642	-	-	232 820	246 789	261 597
Investment revenue	26 425	38 464	37 639	33 154	33 154	-	-	32 480	34 429	36 495
Transfers recognised - operational	486 188	591 628	529 799	629 804	644 557	-	-	600 325	648 217	697 434
Other own revenue	522 482	76 700	98 736	188 936	91 854	-	-	71 871	76 172	80 730
Total Revenue (excluding capital transfers and contributions)	1 220 320	1 042 551	837 749	1 039 393	989 208	-	-	937 496	1 005 607	1 076 255
Employee costs	216 437	244 414	255 847	349 187	325 660	-	-	308 843	327 374	347 016
Remuneration of councillors	7 718	9 631	9 577	12 578	10 544	-	-	11 071	11 736	12 440
Depreciation & asset impairment	122 387	158 329	120 116	180 000	180 000	-	-	140 000	140 000	140 000
Finance charges	629	737	271	1 200	1 200	-	-	1 260	1 336	1 416
Materials and bulk purchases	27 528	22 585	21 589	24 894	24 894	-	-	26 139	27 707	29 369
Transfers and grants	195 566	210 881	203 812	20 198	179 165	-	-	175 942	215 816	226 692
Other expenditure	494 981	775 247	374 167	697 824	555 538	-	-	543 003	530 397	528 528
Total Expenditure	1 065 246	1 421 824	985 380	1 285 881	1 277 002	-	-	1 206 257	1 254 365	1 285 460
Surplus/(Deficit)	155 075	(379 273)	(147 631)	(246 487)	(287 794)	-	-	(268 761)	(248 758)	(209 205)
Transfers and subsidies - capital (monetary allocations)	618 117	613 651	759 654	514 254	540 260	-	-	471 919	318 682	308 820
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	773 192	234 378	612 023	267 767	252 466	-	-	203 158	69 924	99 614
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	773 192	234 378	612 023	267 767	252 466	-	-	203 158	69 924	99 614
Capital expenditure & funds sources										
Capital expenditure	632 552	622 119	697 874	611 254	619 367	-	-	551 919	435 182	336 910
Transfers recognised - capital	622 542	601 160	662 844	514 254	540 260	-	-	471 919	318 682	308 820
Public contributions & donations	81	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	9 929	20 959	35 031	97 000	79 107	-	-	80 000	116 500	28 090
Total sources of capital funds	632 552	622 119	697 874	611 254	619 367	-	-	551 919	435 182	336 910
Financial position										
Total current assets	820 337	562 772	631 341	570 797	594 787	-	-	731 710	754 138	777 327
Total non current assets	3 368 666	3 416 767	4 024 337	5 241 121	5 118 030	-	-	4 826 959	5 122 155	5 319 079
Total current liabilities	231 583	280 205	342 183	109 391	109 391	-	-	113 992	118 557	123 304
Total non current liabilities	37 297	4 325	42 341	44 855	49 509	-	-	51 489	53 548	55 690
Community wealth/Equity	3 920 122	3 695 009	4 271 154	5 657 672	5 553 917	-	-	5 393 187	6 473 627	5 917 412
Cash flows										
Net cash from (used) operating	589 290	629 512	563 378	540 959	623 806	-	-	375 260	241 706	257 505
Net cash from (used) investing	(598 597)	(622 125)	(724 644)	(580 691)	(540 260)	-	-	(471 919)	(371 682)	(365 000)
Net cash from (used) financing	-	-	-	-	-	-	-	-	-	-
Cash/cash equivalents at the year end	356 162	363 550	202 226	393 117	516 395	-	-	245 340	115 364	7 869
Cash backing/surplus reconciliation										
Cash and investments available	356 162	363 492	202 226	399 842	423 832	-	-	342 000	348 840	355 817
Application of cash and investments	146 462	227 877	222 427	37 997	25 097	-	-	(66 563)	(82 056)	(81 610)
Balance - surplus (shortfall)	209 701	135 615	(20 200)	361 844	398 735	-	-	408 563	430 896	437 426
Asset management										
Asset register summary (WDV)	3 368 666	3 413 580	3 885 799	5 239 621	5 096 045	-	-	5 209 126	2 978 731	3 097 880
Depreciation	122 387	158 329	120 116	180 000	180 000	-	-	140 000	140 000	140 000
Renewal of Existing Assets	-	-	-	-	-	-	-	-	-	-
Repairs and Maintenance	13 184	51 099	68 939	54 165	41 727	-	-	80 456	85 283	90 401
Free services										
Cost of Free Basic Services provided	-	-	-	-	-	-	-	-	-	-
Revenue cost of free services provided	-	-	-	-	-	-	-	-	-	-
Households below minimum service level										
Water:	-	-	67	67	67	-	67	67	67	67
Sanitation/sewerage:	-	-	59	59	59	-	59	59	59	59
Energy:	-	-	-	-	-	-	-	-	-	-
Refuse:	-	-	-	-	-	-	-	-	-	-

Explanatory notes to MBRR Table A1 - Budget Summary

1. 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 gradually decreasing 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 9 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)

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

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Revenue By Source											
Property rates	2	-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	2	147 760	293 631	128 569	151 560	168 466	-	-	178 574	189 288	200 646
Service charges - sanitation revenue	2	37 466	42 129	43 006	35 940	51 176	-	-	54 246	57 501	60 951
Service charges - refuse revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - other											
Rental of facilities and equipment											
Interest earned - external investments		26 425	38 464	37 639	33 154	33 154			32 480	34 429	36 495
Interest earned - outstanding debtors					103 234	6 471			6 730	7 133	7 561
Dividends received											
Fines, penalties and forfeits											
Licences and permits											
Agency services											
Transfers and subsidies		486 188	591 628	529 799	629 804	644 557			600 325	648 217	697 434
Other revenue	2	522 482	76 700	97 833	85 502	85 184	-	-	64 942	68 838	72 969
Gains on disposal of PPE				904	200	200			200	200	200
Total Revenue (excluding capital transfers and contributions)		1 220 320	1 042 551	837 749	1 039 393	989 208			937 496	1 005 607	1 076 255
Expenditure By Type											
Employee related costs	2	216 437	244 414	255 847	349 187	325 660	-	-	308 843	327 374	347 016
Remuneration of councillors		7 718	9 631	9 577	12 578	10 544			11 071	11 736	12 440
Debt impairment	3	341 465	522 558	44 876	200 000	200 000			200 000	200 000	200 000
Depreciation & asset impairment	2	122 387	158 329	120 116	180 000	180 000	-	-	140 000	140 000	140 000
Finance charges		629	737	271	1 200	1 200			1 260	1 336	1 416
Bulk purchases	2	14 344	22 585	21 589	24 894	24 894	-	-	26 139	27 707	29 369
Other materials	8	13 184									
Contracted services		13 065	63 194	79 420	32 956	106 836	-	-	124 153	118 882	126 015
Transfers and subsidies		195 566	210 881	203 812	20 198	179 165	-	-	175 942	215 816	226 692
Other expenditure	4, 5	140 452	187 934	249 872	464 868	248 702	-	-	218 850	211 515	202 512
Loss on disposal of PPE			1 561								
Total Expenditure		1 065 246	1 421 824	985 380	1 285 881	1 277 002			1 206 257	1 254 365	1 285 460
Surplus/(Deficit)		155 075	(379 273)	(147 631)	(246 487)	(287 794)			(268 761)	(248 758)	(209 205)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		618 117	613 651	759 654	514 254	540 260			471 919	318 682	308 820
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)	6	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (in-kind - all)											
Surplus/(Deficit) after capital transfers & contributions		773 192	234 378	612 023	267 767	252 466			203 158	69 924	99 614
Taxation		700	148	2 896							
Surplus/(Deficit) after taxation		772 492	234 230	609 127	267 767	252 466			203 158	69 924	99 614
Atributable to minorities											
Surplus/(Deficit) attributable to municipality		772 492	234 230	609 127	267 767	252 466			203 158	69 924	99 614
Share of surplus/ (deficit) of associate	7										
Surplus/(Deficit) for the year		772 492	234 230	609 127	267 767	252 466			203 158	69 924	99 614

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

1. Total operating revenue is R937,5 million in 2018/19 and escalates to R1,076.2 billion by 2020/21. This represents a year-on-year increase of 7% for 2019/20 financial year and 7% for 2020/21 financial year.
2. Revenue to be generated from water and sanitation services is R232,8 million in 2018/19 financial year and increases to R261,6 million by 2020/21 and represents 25% 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 66% 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 25,6% 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 increase in operating revenue was 5,2% and overall decrease of 5,5% in operating expenditure in the final budget when compared to the final adjustment budget was influenced by the following factors:
 - **The decrease was influenced by the following operating revenue items:**
 - ✓ Interest on investments – (R674 thousand) or 2%;
 - ✓ Transfers and Subsidies – (R44,2 million) or 6%,9; and
 - ✓ Sundry Revenue – (R 20,2 million) or 23,8%.

- **The increase was influenced by the following operating revenue items:**
 - ✓ Service Charges Water – (R10,1 million) or 6%;
 - ✓ Service Charges Sanitation – (R3 million) or 6%; and
 - ✓ Interest on outstanding debtors – (R259 thousand) or 4%

- **The decrease was influenced by the following operating expenditure items:**
 - ✓ Employee related costs – (R16,8 million) or 5%;
 - ✓ Depreciation and Asset Impairment – (R40 million) or 2 %;
 - ✓ Transfers and Grants – (R3,2 million) or 1,8%; and
 - ✓ Other Expenditure – (R29,9 million) or 12%.

- **The following expenditure items have however increased :-**
 - ✓ Councillors Allowances - (R527 thousand) or 5%;
 - ✓ Bulk Purchases – (R1,2 million) or 5%; and
 - ✓ Contracted Services – (R17,3 million) or 16,2%.

Table 10 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	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand	1										
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	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		622 542	617 564	662 844	514 254	540 260	-	-	471 919	318 682	308 820
Vote 8 - Roadworks		-	-	-	-	-	-	-	-	-	-
Vote 9 - Plant (Public Works)		-	-	-	-	-	-	-	-	-	-
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]		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	632 552	622 119	662 844	514 254	540 260	-	-	471 919	318 682	308 820
Single-year expenditure to be appropriated	2										
Vote 1 - Council		-	-	-	-	-	-	-	-	-	-
Vote 2 - Municipal Manager		-	-	-	-	-	-	-	-	-	-
Vote 3 - Budget & Treasury		-	-	3 631	42 000	42 000	-	-	25 000	26 500	28 090
Vote 4 - Community Services		-	-	-	-	-	-	-	-	-	-
Vote 5 - Corporate Services		-	-	31 400	55 000	37 107	-	-	55 000	90 000	-
Vote 6 - Planning & Development		-	-	-	-	-	-	-	-	-	-
Vote 7 - Technical Services		-	-	-	-	-	-	-	-	-	-
Vote 8 - Roadworks		-	-	-	-	-	-	-	-	-	-
Vote 9 - Plant (Public Works)		-	-	-	-	-	-	-	-	-	-
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]		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		-	-	35 031	97 000	79 107	-	-	80 000	116 500	28 090
Total Capital Expenditure - Vote		632 552	622 119	697 874	611 254	619 367	-	-	551 919	435 182	336 910
Capital Expenditure - Functional											
Governance and administration		10 010	4 556	35 031	97 000	79 107	-	-	80 000	116 500	28 090
Executive and council		-	-	-	-	-	-	-	-	-	-
Finance and administration		10 010	4 556	3 631	42 000	42 000	-	-	25 000	26 500	28 090
Corporate Services		-	-	31 400	55 000	37 107	-	-	55 000	90 000	-
Community and public safety		-	-	-	-	-	-	-	-	-	-
Community and social services		-	-	-	-	-	-	-	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
Economic and environmental services		-	-	-	-	-	-	-	-	-	-
Planning and development		-	-	-	-	-	-	-	-	-	-
Road transport		-	-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-	-
Trading services		622 542	617 564	662 844	514 254	540 260	-	-	471 919	318 682	308 820
Energy sources		-	-	-	-	-	-	-	-	-	-
Water management		622 542	617 564	662 844	514 254	540 260	-	-	471 919	318 682	308 820
Waste water management		-	-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional	3	632 552	622 119	697 874	611 254	619 367	-	-	551 919	435 182	336 910
Funded by:											
National Government		622 542	601 160	662 844	514 254	540 260	-	-	471 919	318 682	308 820
Provincial Government		-	-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	622 542	601 160	662 844	514 254	540 260	-	-	471 919	318 682	308 820
Public contributions & donations	5	81	-	-	-	-	-	-	-	-	-
Borrowing	6	-	-	-	-	-	-	-	-	-	-
Internally generated funds		9 929	20 959	35 031	97 000	79 107	-	-	80 000	116 500	28 090
Total Capital Funding	7	632 552	622 119	697 874	611 254	619 367	-	-	551 919	435 182	336 910

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 2018/19 R471,9 million has been allocated, which totals to 86 % of total capital budget. This allocation decreases to R318,7 million in 2019/20 and to R308,2 million in 2020/21.
3. Single-year capital expenditure has been appropriated at R80 million for the 2018/19 financial year, increases to R116,5 million in 2019/20 and decreases drastically to R28,1 million in 2020/21 budget 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 National and provincial grants transfers. For 2018/19, capital transfers totals R471,9 million (100%) and declines to R308,2 million by 2020/21 (36%). The municipality is solely dependent on grant funding to fund the capital budget, to improve its infrastructure and deal with basic services backlogs.

Table 11 MBRR Table A6 - Budgeted Financial Position-

DC13 Chris Hani - Table A6 Consolidated Budgeted Financial Position

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
ASSETS											
Current assets											
Cash		398 643	363 492	236 080	399 842	423 832			342 000	348 840	355 817
Call investment deposits	1	-	-	-	-	-	-	-	-	-	-
Consumer debtors	1	336 195	152 551	198 471	35 148	35 148	-	-	248 471	258 410	268 746
Other debtors		77 522	39 663	185 748	128 034	128 034			133 155	138 482	144 021
Current portion of long-term receivables											
Inventory	2	7 977	7 066	11 042	7 773	7 773			8 084	8 407	8 743
Total current assets		820 337	562 772	631 341	570 797	594 787	-	-	731 710	754 138	777 327
Non current assets											
Long-term receivables											
Investments											
Investment property											
Investment in Associate					1 500	1 500			1 500	1 500	1 500
Property, plant and equipment	3	3 367 996	3 416 265	4 018 875	5 239 140	5 116 049	-	-	4 825 109	5 120 291	5 317 201
Agricultural											
Biological											
Intangible		670	501	5 462	481	481			350	364	379
Other non-current assets											
Total non current assets		3 368 666	3 416 767	4 024 337	5 241 121	5 118 030	-	-	4 826 959	5 122 155	5 319 079
TOTAL ASSETS		4 189 003	3 979 539	4 655 678	5 811 918	5 712 817	-	-	5 558 669	5 876 293	6 096 406
LIABILITIES											
Current liabilities											
Bank overdraft	1	42 481		33 854							
Borrowing	4	-	-	-	-	-	-	-	-	-	-
Consumer deposits			122	213				225	239	253	
Trade and other payables	4	179 357	271 396	298 751	99 836	99 836	-	-	103 830	107 983	112 302
Provisions		9 746	8 686	9 366	9 555	9 555			9 937	10 335	10 748
Total current liabilities		231 583	280 205	342 183	109 391	109 391	-	-	113 992	118 557	123 304
Non current liabilities											
Borrowing		-	-	-	-	-	-	-	-	-	-
Provisions		37 297	4 325	42 341	44 855	49 509	-	-	51 489	53 548	55 690
Total non current liabilities		37 297	4 325	42 341	44 855	49 509	-	-	51 489	53 548	55 690
TOTAL LIABILITIES		268 881	284 530	384 524	154 246	158 900	-	-	165 481	172 105	178 994
NET ASSETS	5	3 920 122	3 695 009	4 271 154	5 657 672	5 553 917	-	-	5 393 187	6 473 627	5 917 412
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		3 920 122	3 695 009	4 271 154	5 657 672	5 553 917			5 393 187	6 473 627	5 917 412
Reserves	4	-	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	5	3 920 122	3 695 009	4 271 154	5 657 672	5 553 917	-	-	5 393 187	6 473 627	5 917 412

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 12 MBRR Table A7 - Budgeted Cash Flow Statement –

DC13 Chris Hani - Table A7 Consolidated Budgeted Cash Flows

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates											
Service charges		56 271	93 386	53 517	65 625	65 625			88 100	91 624	95 289
Other revenue					76 951	76 951			47 853	62 920	65 437
Government - operating	1	457 744	590 775	537 938	629 804	644 557			600 325	648 217	697 434
Government - capital	1	661 561	667 208	759 654	514 254	540 260			471 919	318 682	308 820
Interest		26 425	38 464	37 639	33 154	33 154			34 580	35 963	37 402
Dividends											
Payments											
Suppliers and employees		(417 309)	(548 701)	(621 287)	(757 431)	(532 683)			(566 163)	(579 667)	(592 753)
Finance charges		(629)	(737)	(271)	(1 200)	(24 894)			(1 260)	(1 336)	(1 416)
Transfers and Grants	1	(194 772)	(210 881)	(203 812)	(20 198)	(179 165)			(300 095)	(334 698)	(352 707)
NET CASH FROM/(USED) OPERATING ACTIVITIES		589 290	629 512	563 378	540 959	623 806	-	-	375 260	241 706	257 505
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE											
Decrease (Increase) in non-current debtors											
Decrease (Increase) other non-current receivables											
Decrease (Increase) in non-current investments											
Payments											
Capital assets		(598 597)	(622 125)	(724 644)	(580 691)	(540 260)			(471 919)	(371 682)	(365 000)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(598 597)	(622 125)	(724 644)	(580 691)	(540 260)	-	-	(471 919)	(371 682)	(365 000)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans											
Borrowing long term/refinancing											
Increase (decrease) in consumer deposits											
Payments											
Repayment of borrowing											
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	-	-	-	-	-	-	-	-	-
NET INCREASE/(DECREASE) IN CASH HELD		(9 307)	7 387	(161 266)	(39 732)	83 546	-	-	(96 660)	(129 976)	(107 495)
Cash/cash equivalents at the year begin:	2	365 470	356 162	363 492	432 849	432 849			342 000	245 340	115 364
Cash/cash equivalents at the year end:	2	356 162	363 550	202 226	393 117	516 395			245 340	115 364	7 869

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 2018/19 to 2020/21 due to the decline in conditional grant allocations received by the municipality, increased operating expenditure and low revenue collection.
4. Further the municipality needs to take into consideration a realistic collection rate as this has implications on the funding of the budget.
5. The final 2018/19 MTREF provides for a further net decrease in cash of R96,7 million.
6. The 2018/19 MTREF has been informed by the planning principle of a 20% collection rate on water and sanitation services revenue.

7. Cash and cash equivalents totals R245,3 million as at the end of 2018/19 financial year and declines to R7,8 million by 2020/21.

ANNEXURE A



CHRIS HANI
DISTRICT MUNICIPALITY
SUSTAINING GROWTH
THROUGH OUR PEOPLE

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 2018/2019 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% for 2018/ 2019.

The tariff will be applicable for the following period:

Start date: 01 JULY 2018

End date: 30 JUNE 2019

1. TARIFFS: WATER SUPPLY SERVICES AND INCIDENTAL CHARGES

The amounts due for water services for the 2018/2019 financial year payable on dates as indicated on accounts which will be rendered from 1 July 2018.

- ✚ 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 2018 on all accounts linked to water and accounts opened after July 2018 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 2018 and accounts opened after July 2018 will be levied for the applicable period of the year.

4. CONSUMPTION TARIFFS FOR WATER 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 20m² 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 2017/2018	CPIX Increase (6 %)	CHDM Proposed Tariff after CPIX (6 %) Increase for 2018/2019
WATER			
<i>Water Consumption (Domestic/Household use)</i>			
0-6	9.27	0.56	9.83
7-15	10.72	0.64	11.37
16-30	13.14	0.79	13.93
31-45	16.36	0.98	17.34
46-60	17.88	1.07	18.95
61 or more	20.18	1.21	21.39

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 2017/2018	CPIX Increase (6 %)	CHDM Proposed Tariff after CPIX (6 %) Increase for 2018/2019
WATER			
<i>Water Consumption (Institutional, etc)</i>			
0-200kls per month	10.96	0.66	11.61
201-2500 kl per month	12.12	0.73	12.84
2501 or more kl per month	13.27	0.80	14.06

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 the following users: 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 2017/2018	CPIX Increase (6 %)	CHDM Proposed Tariff after CPIX (6 %) Increase for 2018/2019
WATER			
<i>Water Consumption (Business & other use)</i>			
0 – 5 000 kl / month	14.06	0.84	14.91
5001 -25000 kl / month	14.29	0.86	15.15
25 001- 50000 kl/month	14.53	0.87	15.40
50 001- or more kl / month	14.53	0.87	15.40

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 2017/2018	CPIX Increase (6 %)	CHDM Proposed Tariff after CPIX (6 %) Increase for 2018/2019
WATER			
<i>Water Consumption (no meter/unread meter) - Flat Rate (Per Month)</i>			
Domestic/Household	97.40	5.84	103.24
Institutional	126.62	7.60	134.22
Business & other	136.36	8.18	144.54

4.5 Minimum Basic Charges, unmetered usage / 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 2017/2018	CPIX Increase (6 %)	CHDM Proposed Tariff after CPIX (6 %) Increase for 2018/2019
WATER			
Water Basic (Availability) – Per Month			
Domestic/Household	97.40	5.84	103.24
Institutional/ Government	126.62	7.60	134.22
Business	136.36	8.18	144.54

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 **R9.85** 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 2017/2018	CPIX Increase (6 %)	CHDM Proposed Tariff after CPIX (6 %) Increase for 2018/2019
WATER			
UTILITY SERVICES - WATER TARIFFS (WATER DELIVERY)			
Domestic / Households			
Tariff per load	460.00	27.60	487.60
Commercial - per Load			
Water supplied to premises predominantly of a commercial nature	460.00	27.60	487.60
Industrial - Per Load			
Water which is used in manufacturing, generating electricity, land-based transport, construction or any related purpose	460.00	27.60	487.60
Government - Per load			
National and Provincial Departments	460.00	27.60	487.60
Schools / Sport Bodies / Churches / Charities – Per Load			
Any educational activity / sporting activity / religious activity / charitable activity	460.00	27.60	487.60
Homeless people shelters / Homes catering for physically or mentally challenged individuals - Per kl per person			

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)	No Charge	No Charge	No Charge
Step 2 (above 1.6kls)	13.50	0.81	14.31
Additional Charges			
Labour - Charged per person	48.06	2.88	50.94
Travel Expenses - Charged per kilometer	8.56	0.51	9.08

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

TARIFFS	CHDM Current Tariff 2017/2018	CPIX Increase (6 %)	CHDM Proposed Tariff after CPIX (6 %) Increase for 2018/2019
WATER			
<i>Water Combination Meters Connections (Where water or fire hydrant connection is supplied)</i>			
50mm	35310.50	2,118.63	37,429.13
80mm	38507.51	2,310.45	40,817.96
100mm	47331.11	2,839.87	50,170.98
150mm	75122.71	4,507.36	79,630.07

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 2017/2018	CPIX Increase (6 %)	CHDM Proposed Tariff after CPIX (6 %) Increase for 2018/2019
WATER			
<i>Main Meter Connection (incl road crossing)</i>			
15mm	2430.67	145.84	2,576.51
15mm WCM	3498.83	209.93	3,708.76
25mm	4535.96	272.16	4,808.12

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 2017/2018	CPIX Increase (6 %)	CHDM Proposed Tariff after CPIX (6 %) Increase for 2018/2019
WATER			
<i>Main Meter Connection (excl road crossing)</i>			
15mm	1850.56	111.03	1,961.60
15mm WCM	2961.54	177.69	3,139.24

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

5.2 PROPOSAL RELATING TO 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 installation of the various new water connections and sanitation connections should not be charged as a fixed rate per installation as the costs are determined per individual installation based on the cost of the meter, cost of the stopcock, cost of the size of manhole, cost of the length and size of the pipe etc.

A proposal is hereby made that the tariff for all new water connections and sanitation connections should be charged as:

New Water Connection: Actual Cost + 15 % Administration Fee

New Sanitation Connection: Actual Cost + 15 % Administration Fee

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 2017/2018	CPIX Increase (6 %)	CHDM Proposed Tariff after CPIX (6 %) Increase for 2018/2019
WATER			
ILLEGAL CONNECTIONS AND/OR CONSUMPTIONS AND DAMAGES TO SERVICES			
<u>Fines for the Illegal use of the fire connection and/or use of unauthorized connections / consumption:</u>			
DOMESTIC	5357.96	321.48	5,679.44
BUSINESS	10918.20	655.09	11,573.29
<u>Fines for other illegal activities relating to damages to services</u>			
Unauthorized usage by vehicles such as tankers	14,770.24	886.21	15,656.45

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 2017/2018	CPIX Increase (6 %)	CHDM Proposed Tariff after CPIX (6 %) Increase for 2018/2019
WATER			
READING OF METERS ON REQUEST FROM CONSUMER			
READING METERS	252.60	15.16	267.75

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 2017/2018	CPIX Increase (6 %)	CHDM Proposed Tariff after CPIX (6 %) Increase for 2018/2019
WATER			
DISCONTINUATION AND RESTRICTION OF WATER SUPPLY AS A CREDIT CONTROL MEASURE AND RE-INSTATEMENT OF SUPPLY			
<i>Domestic / Households Usage</i>			
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	83.49	5.01	88.50
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	2880.20	172.81	3,053.01
To disconnect the water supply by removing the connection pipe and / or T piece or meter	894.78	53.69	948.47
To adjust the Water Consumption management meter in order to re-instate full flow to the premises - applicable to 15mm connection	469.87	28.19	498.06
<i>Business & Other Usage</i>			
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	83.49	5.01	88.50
To terminate the water supply	894.78	53.69	948.47
To re-instate the water supply	894.78	53.69	948.47

To install Water Consumption Management meter in order to restrict the flow through the connection to 30 kl or less per month	2880.20	172.81	3,053.01
To adjust the Water Consumption Management meter in order to re-instate full flow to the premises	469.87	28.19	498.06
To disconnect the water supply by removing the connection pipe and / or T piece or meter	894.78	53.69	948.47

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 2017/2018	CPIX Increase (6 %)	CHDM Proposed Tariff after CPIX (6 %) Increase for 2018/2019
WATER			
<i>DAMAGES TO THE MUNICIPAL WATER PIPE SYSTEM</i>			
Pipes with diameter 50mm or less	6540.65	392.44	6,933.08
Pipes with diameter between 50mm and 100mm	13082.36	784.94	13,867.30
Pipes with diameter between 100mm and 250mm	19623.00	1,177.38	20,800.39
Pipes with diameter between 250mm and 400mm	26164.73	1,569.88	27,734.61
Pipes with diameter between 400mm and 700mm	52329.45	3,139.77	55,469.22
Pipes with diameter greater than 700mm	71952.46	4,317.15	76,269.61

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

TARIFFS	CHDM Current Tariff 2017/2018	CPIX Increase (6 %)	CHDM Proposed Tariff after CPIX (6 %) Increase for 2018/2019

DEPOSITS / SECURITIES			
OPENING OF NEW WATER & SANITATION SERVICES ACCOUNT			
Domestic / Household	424.40	25.46	450.00
Business / Institutions & Other	1132.10	67.93	1200.00

12. TARIFFS RELATING TO SANITATION RELATED SERVICES**12.1 MONTHLY FLAT RATE SANITATION TARIFFS:**

TARIFFS	CHDM Current Tariff 2017/2018	CPIX Increase (6 %)	CHDM Proposed Tariff after CPIX (6 %) Increase for 2018/2019
SANITATION			
<i>Basic Charge per Month (Flat Rate)</i>			
Domestic / Households	64.18	3.85	68.03
Business	105.79	6.35	112.14
Government	106.79	6.41	113.20
Churches, Hotels, Schools & Hospitals	100.75	6.04	106.79

12.2 OTHER SANITATION RELATED TARIFFS:

TARIFFS	CHDM Current Tariff 2017/2018	CPIX Increase (6 %)	CHDM Proposed Tariff after CPIX (6 %) Increase for 2018/2019
SANITATION			
<i>Night-soil Removals per load</i>			
Night-soil removals (Buckets)	70.27	4.22	74.49
<i>New Sewer Connection</i>			
100mm Sewer Connection	1,337.88	80.27	1,418.16
150mm Sewer Connection	1,648.27	98.90	1,747.17
<i>Unblocking of Drains</i>			
Domestic	117.02	7.02	124.04

Business	209.74	12.58	222.33
Government	230.73	13.84	244.57

12.3 Septic tank clearance

TARIFFS	CHDM Current Tariff 2017/2018	CPIX Increase (6 %)	CHDM Proposed Tariff after CPIX (6 %) Increase for 2018/2019
Septic Tank Clearing			
UTILITY SERVICES - SANITATION TARIFFS (SEWERAGE REMOVAL)			
Domestic / Households Full - Standard			
Septic tank clearing per load	460.00	27.60	487.60
Commercial - per Load			
Water supplied to premises predominantly of a commercial nature	460.00	27.60	487.60
Industrial - Per Load			
Water which is used in manufacturing, generating electricity, land-based transport, construction or any related purpose	460.00	27.60	487.60
Government - Per load			
National and Provincial Departments	460.00	27.60	487.60
Schools / Sport Bodies / Churches / Charities – Per KI			
Any educational activity / sporting activity / religious activity / charitable activity	14.51	0.87	15.38
Additional Charges (for all the above categories)			
Labour - Charged per person	48.06	2.88	50.94
Travel Expenses - Charged per kilometer	8.56	0.51	9.08

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

13.1 CERTIFICATES

TARIFFS	CHDM Current Tariff 2017/2018	CPIX Increase (6 %)	CHDM Proposed Tariff after CPIX (6 %) Increase for 2018/2019
MUNICIPAL HEALTH SERVICES / ENVIRONMENTAL MANAGEMENT AND WATER QUALITY SERVICES			
CERTIFICATES			
<i>Certificate of Acceptability (CoA) (FCD Act)</i>			
New Application	267.58	16.05	283.63
Review	107.03	6.42	113.45
Renewal	107.03	6.42	113.45
<i>Certificate of unsound foodstuffs (Condemns Certificate)</i>	R214.06/hour	R12.84/hour	R226.91/hour
<i>Health Certificate (HA) (H. Act)</i>			
New Application	160.55	9.63	170.18
Review	107.03	6.42	113.45
Renewal	107.03	6.42	113.45
<i>Certificate of Competence (CoC) (H. Act)</i>			
New Application	267.58	16.05	283.63
Review	107.03	6.42	113.45
Renewal	107.03	6.42	113.45
<i>Application for exhumations and re-burials</i>	267.58	16.05	283.63
<i>RE-Issue of Certificates</i>	107.03	6.42	113.45
New Application	107.03	6.42	113.45
Review	107.03	6.42	113.45
Renewal			
<i>Request for re-inspection or special inspections</i>	214.06	12.84	226.90
<i>Illegal Transport of foodstuffs (FCD Act)</i>	214.06	12.84	226.90

<i>Application for selling of foodstuffs during public events</i>	107.03	6.42	113.45
<i>Meat Safety Inspections (MS Act)</i>	R267.58/hour	R16.05/hour	R283.63/hour

13.2 VECTOR CONTROL

TARIFFS	CHDM Current Tariff 2017/2018	CPIX Increase (6 %)	CHDM Proposed Tariff after CPIX (6 %) Increase for 2018/2019
VECTOR CONTROL			
Vector control per occurrence	321.09	19.27	340.36

13.3 ENVIRONMENTAL POLLUTION CONTROL

TARIFFS	CHDM Current Tariff 2017/2018	CPIX Increase (6 %)	CHDM Proposed Tariff after CPIX (6 %) Increase for 2018/2019
ENVIRONMENTAL POLLUTION CONTROL			
Waste water spillages	535.15	32.11	567.26
Noise control			
Residential	535.15	32.11	567.26
Commercial	642.18	38.53	680.71

13.4 ATMOSPHERIC EMISSIONS LICENCES

TARIFFS	CHDM Current Tariff 2017/2018	CPIX Increase (6 %)	CHDM Proposed Tariff after CPIX (6 %) Increase for 2018/2019
ATMOSPHERIC EMISSIONS LICENCES			
<i>1 unit of listed activities</i>			
New Application	1,605.46	96.33	1,701.79
Review	1,070.31	64.22	1,134.53
Renewal	1,070.31	64.22	1,134.53
Transfer	535.15	32.11	567.26
<i>2 to 5 units of listed activities</i>			
New Application	2,675.77	160.55	2,836.32
Review	1,605.46	96.33	1,701.79

Renewal	1,070.31	64.22	1,134.53
Transfer	535.15	32.11	567.26
6 to 10 units of listed activities			
New Application	3,746.07	224.76	3,970.83
Review	2,675.77	160.55	2,836.32
Renewal	1,070.31	64.22	1,134.53
Transfer	535.15	32.11	567.26
11 and more units of listed activities			
New Application	4,816.38	288.98	5,105.36
Review	3,746.07	224.76	3,970.83
Renewal	1,070.31	64.22	1,134.53
Transfer	535.15	32.11	567.26

13.5 WATER QUALITY – LABORATORY

TARIFFS	CHDM Current Tariff 2017/2018	CPIX Increase (6 %)	CHDM Proposed Tariff after CPIX (6 %) Increase for 2018/2019
WATER QUALITY - LABORATORY			
BACTERIOLOGICAL ANALYSIS			
E.coli(count/100ml)	98.47	5.91	104.38
Faecal Coliform Count (count/100ml)	80.28	4.82	85.10
PHYSICAL & ORGANOLEPTIC ANALYSIS			
pH	22.17	1.33	23.50
Turbidity	13.11	0.79	13.90
Electrical Conductivity	18.06	1.08	19.14
Chlorine	6.90	0.41	7.31
Total Dissolved Solids (TDS)	44.58	2.67	47.25
Suspended Solids	33.56	2.01	35.57
CHEMICAL ANALYSIS			
Fluoride	75.15	4.51	79.66
Nitrate	94.46	5.67	100.13
Ammonia	71.93	4.32	76.25
Chemical Oxygen Demand (COD)	149.84	8.99	158.83
Phosphate	80.20	4.81	85.01
Sulphate	75.15	4.51	79.66

14. ADDITIONAL TARIFFS FOR FINES ON ENVIRONMENTAL IMPACT RELATED ACTIVITIES AND SERVICES RENDERED

TARIFFS	CHDM Current Tariff 2017/2018	CPIX Increase (6 %)	CHDM Proposed Tariff after CPIX (6 %) Increase for 2018/2019
<i>FINES ON ACTIVITIES HAVING AN ENVIRONMENTAL IMPACT - LAW ENFORCEMENT OFFICERS (EHP'S)</i>			
Environmental Pollution – (Municipal Boundaries) - Relating to Environmental pollution created during protest Action	20,175.44	1,210.53	21,385.97
Air pollution - Residential	2,521.93	151.32	2,673.25
Air pollution – Commercial	5,043.86	302.63	5,346.49
Trading without COA (Certificate of Acceptability)	252.19	15.13	267.32
Environmental pollution (Waste Water)	10,087.72	605.26	10,692.98
Illegal transport of Meat	252.19	15.13	267.32
Illegal transport of Milk	252.19	15.13	267.32
Illegal keeping of Animals	504.39	30.26	534.65
Illegal trading – Pesticides / Chemicals	252.19	15.13	267.32

TARIFFS	CHDM Current Tariff 2017/2018	CPIX Increase (6 %)	CHDM Proposed Tariff after CPIX (6 %) Increase for 2018/2019
<i>TARIFFS FOR SERVICES RENDERED</i>			
Issuing of Water & Sanitation Clearance Certificates	151.32	9.08	160.40
RE-Issuing of Water & Sanitation Clearance Certificates	100.88	6.05	106.93
Re-Connection/Re-Activation of Water Meter (Change in ownership/user)	353.07	21.18	374.25
Sewerage 'Dump'/'Deposit' into CHDM Waste Water Treatment Works (per dump/deposit)	403.51	24.21	427.72

15. SUBSIDY PROVIDED TO CUSTOMERS REGISTERED AS INDIGENT ON THE CHRIS HANI DISTRICT MUNICIPALITY DATABASE

“Indigent Customer” means a household customer qualifying and registered with the Municipality as an indigent in accordance with the credit control and debt collection bylaws of the Municipality;

A subsidy is provided by Chris Hani District Municipality to customers who qualify as Indigents in the Chris Hani Municipal Area to enable these households to have access to basic water & sanitation services and to ensure an acceptable and reasonable quality of life.

TARIFFS	CHDM Current Tariff 2017/2018	CPIX Increase (6 %)	CHDM Proposed Tariff after CPIX (6 %) Increase for 2018/2019
WATER & SANITATION SUBSIDY FOR INDIGENT CUSTOMERS			
Subsidy provided for Indigent Customers in towns and serviced areas (10kl for Water per Household - 6 kl for potable and 4 kl for sanitary purposes). Customers will only be subsidised to a maximum of the 10kl water and will be liable to pay for any excess water used above the 10kl of water per month			
Water Subsidy - 10kl (6kl for potable and 4kl for sanitary purposes)	98.52	5.91	104.43
Basic Water / Availability charge	97.40	5.84	103.24
Sanitation - Basic Charge per Month (Flat Rate)	64.18	3.85	68.03