

# **SCHEDULE A**

## **AN ANNUAL BUDGET AND SUPPORTING DOCUMENTATION FOR CHRIS HANI DISTRICT MUNICIPALITY**



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

---

SUSTAINING GROWTH  
THROUGH OUR PEOPLE

**ANNUAL BUDGET OF  
CHRIS HANI DISTRICT MUNICIPALITY**

**2014/15 TO 2016/17  
MEDIUM TERM REVENUE AND  
EXPENDITURE FORECASTS**



## 1.1 Mayor's Report

### **FOREWORD OF THE EXECUTIVE MAYOR CHRIS HANI DISTRICT MUNICIPALITY**

Chris Hani District Municipality as a water services provider has a mandate to provide services to its community taking into consideration the importance of water on the livelihoods of our communities. It is therefore essential for the municipality to strive for excellence in the day to day operational activities as the municipality is accountable to its communities.

For the municipality to be able to render services to the community it is guided by the following strategic objectives:

- ✚ **Economic Growth based on Agriculture and agro-processing;**
- ✚ **Provision of basic service;**
- ✚ **Skilling of the District citizenry;**
- ✚ **Stakeholder engagement;**
- ✚ **Financial produce / management;**
- ✚ **Good governance; and**
- ✚ **Job creation.**

Those strategic objectives were translated into programs and projects that were aligned with budget appropriations. We shall develop a District Program linked to SDBIP that will tell the High Impact Programs / Projects. They should all realise a systemic way of ensuring all these set strategic objectives.

The budget is able to provide a strategic appropriation model to assist our communities. Linked to the core of the budget is collection from Water Services provision. As the income/ grants for Water Services (MIG) come to us is being reduced as we provide service, we need to ensure that our people pay so as to ascertain that infrastructure is maintained and continues to operate. That critical balance can only be achieved when our people support us on this initiative.

We call upon Management to ensure that what is appropriate is achieved, reported. We shall also ensure that there is monitoring and evaluation of these programs/projects. We want to see the value-for-money principle being achieved.

I wish to call all of us, inside Chris Hani District Municipality and outside, to live the values of the institution that are universal. In doing so, we shall build better communities. We shall not rest until we change the lives of our people for the better, taking tune from our previous performance.

I thank you all and let us work together to make Chris Hani District a sustainable district.



**M.C. KOYO  
EXECUTIVE MAYOR – CHDM**

## 1.2 Council Resolutions

### 1.3 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 that municipalities can raise themselves (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 2014/15 Medium-term Revenue and Expenditure Framework for Chris Hani District Municipality:

**Table 1 Consolidated Overview of the 2014/15 MTREF**

DC13 Chris Hani - Total Budget Overview Revenue and Expenditure								
Description	2010/11	2011/12	2012/13	Current Year 2013/14		2014/15 Medium Term Revenue &		
R thousands	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Total Operating Revenue	537 691	488 519	1 006 052	792 350	808 850	1 074 624	1 139 102	1 206 302
Transfers recognised - Capital Revenue	265 421	387 748	6 331	529 989	537 104	671 663	711 963	754 681
<b>Total Operating and Capital Revenue</b>	<b>803 112</b>	<b>876 268</b>	<b>1 012 383</b>	<b>1 322 340</b>	<b>1 345 955</b>	<b>1 746 287</b>	<b>1 851 065</b>	<b>1 960 982</b>
Total Operating Expenditure	606 891	626 741	814 276	787 834	810 384	1 189 542	1 391 288	1 482 281
Capital expenditure	229 434	264 618	648 823	529 647	537 092	609 167	672 977	678 974
<b>Total Operating and Capital Expenditure</b>	<b>836 325</b>	<b>891 359</b>	<b>1 463 099</b>	<b>1 317 481</b>	<b>1 347 476</b>	<b>1 798 710</b>	<b>2 064 265</b>	<b>2 161 255</b>
<b>Surplus or Deficit for the Budget</b>	<b>(33 214)</b>	<b>(15 091)</b>	<b>(450 716)</b>	<b>4 859</b>	<b>(1 521)</b>	<b>(52 423)</b>	<b>(213 200)</b>	<b>(200 272)</b>

Total operating revenue has grown by 46 per cent or R1.074 billion for the 2014/15 financial year when compared to the 2013/14 Adjustments Budget. For the two outer years, operational revenue will increase by 6 per cent annually, equating to a total revenue growth of R397 million over the MTREF when compared to the 2013/14 financial year.

Total operating expenditure for the 2014/15 financial year has been appropriated at R1. 189 billion and translates into a budgeted deficit on the operating budget of –R114 million. When compared to the 2013/14 Adjustments Budget, operational expenditure has grown by 47 per cent in the 2014/15 budget and by 6 for each of the respective outer years of the MTREF. The deficit is as

a result for the provision of depreciation and debt impairment which are not cash backed. The municipality has to improve the revenue collection to improve the cash position of the municipality.

The capital budget of R671 million for 2014/15 is 25 per cent more when compared to the 2013/14 Adjustment Budget. The increase is due to that the municipality has infrastructure backlogs the grant funding is not sufficient to eradicate all the current backlogs. The capital programme increases to R711 million in the 2015/16 financial year and then evens out in 2016/17 to R754 million. The main source of funding for the municipality is the conditional grants. The municipality has to consider the option of the revenue from the water and sanitation services since the municipality is a water services provider. The cost of maintaining the capital infrastructure has to be funded by the revenue generated by the use of the assets. The municipality has to budget on the maintenance of the infrastructure capital assets to maintain their service delivery potential.

## **1.4 Operating Revenue Framework**

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

The municipality has embarked on a Revenue enhancement strategy that will improve the billing and collection of the revenue in the local municipalities. The focus areas of this strategy are to improve and enhance the following:

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

The following table is a summary of the 2014/15 MTREF (classified by main revenue source):

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

DC13 Chris Hani - Table A4 Consolidated Budgeted Financial Performance (revenue and expenditure)								
Description	2010/11	2011/12	2012/13	Current Year 2013/14		2014/15 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Revenue By Source</b>								
Service charges - water revenue	58 204	–	–	322 000	322 000	398 644	422 563	447 917
Service charges - sanitation revenue	41 913	–	–	–	–	173 060	183 444	194 450
Rental of facilities and equipment	145	97	115					
Interest earned - external investments	28 009	19 601	19 049	16 999	16 999	18 019	19 100	19 100
Interest earned - outstanding debtors	14 566	–		–				
Dividends received	–	1 500		–				
Transfers recognised - operational	364 809	411 770	974 677	452 897	469 397	484 419	513 484	544 293
Other revenue	30 045	55 551	12 210	455	455	482	511	542
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>537 691</b>	<b>488 519</b>	<b>1 006 052</b>	<b>792 350</b>	<b>808 850</b>	<b>1 074 624</b>	<b>1 139 102</b>	<b>1 206 302</b>

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

DC13 Chris Hani - Table A4 Consolidated Budgeted Financial Performance (revenue and expenditure)							
Description			2014/15 Medium Term Revenue & Expenditure Framework				
R thousand	Adjusted Budget	%	Budget Year 2014/15	%	Budget Year +1 2015/16	%	Budget Year +2 2016/17
<b>Revenue By Source</b>							
Service charges - water revenue	322 000	24%	398 644	6%	422 563	6%	447 917
Service charges - sanitation revenue	–		173 060	6%	183 444	6%	194 450
Interest earned - external investments	16 999	6%	18 019	6%	19 100	0%	19 100
Transfers recognised - operational	469 397	3%	484 419	6%	513 484	6%	544 293
Other revenue	455	6%	482	6%	511	6%	542
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>808 850</b>	<b>33%</b>	<b>1 074 624</b>	<b>6%</b>	<b>1 139 102</b>	<b>6%</b>	<b>1 206 302</b>

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

Transfers recognised operational which comprises of grant finding comprises the second main source of revenue stream of the municipality. Transfers recognised operational constitute 45 per cent of the total operating revenue of the municipality at R 484 million. In the 2013/14 financial year, revenue from water services charges totalled R322 million or 40 per cent. This increases to R571 million, R606 million and R642 million in the respective financial years of the MTREF. The municipality has projected an annual increase in the revenue at 6 per cent every financial year this is based on the assumption of the changes in the tariffs charged. An effective and



efficient revenue enhancement strategy will improve the collection rate of the revenue budgeted by the municipality since the collection rate is 60 per cent.

Services charges – water revenue constitutes 53 per cent of the total operating revenue of the municipality hence the need for the municipality to focus on the municipal support to assist with the billing and collection function at the local municipality. The municipality is highly grant dependent as mentioned above hence the need to focus on the generation of own revenue for the long term financial health and sustainability of the municipality.

**Table 4 Operating Transfers and Grant Receipts**

DC13 Chris Hani - Supporting Table SA18 Transfers and grant receipts							
Description	2010/11	2011/12	Current Year 2013/14		2014/15 Medium Term Revenue &		
R thousand	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>RECEIPTS:</b>							
<b><u>Operating Transfers and Grants</u></b>							
<b>National Government:</b>	<b>293 184</b>	<b>351 832</b>	<b>415 148</b>	<b>352 060</b>	<b>456 379</b>	<b>483 761</b>	<b>512 787</b>
Local Government Equitable Share	281 530	325 908	332 216	332 216	356 171	377 541	400 194
RSC Levy Replacement			52 819		57 573	61 027	64 689
Finance Management	1 778	1 511	1 500	1 500	1 500	1 590	1 685
Municipal Systems Improvement	1 355	1 338	890		934	990	1 049
Water Services Operating Subsidy		20 221	6 790		300	318	337
EPWP Incentive	66		1 955	1 955	9 124	9 671	10 252
National: Sport and Development	8 455	2 854				-	-
Municipal Infrastructure Grant			16 389	16 389	27 798	29 466	31 233
Rural Roads Asset MS Grant			2 589		2 979	3 158	3 347
<b>Provincial Government:</b>	<b>71 133</b>	<b>66 930</b>	<b>37 749</b>	<b>40 500</b>	<b>2 585</b>	<b>2 740</b>	<b>2 905</b>
Provincial Health Subsidies	6 759	-					
DEA	11 337	12 746	4 749				
DHLG & TA	4 523	3 389	1 500		2 585	2 740	2 905
DEDEA	-	-	7 500				
Public Works Roads & Transport	22 568	25 411	24 000	40 500			
Provincial: Treasury Grant	80	80					
Provincial: Transport Grant	4 582	863					
Other Subsidies	21 285	24 441					
<b>Other grant providers:</b>	<b>492</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<i>[insert description]</i>	492						
<b>Total Operating Transfers and Grants</b>	<b>364 809</b>	<b>418 762</b>	<b>452 897</b>	<b>392 560</b>	<b>458 964</b>	<b>486 502</b>	<b>515 692</b>

The table above is a breakdown of the grant funding that is allocated to Chris Hani District Municipality. This is an indication that for the municipality to be financially viable it is mainly dependent on the grant fund for its operations. As depicted on Table 4 above over the MTREF period there is going to be an increase in grants allocated to the municipality this as a result of the changes in the inflation pressure on the operating costs of the municipality.

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

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

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

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

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

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

A summary of the proposed tariffs for households (residential) and non-residential are as follows:

#### **Proposed Water Tariffs**

Chris Hani District Municipality reviewed the level and structure of their water and sanitation tariffs carefully with a view to ensuring:

- ❖ Water and sanitation tariffs are on aggregate fully cost-reflective – inclusive of bulk cost of water, the cost of maintenance and renewal of purification/treatment plants and network infrastructure, and the cost of new infrastructure
- ❖ Water and sanitation tariffs are structured to protect basic levels of service; and
- ❖ Water and sanitation tariffs are designed to encourage efficient and sustainable consumption (e.g. through inclining block tariffs).

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

## **Chris Hani District Municipality 2014/15 Tariff Structure**

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

In terms of the relevant legislation the Chris Hani District Municipality will be implementing tariffs for the water and sanitation services with effect from **1 July 2014** as follows:

**Start date: 01 JULY 2014**

**VAT INCLUDED**

**End date: 30 JUNE 2015**

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

The amounts due for water services for the 2014/2015 financial year be paid on dates as indicated on accounts which will be rendered from 1 July 2014.

- ✚ The Sewerage Charges will be linked to the account where the water connection is billed.
- ✚ Reference to “per month” in the tariffs is based on a meter reading period of 30 days with regard to the calculation of a charge for the free consumption portion.
- ✚ Use is the determining factor for tariff application but where a mixed use occurs on any given property the property zoning will be the determining factor in the tariff Application.
- ✚ ALL TARIFFS LISTED BELOW OR TO BE CALCULATED IN TERMS OF THIS SCHEDULE OF TARIFFS **EXCLUDE VAT**.

#### **2. WATER TARIFFS**

Charges shall be levied in respect of each separate connection for water. It is further noted that the tariffs effective to consumption as from 01 July 2014 and accounts as from those to be generated from July 2014 on a pro rata basis where applicable, will be levied.

#### **3. CONSUMPTION TARIFFS**

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

### 3.1 Household use

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

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

<b>Tariff Summary</b>	<b>Tariff R/kl 2013/14</b>	<b>Tariff R/kl 2014/15</b>
Number of residential units x (0 – 6 kl / month)	<b>R 0.00</b>	<b>R 8.66</b>
Number of residential units x (5 – 15 kl / month)	<b>R 0.00</b>	<b>R 10.02</b>
Number of residential units x (16 – 30 kl / month)	<b>R 0.00</b>	<b>R 12.28</b>
Number of residential units x (31 – 45 kl / month)	<b>R 0.00</b>	<b>R 15.29</b>
Number of residential units x (46 – 60 kl / month)	<b>R 0.00</b>	<b>R 16.70</b>
Number of residential units x (61 or more kl / month)	<b>R 0.00</b>	<b>R 18.85</b>

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

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

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

<b>Tariff Summary</b>	<b>Tariff R/kl 2013/14</b>	<b>Tariff R/kl 2014/15</b>
0-200kls per month	<b>R 0.00</b>	<b>R 10.24</b>
201-2500 kl per month	<b>R 0.00</b>	<b>R 11.32</b>
2501 or more kl per month	<b>R 0.00</b>	<b>R 12.39</b>

### 3.3 Informal Settlements:

<b>Tariff Summary</b>	<b>Tariff R/kl 2013/14</b>	<b>Tariff R/kl 2014/15</b>
This item is applicable in cases where stands and /or dwelling units are supplied by means of a standpipe (no stand connection available)	<b>R 0.00</b>	<b>R 0.00</b>

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

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

#### 3.4.1 Household use:

The applicable tariff listed below, and not the tariffs listed in item 3 is payable where water is supplied but there is no relevant meter reading available for the relevant month, irrespective of whether or not a meter has been fitted.

<b>Tariff Summary</b>	<b>Tariff R/kl 2014/15</b>
Fixed rate per month (estimated consumption less than or equal to 15 kl / month)	<b>R 91.00</b>
Fixed rate per month (estimated consumption exceeding 15 kl / month, but less than or equal to 30 kl / month)	<b>R 275.00</b>
Fixed rate per month (estimated consumption exceeding 30 kl / month)	<b>R 588.00</b>

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

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

<b>Tariff Summary</b>	<b>Tariff R/kl 2014/15</b>
Fixed rate	<b>R 1 024.00</b>

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

#### **Business and Other Uses Municipal**

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

<b>Tariff Summary</b>	<b>Tariff R/kl 2014/15</b>
Fixed rate	<b>R 1 970.00</b>

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

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

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

Water and Sanitation or his nominee, a flow restrictor/water consumption management meter can be installed on the premises, subject to such Indigent being registered in terms of the Council's Indigent Policy:

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

### **3.6 Business and Other Uses**

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

These tariffs apply to e.g. the following uses: business, commercial, industrial, government, mining, private schools, crèches, sport clubs including sport clubs whose lease agreements with Council have expired, private hostels, private hospitals and clinics, agriculture, temporary connections for building or business use, fire hydrant use, including Council owned properties, where the usage is not defined as in paragraphs 3.1, 3.2 or 3.3

<b>Tariff Summary</b>	<b>Tariff R/kl 2014/15</b>
0 – 5 000 kl / month	<b>R 13.14</b>
5001 -25000 kl / month	<b>R 13.36</b>
25 001- 50000 kl/month	<b>R 13.57</b>
50 001- or more kl / month	<b>R 13.57</b>

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

### **3.7 Minimum Basic Charges**

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

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

<b>Tariff Summary</b>	<b>Tariff R/kl 2014/15</b>
Fixed rate	<b>R 91.00</b>

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

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

<b>Tariff Summary</b>	<b>Tariff R/kl 2014/15</b>
Fixed rate	<b>R 241.00</b>

#### **3.7.3 Min Basic Informal Settlements:** Tariff as per item 3.3.

#### **3.7.4 Min Basic Business and Other Uses, Min Basic Business and Other Uses Municipal**

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



<b>Tariff Summary</b>	<b>Tariff R/kl 2014/15</b>
Fixed rate	<b>R 473.00</b>

### **3.8 Private Internal Water Leaks**

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

### **3.9 Service Audit**

3.9.1 Where a service audit identifies residential and agricultural zoned properties used for business purposes, the adjustment to service charges from residential to business use will be effected from the date the audit was conducted.

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

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

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

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

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

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

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

<b>Main Meter size</b>	<b>Tariff R/kl 2014/15</b>
<b>50mm</b>	<b>R 32 991.00</b>
<b>80mm</b>	<b>R 35 978.00</b>
<b>100mm</b>	<b>R 44 222.00</b>
<b>150mm</b>	<b>R 70 188.00</b>

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

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

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

<b>Main Meter connection</b>	<b>Tariff R/kl 2014/15</b>
<b>15mm</b>	<b>R 2 271.00</b>
<b>15mm WCM</b>	<b>R 3 269.00</b>
<b>25mm</b>	<b>R 4 238.00</b>

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

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

Main Meter connection	Tariff R/kl 2014/15
15mm	R 1 729.00
15mm WCM	R 2 767.00

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

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

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

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

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

**Other:**

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

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

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

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

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

## **7. READING OF METERS ON REQUEST**

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

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

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

### **8.1 Household Usage**

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

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

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

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

## **8.2 Business and Other Usage**

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

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

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

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

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

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

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

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

- a) Pipes with diameter of 50mm or less R6, 111.00
- b) Pipes with diameter larger than 50mm but less than or equal to 100mm R12, 223.00
- c) Pipes with diameter larger than 100mm but less than or equal to 250mm R18, 334.00
- d) Pipes with diameter larger than 250mm but less than or equal to 400mm R24, 446.00
- e) Pipes with diameter larger than 400mm but less than or equal to 700mm R48, 892.00
- f) Pipes with diameter larger than 700mm R67, 226.00

## **12. Utility Services- Water Consumption Tariffs**

Services Rendered	Unit	Remarks	2014/15 Tariffs
			R
COMMERCIAL	Per kl	Water supplied to premises predominantly of a commercial nature	14.27
INDUSTRIAL	Per kl	Water which is used in manufacturing, generating electricity, land-based transport, construction or any related purpose	14.27
Government	Per kl	National and Provincial Departments	13.55
Schools/Sport Bodies/ Churches/ Charities	Per kl	Any educational activity and / or sporting body	12.61
Miscellaneous	Per kl	All consumers who do not fall within the above categories	13.55
<b>Homeless people shelters/ homes catering of physically or mentally challenged individuals</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)	Per kl per person		0.0
Step 2 (above 1.6kls)	Per kl per person		12.61
<b>Vulnerable Groups (Subsistence farming)</b>		As defined in the CHDM's Agriculture Policy for approved and registered groups, considered on an annual basis.	
Step 1 (0 to 10 kl)	Per kl	Free allocation. Corresponding Sanitation consumption not free	0.00
Step 2 (above 10kl)	Per kl	Normal tariff	Normal tariff for which the facility is situated

### 13. Utility Services- Water Sanitation Tariffs

Services Rendered	Unit	Remarks	2014/15 Tariffs
			<b>R</b>
<b>SANITATION VOLUMETRIC TARIFFS</b>	Per kl	Free basic services portion included	
<b>Domestic Full-Standard</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
Step 2 (4.1kl to 7.35kl)	Per kl		8.21
Step 3 (7.36kl to 14 kl)	Per kl		15.46
Step 4 (14.1 kl to 24.5 kl)	Per kl		16.90
Step 5 (24.6kl to 35 kl)	Per kl		17.74
<b>COMMERCIAL-Standard</b>	Per kl	95% of water consumption	10.96
<b>INDUSTRIAL - Standard</b>	Per kl	95% of water consumption	10.96
<b>Government</b>	Per kl	National / Provincial – 95% of water consumption	10.96
<b>Schools/ Sport Bodies / Churches/ Charities</b>	Per kl	Schools/ Sport Bodies / Churches/ Charities	10.96
<b>Miscellaneous</b>	Per kl	All consumers who do not fall within the above categories	10.96
<b>Homeless people shelters/ homes catering of physically or mentally challenged individuals</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	
<b>SANITATION VOLUMETRIC TARIFFS</b>		Free basic services portion included	
Step 1 (0 to0.6 kls)	Per kl per person		0.0
Step 2 (above 0.6kls)	Per kl per person		10.09

<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 to 0.6 kls)	Per kl per person		0.0
Step 2 (above 0.6kls)	Per kl per person		10.09

#### **14. Utility Services- Municipal Health Services and Environmental Management**

**Below find a table of service that is proposed for tariffs:**

<b>SERVICE</b>	<b>DESCRIPTION</b>	<b>PROPOSAL</b>
Water Quality Analysis	Laboratory Analysis	(Annex 1)
Food Safety	Certificate of Acceptability – Application	R 200.00
Meat Safety Inspections	Meat Inspection service	Tariff to be calculated as per EHP salary and travelling cost
Funeral Parlour COC	Certificate of Competency	R 250.00
Exhumations	Reburial and Exhumation – Application	R 250.00
Exhumations	Reburial and Exhumation	Tariff to be calculated as per salary and travelling cost
Condemnations	Issue of Condemnation Certificate	R 150.00
Air Quality Licensing	Application	R 500.00
Air Quality Licensing Fee	Fee calculator	As per National Regulations

#### **PROPOSED FINES – LAW ENFORCEMENT OFFICERS (EHP's)**



Environmental Pollution – (Municipal Boundaries) Relating to Environmental pollution created during protest Action	R 20 000.00 or the cost incurred by Council to remediate the pollution
Noise Control	R 500.00
- Air pollution - Residential	R 2 500.00
Air pollution – Commercial	R 5 000.00
Trading without COA	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 (Community Services)
Application for selling of foodstuff during events - Agriculture Show - School events - Open Air Markets Municipal events	R 300.00

## WATER QUALITY – LABORATORY

DOMESTIC				
	REAGENT PACK	UNITS	INDIVIDUAL COST	TARRIF
pH	R 296.00	20	R 14.80	R 20.72
Turbidity (Silicon oil)	R 175.00	20	R 8.75	R 12.25
Conductivity	R 241.00	20	R 12.05	R 16.87
Chlorine	R 921.00	200	R 4.61	R 6.45
TDS	R 595.00	20	R 29.75	R 41.65
Sulphate	R 1 254.00	25	R 50.16	R 70.22
Fluoride	R 1 254.00	25	R 50.16	R 70.22
Nitrate	R 1 576.00	25	R 63.04	R 88.26
WASTE WATER				
	REAGENT PACK	UNITS	INDIVIDUAL COST	TARRIF
Quanti Trays (E.coli)	R 1 200.00	100	R 12.00	R 16.80
Colilert	R 850.00	100	R 8.50	R 11.90
pH	R 296.00	20	R 14.80	R 20.72
Electrical Conductivity	R 241.00	20	R 12.05	R 16.87
Suspended Solids	R 560.00	25	R 22.40	R 31.36
Ammonia	R 1 200.00	25	R 48.00	R 67.20
COD	R 2 500.00	25	R 100.00	R 140.00
Nitrate	R 1 576.00	25	R 63.04	R 88.26

Phosphate	R 1 338.00	25	R 53.52	R 74.93
-----------	------------	----	---------	---------

## 1.5 Operating Expenditure Framework

Chris Hani District municipality's expenditure framework for the 2014/15 budget and MTREF is informed by the following:

- The asset renewal strategy and the repairs and maintenance plan;
- 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; and
- The municipality is striving to eliminate all non-priority spending
- The municipality is to implement the cost containment measures

The following table is a high level summary of the 2014/15 budget and MTREF (classified per main type of operating expenditure):

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

DC13 Chris Hani - Table A4 Consolidated Budgeted Financial Performance (revenue and expenditure)								
Description	2010/11	2011/12	2012/13	Current Year 2013/14		2014/15 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Expenditure By Type</b>								
Employee related costs	139 456	110 319	122 621	217 454	172 246	223 850	237 281	251 518
Remuneration of councillors	6 655	7 437	7 918	7 812	7 980	9 633	10 211	10 824
Debt impairment	75 489	(9 047)	2 368	-		228 682	242 403	256 947
Depreciation & asset impairment	89 066	88 788	91 882	90 000	90 000	95 400	101 124	107 191
Finance charges	4 070	385	227			631	669	709
Bulk purchases	14 228	6 679	13 175	10 153	10 153	10 762	11 408	12 092
Other materials	-	-						
Contracted services	40 495	529	1 028	17 335	14 335	18 375	19 478	20 646
Transfers and grants	149 110	391 740	529 112	149 710	149 710	171 172	311 815	338 040
Other expenditure	83 929	29 871	45 945	295 370	365 959	431 038	456 900	484 314
Loss on disposal of PPE	4 393	40						
<b>Total Expenditure</b>	<b>606 891</b>	<b>626 741</b>	<b>814 276</b>	<b>787 834</b>	<b>810 384</b>	<b>1 189 542</b>	<b>1 391 288</b>	<b>1 482 281</b>

The budgeted allocation for employee related costs for the 2014/15 financial year totals R223 million, which equals 19 per cent of the total operating expenditure. Based on the three year collective Salary and Wage Collective Agreement, salary increases have been factored into this budget at a percentage increase of 6 per cent for the 2014/15 financial year. An annual increase

of 6 per cent has been included in the two outer years of the MTREF. The increase in the employee related costs by 30 per cent in comparison to the 2013/14 financial year was as a result of the approved new organogram of the Budget and Treasury Office which will be filled within the year under budget. The municipality has also prioritised the filling of all vacant and critical posts within the 2014/15 financial year hence the increase in the employee related costs.

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

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total R95 million for the 2014/15 financial year and equates to 8 per cent of the total operating expenditure. Note that the implementation of GRAP 17 accounting standard has meant bringing a range of assets previously not included in the assets register onto the register.

Bulk purchases are directly informed by the purchase of water from Department of Water Affairs. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. Bulk purchases constitute 1 per cent of the total operating expenditure. The municipality needs to implement a comprehensive activity based costing in the relationship between water purchases and the corresponding revenue receivable from the services rendered.

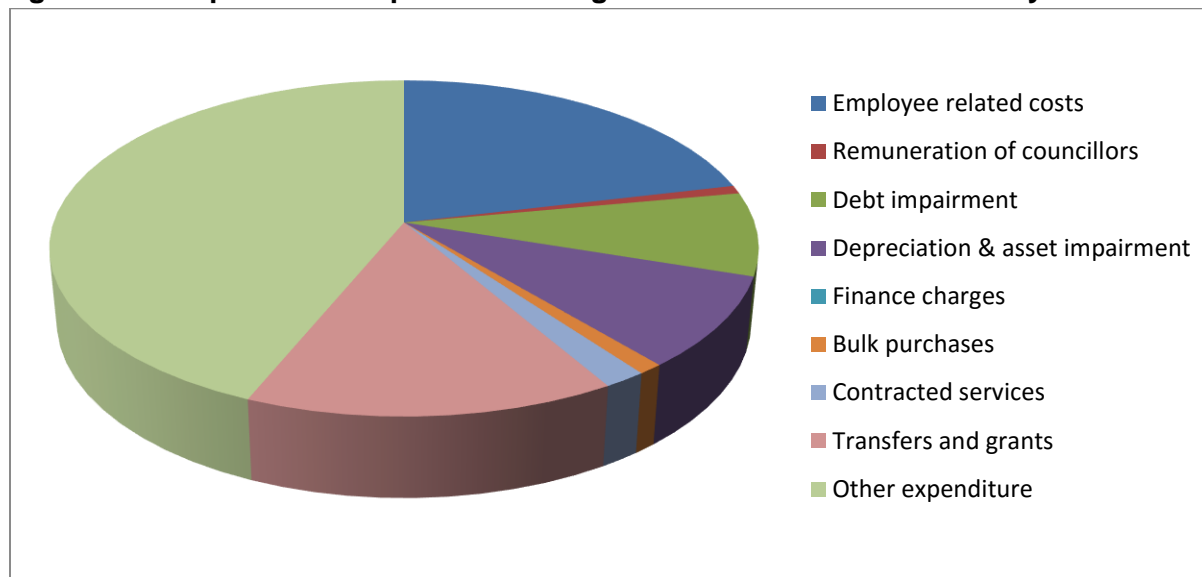
Chris Hani District Municipality is currently constrained with capacity and skills issues in the various departments hence the use of service providers to enhance business process flows. The municipality will be engaging on a revenue municipal support to the local municipality hence the use of consultants to assist with the revenue enhancement strategy. In the 2014/15 financial year, this group of expenditure totals R18 million and has escalated by 28 per cent, clearly demonstrating the need for the vacant and critical positions to be filled and skills transfers and capacitation by the current service providers within the municipality. For the two outer years growth has been limited to 10 and 1 per cent. As part of the process of identifying further cost efficiencies, a business process reengineering project will commence in the 2014/15 financial year to identify alternative practices and procedures, including building in-house capacity for certain activities that are currently being contracted out.

Other expenditure comprises of various line items relating to the daily operations of the municipality. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved. Growth has been 29 per cent for 2014/15 and curbed at 15 and 1 per cent for the two outer years, indicating that significant cost savings have been already realised. The provision of debt impairment increases the total cost of other expenditure. This was determined based on a collection rate of 60 per cent and the Debt Write-off Policy of the municipality. For the 2014/15 financial year this amount equates to R228 million. While this expenditure is considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues.

Also included in the other expenditure are the equitable share projects of the various departments to the value of R 237 million these projects are linked to the SDBIP.

The following pie chart gives a breakdown of the main expenditure categories for the 2014/15 financial year.

**Figure Main operational expenditure categories for the 2014/15 financial year**



### 1.5.1 Equitable Share Projects

The following are the equitable share projects that are included in the other expenditure figure of the municipality.

CHRIS HANI DISTRICT MUNICIPALITY EQUITABLE SHARE PROJECTS 2014-2015	
Technical Services Directorate	Amount
Inkwanca Bulk Services	10 000 000.00
Tarkastad Bulk Services	10 000 000.00
Water Conservation	2 000 000.00
Water Services Development Plan	3 000 000.00
Blue and Green Drop Improvement	4 000 000.00
Water Resource Master Planning	3 000 000.00
By-law Review and Compliance	800 000.00
Water Services Viability	1 200 000.00
Emergency Interventions	2 000 000.00
Yard Connections	30 000 000.00
<b>Grand Total</b>	<b>66 000 000.00</b>

<b>CHRIS HANI DISTRICT MUNICIPALITY EQUITABLE SHARE PROJECTS 2014-2015</b>	
<b>Health and Community Services Directorate</b>	<b>Amount</b>
HIV, STIs and TB Strategic plan and programmes	1 000 000.00
Capacity building for DAC stakeholders	1 000 000.00
DAC Sector development and support programme	100 000.00
Strengthen functionality of DAC	60 000.00
Health Summit	450 000.00
Functionality of Antipoverty forums	60 000.00
Development of District Antipoverty framework	100 000.00
Rural Sustainability Commons	2 000 000.00
Wattle eradication (EPWP)	3 500 000.00
Air Quality Programmes	2 000 000.00
Water Quality Programmes	1 500 000.00
Health Education Programmes	200 000.00
Vehicles EHA's / Community Services (To integrate with Fleet	2 000 000.00
Sanitation Resource Centre (Take to Opex)	350 000.00
Law Enforcement and Compliance (EMI)	350 000.00
Land Care Management Summit	450 000.00
Information System Upgrade and Further Expansions	5 000 000.00
Feasibility study on provision of fire services	500 000.00
Independent Water Source for the DMC	100 000.00
Fire Engine 4x4 Medium Pumper X 1 (CHDM & Sakhisizwe)	3 500 000.00
Surveillance Cameras to monitor the snow pass	1 500 000.00
Development of a fire sub-station at Sakhisizwe	4 000 000.00
Service Corps Training of Fire fighters at LM's	500 000.00
<b>Grand Total</b>	<b>30 220 000.00</b>

CHRIS HANI DISTRICT MUNICIPALITY EQUITABLE SHARE PROJECTS 2014-2015	
Intergrated Planning and Economic Development Directorate	Amount
CONSTRUCTION UNIT	2 000 000.00
PAV AND BEAUTIFICATION	10 500 000.00
IRRIGATION SCHEMES	6 000 000.00
IDP CHRIS HANI DM	1 000 000.00
CROP PRODUCTION & AGRO PROCESSING	15 000 000.00
CO OPERATIVE DEVELOPMENT	4 000 000.00
SMALL TOWN REVITALISATION	7 000 000.00
LIVESTOCK IMPROVEMENT	7 500 000.00
TOURISM	4 000 000.00
FORESTRY DEVELOPMENT	2 500 000.00
LIBERATION HERITAGE & CHRIS HANI MONTH	8 000 000.00
PLANNING	2 000 000.00
SMME DEVELOPMENT	7 000 000.00
SEZ PLANNING	5 000 000.00
LED SUPPORT	1 000 000.00
DEPARTMENTAL SECTOR	600 000.00
<b>Grand Total</b>	<b>83 100 000.00</b>

CHRIS HANI DISTRICT MUNICIPALITY EQUITABLE SHARE PROJECTS 2014-2015	
Municipal Manager's Office	Amount
INSTITUTIONAL DAYS	1 000 000.00
SUPPORT OF CENTERS	1 500 000.00
CAPACITY BUILDING	500 000.00
SPORTS DEVELOPMENT	1 000 000.00
SHARED INTERNAL AUDIT	2 500 000.00
MAYORAL CUP	1 000 000.00
INTER GORVENMENTAL RELATIONS	500 000.00
RISK MANAGEMENT	300 000.00
FRAUD PREVENTION	250 000.00
PUBLIC PARTICIPATION	300 000.00
PERFOMANCE MANAGEMENT	1 000 000.00
INTERNATIONAL RELATIONS	500 000.00
<b>Grand Total</b>	<b>10 350 000.00</b>

**CHRIS HANI DISTRICT MUNICIPALITY EQUITABLE SHARE PROJECTS 2014-2015**

<b>Corporate Services Directorate</b>	<b>Amount</b>
INTERGRATED WELLNESS CENTRE	500 000.00
COUNSELLING AND THERAPEUTIC SERVICES	250 000.00
INTEGRATED SUBSTANCE ABUSE	300 000.00
INTERGRATED OHS/IOD	1 000 000.00
OWP IMPLEMENTED	300 000.00
AWARENESS PROGRAMMES	200 000.00
EDUCATIONAL PROGRAMM	200 000.00
HEALTH RISK MANAGEMENT	250 000.00
HR AUDIT & HR STRATE: JEU	5 000 000.00
POLICY & BY-LAW DEVE	300 000.00
CASCADE PMS	300 000.00
IMPROVED HR SYSTEMS	400 000.00
IMPLEMENTATION OF MINIMUM COMPETENCIES	750 000.00
ATTRA AND RETEN [ RPL ]	1 000 000.00
TRAINING AND DEVELOP: LEARNERSHIP	2 000 000.00
LABOUR RELATIONS PROGRAMMES	250 000.00
PROFESSIONALIZATION	2 000 000.00
COMPREHENSIVE SECURI	500 000.00
DOCUMENT MANAGEMENT	3 000 000.00
LEGAL MATTERS	2 000 000.00
IMPLEMENTATION OF SECURITY SYSTEM	500 000.00
RECORDS DISPOSAL	300 000.00
MAYORAL RESIDENCE	30 000 000.00
SERVER ROOM REVAMP	350 000.00
DISASTER RECOVERY PLAN [DRP]	750 000.00
ICT STRATEGY	2 000 000.00
MICROSOFT OFFICE UPG	200 000.00
<b>Grand Total</b>	<b>54 600 000.00</b>

### 1.5.2 Free Basic Services: Indigent Support

The indigent support assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the municipality's indigent policy in line with the water and sanitation services. The district municipality will be engaging in municipal support to assist the local municipalities to have accurate and updated indigent registers during the 2014/15 financial year, this process will be reviewed annually. Detail relating to free services, cost of free basis services, revenue lost owing to free basic services as well as basic service delivery measurement is contained in Table MBRR A10 (Basic Service Delivery Measurement).

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

The basic services component provides a subsidy of R293 per month in 2014/15 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) and 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 per cent for service maintenance costs.

**Table W1.22 Amounts per Basic Service**

	Allocation per Household		
	Operations	Maintenance	Total
Energy	54.20	6.02	60.22
Water	83.78	9.31	93.09
Sanitation	68.40	7.60	76.00
Refuse	57.34	6.37	63.71
<b>Total Basic Services</b>	<b>263.72</b>	<b>29.30</b>	<b>293.03</b>



## 1.6 Capital expenditure

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

**Table 6 2014/15 Medium-term capital budget per vote**

DC13 Chris Hani - Table A5 Consolidated Budgeted Capital Expenditure by vote, standard classification and funding									
Vote Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14		2014/15 Medium Term Revenue &		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Capital Expenditure - Standard</b>									
<b>Governance and administration</b>		951	14 863	1 093	6 911	7 241	7 326	7 692	8 077
Executive and council		21	477	331	2 070	2 070	2 194	2 304	2 419
Budget and treasury office		930	14 386	583	1 091	1 091	1 157	1 215	1 275
Corporate services				178	3 750	4 080	3 975	4 174	4 382
<b>Community and public safety</b>		637	3 166	665	1 570	1 570	1 728	1 814	1 905
Community and social services		637	3 166	665	100	100	1 728	1 814	1 905
Public safety					500	500			
Health					970	970			
<b>Economic and environmental services</b>		14	292	356	310	310	265	278	292
Planning and development		14	292	173	250	250	265	278	292
Road transport				-	-	-			
Environmental protection				183	60	60			
<b>Trading services</b>		227 832	246 297	646 709	517 505	524 620	599 849	663 192	668 700
Electricity		-	-	-		-			
Water		41 010	44 333	116	359 667	366 782	388	407	428
Waste water management		186 822	201 964	646 594	9 700	9 700	599 461	662 785	668 272
Waste management		-	-	-	148 138	148 138			
<b>Other</b>				-	3 350	3 350			
<b>Total Capital Expenditure - Standard</b>	3	229 434	264 618	648 823	529 647	537 092	609 167	672 977	678 974

For 2014/15 an amount of R609 million has been appropriated for the development of infrastructure which represents 98 per cent of the total capital budget. In the outer years this amount totals R672 million, 99 per cent and R678 million, 99 per cent respectively for each of the financial years. Chris Hani District municipality provides water and sanitation services and currently has service delivery backlogs and infrastructure backlogs hence the capital funding is never sufficient to eradicate the backlogs. It is therefore essential for the municipality to explore and enhance the own revenue capabilities of the municipality.

The following is the list of the capital infrastructure projects that the municipality has budgeted for in the 2014/15 financial year a detail breakdown will be indicated in Chapter 2 of the book:

<b>Capital Projects</b>	<b>Amount</b>
Mackay's Neck Sanitation	R 984 594.58
Water Backlogs	R 38 563 673.52
Bucket Eradication	R 12 640 000.00
Molteno Oxidation Ponds	R 1 000 000.00
Cofimvaba Sewer (Bulk line and treatment works)	R 10 000 000.00
Tsomo RDP 2 Water Supply	R 500 000.00
Sanitation	R 30 000 000.00
Water Reticulation	R 10 000 000.00
Rosmead Rural Water	R 2 400 000.00
Cradock Bulk Services (Water and Sanitation)	R 300 000.00
Water and Sanitation	R 15 677 000.00
Waste Water Treatment Works	R 13 012 882.00

## 1.7 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 2014/15 budget and MTREF as approved by the Council. Each table is accompanied by *explanatory notes* on the facing page.

DC13 Chris Hani - Table A1 Consolidated Budget Summary

[illegible]

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

1. Table A1 is a budget summary and provides a concise overview of the Chris Hani District Municipality budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating 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 surplus/deficit (after Total Expenditure) is positive over the MTREF
  - 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 a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital 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 the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of 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. The municipality has to ensure that it improves the billing and collection of the revenue from the water and sanitation services so as to have cash available to fund service delivery and infrastructure backlogs.

**Table 8 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)**

**DC13 Chris Hani - Table A2 Consolidated Budgeted Financial Performance (revenue and expenditure by standard classification)**

Standard Classification Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>R thousand</b>	<b>1</b>									
<b><u>Revenue - Standard</u></b>										
<i><b>Governance and administration</b></i>		688 004	876 268	–	581 661	581 661	581 661	434 679	460 760	488 405
Executive and council		–	1 500	–	94 919	94 919	94 919	–	–	–
Budget and treasury office		688 004	874 768	–	439 282	439 282	439 282	434 467	460 535	488 167
Corporate services		–	–	–	47 459	47 459	47 459	212	225	238
<i><b>Community and public safety</b></i>		–	–	–	52 949	52 949	60 449	13 333	14 133	14 981
Community and social services		–	–	–	47 959	47 959	60 449	13 333	14 133	14 981
Sport and recreation		–	–	–	–	–	–	–	–	–
Public safety		–	–	–	–	–	–	–	–	–
Housing		–	–	–	–	–	–	–	–	–
Health		–	–	–	4 990	4 990	–	–	–	–
<i><b>Economic and environmental services</b></i>		–	–	–	80 959	97 459	89 959	21 060	22 324	23 663
Planning and development		–	–	–	48 459	48 459	48 459	2 560	2 714	2 876
Road transport		–	–	–	25 000	41 500	41 500	18 500	19 610	20 787
Environmental protection		–	–	–	7 500	7 500	–	–	–	–
<i><b>Trading services</b></i>		115 108	–	–	606 771	613 886	613 886	1 277 216	1 353 849	1 433 933
Electricity		–	–	–	–	–	–	–	–	–
Water		115 108	–	–	606 771	613 886	613 886	1 277 216	1 353 849	1 433 933
Waste water management		–	–	–	–	–	–	–	–	–
Waste management		–	–	–	–	–	–	–	–	–
<i><b>Other</b></i>	4	–	–	–	–	–	–	–	–	–
<b>Total Revenue - Standard</b>	2	803 112	876 268	–	1 322 340	1 345 955	1 345 955	1 746 287	1 851 065	1 960 982
<b><u>Expenditure - Standard</u></b>										
<i><b>Governance and administration</b></i>		306 600	385 563	–	201 801	185 417	185 417	510 812	541 461	573 949
Executive and council		58 128	52 334	–	57 567	60 133	60 133	63 445	67 251	71 286
Budget and treasury office		200 185	292 650	–	67 613	55 870	55 870	288 866	306 198	324 570
Corporate services		48 286	40 579	–	76 621	69 414	69 414	158 502	168 012	178 093
<i><b>Community and public safety</b></i>		14 108	14 332	–	52 208	48 415	48 415	76 577	81 171	86 042
Community and social services		3 805	7 413	–	23 983	28 293	28 293	40 970	43 428	46 034
Sport and recreation		–	–	–	–	–	–	–	–	–
Public safety		4 669	6 861	–	651	651	651	690	731	775
Housing		–	–	–	–	–	–	–	–	–
Health		5 634	59	–	27 575	19 472	19 472	34 917	37 012	39 233
<i><b>Economic and environmental services</b></i>		13 425	11 357	–	185 927	213 291	213 291	178 816	189 545	200 918
Planning and development		7 064	7 370	–	118 750	135 342	135 342	119 281	126 438	134 024
Road transport		846	3 944	–	48 462	59 257	59 257	39 960	42 357	44 899
Environmental protection		5 515	43	–	18 715	18 692	18 692	19 575	20 750	21 995
<i><b>Trading services</b></i>		272 759	215 488	–	347 897	363 260	363 260	423 337	579 111	621 373
Electricity		–	–	–	–	–	–	–	–	–
Water		242 641	215 488	–	332 652	353 137	363 260	423 337	579 111	621 373
Waste water management		30 118	–	–	15 246	10 123	–	–	–	–
Waste management		–	–	–	–	–	–	–	–	–
<i><b>Other</b></i>	4	–	–	–	–	–	–	–	–	–
<b>Total Expenditure - Standard</b>	3	606 891	626 741	–	787 834	810 384	810 384	1 189 542	1 391 288	1 482 281

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

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
2. Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4.
3. Note that as a general principle the revenues for the Trading Services should exceed their expenditures. The table highlights that this is the case for Water and Sanitation functions. As already noted above, the municipality will be undertaking a detailed study of this function to explore ways of improving efficiencies and provide a basis for re-evaluating the function's tariff structure.
4. Other functions that show a surplus between revenue and expenditure. It is imperative for the municipality to enhance its revenue generation capabilities than to be dependent on conditional grant funding for the financing of the business process flows and activities.

**Table 9 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)**

DC13 Chris Hani - Table A3 Consolidated Budgeted Financial Performance (revenue and expenditure by municipal vote)								
Vote Description	2010/11	2011/12	2012/13	Current Year 2013/14		2014/15 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Revenue by Vote</b>								
Vote 1 - Council	–	–	–	47 459	47 459	–	–	–
Vote 2 - Municipal Manager	–	1 500	–	47 459	47 459	–	–	–
Vote 3 - Budget & Treasury	688 004	874 768	1 055 161	439 282	439 282	434 467	460 535	488 167
Vote 4 - Community Services	–	–	–	60 449	60 449	13 333	14 133	14 981
Vote 5 - Corporate Services	–	–	293	47 459	47 459	212	225	238
Vote 6 - Planning & Development	–	–	–	48 459	48 459	2 560	2 714	2 876
Vote 7 - Technical Services	115 108	–	–	606 771	613 886	1 277 216	1 353 849	1 433 933
Vote 8 - Roadworks	–	–	–	25 000	41 500	18 500	19 610	20 787
<b>Total Revenue by Vote</b>	<b>803 112</b>	<b>876 268</b>	<b>1 055 453</b>	<b>1 322 340</b>	<b>1 345 955</b>	<b>1 746 287</b>	<b>1 851 065</b>	<b>1 960 982</b>
<b>Expenditure by Vote to be appropriated</b>								
Vote 1 - Council	9 841	11 755	13 770	16 192	16 230	19 408	20 573	21 807
Vote 2 - Municipal Manager	48 286	40 579	32 013	41 375	43 903	44 036	46 679	49 479
Vote 3 - Budget & Treasury	200 185	292 650	26 694	67 613	55 870	288 866	306 198	324 570
Vote 4 - Community Services	19 623	14 375	46 879	70 924	67 108	96 152	101 921	108 036
Vote 5 - Corporate Services	48 286	40 579	26 692	76 621	69 414	158 502	168 012	178 093
Vote 6 - Planning & Development	7 064	7 370	55 557	118 750	135 342	119 281	126 438	134 024
Vote 7 - Technical Services	272 759	215 488	860 240	347 897	363 260	423 337	579 111	621 373
Vote 8 - Roadworks	846	3 944	35 135	48 462	59 257	39 960	42 357	44 899
<b>Total Expenditure by Vote</b>	<b>606 890</b>	<b>626 741</b>	<b>1 096 981</b>	<b>787 834</b>	<b>810 384</b>	<b>1 189 542</b>	<b>1 391 288</b>	<b>1 482 281</b>
<b>Surplus/(Deficit) for the year</b>	<b>196 222</b>	<b>249 527</b>	<b>(41 528)</b>	<b>534 506</b>	<b>535 571</b>	<b>556 745</b>	<b>459 776</b>	<b>478 702</b>

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

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

**Table 10 Surplus/ (Deficit) calculations for the trading services**

DC13 Chris Hani - Table A2 Consolidated Budgeted Financial Performance (revenue and expenditure by standard classification)								
Standard Classification Description	2010/11	2011/12	2012/13	Current Year 2013/14		2014/15 Medium Term Revenue &		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Revenue - Standard</b>								
Trading services	115 108	–	–	606 771	613 886	1 277 216	1 353 849	1 433 933
Water	115 108	–	–	606 771	613 886	1 277 216	1 353 849	1 433 933
<b>Total Revenue - Standard</b>	<b>115 108</b>			<b>606 771</b>	<b>613 886</b>	<b>1 277 216</b>	<b>1 353 849</b>	<b>1 433 933</b>
<b>Expenditure - Standard</b>								
Trading services	272 759	215 488	–	347 897	363 260	423 337	579 111	621 373
Water	242 641	215 488	–	332 652	353 137	423 337	579 111	621 373
Waste water management	30 118	–	–	15 246	10 123	–	–	–
<b>Total Expenditure - Standard</b>	<b>272 759</b>	<b>215 488</b>	<b>–</b>	<b>347 897</b>	<b>363 260</b>	<b>423 337</b>	<b>579 111</b>	<b>621 373</b>
<b>Surplus/(Deficit) for the year</b>	<b>(157 651)</b>	<b>(215 488)</b>	<b>–</b>	<b>258 873</b>	<b>250 626</b>	<b>853 878</b>	<b>774 738</b>	<b>812 561</b>

2. The water services surplus is increasing over the 2014/15 MTREF from 241 per cent or R603 million in 2014/15 as compared to R 250 million in 2013/14. This is primarily as a result the municipality engaging on the municipal support and revenue enhancement capabilities of the local municipalities within the Chris Hani District.
3. Note that the surpluses to be generated on the water services accounts are to be utilised as an internal funding source for the capital programme for asset renewal, refurbishment and the development of new asset infrastructure. The surplus will also assist the municipality to eradicate the service delivery backlogs within the district and enhance the capacity of the existing infrastructure assets.

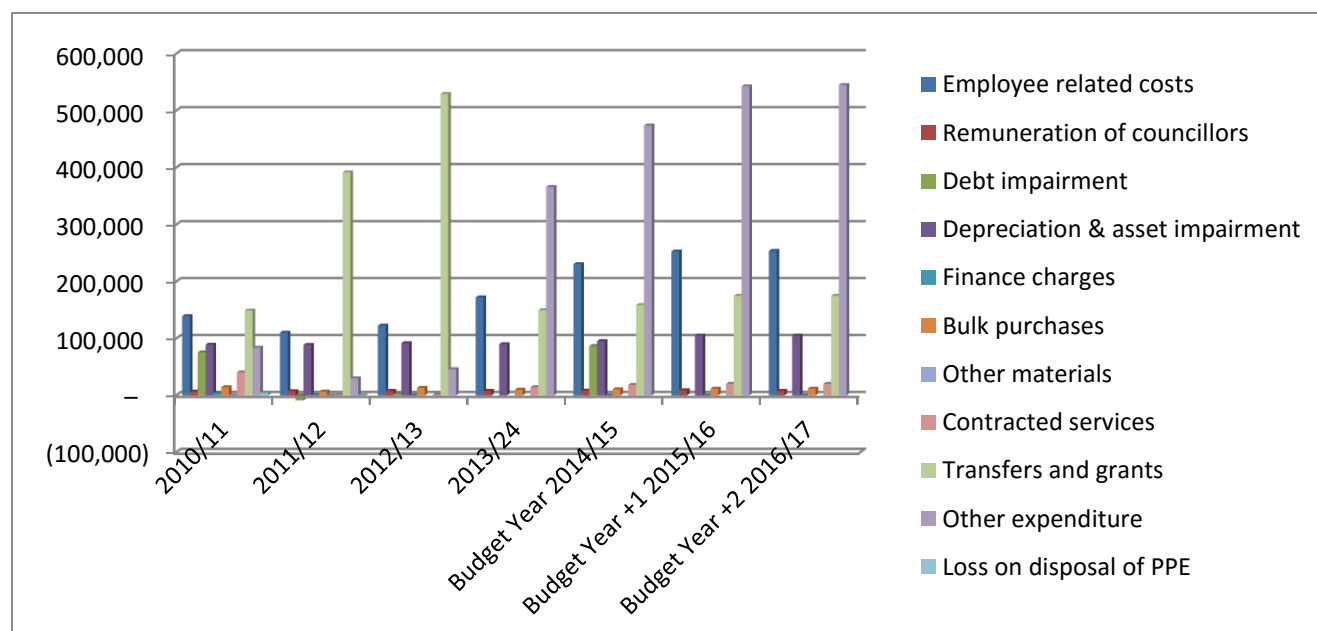
**Table 11 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)**

DC13 Chris Hani - Table A4 Consolidated Budgeted Financial Performance (revenue and expenditure)								
Description	2010/11	2011/12	2012/13	Current Year 2013/14		2014/15 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Revenue By Source</b>								
Service charges - water revenue	58 204	–	–	322 000	322 000	398 644	422 563	447 917
Service charges - sanitation revenue	41 913	–	–	–	–	173 060	183 444	194 450
Rental of facilities and equipment	145	97	115					
Interest earned - external investments	28 009	19 601	19 049	16 999	16 999	18 019	19 100	19 100
Interest earned - outstanding debtors	14 566	–		–				
Dividends received	–	1 500		–				
Transfers recognised - operational	364 809	411 770	974 677	452 897	469 397	484 419	513 484	544 293
Other revenue	30 045	55 551	12 210	455	455	482	511	542
Gains on disposal of PPE								
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>537 691</b>	<b>488 519</b>	<b>1 006 052</b>	<b>792 350</b>	<b>808 850</b>	<b>1 074 624</b>	<b>1 139 102</b>	<b>1 206 302</b>
<b>Expenditure By Type</b>								
Employee related costs	139 456	110 319	122 621	217 454	172 246	223 850	237 281	251 518
Remuneration of councillors	6 655	7 437	7 918	7 812	7 980	9 633	10 211	10 824
Debt impairment	75 489	(9 047)	2 368	–		228 682	242 403	256 947
Depreciation & asset impairment	89 066	88 788	91 882	90 000	90 000	95 400	101 124	107 191
Finance charges	4 070	385	227			631	669	709
Bulk purchases	14 228	6 679	13 175	10 153	10 153	10 762	11 408	12 092
Contracted services	40 495	529	1 028	17 335	14 335	18 375	19 478	20 646
Transfers and grants	149 110	391 740	529 112	149 710	149 710	171 172	311 815	338 040
Other expenditure	83 929	29 871	45 945	295 370	365 959	431 038	456 900	484 314
Loss on disposal of PPE	4 393	40						
<b>Total Expenditure</b>	<b>606 891</b>	<b>626 741</b>	<b>814 276</b>	<b>787 834</b>	<b>810 384</b>	<b>1 189 542</b>	<b>1 391 288</b>	<b>1 482 281</b>
<b>Surplus/(Deficit)</b>	<b>(69 200)</b>	<b>(138 221)</b>	<b>191 776</b>	<b>4 516</b>	<b>(1 533)</b>	<b>(114 918)</b>	<b>(252 186)</b>	<b>(275 979)</b>
Transfers recognised - capital	265 421	387 748	6 331	529 989	537 104	671 663	711 963	754 681
Contributions recognised - capital	–	–	–	–	–	–	–	–
Contributed assets								
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>196 220</b>	<b>249 527</b>	<b>198 108</b>	<b>534 506</b>	<b>535 571</b>	<b>556 745</b>	<b>459 776</b>	<b>478 702</b>
Taxation								
<b>Surplus/(Deficit) after taxation</b>	<b>196 220</b>	<b>249 527</b>	<b>198 108</b>	<b>534 506</b>	<b>535 571</b>	<b>556 745</b>	<b>459 776</b>	<b>478 702</b>
Attributable to minorities								
<b>Surplus/(Deficit) attributable to municipality</b>	<b>196 220</b>	<b>249 527</b>	<b>198 108</b>	<b>534 506</b>	<b>535 571</b>	<b>556 745</b>	<b>459 776</b>	<b>478 702</b>
Share of surplus/ (deficit) of associate		(704)	(651)					
<b>Surplus/(Deficit) for the year</b>	<b>196 220</b>	<b>248 823</b>	<b>197 457</b>	<b>534 506</b>	<b>535 571</b>	<b>556 745</b>	<b>459 776</b>	<b>478 702</b>



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

1. Total revenue is R1 746 billion in 2014/15 and escalates to R1 851 billion by 2015/16. This represents a year-on-year increase of 27 per cent for the 2014/15 financial year and 6 per cent for the 2015/16 financial year.
2. Revenue to be generated from water services is R571 million in the 2014/15 financial year and increases to R606 million by 2015/16 which represents 53 per cent of the operating revenue base of Chris Hani District Municipality and therefore remains a significant funding source for the municipality. It remains relatively constant over the medium-term, this has to be the revenue base of the municipality since the municipality is currently in 2013/14 dependent on grant funding to fund its operations.
3. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government. These grants form 45 per cent of the total revenue base of the municipality therefore an indication that the municipality has to focus on the billing and collection of own revenue to have a better cash flow position
4. The following graph illustrates the major expenditure items per type.



**Figure 1 Expenditure by major type**

5. Bulk purchases have significantly decreased over the 2010/11 to 2014/15 period declining from R14.2 million to R10.7 million. These decreases can be attributed to the municipality entering into a contractual agreement with the local municipalities for the provision of water services. However the forward planning of the municipality is to be in control of the water services so as to sustain the revenue base of the municipality.
6. Employee related costs are the major cost driver for the municipality at 19 per cent of the total budget. These costs have increased significantly over the years due to the filling of vacancies that existed in the municipality and also annually the collective bargaining cost element is factored in.

**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, standard classification and funding									
Vote Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14		2014/15 Medium Term Revenue &		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Capital expenditure - Vote</b>									
<b>Multi-year expenditure to be appropriated</b>	2								
Vote 7 - Technical Services		227 832	246 297	–	520 489	527 604	599 461	635 428	673 554
<b>Capital multi-year expenditure sub-total</b>	7	<b>227 832</b>	<b>246 297</b>	<b>–</b>	<b>520 489</b>	<b>527 604</b>	<b>599 461</b>	<b>635 428</b>	<b>673 554</b>
<b>Single-year expenditure to be appropriated</b>	2								
Vote 1 - Council		21	21	21	21	21	1 590	1 670	1 753
Vote 2 - Municipal Manager		–	–	–	570	570	604	634	666
Vote 3 - Budget & Treasury		930	930	930	1 865	1 865	1 157	1 215	1 275
Vote 4 - Community Services		637	637	637	2 167	2 167	1 728	1 814	1 905
Vote 5 - Corporate Services		–	–	–	3 750	4 080	3 975	4 174	4 382
Vote 6 - Planning & Development		14	14	14	14	14	265	278	292
Vote 7 - Technical Services		–	–	–	366	366	388	407	428
<b>Capital single-year expenditure sub-total</b>		<b>1 602</b>	<b>1 602</b>	<b>1 602</b>	<b>8 753</b>	<b>9 083</b>	<b>9 707</b>	<b>10 192</b>	<b>10 702</b>
<b>Total Capital Expenditure - Vote</b>		<b>229 434</b>	<b>247 899</b>	<b>1 602</b>	<b>529 242</b>	<b>536 687</b>	<b>609 167</b>	<b>645 620</b>	<b>684 256</b>
<b>Capital Expenditure - Standard</b>									
<b>Governance and administration</b>		<b>951</b>	<b>14 863</b>	<b>1 093</b>	<b>6 911</b>	<b>7 241</b>	<b>7 326</b>	<b>7 692</b>	<b>8 077</b>
Executive and council		21	477	331	2 070	2 070	2 194	2 304	2 419
Budget and treasury office		930	14 386	583	1 091	1 091	1 157	1 215	1 275
Corporate services				178	3 750	4 080	3 975	4 174	4 382
<b>Community and public safety</b>		<b>637</b>	<b>3 166</b>	<b>665</b>	<b>1 570</b>	<b>1 570</b>	<b>1 728</b>	<b>1 814</b>	<b>1 905</b>
Community and social services		637	3 166	665	100	100	1 728	1 814	1 905
Public safety					500	500			
Health					970	970			
<b>Economic and environmental services</b>		<b>14</b>	<b>292</b>	<b>356</b>	<b>310</b>	<b>310</b>	<b>265</b>	<b>278</b>	<b>292</b>
Planning and development		14	292	173	250	250	265	278	292
Environmental protection				183	60	60			
<b>Trading services</b>		<b>227 832</b>	<b>246 297</b>	<b>646 709</b>	<b>517 505</b>	<b>524 620</b>	<b>599 849</b>	<b>663 192</b>	<b>668 700</b>
Water		41 010	44 333	116	359 667	366 782	388	407	428
Waste water management		186 822	201 964	646 594	9 700	9 700	599 461	662 785	668 272
Waste management		–	–	–	148 138	148 138			
<b>Other</b>				<b>–</b>	<b>3 350</b>	<b>3 350</b>			
<b>Total Capital Expenditure - Standard</b>	3	<b>229 434</b>	<b>264 618</b>	<b>648 823</b>	<b>529 647</b>	<b>537 092</b>	<b>609 167</b>	<b>672 977</b>	<b>678 974</b>
<b>Funded by:</b>									
National Government		265 421	387 748	530 134	520 489	527 604	671 663	711 963	754 681
Transfers recognised - capital	4	265 421	387 748	530 134	520 489	527 604	671 663	711 963	754 681
Internally generated funds		(35 987)	(123 130)		9 157	9 487			
<b>Total Capital Funding</b>	7	<b>229 434</b>	<b>264 618</b>	<b>530 134</b>	<b>529 647</b>	<b>537 092</b>	<b>671 663</b>	<b>711 963</b>	<b>754 681</b>

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

1. Table A5 is a breakdown of the capital programme 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 2014/15 R671 million has been allocated of the total R671 million capital budget, which totals 100 per cent. This allocation escalates to R711 million in 2015/16 and then flattens out to R754 million in 2016/17. The municipality has to enhance its own revenue in order to fund capital expenditure and eradicate service delivery backlogs and the maintenance of the infrastructure.
3. Single-year capital expenditure has been appropriated at R9.7 million for the 2014/15 financial year and remains relatively constant over the MTREF at levels of R10 million and R10.7 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 furniture and office equipment and 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 2014/15, capital transfers totals R671 million (100 per cent) and escalates to R711 million by 2015/16 (6 per cent). Chris Hani municipality is solely dependent on grant funding to fund the operating budget. The municipality needs to strengthen the generation of own revenue to fund its capital budget.

**Table 13 MBRR Table A6 - Budgeted Financial Position**

DC13 Chris Hani - Table A6 Consolidated Budgeted Financial Position								
Description	2010/11	2011/12	2012/13	Current Year 2013/14		2014/15 Medium Term Revenue &		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>ASSETS</b>								
<b>Current assets</b>								
Cash	383 191	297 954	191 648	350 000	350 000	371 000	393 260	412 923
Call investment deposits	–	–	116 733	358 909	358 909	380 444	403 270	423 434
Consumer debtors	2 745	–	–	32 200	32 200	68 605	54 541	38 542
Other debtors	51 415		268 781	18 000	18 000	19 080	20 225	21 236
Current portion of long-term receivables	–	121 965	–	–	–	–	–	–
Inventory	4 599	797	873	800	800	848	899	944
<b>Total current assets</b>	<b>441 950</b>	<b>420 717</b>	<b>578 035</b>	<b>759 909</b>	<b>759 909</b>	<b>839 976</b>	<b>872 194</b>	<b>897 079</b>
<b>Non current assets</b>								
Investments			2 151					
Property, plant and equipment	2 574 906	2 749 720	2 860 007	3 145 230	3 145 230	3 333 943	3 533 980	3 710 679
Intangible	705	441	177					
Other non-current assets								
<b>Total non current assets</b>	<b>2 575 611</b>	<b>2 750 161</b>	<b>2 862 335</b>	<b>3 145 230</b>	<b>3 145 230</b>	<b>3 333 943</b>	<b>3 533 980</b>	<b>3 710 679</b>
<b>TOTAL ASSETS</b>	<b>3 017 561</b>	<b>3 170 877</b>	<b>3 440 370</b>	<b>3 905 139</b>	<b>3 905 139</b>	<b>4 173 919</b>	<b>4 406 174</b>	<b>4 607 757</b>
<b>LIABILITIES</b>								
<b>Current liabilities</b>								
Borrowing	1 075	1 130	–	–	–	–	–	–
Trade and other payables	228 894	156 991	266 605	286 432	286 432	231 180	245 050	257 303
Provisions	1 979	2 756	1 240					
<b>Total current liabilities</b>	<b>231 947</b>	<b>160 876</b>	<b>267 845</b>	<b>286 432</b>	<b>286 432</b>	<b>231 180</b>	<b>245 050</b>	<b>257 303</b>
<b>Non current liabilities</b>								
Borrowing	5 554	4 424	–	–	–	–	–	–
Provisions	23 937	28 474	34 387	29 500	29 500	31 270	33 146	34 804
<b>Total non current liabilities</b>	<b>29 491</b>	<b>32 898</b>	<b>34 387</b>	<b>29 500</b>	<b>29 500</b>	<b>31 270</b>	<b>33 146</b>	<b>34 804</b>
<b>TOTAL LIABILITIES</b>	<b>261 438</b>	<b>193 774</b>	<b>302 231</b>	<b>315 932</b>	<b>315 932</b>	<b>262 450</b>	<b>278 197</b>	<b>292 106</b>
<b>NET ASSETS</b>	<b>2 756 122</b>	<b>2 977 103</b>	<b>3 138 139</b>	<b>3 589 207</b>	<b>3 589 207</b>	<b>3 911 470</b>	<b>4 127 978</b>	<b>4 315 651</b>
<b>COMMUNITY WEALTH/EQUITY</b>								
Accumulated Surplus/(Deficit)	2 756 122	3 001 659	706 385	2 090 605	2 090 605	2 216 042	2 349 004	2 466 455
Reserves	–	–	–	1 044 744	1 044 744	1 107 429	1 173 875	1 232 568
Minorities' interests	–	–				625 706	663 248	696 411
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>2 756 122</b>	<b>3 001 659</b>	<b>706 385</b>	<b>3 135 350</b>	<b>3 135 350</b>	<b>3 949 177</b>	<b>4 186 127</b>	<b>4 395 434</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 for councillors and management of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
3. Table 18 is supported by an extensive table of notes (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;
  - Provisions non-current;
  - Changes in net assets; and
  - Reserves
4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

**Table 14 MBRR Table A7 - Budgeted Cash Flow Statement**

DC13 Chris Hani - Table A7 Consolidated Budgeted Cash Flows								
Description	2010/11	2011/12	2012/13	Current Year 2013/14		2014/15 Medium Term Revenue &		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>								
<b>Receipts</b>								
Ratepayers and other	795 216	1 052 294	580	322 455	322 455	399 127	423 074	448 459
Government - operating			963 891	452 897	469 397	484 419	513 484	544 293
Government - capital			–	529 989	537 104	671 663	711 963	754 681
Interest	28 009	19 601	19 049	16 999	16 999	18 019	19 100	19 100
<b>Payments</b>								
Suppliers and employees	(547 592)	(892 294)	(742 684)	(548 124)	(570 674)	(693 658)	(735 278)	(779 394)
Finance charges	(4 070)	(385)	(227)	–	–	(631)	(669)	(709)
Transfers and Grants			–	(149 710)	(149 710)	(171 172)	(311 815)	(338 040)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>271 564</b>	<b>179 216</b>	<b>240 609</b>	<b>624 506</b>	<b>625 571</b>	<b>707 766</b>	<b>619 859</b>	<b>648 389</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>								
<b>Receipts</b>								
Proceeds on disposal of PPE		1 240						
Decrease (increase) in non-current investments			(49 003)					
<b>Payments</b>								
Capital assets	(229 434)	(264 618)	(224 629)	(529 647)	(537 092)	(609 167)	(645 620)	(684 256)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(229 434)</b>	<b>(263 378)</b>	<b>(273 632)</b>	<b>(529 647)</b>	<b>(537 092)</b>	<b>(609 167)</b>	<b>(645 620)</b>	<b>(684 256)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>								
<b>Payments</b>								
Repayment of borrowing	(1 024)	(1 075)	5 554					
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>(1 024)</b>	<b>(1 075)</b>	<b>5 554</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>41 106</b>	<b>(85 237)</b>	<b>(27 469)</b>	<b>94 859</b>	<b>88 479</b>	<b>98 599</b>	<b>(25 761)</b>	<b>(35 866)</b>
Cash/cash equivalents at the year begin:	342 085	383 191	297 954	299 014	299 014	299 014	397 613	371 852
Cash/cash equivalents at the year end:	383 191	297 954	270 485	393 873	387 494	397 613	371 852	335 986

**Table 15 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation**

DC13 Chris Hani - Table A8 Consolidated Cash backed reserves/accumulated surplus reconciliation								
Description	2010/11	2011/12	2012/13	Current Year 2013/14		2014/15 Medium Term Revenue &		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b><u>Cash and investments available</u></b>								
Cash/cash equivalents at the year end	383 191	297 954	270 485	393 873	387 494	397 613	371 852	335 986
Other current investments > 90 days	(0)	(0)	37 895	315 036	321 415	353 830	424 678	500 371
Non current assets - Investments	-	-	2 151	-	-	-	-	-
<b>Cash and investments available:</b>	<b>383 191</b>	<b>297 954</b>	<b>310 532</b>	<b>708 909</b>	<b>708 909</b>	<b>751 444</b>	<b>796 530</b>	<b>836 357</b>
<b><u>Application of cash and investments</u></b>								
Unspent conditional transfers	113 891	57 612	68 338	68 338	68 338	-	-	-
Unspent borrowing	-	-	-	-	-	-	-	-
Statutory requirements	14 375	16 807	16 436	18 080	18 080	19 888	21 081	22 135
Other working capital requirements	(182 284)	99 379	185 621	167 894	167 894	170 016	192 898	215 605
Other provisions	1 841	1 950	-	-	3 031	3 335	3 535	3 711
Long term investments committed	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	201 107	204 574	159 612	206 733	206 733	227 406	241 050	253 103
<b>Total Application of cash and investments:</b>	<b>148 930</b>	<b>380 322</b>	<b>430 007</b>	<b>461 044</b>	<b>464 075</b>	<b>420 644</b>	<b>458 564</b>	<b>494 554</b>
<b>Surplus(shortfall)</b>	<b>234 261</b>	<b>(82 368)</b>	<b>(119 475)</b>	<b>247 865</b>	<b>244 834</b>	<b>330 800</b>	<b>337 966</b>	<b>341 803</b>

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

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. It can be seen that the cash levels of the municipality increased over the years the 2010/11 to 2014/15 due to the increased allocations of conditional grants received by the municipality, vat receivable income and the municipality has budgeted for revenue from water and sanitation services. However the municipality needs to take into consideration a realistic collection rate as this has implications on the funding of the budget.
4. The approved 2014/15 MTREF provide for a further net increase in cash of 10 million for the 2014/15 financial year resulting in an overall projected positive cash position of R397 million at year end.
5. The 2014/15 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term.
6. Cash and cash equivalents totals R397 million as at the end of the 2014/15 financial year and declines to R371 million by 2015/16.

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

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.
5. From the table it can be seen that for the period 2010/11 to 2014/15 the surplus increased from R234 million to R330 million.
6. Considering the requirements of section 18 of the MFMA, it can be concluded that the adopted 2014/15 MTREF was funded since the budget is showing a surplus which will be cash backed on the assumption that the revenue from what services is realistic and will be collected.
7. As part of the budgeting and planning guidelines that informed the compilation of the 2014/15 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.
8. As can be seen the budget has been modelled to have surplus funds available which will be used to fund the infrastructure of the municipality. The cash backed accumulated funds will also improve the cash flow position of the municipality.



**Table 16 MBRR Table A10 - Basic Service Delivery Measurement**

<b>DC13 Chris Hani - Table A10 Consolidated basic service delivery measurement</b>			
Description	2014/15 Medium Term Revenue &		
	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b><u>Household service targets</u></b>			
<b><u>Water:</u></b>			
Piped water inside dwelling	48 074	48 074	48 074
Piped water inside yard (but not in dwelling)	31 132	31 132	31 132
Using public tap (at least min.service level)	74 177	74 177	74 177
Other water supply (at least min.service level)			
<i>Minimum Service Level and Above sub-total</i>	153 383	153 383	153 383
Using public tap (< min.service level)			
Other water supply (< min.service level)	48 681	48 681	48 681
No water supply	980	980	980
<i>Below Minimum Service Level sub-total</i>	49 661	49 661	49 661
<b>Total number of households</b>	<b>203 044</b>	<b>203 044</b>	<b>203 044</b>
<b><u>Sanitation/sewerage:</u></b>			
Flush toilet (connected to sewerage)	54 409	54 409	54 409
Flush toilet (with septic tank)	4 293	4 293	4 293
Chemical toilet	855	855	855
Pit toilet (ventilated)	19 369	19 369	19 369
Other toilet provisions (> min.service level)	37 644	37 644	37 644
<i>Minimum Service Level and Above sub-total</i>	116 570	116 570	116 570
Bucket toilet	4 306	4 306	4 306
Other toilet provisions (< min.service level)	13 033	13 033	13 033
No toilet provisions	69 130	69 130	69 130
<i>Below Minimum Service Level sub-total</i>	86 469	86 469	86 469
<b>Total number of households</b>	<b>203 039</b>	<b>203 039</b>	<b>203 039</b>
<b><u>Households receiving Free Basic Service</u></b>			
Water (6 kilolitres per household per month)	97 461	97 461	97 461
Sanitation (free minimum level service)	97 458	97 458	97 458
Electricity/other energy (50kw h per household per month)			
Refuse (removed at least once a week)			
<b><u>Cost of Free Basic Services provided (R'000)</u></b>	<b>108 872</b>	<b>108 872</b>	<b>108 872</b>
Water (6 kilolitres per household per month)	88 882	88 882	88 882
Sanitation (free sanitation service)			
Electricity/other energy (50kw h per household per month)			
Refuse (removed once a week)			
<b>Total cost of FBS provided (minimum social package)</b>	<b>197 753</b>	<b>197 753</b>	<b>197 753</b>
<b><u>Revenue cost of free services provided (R'000)</u></b>			
Water	108 872	115 404	122 328
Sanitation	88 882	94 215	99 867
<b>Total revenue cost of free services provided (total social package)</b>	<b>197 753</b>	<b>209 619</b>	<b>222 196</b>

**Explanatory notes to Table A10 - Basic Service Delivery Measurement**

1. Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.
2. The District continues to make good progress with the eradication of backlogs:
  - a. Water services- the municipality has budgeted for capital projects that will ensure the eradication of water services backlogs. As the municipality is grant dependent on the funding of capital projects and has to enhance its revenue generation capabilities to provide funding for capital projects.
  - b. Sanitation services- the municipality has budgeted for capital projects that will ensure the eradication of sanitation services backlogs (which include eradication of the bucket system). As the municipality is grant dependent on the funding of capital projects and has to enhance its revenue generation capabilities to provide funding for capital projects.
3. The budget provides for 97 461 households to be registered as indigent in 2014/15, and therefore entitled to receiving Free Basic Services. The number is set to be updated with the revenue enhancement strategy where the communities during the budget consultation stages were asked to register for indigent support as this figure is based on the census 2011 statistics. It is anticipated that these Free Basic Services will cost the municipality R197 million in 2014/15. This is covered by the municipality's equitable share allocation from national government.

### **Summary of councillor and staff benefits**

The budgeted allocation for employee related costs for the 2014/15 financial year totals R223 million, which equals 19 per cent of the total operating expenditure. Based on the three year collective Salary and Wage Collective Agreement, salary increases have been factored into this budget at a percentage increase of 6 per cent for the 2014/15 financial year. An annual increase of 6 per cent has been included in the two outer years of the MTREF. The increase in the employee related costs by 30 per cent in comparison to the 2013/14 financial year was as a result of the approved new organogram of the Budget and Treasury Office which will be filled within the year under budget. The municipality has also prioritised the filling of all vacant and critical posts within the 2014/15 financial year hence the increase in the employee related costs.

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

**Table 17 MBRR SA22 - Summary of councillor and staff benefits**

DC13 Chris Hani - Supporting Table SA22 Summary councillor and staff benefits								
Summary of Employee and Councillor remuneration	2010/11	2011/12	2012/13	Current Year 2013/14		2014/15 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
	A	B	C	D	E	G	H	I
<b><u>Councillors (Political Office Bearers plus Other)</u></b>								
Basic Salaries and Wages	4 228	4 600		4 845	4 845	5 941	6 297	6 675
Pension and UIF Contributions	–	81		172	172	137	146	154
Medical Aid Contributions	888	973		870	870	1 357	1 438	1 525
Motor Vehicle Allowance	–	–		–	–	1 876	1 989	2 108
Cellphone Allowance	–	–		–	–	322	341	362
Housing Allowances	1 306	1 517		1 633	1 633		–	–
Other benefits and allowances	234	266		291	291		–	–
<b>Sub Total - Councillors</b>	<b>6 655</b>	<b>7 437</b>	<b>–</b>	<b>7 812</b>	<b>7 812</b>	<b>9 633</b>	<b>10 211</b>	<b>10 824</b>
<b>% increase</b>		<b>11.7%</b>	<b>(100.0%)</b>	<b>–</b>	<b>–</b>	<b>23.3%</b>	<b>6.0%</b>	<b>6.0%</b>
<b><u>Senior Managers of the Municipality</u></b>								
Basic Salaries and Wages	5 527	6 775				6 139	6 507	6 898
Pension and UIF Contributions	314	306				1 074	1 138	1 207
Medical Aid Contributions	–	–				368	390	414
Performance Bonus	235	280				1 514	1 605	1 701
Motor Vehicle Allowance	1 098	1 349				1 954	2 072	2 196
Cellphone Allowance	105	127				213	226	240
Housing Allowances	21	29				63	66	70
Other benefits and allowances	171	138				92	98	104
Post-retirement benefit obligations	105	127						
<b>Sub Total - Senior Managers of Municipality</b>	<b>7 574</b>	<b>9 130</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>11 418</b>	<b>12 103</b>	<b>12 829</b>
<b>% increase</b>		<b>20.5%</b>	<b>(100.0%)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>6.0%</b>	<b>6.0%</b>
<b><u>Other Municipal Staff</u></b>								
Basic Salaries and Wages	96 748	81 337		121 306	121 306	134 217	142 270	150 806
Pension and UIF Contributions	13 969	11 107		19 038	19 038	24 040	25 483	27 012
Medical Aid Contributions	4 014	3 430		8 753	8 753	11 483	12 172	12 903
Overtime	2 902	891		–	–		–	–
Performance Bonus	5 825	4 395		6 663	6 663	9 486	10 056	10 659
Motor Vehicle Allowance	7 532	8 439		12 879	12 879	22 387	23 730	25 154
Cellphone Allowance	838	906		1 405	1 405	2 121	2 248	2 383
Housing Allowances	1 014	964		2 259	2 259	3 021	3 202	3 394
Other benefits and allowances	636	641		–	–	3 634	3 852	4 083
Payments in lieu of leave	1 156	6 311		–	–		–	–
Long service awards	1 333	2 411		597	597	2 042	2 165	2 295
Post-retirement benefit obligations	(97)	71		–				
<b>Sub Total - Other Municipal Staff</b>	<b>135 870</b>	<b>120 903</b>	<b>–</b>	<b>172 900</b>	<b>172 900</b>	<b>212 432</b>	<b>225 178</b>	<b>238 689</b>
<b>% increase</b>		<b>(11.0%)</b>	<b>(100.0%)</b>	<b>–</b>	<b>–</b>	<b>22.9%</b>	<b>6.0%</b>	<b>6.0%</b>
<b>Total Parent Municipality</b>	<b>150 100</b>	<b>137 471</b>	<b>–</b>	<b>180 712</b>	<b>180 712</b>	<b>233 483</b>	<b>247 492</b>	<b>262 342</b>
		<b>(8.4%)</b>	<b>(100.0%)</b>	<b>–</b>	<b>–</b>	<b>29.2%</b>	<b>6.0%</b>	<b>6.0%</b>
<b>TOTAL SALARY, ALLOWANCES &amp; BENEFITS</b>	<b>150 100</b>	<b>137 471</b>	<b>–</b>	<b>180 712</b>	<b>180 712</b>	<b>233 483</b>	<b>247 492</b>	<b>262 342</b>
<b>% increase</b>		<b>(8.4%)</b>	<b>(100.0%)</b>	<b>–</b>	<b>–</b>	<b>29.2%</b>	<b>6.0%</b>	<b>6.0%</b>
<b>TOTAL MANAGERS AND STAFF</b>	<b>143 444</b>	<b>130 033</b>	<b>–</b>	<b>172 900</b>	<b>172 900</b>	<b>223 850</b>	<b>237 281</b>	<b>251 518</b>

## **Part 2 – Supporting Documentation**

### **1.1 Overview of the annual budget process**

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the MMC for Finance.

The primary aims of the Budget Steering Committee are to ensure:

- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out in the Chris Hani District Municipality IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- that the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.
- that the municipality implements the cost containment measures as prescribed by the cabinet of South Africa.

### **1.2 Budget Process Overview**

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2013) a time schedule that sets out the process to revise the IDP and prepare the budget.

The IDP/Budget Process Plan was also formulated and adopted by CHDM Council on 14 August 2013. The IDP/Budget Process Plan outlines in detail, the way in which the CHDM embarked on its IDP and Budget processes from its commencement in August 2013 to its completion in June 2014. In brief, the Process Plan outlines the time frames of scheduled events, structures involved and their respective roles and responsibilities. On 14 August 2013, the Chris Hani District Municipality adopted a framework plan for the IDP throughout its area of jurisdiction, followed by a Process Plan. These plans were adopted in accordance with the

relevant legal prescripts and have dictated the process to be followed for developing the IDP. .  
Key dates applicable to the process were:

## 2014/15 CHDM IDP/BUDGET/PMS PROCESS PLAN

ACTION PROGRAM		ACTION	PROGRAM
	Activities	Timeframe	Responsible Department
<b>A</b>	<b>Preparation phase / Pre-planning</b>		
1			
	Standing Committee item on IDP Framework & Process Plan	10 July 2013	IPED
	Advertise invitation of IDP Stakeholders to Register	25 July 2013	IPED
	Mayoral Committee to look on the IDP Framework & IDP/Budget Process Plan	31 July 2013	IPED
3	Council Approval of Framework Plan & Process Plans (IDP & Budget)	14 August 2013	IPED/BTO
	Advertise Adopted IDP Process Plan	16 August 2013	IPED
4	IDP/PMS/Budget Steering Committee meeting to review Implementation progress and prepare for the 2014/2015 IDP Process	19 August 2013	IPED/BTO
	Technical IGR Meeting	15 August 2013	MM
7	District Mayors Forum	22 August 2013	MM
	Mayoral Committee Meeting	11 September 2013	M.M.
	IDP/Budget/PMS Steering Meeting	12 September 2013	IPED
	Technical IGR	18 September 2013	M.M.
6	IDP/PMS/Budget Representative Forum to outline terms of reference, report progress, explain process.	19 September 2013	IPED
	DIMAFO	26 September 2013	M.M.
	Quarter 1 Performance reporting (July - Sept)	10 October 2013	HOD's/MM
<b>B+C</b>	<b>Analysis Phase / Monitoring and evaluation</b>		

2	Assess implementation progress (HODs to present action plans for existing projects and planned completion dates for projects, aligning expenditure with progress), impact of new information/unexpected events, evaluation of achievement with regard to objectives, strategies and projects (per programme), overview of funding available per cluster (both from savings as well as new funding from operating budget and from external funds), possible implications on programmes of additional sector information.	July - October 2013	All Depts Championed by HOD's
	1 <sup>ST</sup> Quarter Performance Assessment	15-16 Oct 2013	M.M
	Mayoral Committee Meeting	30 October 2013	M.M.
	Audit Steering Committee Meeting	05 November 2013	BTO
	Performance Audit Committee	08 November 2013	M.M.
	Council Meeting	13 November 2013	M.M.
	Technical IGR Meeting	14 November 2013	MM
	IDP/PMS/Budget Steering Committee meeting to review Implementation progress and report on gaps identified during the analysis phase	19 November 2013	IPED
	District Mayors Forum	22 November 2013	MM
	IDP/PMS/Budget Rep Forum meeting (Also consultative forums will meet on the same day as specialised commissions) - discuss district priorities	28 November 2013	IPED
	Mayoral Committee Meeting	04 December 2013	M.M.
	Council Meeting	13 December 2013	M.M.
	Quarter 2 Performance reporting (Oct - Dec))	13 January 2014	HOD"s & MM
<b>D</b>	<b>Strategies Phase / Refined objectives, strategies, programmes and projects phase</b>		
	Performance Audit (Draft Annual Report)	10 January 2014	M.M.
	Mayoral Committee Meeting	15 January 2014	M.M.

	IDP/Budget Steering Committee to approve draft budget allocations (IDP/ Budget link)	21 January 2014	IPED/BTO
	Departmental Strategic Planning Sessions	27-28 January 2014	HOD's
	Council Meeting	29 January 2014	M.M.
	Mid-Year Performance Report by Audit Committee	07 February 2014	M.M.
	Annual Report Programme	17-21 February 2014	M.M.
	Institutional Strategic planning session. Adopt proposed overall direction of the IDP - agree on main themes and key strategic objectives and key financial issues. Refine objectives, strategies, programmes and draft projects as necessary for MTEF period	26-28 February 2014	IPED/M.M.
	Technical IGR Meeting		
	Mayoral Committee Meeting	05 March 2014	MM
	IDP/PMS/Budget Steering Committee meeting to present the Draft 2014-2015 IDP and Budget	06 March 2014	BTO/M.M.
	IDP Rep Forum	14 March 2014	IPED
	Budget Steering Committee	18 March 2014	MM
5	MPAC Hearings on Annual Report	19-20 March 2014	M.M.
7	CHDM Council approval of the 2014-2015 Draft IDP & Budget	26 March 2014	M.M.
	DIMAFO Meeting	27 March 2014	M.M.
8	Identify operating impacts (including staff issues) of proposed projects and ensure that these are included in the operating budget submissions	01-30-March-2014	IPED /BTO / Corporate Services
	Quarter 3 Performance reporting (Jan - March))	10 April 2014	HOD's & M M
	Draft IDP and Draft Budget published. Advertise for public comment (21days)	31 March 2014	IPED
<b>E</b>	<b>Reviewed IDP document (Integration/programme implementation and operational plan)</b>		

	IDP/Budget Steering Meeting to reconcile presentations for Road shows	03 April 2014	M.M./IPED
1	IDP/Budget road shows - public hearings	07-16 April 2014	MM/IPED/BTO
	IDP Steering Committee meeting (implementation and operational plan)	13 May 2014	IPED
	Technical IGR	15 May 2014	MM
	IDP Rep Forum	19 May 2014	IPED
3	District Mayors Forum	21 May 2014	M M
4	Incorporate relevant comments to the Draft final reviewed IDP	April - May 2014	IPED
<b>F</b>	<b>Approval phase</b>		
3	Council Workshop on the Final IDP prior Adoption		M M /IPED
4	CHDM Council Open Day & Approval of Final 2014-2015 IDP & Budget	28 May 2014	M M
	Stakeholders Engagement on IDP & Budget	16-120 June 2014	MM
4	Quarter 4 Performance reporting (April - June))	10 July 2014	HOD"s & M M
<b>G</b>	<b>Performance Management System</b>		
2	Drafting of Service Delivery and Budget Implementation Plan (SDBIP)	26 March 2014	MM
3	Submit draft SDBIP within 14 days after approval of the budget	06 June 2014	MM
4	Approval of SDBIP within 28 days after budget	19 June 3014	Mayor
5	Signing of MM and Section 57 Managers Performance Agreements	27 June 2014	MM
6	Publicize SDBIP and Performance Agreements no later than 14 days after approval	07 July 2014	MM



MUNICIPALITY/AREA	VENUE	DATE	TIME
1.Engcobo Local Municipality	Engcobo Town Hall	<i>By the Month of April 2014</i>	10h00
2. Nkwanca Local Municipality	Molteno Community Hall		10h00
3.Tsolwana Local Municipality	Tarkastad Community Hall		10h00
4. Sakhisizwe Local Municipality	Elliot Town Hall		10h00
5.Inxuba Yethemba Local Municipality	Cradock Town Hall		10h00
6. Emalahleni Local Municipality	Indwe Community Hall		10h00
7. Intsika Yethu Local Municipality	Tsomo Town Hall		10h00
8. Lukhanji Local Municipality	Whittlesea Hall		10h00

### 1.2.1 IDP and Service Delivery and Budget Implementation Plan

The Chris Hani District's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the third revision cycle included the following key IDP processes and deliverables:

- Registration of community needs;
- Compilation of departmental business plans including key performance indicators and targets;

- Financial planning and budgeting process;
- Public participation process;
- Compilation of the SDBIP, and
- The review of the performance management and monitoring processes.

The IDP has been taken into a business and financial planning process leading up to the 2014/15 MTREF, based on the approved 2013/14 MTREF, Mid-year Review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections due to the takeover of the revenue function from the Local Municipalities within the Chris Hani District.

With the compilation of the 2014/15 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year and third quarter performance against the 2013/14 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme taking into consideration the service delivery backlogs and the need to enhance revenue generation capabilities of the municipality.

### **1.2.2 Financial Modelling and Key Planning Drivers**

As part of the compilation of the 2014/15 MTREF, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2014/15 MTREF Budget:

- Revenue growth
- Risks associated with the takeover of the revenue function from the Local Municipalities
- Policy priorities and strategic objectives
- Asset maintenance and the age of the existing infrastructure
- Service delivery backlogs
- Performance trends
- The approved 2013/14 adjustments budget and performance against the SDBIP
- Cash Flow Management
- Debtor payment levels and collection rate based on the function formerly performed by the local municipalities

- Investment possibilities
- The need for tariff increases versus the ability of the community to pay for services;
- Improved and sustainable service delivery

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 51 to 72 has been taken into consideration in the planning and prioritisation process.

### **1.2.3 Community Consultation**

The draft 2014/15 MTREF as tabled before Council on 26 March 2014 for community consultation was published on the municipality's website, and hard copies were made available at customer care offices, municipal notice boards, local municipalities and members of the community during the consultation processes.

All documents in the appropriate format (electronic and printed) were provided to National Treasury, and Provincial Planning and Treasury in accordance with section 23 of the MFMA, to provide an opportunity for them to make inputs and provide an assessment on the budget.

Ward Committees were utilised to facilitate the community consultation process from 14 April to 16 May 2014, and included 8 public briefing sessions. The applicable dates and venues were published in all the local newspapers and on average attendance of 400 were recorded per meeting. Other stakeholders involved in the consultation included churches, non-governmental institutions and community-based organisations.

Submissions received during the community consultation process and additional information regarding revenue and expenditure and individual capital projects were addressed, and where relevant considered as part of the finalisation of the 2014/15 MTREF. Feedback and responses to the submissions received are available on request. The following are some of the issues and concerns raised as well as comments received during the consultation process:

- The municipality has been mainly grant dependent to fund the capital budget hence experiencing service delivery backlogs.
- The bucket system has not been fully eradicated within Chris Hani District due to insufficient funding to implement all capital projects
- Poor performance and monitoring of contractors relating to infrastructure development and maintenance were raised;
- The local municipalities have not been implementing the water and sanitation tariffs as per the tariffs set by Chris Hani District Municipality
- The affordability of tariff increases was raised on numerous occasions. This concern was also raised by organized business as an obstacle to economic growth;

- Pensioners cannot afford the tariff increases due to low annual pension increases; and
- During the community consultation process large sections of the community made it clear that they are not in favour of any further tariff increases to fund additional budget requests. They indicated that the municipality must do more to ensure efficiencies and value for money taking into consideration the income levels of the Chris Hani District.

Significant changes effected in the final 2014/15 MTREF compared to the draft 2014/15 MTREF that was tabled for community consultation, include:

- The 2014-15 Division of Revenue Act (DORA) grant allocations were finalized and aligned to the gazetted allocations;
- The tariffs of the Chris Hani District Municipality were revised to an affordable tariff level for the consumers and to also facilitate growth and development within the district.
- The revenue budgeted for water and a sanitation service was revised to be aligned to the new tariffs approved by council during the tabling of the budget.
- Chris Hani District municipality will be taking over the revenue function from the local municipalities with effect from 1 July 2014.

### **1.3 Overview of alignment of annual budget with IDP**

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living within Chris Hani District. Applied to the Chris Hani District, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that the Chris Hani District strategically complies with the key national and provincial priorities.

The aim of this revision cycle was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the Chris Hani District's response to these requirements.

The national and provincial priorities, policies and strategies of importance include amongst others:

- ✚ Intensifying the fight against crime and corruption
- ✚ Build cohesive, caring and sustainable communities
- ✚ Pursuing African advancement and enhanced international co-operation
- ✚ Building a developmental state including improvement of public services and strengthening democratic institutions
- ✚ Intensifying the fight against crime and corruption
- ✚ Strengthen skills and human resource base
- ✚ Improve the health profile of the province
- ✚ Rural development, land and agrarian transformation, and food security
- ✚ Massive programme to build social and economic and infrastructure

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its

IDP. The following table highlights the IDP's five strategic objectives for the 2014/15 MTREF and further planning refinements that have directly informed the compilation of the budget:

**Table 5 IDP Strategic Objectives**

<b>2013/14 Financial Year</b>	<b>2014/15 MTREF</b>
1. Ensuring an Effective, Efficient and Co-ordinated Financial Management that enables CHDM to deliver its mandate.	1. Ensuring an Effective, Efficient and Co-ordinated Financial Management that enables CHDM to deliver its mandate
2. To consistently create an enabling environment for Economic Growth, Rural Development and Employment opportunities.	2. To consistently create an enabling environment for Economic Growth, Rural Development and Employment opportunities
3. Ensuring provision of Basic Services in a well-structured, efficient and integrated manner	3. Ensuring provision of Basic Services in a well-structured, efficient and integrated manner
4. To encourage the involvement and collaboration of Communities and Stakeholders through working together to achieve good governance in an integrated manner.	4. To encourage the involvement and collaboration of Communities and Stakeholders through working together to achieve good governance in an integrated manner
5. To establish and maintain a skilled labour force guided by policies to function optimally towards the delivery of services to communities.	5. To establish and maintain a skilled labour force guided by policies to function optimally towards the delivery of services to communities

In order to ensure integrated and focused service delivery between all spheres of government it was important for the Chris Hani District Municipality to align its budget priorities with that of national and provincial government. All spheres of government place a high priority on infrastructure development, economic development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements.

Local priorities were identified as part of the IDP review process which is directly aligned to that of the national and provincial priorities. The key performance areas can be summarised as follows against the five strategic objectives:



Key Performance Areas	Manifesto 2014	10 National Priorities	8 Provincial Priorities	12 Outcomes
Good Governance and Public Participation	5. Fight against crime and corruption	Intensifying the fight against crime and corruption	Intensify the fight against crime and corruption	7. Vibrant, equitable, sustainable rural communities contributing towards food security for all
		Build cohesive, caring and sustainable communities	Building cohesive and sustainable communities	9. Responsive, accountable, effective and efficient Local Government system
		Pursuing African advancement and enhanced international co-operation		12. An efficient, effective and development oriented public service and an empowered, fair and inclusive citizenship
		Building a developmental state including improvement of public services and strengthening democratic institutions		11. Create a better South Africa, better Africa and a better world
Municipal Financial Viability and Management	5. Fight against crime and corruption	Intensifying the fight against crime and corruption	Intensify the fight against crime and corruption	9. Responsive, accountable, effective and efficient Local Government system
Municipal Transformation and Institutional Development	5. Fight against crime and corruption	Strengthen skills and human resource base	Strengthen education, skills and human resource base	1. Quality basic education
	2. Education	Pursuing African advancement and enhanced international co-operation		5. Skilled and capable workforce to support an inclusive growth path
		Building a developmental state including improvement of public services and strengthening democratic institutions		3. All people in SA are and feel safe
				9. Responsive, accountable, effective and efficient Local Government system
				12. An efficient, effective and development oriented public service



				and an empowered, fair and inclusive citizenship
Basic Service Delivery and Infrastructure Investment	3. Health	Improve health profile of the nation	Improve the health profile of the province	6. An efficient, competitive and responsive economic infrastructure network
		Comprehensive rural development strategy linked to land and agrarian reform & food security	Rural development, land and agrarian transformation, and food security	2. A long and healthy life for all South Africans
		Massive programme to build economic and social infrastructure	Massive programme to build social and economic and infrastructure	8. Sustainable human settlements and improved quality of household life
		Sustainable resource management and use	Building a developmental state	10. Protect and enhance our environmental assets and natural resources
Local Economic Development	1. Creation of decent work and sustainable livelihoods	Speeding up economic growth & transforming economy to create decent work and sustainable livelihoods	Speeding up growth & transforming the economy to create decent work and sustainable livelihoods	4. Decent employment through inclusive economic growth
	4. Rural development, food security and land reform	Comprehensive rural development strategy linked to land and agrarian reform & food security	Rural development, land and agrarian transformation, and food security	6. An efficient, competitive and responsive economic infrastructure network
			Massive programme to build social and economic and infrastructure	7. Vibrant, equitable, sustainable rural communities contributing towards food security for all
			Building cohesive and sustainable communities	8. Sustainable human settlements and improved quality of household life
			Building a developmental state	10. Protect and enhance our environmental assets and natural resources

In line with the MSA, the IDP constitutes a single, inclusive strategic plan for the Chris Hani District. The five-year programme responds to the development challenges and opportunities faced by the Chris Hani District by identifying the key performance areas to achieve the five strategic objectives mentioned above.

In addition to the five-year IDP, the Chris Hani District undertakes an extensive planning and developmental strategy which primarily focuses on a longer-term horizon; 15 to 20 years. This process is aimed at influencing the development path by proposing a substantial programme of public-led investment to restructure current patterns of settlement, activity and access to resources in the Chris Hani District so as to promote greater equity and enhanced opportunity. The strategy specifically targets future developmental opportunities in traditional dormitory settlements. It provides direction to the Chris Hani District's IDP, associated sectoral plans and strategies, and the allocation of resources of the Chris Hani District and other service delivery partners.

This development strategy introduces important policy shifts which have further been translated into seven strategic focus areas/objectives as outlined below:

- Developing dormant areas;
- Development of Special Economic Zones
- Enforcing hard development lines – so as to direct private investment;
- Maintaining existing urban areas;
- Strengthening key economic clusters;
- Building social cohesion;
- Strong developmental initiatives in relation to the municipal institution as a whole; and
- Sound financial fundamentals.

Lessons learned with previous IDP revision and planning cycles as well as changing environments were taken into consideration in the compilation of the fourth revised IDP, including:

- Strengthening the analysis and strategic planning processes of the Chris Hani District;
- Initiating zonal planning processes that involve the communities in the analysis and planning processes. More emphasis was placed on area based interventions, within the overall holistic framework;

- Ensuring better coordination through a programmatic approach and attempting to focus the budgeting process through planning interventions; and
- Strengthening performance management and monitoring systems in ensuring the objectives and deliverables are achieved.

The 2014/15 MTREF has therefore been directly informed by the IDP revision process and the following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

[illegible]

[illegible]

DC13 Chris Hani - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)										
Strategic Objective	Goal	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue &		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand										
	To strengthen good governance	50	11 744		47 459	47 782	47 782	61 993	65 713	69 615
	Eradicate crime and corruption									
	Ensure effective and efficient CHDM oversight function									
	Coordinate Special Programmes of CHDM									
	reduction of poverty levels within the District through implementation of programmes and projects									
	Enhance public participation within the District									
	To foster safe and integrated communities									
	Strengthen institutional performance, planning, monitoring and evaluation									
	Enhance communication with stakeholders and uphold municipal identity and image internally and externally									
	Improve leadership capacity through implementation of clear capacity development programmes									
	Strengthen Council business through ensuring effectiveness and efficiency of Council committees									
	Improve capacity and delivery of support services to Local Municipalities through central coordination, monitoring and evaluation									
	Enhance relationships with other countries through implementation of clear policies and twinning/partnership arrangements									
Total Revenue (excluding capital transfers and contributions)		1 048 925	876 268	–	1 322 340	1 345 955	1 345 955	1 746 287	1 851 065	1 960 982

**Table 19 MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure**

DC13 Chris Hani - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)									
Strategic Objective	Goal	2010/11	2011/12	Current Year 2013/14			2014/15 Medium Term	Revenue &	
R thousand		Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
CHDM 1: To ensure an effective, efficient and co-ordinated Financial Management that enables CHDM to deliver its mandate	To enhance the Revenue of the DM and its LM's	673 458	839 794	439 282	447 126	447 126	580 117	614 924	651 438
	To ensure proper expenditure management in terms of approved budget and in line with DORA and National Treasury Guidelines								
	To maintain a complete and accurate Fixed Asset Register								
	To ensure timeous submission of accurate AFS & related policies								
	To develop a realistic compliant Budget								
CHDM 2: To consistently create an enabling environment for Economic growth, rural development and employment opportunities	To ensure establishment and functionality of Development Agency .	-	12 985	48 459	49 800	49 800	64 613	68 489	72 556
	To prioritise Forestry as a Sector that contributes to reduction of unemployment and Economic development								
	To ensure promotion and development of Tourism within the District								
	To ensure preservation of Heritage resources								
	To create an enabling environment for sustainable business development								
	To increase contribution of Agriculture to the District economy								
	To revitalise the Infrastructure in the irrigation schemes for contribution to Economic growth								
	To promote Urban / Rural renewal to attract investors for economic development								
	To ensure compliance and relevant spatial planning and Land use management legislation								
	To ensure review of the five year IDP								
	To ensure facilitation and coordination of Housing Development within CHDM								

DC13 Chris Hani - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)									
Strategic Objective	Goal	2010/11	2011/12	Current Year 2013/14			2014/15 Medium Term Revenue &		
R thousand		Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
CHDM 3: To ensure the provision of basic services in a well structured, efficient and integrated manner.	To prevent mitigate and respond to effects of disasters and facilitate post disaster recovery		–	60 449	61 510	61 510	79 805	84 594	89 617
	To manage and coordinate implementation of integrated HIV/ AIDS programmes								
	To provide quality municipal health and environmental management services								
	To ensure universal coverage with respect to water services by 2014	88 770	–	606 771	617 659	617 659	801 371	849 453	899 895
	To ensure sustainable water services provision								
	To provide well maintained and accesible roads			25 000	25 439	25 439	33 005	34 985	37 063
	To ensure service delivery is integrated								
	To maximise job creation through EPWP								
CHDM 4: To establish and maintain a skilled labour force guided by policies to function optimally towards the delivery of services to communities.	To develop, maintain, review and ensure effective implementation of policies and HR systems	286 647		47 459	48 320	48 320	62 692	66 453	70 399
	To develop and empower workforce to enhance their skills and competencies so as to render services to communities effectively								
	To review and maintain an organisational structure that responds to service delivery imperatives								
	To ensure compliance with the employment Equity Act								
	To promote and maintain labour stability within the workforce								
	To encourage an institutional culture of quality performance								
	To develop and implement an institution-wide employee wellness programme								
	To ensure a healthy and safety workplace environment								
	To provide integrated security system that will ensure safety of information and assets of the municipality								
	To develop an ICT strategy								
	To provide secure, reliable and consistant platform for information accessibility								
	Effective management and maintainance of municipal assets								
	To develop a document management system for the municipality								
	To develop a policy on archiving in line with the relevant legislation								
	To provide an effective and efficient Council support service to all Councillors, Council and Standing Committees								
CHDM 5: To encourage the involvement and collaboration of Communities and stakeholders through working together to achieve good governance in an intergrated manner.	Enhance intergovernmental relations within the district through effective and efficient IGR structures	–	11 744	47 459	48 320	48 320	62 692	66 453	70 399



DC13 Chris Hani - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)									
Strategic Objective	Goal	2010/11	2011/12	Current Year 2013/14			2014/15 Medium Term Revenue &		
R thousand		Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
	Ensure a functional and institutional customer care services								
	To strengthen good governance	50	11 744	47 459	47 782	47 782	61 993	65 713	69 615
	Eradicate crime and corruption								
	Ensure effective and efficient CHDM oversight function								
	Coordinate Special Programmes of CHDM								
	reduction of poverty levels within the District through implementation of programmes and projects								
	Enhance public participation within the District								
	To foster safe and integrated communities								
	Strengthen institutional performance, planning, monitoring and evaluation								
	Enhance communication with stakeholders and uphold municipal identity and image internally and externally								
	Improve leadership capacity through implementation of clear capacity development programmes								
	Strengthen Council business through ensuring effectiveness and efficiency of Council committees								
	Improve capacity and delivery of support services to Local Municipalities through central coordination, monitoring and evaluation								
	Enhance relationships with other countries through implementation of clear policies and twinning/partnership arrangements								
Total Revenue (excluding capital transfers and contributions)		1 048 925	876 268	1 322 340	1 345 955	1 345 955	1 746 287	1 851 065	1 960 982

## 1.4 Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the Chris Hani District has developed and implemented a performance management system of which the system is constantly refined as the integrated planning process unfolds. The Municipality targets, monitors, assess and reviews organisational performance which in turn is directly linked to individual employee's performance.

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages. The planning, budgeting and reporting cycle can be graphically illustrated as follows:

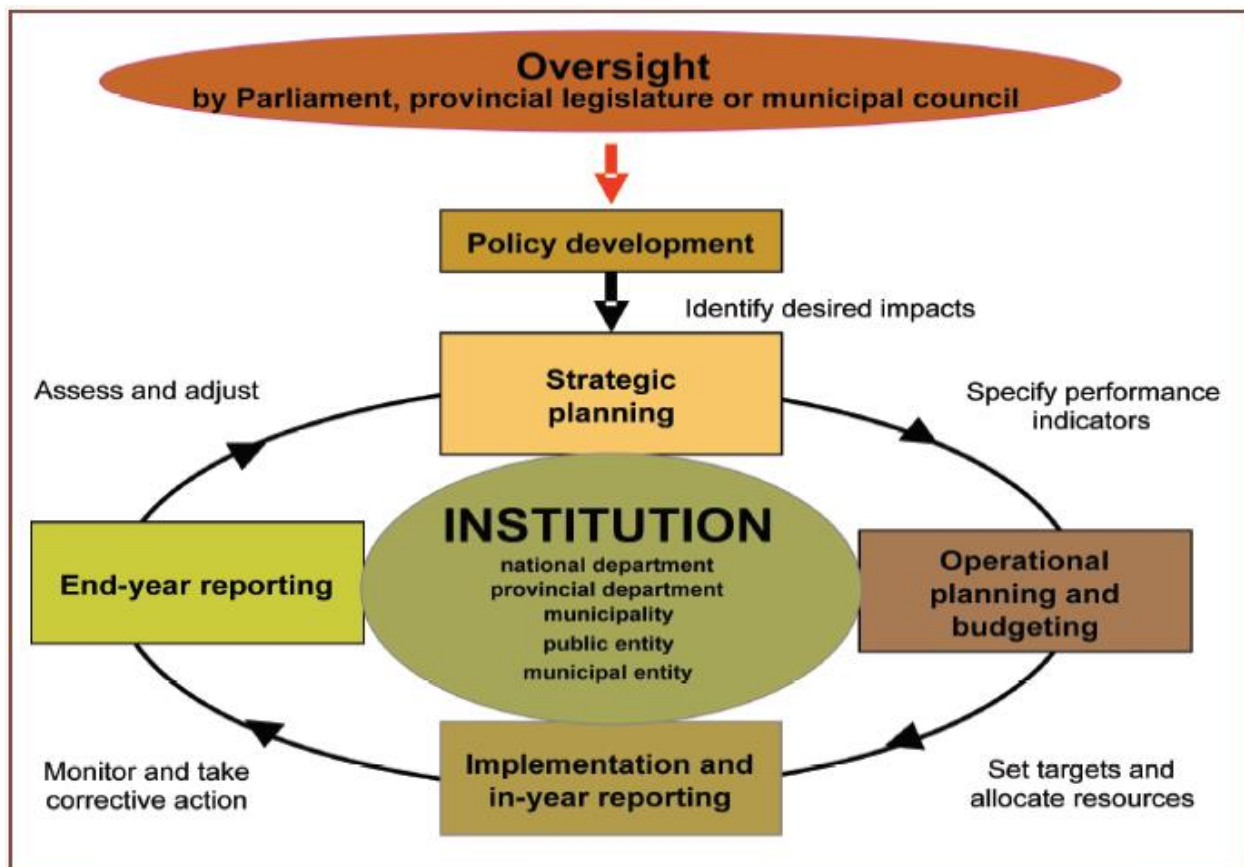


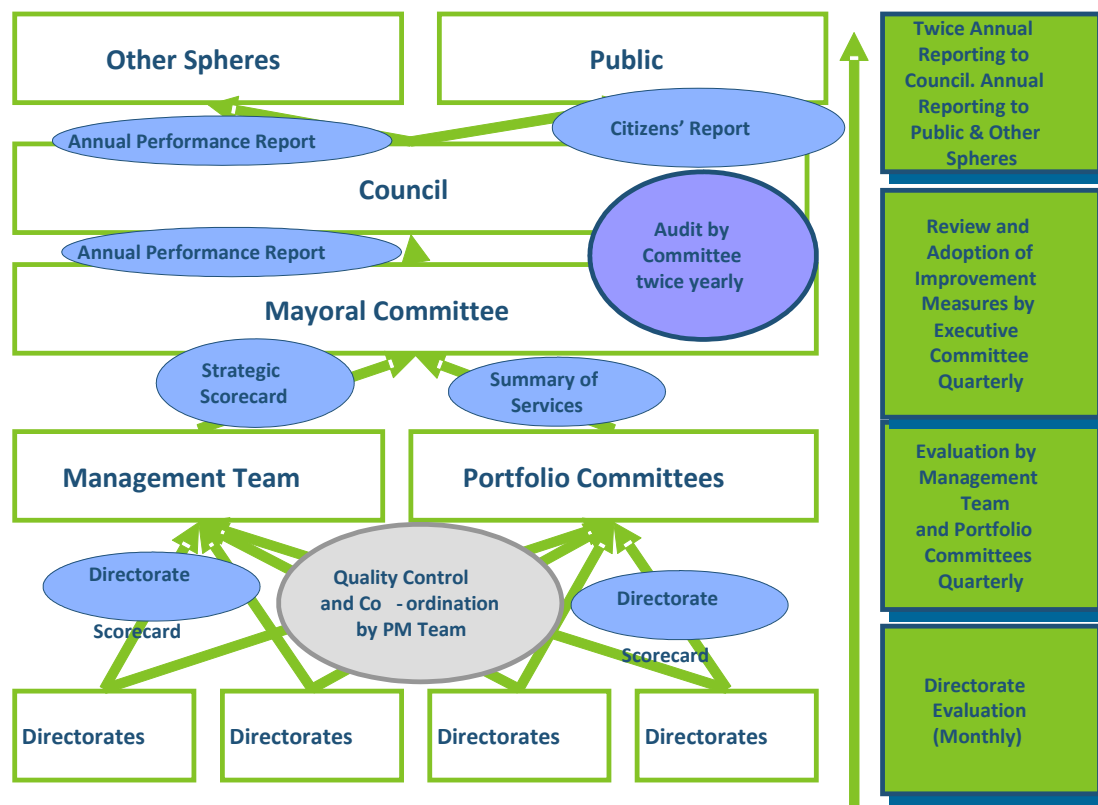
Figure Planning, budgeting and reporting cycle

The performance of the Chris Hani District relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The Chris Hani District therefore has adopted one integrated performance management system which encompasses:

- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitoring and checking on the progress against plan);
- Measurement (indicators of success);
- Review (identifying areas requiring change and improvement);
- Reporting (what information, to whom, from whom, how often and for what purpose); and
- Improvement (making changes where necessary).

The performance information concepts used by the Chris Hani District in its integrated performance management system are aligned to the **Framework of Managing Programme Performance Information** issued by the National Treasury.

The figure below aims to provide a picture of the annual process of reporting and reviews



The following table sets out the municipalities main performance objectives and benchmarks for the 2014/15 MTREF.

#### **1.4.1.1 Performance indicators and benchmarks**

##### *1.4.1.2 Safety of Capital*

- *The debt-to-equity ratio* is a financial ratio indicating the relative proportion of equity and debt used in financing the municipality's assets. The indicator is based on the total of loans, creditors, bank overdraft and tax provisions as a percentage of funds and reserves. Chris Hani District municipality does not have any borrowings hence there has not been any indicator on this ratio in the 2012/13 financial year and also in the 2014/15 financial year as the municipality is mainly grant dependent and the funding of Capital Assets is cash backed.

##### *1.4.1.3 Liquidity*

- *Current ratio* is a measure of the current assets divided by the current liabilities and as a benchmark the Chris Hani District has set a limit of 1, hence at no point in time should this ratio be less than 1. For the 2013/14 MTREF the current ratio is 2.7 in the 2014/15 financial year and 3.6 for the two outer years of the MTREF. Going forward it will be necessary to maintain these levels this means the municipality may meet its short term financial obligations.

*1.4.1.4 The liquidity ratio* is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Anything below 1 indicates a shortage in cash to meet creditor obligations. For the 2013/14 financial year the ratio was 2.5 and in the 2014/15 financial year it was 3.3.

- *Revenue Management* Chris Hani District Municipality in the 2014/15 financial year will be assuming the responsibility of the billing and collection of the revenue from water and sanitation services. The municipality has embarked on the development of a revenue enhancement strategy that will assist the municipality to increase the revenue generation and collection capabilities. However the municipality will be making a provision for bad debts at a percentage of 40 per cent of the total revenue budgeted for.

##### *1.4.1.5 Creditors Management*

- The Chris Hani District has managed to ensure that creditors are settled within the legislated 30 days of invoice. While the liquidity ratio is of concern, by applying daily cash flow management the municipality has managed to ensure a 100 per cent compliance rate to this legislative obligation. This has had a favourable impact on

suppliers' perceptions of risk of doing business with the Chris Hani District municipality, which is expected to benefit the Chris Hani District in the form of more competitive pricing of tenders, as suppliers compete for the Chris Hani District's business.

#### *1.4.1.6 Other Indicators*

- Employee costs as a percentage of operating revenue continues to decrease over the MTREF. This is primarily owing to takeover of the revenue function from the local municipalities and the implementation of the revenue enhancement strategy that will improve the collection rate. The municipality over the MTREF period will introduce inclining block tariffs to recover costs.
- Similar to that of employee costs, repairs and maintenance as percentage of operating revenue is also decreasing owing directly to takeover of the revenue function from the local municipalities and the implementation of the revenue enhancement strategy that will improve the collection rate. The municipality over the MTREF period will introduce inclining block tariffs to recover costs. This is also in line with National Treasury Budget Circulars that encourage municipalities to introduce cost reflective tariffs to cover the repairs and maintenance costs.

**DC13 Chris Hani - Supporting Table SA8 Performance indicators and benchmarks**

Description of financial indicator	Basis of calculation	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b><u>Borrowing Management</u></b>											
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	0.8%	0.2%	-0.7%	0.0%	0.0%	0.0%	0.0%	0.1%	0.0%	0.0%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	2.9%	1.9%	-17.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.1%	0.1%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure ex cl. transfers and grants and contributions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b><u>Safety of Capital</u></b>											
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b><u>Liquidity</u></b>											
Current Ratio	Current assets/current liabilities	1.9	2.6	2.2	2.7	2.7	2.7	–	3.6	3.6	3.5
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	1.9	2.6	2.2	2.7	2.7	2.7	–	3.6	3.6	3.5
Liquidity Ratio	Monetary Assets/Current Liabilities	1.7	1.9	1.2	2.5	2.5	2.5	–	3.3	3.3	3.3
<b><u>Revenue Management</u></b>											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		548.9%	1891.0%	4.7%	100.0%	100.0%	100.0%	0.0%	69.8%	69.8%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		548.9%	1891.0%	4.7%	100.0%	100.0%	100.0%	0.0%	69.8%	69.8%	69.8%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	10.1%	25.0%	26.7%	6.3%	6.2%	6.2%	0.0%	8.2%	6.6%	5.0%
<b><u>Creditors Management</u></b>											
Creditors System Efficiency	% of Creditors Paid Within Terms (within 'MFMA' s 65(e))										
Creditors to Cash and Investments		30.0%	33.4%	73.3%	55.4%	56.3%	56.3%	0.0%	58.1%	65.9%	76.6%
<b><u>Other Indicators</u></b>											
Employee costs	Employee costs/(Total Revenue - capital revenue)	25.9%	22.6%	12.2%	27.4%	21.3%	21.3%	0.0%	20.8%	20.8%	20.9%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	27.9%	28.1%	0.0%	29.7%	27.9%	27.9%		21.7%	21.7%	21.7%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	2.4%	0.3%	0.0%	1.4%	1.3%	0.0%		2.8%	2.8%	2.8%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	17.3%	18.3%	9.2%	11.4%	11.1%	11.1%	0.0%	8.9%	8.9%	8.9%
<b><u>IDP regulation financial viability indicators</u></b>											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	8.4	5.7	1.8	20.0	20.0	20.0	–	30.9	32.8	34.7
ii.O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	54.0%	125489.2%	232733.0%	15.6%	15.6%	15.6%	0.0%	15.3%	12.3%	9.3%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	10.0	6.9	4.6	9.1	9.3	9.3	–	5.7	4.4	3.7

### **1.4.2 Free Basic Services: basic social services package for indigent households**

The social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of the Chris Hani District Municipality only registered indigents qualify for the free basic services.

For the 2014/15 financial year 97 500 registered indigents have been provided for in the budget. In terms of the Municipality's indigent policy registered households are entitled to 6kl free water, 4 kl sanitation.

Further detail relating to the number of households receiving free basic services, the cost of free basic services, highest level of free basic services as well as the revenue cost associated with the free basic services is contained in MBRR A10 (Basic Service Delivery Measurement).

### **1.4.3 Providing clean water and managing waste water**

The Chris Hani District Municipality is the Water Services Authority for the entire district in terms of the Water Services Act, 1997 and acts as water services provider. The Chris Hani District's bulk water needs are provided directly by Department of Water Affairs in the form of raw water.

The Department of Water Affairs conducts an annual performance rating of water treatment works,

The following is briefly the main challenges facing the Chris Hani District in this regard:

- The infrastructure at most of the waste water treatment works is old and insufficient to treat the increased volumes of waste water to the necessary compliance standard;
- Shortage of skilled personnel makes proper operations and maintenance difficult;
- The past tariff structure adopted by the municipality was not cost reflective

The following are some of the steps that have been taken to address these challenges:

- Infrastructure shortcomings are being addressed through the capital budget in terms of a 5-year upgrade plan;
- The filling of vacancies has commenced and the Waste Water Division will embark on an in-house training programme, especially for operational personnel;

## **1.5 Overview of budget related-policies**

The Chris Hani District's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies.

### **1.5.1 Review of credit control and debt collection procedures/policies**

Chris Hani District Municipality as of the 2014/15 financial year will be taking over the revenue function from the local municipalities within the district. The policy to be implemented is credible, sustainable, manageable and informed by affordability and value for money there has been a need to review certain components to achieve a higher collection rate. The policy will focus on the lowering of the credit periods for the down payment of debt. In addition emphasis will be placed on speeding up the indigent registration process to ensure that credit control and debt collection efforts are not fruitlessly wasted on these debtors.

As most of the indigents within the municipal area are unable to pay for municipal services because they are unemployed, the Integrated Indigent Exit Programme aims to link the registered indigent households to development, skills and job opportunities (the municipality has a EPWP project for job creation within the district). The programme also seeks to ensure that all departments as well as external role players are actively involved in the reduction of the number of registered indigent households.

The 2014/15 MTREF has been prepared on the basis of achieving an average debtors' collection rate of 60 per cent on current billings. In addition the collection of debt in excess of 90 days has been prioritised as a pertinent strategy in increasing the Chris Hani District's cash levels. In addition, the potential of a payment incentive scheme is being investigated and if found to be viable will be incorporated into the policy.

### **1.5.2 Asset Management, Infrastructure Investment and Funding Policy**

A proxy for asset consumption can be considered the level of depreciation each asset incurs on an annual basis. Preserving the investment in existing infrastructure needs to be considered a significant strategy in ensuring the future sustainability of infrastructure and the Chris Hani District's revenue base. Within the framework, the need for asset renewal was considered a priority and hence the capital programme was determined based on renewal of current assets versus new asset construction.

Further, continued improvements in technology generally allows many assets to be renewed at a lesser 'real' cost than the original construction cost. Therefore, it is considered prudent to allow for a slightly lesser continual level of annual renewal than the average annual depreciation. The Asset Management, Infrastructure and Funding Policy is therefore considered a strategic guide in ensuring a sustainable approach to asset renewal, repairs and



maintenance and is utilised as a guide to the selection and prioritisation of individual capital projects. In addition the policy prescribes the accounting and administrative policies and procedures relating to property, plant and equipment (fixed assets).

The asset management policy was formulated in line with GRAP 17 and a provision for depreciation has been factored in the budget.

### **1.5.3 Budget Adjustment Policy**

The adjustments budget process is governed by various provisions in the MFMA and is aimed at instilling and establishing an increased level of discipline, responsibility and accountability in the financial management practices of municipalities. To ensure that the Chris Hani District Municipality continues to deliver on its core mandate and achieves its developmental goals, the mid-year review and adjustment budget process will be utilised to ensure that underperforming functions are identified and funds redirected to performing functions.

### **1.5.4 Supply Chain Management Policy**

The Supply Chain Management Policy was developed in line with the National Treasury Regulations and has been aligned to the model SCM policy for municipalities as per the National Treasury requirements. This policy is aimed to derive value for money in the procurement process and to minimise irregular and fruitless expenditure.

### **1.5.5 Budget and Virement Policy**

The Budget and Virement Policy aims to empower senior managers with an efficient financial and budgetary amendment and control system to ensure optimum service delivery within the legislative framework of the MFMA and the Chris Hani District's system of delegations. This policy will assist in the reification and the monitoring of unauthorised expenditure on the budget votes.

### **1.5.6 Cash Management and Investment Policy**

The aim of the policy is to ensure that the Chris Hani District Municipality's surplus cash and investments are adequately managed, especially the funds set aside for the cash backing of certain reserves. The policy details the minimum cash and cash equivalents required at any point in time and introduce time frames to achieve certain benchmarks.

### **1.5.7 Tariff Policies**

The Chris Hani District's tariff policies provide a broad framework within which the Council can determine fair, transparent and affordable charges that also promote sustainable service delivery. The policies have been approved on various dates and a consolidated tariff policy is envisaged to be compiled for ease of administration and implementation of the next two years.

### **1.5.8 Financial Modelling and Scenario Planning Policy**

The Financial Modelling and Scenario Planning Policy has directly informed the compilation of the 2014/15 MTREF with the emphasis on affordability and long-term sustainability. The policy dictates the approach to longer term financial modelling. The outcomes are then filtered into the budget process. One of the salient features of the policy is the emphasis on financial sustainability. Amongst others, the following has been modelled as part of the financial modelling and scenario planning process:

- Approved 2013/14 Adjustments Budget;
- Cash Flow Management Interventions, Initiatives and Strategies (including the cash backing of reserves);
- Economic climate and trends (i.e. Inflation, household debt levels, indigent factors, growth, recessionary implications);
- investment possibilities;
- Performance trends;
- Tariff Increases;
- The ability of the community to pay for services (affordability);
- Policy priorities;
- Improved and sustainable service delivery; and
- Debtor payment levels.

## **1.6 Overview of budget assumptions**

### **1.6.1 External factors**

Owing to the economic slowdown, financial resources are limited due to reduced payment levels by consumers. This has resulted in declining cash inflows, which has necessitated restrained expenditure to ensure that cash outflows remain within the affordability parameters of the Chris Hani District's finances.

### **1.6.2 General inflation outlook and its impact on the municipal activities**

There are five key factors that have been taken into consideration in the compilation of the 2014/15 MTREF:

- National Government macro-economic targets;
- The general inflationary outlook and the impact on Chris Hani District's residents and businesses;
- The impact of municipal cost drivers;
- The impact of the takeover of the revenue function from the local municipalities
- The increase in the cost of remuneration and the prioritisation in the filling of vacant positions.

## **1.7 Credit rating outlook**

### **1.7.1 Collection rate for revenue services**

The base assumption is that tariff and rating increases will increase at a rate slightly higher than CPI over the long term. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term.

The rate of revenue collection is currently expressed as a percentage (60 per cent) of annual billings. Cash flow is assumed to be 60 per cent of billings, plus an increased collection of arrear debt from the collection and credit control policy with the implementation of the revenue enhancement strategy. The performance of arrear collections will however only be considered a source of additional cash in-flow once the performance has been carefully monitored.

### **1.7.2 Growth or decline in tax base of the municipality**

Debtors' revenue is assumed to increase at a rate that is influenced by the consumer debtors' collection rate, tariff/rate pricing, real growth rate of the Chris Hani District, household formation growth rate and the poor household change rate.

Household formation is the key factor in measuring municipal revenue and expenditure growth, as servicing 'households' is a greater municipal service factor than servicing individuals. Household formation rates are assumed to convert to household dwellings. In addition the change in the number of poor households influences the net revenue benefit derived from household formation growth, as it assumes that the same costs incurred for servicing the household exist, but that no consumer revenue is derived as the 'poor household' limits consumption to the level of free basic services.

### **1.7.3 Impact of national, provincial and local policies**

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to

align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

- Creating jobs;
- Enhancing education and skill development;
- Improving Health services;
- Rural development and agriculture; and
- Fighting crime and corruption.

To achieve these priorities integration mechanisms are in place to ensure integrated planning and execution of various development programs. The focus will be to strengthen the link between policy priorities and expenditure thereby ensuring the achievement of the national, provincial and local objectives.

#### **1.7.4 Ability of the municipality to spend and deliver on the programmes**

It is estimated that a spending rate of at least 90 per cent is achieved on operating expenditure and 98 per cent on the capital programme for the 2014/15 MTREF of which performance has been factored into the cash flow budget.

## **1.8 Overview of budget funding**

### **1.8.1 Medium-term outlook: operating revenue**

The following table is a breakdown of the operating revenue over the medium-term:

**Table 20 Breakdown of the operating revenue over the medium-term**

DC13 Chris Hani - Table A4 Consolidated Budgeted Financial Performance (revenue and expenditure)					
Description	2014/15 Medium Term Revenue & Expenditure Framework				
R thousand	Budget Year 2014/15	%	Budget Year +1 2015/16	%	Budget Year +2 2016/17
<b>Revenue By Source</b>					
Service charges - water revenue	398 644	6%	422 563	6%	447 917
Service charges - sanitation revenue	173 060	6%	183 444	6%	194 450
Interest earned - external investments	18 019	6%	19 100	0%	19 100
Transfers recognised - operational	484 419	6%	513 484	6%	544 293
Other revenue	482	6%	511	6%	542
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>1 074 624</b>	<b>6%</b>	<b>1 139 102</b>	<b>6%</b>	<b>1 206 302</b>
<b>Total Expenditure</b>	<b>1 189 542</b>		<b>1 391 288</b>		<b>1 482 281</b>
<b>Surplus/(Deficit)</b>	<b>(114 918)</b>		<b>(252 186)</b>		<b>(275 979)</b>

Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The Chris Hani District Municipality derives most of its operational revenue from the provision of services such as water, sanitation, operating and capital grants from organs of state and the interest earned from investments.

The revenue strategy is a function of key components such as:

- Growth in the Chris Hani District and economic development;
- Revenue management and enhancement;
- Achievement of a 60 per cent annual collection rate for consumer revenue;
- National Treasury guidelines;
- Achievement of full cost recovery of specific user charges;
- Determining tariff escalation rate by establishing/calculating revenue requirements;
- And the ability to extend new services and obtain cost recovery levels.

The above principles guide the annual increase in the tariffs charged to the consumers and the ratepayers aligned to the economic forecasts.

### 1.8.2 Medium-term outlook: capital revenue

The following table is a breakdown of the funding composition of the 2014/15 medium-term capital programme:

**Table 21 Sources of capital revenue over the MTREF**

DC13 Chris Hani - Table A5 Consolidated Budgeted Capital Revenue							
Vote Description			2014/15 Medium Term Revenue & Expenditure				
R thousand	Adjusted Budget	%	Budget Year 2014/15	%	Budget Year +1 2015/16	%	Budget Year +2 2016/17
<b>Funded by:</b>							
National Government	527 604	27%	671 663	6%	711 963	6%	754 681
Transfers recognised - capital	527 604	27%	671 663	6%	711 963	6%	754 681
Internally generated funds	9 487	-100%					
<b>Total Capital Funding</b>	<b>537 092</b>	<b>25%</b>	<b>671 663</b>	<b>6%</b>	<b>711 963</b>	<b>6%</b>	<b>754 681</b>

Capital grants and receipts equates to 100 per cent of the total funding source which represents R671 million for the 2014/15 financial year and steadily increase to R711 million or 6 per cent by 2015/16. Growth relating to grant receipts is 6 per cent over the medium-term.

**Table 22 MBRR Table SA 18 - Capital transfers and grants receipts**

DC13 Chris Hani - Supporting Table SA18 Transfers and grant receipts								
Description	2010/11	2011/12	2012/13	Current Year 2013/14		2014/15 Medium Term Revenue &		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Capital Transfers and Grants</b>								
<b>National Government:</b>	265 421	387 748	–	529 647	536 762	671 663	711 963	754 681
Municipal Infrastructure Grant (MIG)	200 310	283 418		311 040	311 040	250 179	265 190	281 101
Regional Bulk Infrastructure	65 111	104 330		165 024	172 139	218 238	231 332	245 212
Rural Households Infrastructure				4 511	4 511	4 000	4 240	4 494
EPWP/ Accelerated Comm Infrastru Prog				29 372	29 372		–	–
Municipal Water Infrastructure Grant				10 000	10 000	48 528	51 440	54 526
Water Services Operating Grant (WSOP)				9 700	9 700	12 000	12 720	13 483
ACIP						5 400	5 724	6 067
DHS Unblocking						133 318	141 317	149 796
<b>Total Capital Transfers and Grants</b>	<b>265 421</b>	<b>387 748</b>	<b>–</b>	<b>529 647</b>	<b>536 762</b>	<b>671 663</b>	<b>711 963</b>	<b>754 681</b>

### 1.8.3 Cash Flow Management

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium-term. The table below is consistent with international standards of good financial management practice and also improves understandability for councillors and management. Some specific features include:

- Clear separation of receipts and payments within each cash flow category;

- Clear separation of capital and operating receipts from government, which also enables cash from water and sanitation services to be provided for as cash inflow based on actual performance. In other words the *actual collection rate* of billed revenue., and

**Table 23 MBRR Table A7 - Budget cash flow statement**

<b>DC13 Chris Hani - Table A7 Consolidated Budgeted Cash Flows</b>								
Description	2010/11	2011/12	2012/13	Current Year 2013/14		2014/15 Medium Term Revenue &		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>								
<b>Receipts</b>								
Ratepayers and other	795 216	1 052 294	580	322 455	322 455	399 127	423 074	448 459
Government - operating			963 891	452 897	469 397	484 419	513 484	544 293
Government - capital			–	529 989	537 104	671 663	711 963	754 681
Interest	28 009	19 601	19 049	16 999	16 999	18 019	19 100	19 100
<b>Payments</b>								
Suppliers and employees	(547 592)	(892 294)	(742 684)	(548 124)	(570 674)	(693 658)	(735 278)	(779 394)
Finance charges	(4 070)	(385)	(227)	–	–	(631)	(669)	(709)
Transfers and Grants			–	(149 710)	(149 710)	(171 172)	(311 815)	(338 040)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>271 564</b>	<b>179 216</b>	<b>240 609</b>	<b>624 506</b>	<b>625 571</b>	<b>707 766</b>	<b>619 859</b>	<b>648 389</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>								
<b>Receipts</b>								
Proceeds on disposal of PPE		1 240						
Decrease (increase) in non-current investments			(49 003)					
<b>Payments</b>								
Capital assets	(229 434)	(264 618)	(224 629)	(529 647)	(537 092)	(609 167)	(645 620)	(684 256)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(229 434)</b>	<b>(263 378)</b>	<b>(273 632)</b>	<b>(529 647)</b>	<b>(537 092)</b>	<b>(609 167)</b>	<b>(645 620)</b>	<b>(684 256)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>								
<b>Payments</b>								
Repayment of borrowing	(1 024)	(1 075)	5 554					
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>(1 024)</b>	<b>(1 075)</b>	<b>5 554</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>41 106</b>	<b>(85 237)</b>	<b>(27 469)</b>	<b>94 859</b>	<b>88 479</b>	<b>98 599</b>	<b>(25 761)</b>	<b>(35 866)</b>
Cash/cash equivalents at the year begin:	342 085	383 191	297 954	299 014	299 014	299 014	397 613	371 852
Cash/cash equivalents at the year end:	383 191	297 954	270 485	393 873	387 494	397 613	371 852	335 986

The above table shows that for Chris Hani District Municipality to improve the cash flow position and have cash available to fund the capital budget the municipality has to enhance its revenue generation capabilities. The municipality has prioritised the takeover of the water and sanitation services to improve the collection rate of the revenue from the billed services.

#### **1.8.4 Cash Backed Reserves/Accumulated Surplus Reconciliation**

This following table meets the requirements of MFMA Circular 42 which deals with the funding of a municipal budget in accordance with sections 18 and 19 of the MFMA. The table seeks to answer three key questions regarding the use and availability of cash:

- What are the predicted cash and investments that are available at the end of the budget year?
- How are those funds used?
- What is the net funds available or funding shortfall?

A surplus would indicate the cash-backed accumulated surplus that was/is available. A shortfall (applications > cash and investments) is indicative of non-compliance with section 18 of the MFMA requirement that the municipality's budget must be 'funded'. Non-compliance with section 18 is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded (budgeted spending is greater than funds available or to be collected). It is also important to analyse trends to understand the consequences, e.g. the budget year might indicate a small surplus situation, which in itself is an appropriate outcome, but if in prior years there were much larger surpluses then this negative trend may be a concern that requires closer examination.

**Table 24 MBRR Table A8 - Cash backed reserves/accumulated surplus reconciliation**

DC13 Chris Hani - Table A8 Consolidated Cash backed reserves/accumulated surplus reconciliation								
Description	2010/11	2011/12	2012/13	Current Year 2013/14		2014/15 Medium Term Revenue &		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b><u>Cash and investments available</u></b>								
Cash/cash equivalents at the year end	383 191	297 954	270 485	393 873	387 494	397 613	371 852	335 986
Other current investments > 90 days	(0)	(0)	37 895	315 036	321 415	353 830	424 678	500 371
Non current assets - Investments	-	-	2 151	-	-	-	-	-
<b>Cash and investments available:</b>	<b>383 191</b>	<b>297 954</b>	<b>310 532</b>	<b>708 909</b>	<b>708 909</b>	<b>751 444</b>	<b>796 530</b>	<b>836 357</b>
<b><u>Application of cash and investments</u></b>								
Unspent conditional transfers	113 891	57 612	68 338	68 338	68 338	-	-	-
Statutory requirements	16 807	16 436		-	-			
Other working capital requirements	(182 284)	29 636	243 280	(15 200)	(15 200)	(18)	(19)	(20)
Other provisions	25 916	31 230		29 500	29 500			
Reserves to be backed by cash/investments	-	-		1 044 744	1 044 744			
<b>Total Application of cash and investments:</b>	<b>(25 670)</b>	<b>134 913</b>	<b>311 617</b>	<b>1 127 382</b>	<b>1 127 382</b>	<b>(18)</b>	<b>(19)</b>	<b>(20)</b>
<b>Surplus(shortfall)</b>	<b>408 861</b>	<b>163 041</b>	<b>(1 085)</b>	<b>(418 473)</b>	<b>(418 473)</b>	<b>751 462</b>	<b>796 549</b>	<b>836 376</b>

From the above table it can be seen that the cash and investments available total R751 million in the 2014/15 financial year and progressively increase to R796 million by 2015/16, including the projected cash and cash equivalents as determined in the cash flow forecast. The following is a breakdown of the application of this funding:

- There is no unspent borrowing from the previous financial years
- Provisions for statutory requirements include VAT owing to timing differences resulting from year- end obligations. The liability in this regard totalled R236 million for the 2014/15 financial year.



- The main purpose of other working capital is to ensure that sufficient funds are available to meet obligations as they fall due. A key challenge is often the mismatch between the timing of receipts of funds from debtors and payments due to employees and creditors. High levels of debtor non-payment and receipt delays will have a greater requirement for working capital, as was experienced by the Chris Hani District in 2013/14 resulting in cash flow challenges. For the purpose of the cash backed reserves and accumulated surplus reconciliation a provision equivalent to one month's operational expenditure has been provided for. It needs to be noted that although this can be considered prudent, the desired cash levels should be 60 days to ensure continued liquidity of the municipality. Any underperformance in relation to collections could place upward pressure on the ability of the Chris Hani District to meet its creditor obligations.
- Against other provisions an amount R316 million has been provided for the 2014/15 financial year and this increases to R441 million by 2013/12. This liability is informed by, amongst others, the supplementary pension liability.
- Long term investments consist primarily of the sinking funds for the repayment of future borrowings. The sinking fund value is held within long term investments and must be 'held to maturity' and is not available for spending.
- Most reserve fund cash-backing is discretionary in nature, but the reserve funds are not available to support a budget unless they are cash-backed. The reserve funds are not fully cash-backed. The level of cash-backing is directly informed by the municipality's cash backing policy. These include the rehabilitation of landfill sites and quarries.

It can be concluded that the Chris Hani District has a deficit against the cash backed and accumulated surpluses reconciliation. The level of non-cash-backing progressively deteriorated over the period 2007/08 to 2013/14 escalating from R503 million to R1.9 billion in 2013/14. The municipality has essentially depleted all cash reserves which is a serious concern and should be considered a strategic risk to the financial stability of the Chris Hani District. As part of the planning strategy, this deficit needs to be aggressively managed downwards and as part of the medium term planning objectives. It is aimed that by 2013/14 this deficit would have been significantly reduced translating into a surplus of R259 million. It needs to be noted that for all practical purposes the 2013/14 MTREF was unfunded when considering the funding requirements of section 18 and 19 of the MFMA. The 2014/15 MTREF has been informed by ensuring the financial plan meets the minimum requirements of the MFMA. However, from a practical perspective it would not be possible to eradicate this deficit in one financial year hence the phased approach over the MTREF. Nevertheless from a pure cash flow perspective (cash out flow versus cash inflow) the budget is funded and is therefore credible. The challenge for the Chris Hani District will be to ensure that the underlying planning and cash flow assumptions are meticulously managed, especially the performance against the collection rate.

**Figure Cash and cash equivalents / Cash backed reserves and accumulated funds**

### 1.8.5 Funding compliance measurement

National Treasury requires that the municipality assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the municipality. These measures are contained in the following table. All the information comes directly from the annual budgeted statements of financial performance, financial position and cash flows. The funding compliance measurement table essentially measures the degree to which the proposed budget complies with the funding requirements of the MFMA. Each of the measures is discussed below.

**Table 25 MBRR SA10 – Funding compliance measurement**

**DC13 Chris Hani Supporting Table SA10 Funding measurement**

Description	MFMA section	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Funding measures</b>												
Cash/cash equivalents at the year end - R'000	18(1)b	1	383 191	297 954	270 485	393 873	387 494	387 494	299 014	397 613	371 852	335 986
Cash + investments at the yr end less applications - R'000	18(1)b	2	234 261	(82 368)	(119 475)	247 865	244 834	244 834	–	330 800	337 966	341 803
Cash year end/monthly employee/supplier payments	18(1)b	3	10.0	6.9	4.6	9.1	9.3	9.3	–	5.7	4.4	3.7
Surplus/(Deficit) ex cluding depreciation offsets: R'000	18(1)	4	196 220	249 527	198 108	624 506	625 571	625 571	–	652 145	560 900	584 882
Service charge rev % change - macro CPI target exclusive	18(1)a,(2)	5	N.A.	(106.0%)	(6.0%)	(6.0%)	(6.0%)	(6.0%)	(106.0%)	71.5%	0.0%	0.0%
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	548.9%	1891.0%	4.7%	100.0%	100.0%	100.0%	0.0%	69.8%	69.8%	69.8%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	75.3%	(9308.0%)	2050.5%	0.0%	0.0%	0.0%	0.0%	40.0%	40.0%	40.0%
Capital payments % of capital expenditure	18(1)c;19	8	100.0%	106.7%	14021.1%	100.1%	100.1%	234.1%	0.0%	100.0%	100.0%	100.0%
Borrowing receipts % of capital expenditure (ex cl. transfers)	18(1)c	9	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grants % of Gov t. legislated/gazetted allocations	18(1)a	10								0.0%	0.0%	0.0%
Current consumer debtors % change - incr(decr)	18(1)a	11	N.A.	125.2%	120.4%	(81.3%)	0.0%	0.0%	(100.0%)	74.7%	(14.7%)	(20.0%)
Long term receivables % change - incr(decr)	18(1)a	12	N.A.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M % of Property Plant & Equipment	20(1)(vi)	13	0.5%	0.1%	0.0%	0.3%	0.3%	0.0%	0.0%	0.9%	0.9%	0.9%
Asset renewal % of capital budget	20(1)(vi)	14	166.9%	145.4%	1372.6%	0.0%	0.0%	0.0%	0.0%	38.5%	38.5%	38.5%

#### 1.8.5.1 Cash/cash equivalent position

The Chris Hani District's forecast cash position was discussed as part of the budgeted cash flow statement. A 'positive' cash position, for each year of the MTREF would generally be a minimum requirement, subject to the planned application of these funds such as cash-backing of reserves and working capital requirements.

If the municipality's forecast cash position is negative, for any year of the medium term budget, the budget is very unlikely to meet MFMA requirements or be sustainable and could indicate a risk of non-compliance with section 45 of the MFMA which deals with the repayment of short

term debt at the end of the financial year. The forecasted cash and cash equivalents for the 2014/15 MTREF shows R397 million, R371 million and R335 million for each respective financial year.

#### *1.8.5.2 Cash plus investments less application of funds*

The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement. The reconciliation is intended to be a relatively simple methodology for understanding the budgeted amount of cash and investments available with any planned or required applications to be made. This has been extensively discussed above.

#### *1.8.5.3 Monthly average payments covered by cash or cash equivalents*

The purpose of this measure is to understand the level of financial risk should the municipality be under stress from a collection and cash in-flow perspective. Regardless of the annual cash position an evaluation should be made of the ability of the Chris Hani District to meet monthly payments as and when they fall due. It is especially important to consider the position should the municipality be faced with an unexpected disaster that threatens revenue collection such as rate boycotts. Notably, the ratio has been falling significantly for the period 2007/08 to 2014/15, moving from 10) with the adopted 2014/15 MTREF. As part of the 2014/15 MTREF the municipalities improving cash position causes the ratio to move downwards to 5.7 and then reduces slightly to 4.4 and 3.7 for the outer years. As indicated above the Chris Hani District aims to achieve at least one month's cash coverage in the medium term, and then gradually move towards two months coverage. This measure will have to be carefully monitored going forward.

#### *1.8.5.4 Surplus/deficit excluding depreciation of assets*

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year. An 'adjusted' surplus/deficit is achieved by offsetting the amount of depreciation related to externally funded assets. Municipalities need to assess the result of this calculation taking into consideration its own circumstances and levels of backlogs. If the outcome is a deficit, it may indicate that rates and service charges are insufficient to ensure that the community is making a sufficient contribution toward the economic benefits they are consuming over the medium term. For the 2014/15 MTREF the indicative outcome is a surplus of R652 million, R560 million and R584 million

It needs to be noted that a surplus does not necessarily mean that the budget is funded from a cash flow perspective and the first two measures in the table are therefore critical.

#### *1.8.5.5 service charge revenue as a percentage increase less macro inflation target*

The purpose of this measure is to understand whether the municipality is contributing appropriately to the achievement of national inflation targets. This measure is based on the increase in 'revenue', which will include both the change in the tariff as well as any assumption about real growth such as new property development, services consumption growth etc.

The result is intended to be an approximation of the real increase in revenue. From the table above it can be seen that the percentage growth totals 71.5 per cent for the respective financial year of the 2014/15 MTREF. Considering the lowest percentage tariff increase in relation to revenue generated from water and sanitation services

#### *1.8.5.6 Cash receipts as a percentage of ratepayer and other revenue*

This factor is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyse the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget. It can be seen that the outcome is at 69.8 per cent for each of the respective financial years. Given that the assumed collection rate was based on a 60 per cent performance target, the cash flow statement has been conservatively determined. This measure and performance objective will have to be meticulously managed. Should performance with the mid-year review and adjustments be positive in relation to actual collections of billed revenue, the adjustments budget will be amended accordingly.

#### *1.8.5.7 Debt impairment expense as a percentage of billable revenue*

This factor measures whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment (doubtful and bad debts) has to be increased to offset under-collection of billed revenues. The provision has been appropriated at 40 per cent over the MTREF. Considering the debt incentive scheme and the municipality's revenue management strategy's objective to collect outstanding debtors of 90 days, the provision is well within the accepted leading practice.

#### *1.8.5.8 Capital payments percentage of capital expenditure*

The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position. It can be seen that a 100 per cent timing

discount has been factored into the cash position forecasted over the entire financial year. The municipality aims to keep this as low as possible through strict compliance with the legislative requirement that debtors be paid within 30 days.

#### *1.8.5.9 Consumer debtors change (Current and Non-current)*

The purpose of these measures are to ascertain whether budgeted reductions in outstanding debtors are realistic. There are 2 measures shown for this factor; the change in current debtors and the change in long term receivables, both from the Budgeted Financial Position. Both measures show a relatively stable trend in line with the Chris Hani District's policy of settling debtors' accounts within 90 days.

#### *1.8.5.10 Repairs and maintenance expenditure level*

This measure must be considered important within the context of the funding measures criteria because a trend that indicates insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or sustainable in the medium to long term because the revenue budget is not being protected. Details of the Chris Hani District's strategy pertaining to asset management and repairs and maintenance is contained in Table MBRR SA34C.

#### *1.8.5.11 Asset renewal/rehabilitation expenditure level*

This measure has a similar objective to aforementioned objective relating to repairs and maintenance. A requirement of the detailed capital budget (since MFMA Circular 28 which was issued in December 2005) is to categorise each capital project as a new asset or a renewal/rehabilitation project. The objective is to summarise and understand the proportion of budgets being provided for new assets and also asset sustainability. A declining or low level of renewal funding may indicate that a budget is not credible and/or sustainable and future revenue is not being protected, similar to the justification for 'repairs and maintenance' budgets. Further details in this regard are contained in Table MBRR SA34b.

## 1.9 Expenditure on grants and reconciliations of unspent funds

**Table 26 MBRR SA19 - Expenditure on transfers and grant programmes**

DC13 Chris Hani - Supporting Table SA19 Expenditure on transfers and grant programme								
Description	2010/11	2011/12	2012/13	Current Year 2013/14		2014/15 Medium Term Revenue &		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>EXPENDITURE:</b>								
<b><u>Operating expenditure of Transfers and Grants</u></b>								
<b>National Government:</b>	<b>293 184</b>	<b>351 832</b>	<b>–</b>	<b>415 148</b>	<b>352 060</b>	<b>456 379</b>	<b>483 761</b>	<b>512 787</b>
Local Government Equitable Share	281 530	325 908	–	332 216	332 216	356 171	377 541	400 194
RSC Levy Replacement	–	–	–	52 819	–	57 573	61 027	64 689
Finance Management	1 778	1 511	–	1 500	1 500	1 500	1 590	1 685
Municipal Systems Improvement	1 355	1 338	–	890	–	934	990	1 049
Water Services Operating Subsidy	–	20 221	–	6 790	–	300	318	337
EPWP Incentive	66	–	–	1 955	1 955	9 124	9 671	10 252
National: Sport and Development	8 455	2 854	–	–	–	–	–	–
Municipal Infrastructure Grant	–	–	–	16 389	16 389	27 798	29 466	31 233
Rural Roads Asset MS Grant	–	–	–	2 589	–	2 979	3 158	3 347
Other transfers/grants [insert description]	–	–	–	–	–	–	–	–
<b>Provincial Government:</b>	<b>71 133</b>	<b>66 930</b>	<b>–</b>	<b>37 749</b>	<b>40 500</b>	<b>2 585</b>	<b>2 740</b>	<b>2 905</b>
Provincial Health Subsidies	6 759	–	–	–	–	–	–	–
DEA	11 337	12 746	–	4 749	–	–	–	–
DHLG & TA	4 523	3 389	–	1 500	–	2 585	2 740	2 905
DEDEA	–	–	–	7 500	–	–	–	–
Public Works Roads & Transport	22 568	25 411	–	24 000	40 500	–	–	–
Provincial: Treasury Grant	80	80	–	–	–	–	–	–
Provincial: Transport Grant	4 582	863	–	–	–	–	–	–
Other Subsidies	21 285	24 441	–	–	–	–	–	–
<b>Total operating expenditure of Transfers and Grants:</b>	<b>364 317</b>	<b>418 762</b>	<b>–</b>	<b>452 897</b>	<b>392 560</b>	<b>458 964</b>	<b>486 502</b>	<b>515 692</b>
<b><u>Capital expenditure of Transfers and Grants</u></b>								
<b>National Government:</b>	<b>265 421</b>	<b>387 748</b>	<b>–</b>	<b>529 647</b>	<b>536 762</b>	<b>671 663</b>	<b>711 963</b>	<b>754 681</b>
Municipal Infrastructure Grant (MIG)	200 310	283 418	–	311 040	311 040	250 179	265 190	281 101
Regional Bulk Infrastructure	65 111	104 330	–	165 024	172 139	218 238	231 332	245 212
Rural Households Infrastructure	–	–	–	4 511	4 511	4 000	4 240	4 494
EPWP/ Accelerated Comm Infrastru Prog	–	–	–	29 372	29 372	–	–	–
Municipal Water Infrastructure Grant	–	–	–	10 000	10 000	48 528	51 440	54 526
Water Services Operating Grant (WSOP)	–	–	–	9 700	9 700	12 000	12 720	13 483
ACIP	–	–	–	–	–	5 400	5 724	6 067
DHS Unblocking	–	–	–	–	–	133 318	141 317	149 796
<b>Total capital expenditure of Transfers and Grants</b>	<b>265 421</b>	<b>387 748</b>	<b>–</b>	<b>529 647</b>	<b>536 762</b>	<b>671 663</b>	<b>711 963</b>	<b>754 681</b>
<b>TOTAL EXPENDITURE OF TRANSFERS AND GRANTS</b>	<b>629 738</b>	<b>806 510</b>	<b>–</b>	<b>982 543</b>	<b>929 322</b>	<b>1 130 627</b>	<b>1 198 464</b>	<b>1 270 372</b>

**Table 27 MBRR SA 20 - Reconciliation between of transfers, grant receipts and unspent funds**

DC13 Chris Hani - Supporting Table SA20 Reconciliation of transfers, grant receipts and unspent funds									
Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue &		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Operating transfers and grants:</b>									
<b>National Government:</b>									
Balance unspent at beginning of the year	50 867	53 632	1 043	56 688	56 688	56 688			
Current year receipts	368 458	451 041	25 882	326 455	326 455	326 455			
<b>Conditions met - transferred to revenue</b>	<b>364 056</b>	<b>447 984</b>	<b>22 021</b>	<b>383 144</b>	<b>383 144</b>	<b>383 144</b>	-	-	-
Conditions still to be met - transferred to liabilities	55 269	56 688	4 904						
<b>Provincial Government:</b>									
Balance unspent at beginning of the year	30 837	43 201		31 200	31 200	31 200			
Current year receipts	12 625	7 675		15 831	15 831	15 831			
<b>Conditions met - transferred to revenue</b>	<b>261</b>	<b>19 676</b>	<b>-</b>	<b>47 030</b>	<b>47 030</b>	<b>47 030</b>	-	-	-
Conditions still to be met - transferred to liabilities	43 201	31 200							
<b>District Municipality:</b>									
Balance unspent at beginning of the year				7 162	7 162	7 162			
Current year receipts									
<b>Conditions met - transferred to revenue</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7 162</b>	<b>7 162</b>	<b>7 162</b>	-	-	-
Conditions still to be met - transferred to liabilities									
<b>Other grant providers:</b>									
Balance unspent at beginning of the year	1 925	7 162							
Current year receipts									
<b>Conditions met - transferred to revenue</b>	<b>(5 237)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	-	-	-
Conditions still to be met - transferred to liabilities	7 162	7 162							
<b>Total operating transfers and grants revenue</b>	<b>359 080</b>	<b>467 660</b>	<b>22 021</b>	<b>437 337</b>	<b>437 337</b>	<b>437 337</b>	-	-	-
<b>Total operating transfers and grants - CTBM</b>	<b>105 632</b>	<b>95 051</b>	<b>4 904</b>	<b>-</b>	<b>-</b>	<b>-</b>	-	-	-
<b>Capital transfers and grants:</b>									
<b>National Government:</b>									
Balance unspent at beginning of the year	82 497	87 888		1 186	1 186	1 186			
Current year receipts	205 702	284 604		527 634	527 634	527 634			
<b>Conditions met - transferred to revenue</b>	<b>200 310</b>	<b>371 307</b>	<b>-</b>	<b>528 820</b>	<b>528 820</b>	<b>528 820</b>	-	-	-
Conditions still to be met - transferred to liabilities	87 888	1 186							
<b>Provincial Government:</b>									
Balance unspent at beginning of the year	12 992	9 896		7 749	7 749	7 749			
Current year receipts	1 426	1 242		7 910	7 910	7 910			
<b>Conditions met - transferred to revenue</b>	<b>4 523</b>	<b>3 389</b>	<b>-</b>	<b>15 659</b>	<b>15 659</b>	<b>15 659</b>	-	-	-
Conditions still to be met - transferred to liabilities	9 896	7 749							
<b>Total capital transfers and grants revenue</b>	<b>204 833</b>	<b>374 696</b>	<b>-</b>	<b>544 479</b>	<b>544 479</b>	<b>544 479</b>	-	-	-
<b>Total capital transfers and grants - CTBM</b>	<b>97 784</b>	<b>8 935</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	-	-	-
<b>TOTAL TRANSFERS AND GRANTS REVENUE</b>	<b>563 913</b>	<b>842 356</b>	<b>22 021</b>	<b>981 816</b>	<b>981 816</b>	<b>981 816</b>	-	-	-
<b>TOTAL TRANSFERS AND GRANTS - CTBM</b>	<b>203 416</b>	<b>103 985</b>	<b>4 904</b>	<b>-</b>	<b>-</b>	<b>-</b>	-	-	-

## 1.10 Councillor and employee benefits

**Table 28 MBRR SA22 - Summary of councillor and staff benefits**

DC13 Chris Hani - Supporting Table SA22 Summary councillor and staff benefits								
Summary of Employee and Councillor remuneration	2010/11	2011/12	2012/13	Current Year 2013/14		2014/15 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b><u>Councillors (Political Office Bearers plus Other)</u></b>								
Basic Salaries and Wages	4 228	4 600		4 845	4 845	5 941	6 297	6 675
Pension and UIF Contributions	–	81		172	172	137	146	154
Medical Aid Contributions	888	973		870	870	1 357	1 438	1 525
Motor Vehicle Allowance	–	–		–	–	1 876	1 989	2 108
Cellphone Allowance	–	–		–	–	322	341	362
Housing Allowances	1 306	1 517		1 633	1 633		–	–
Other benefits and allowances	234	266		291	291		–	–
<b>Sub Total - Councillors</b>	<b>6 655</b>	<b>7 437</b>	<b>–</b>	<b>7 812</b>	<b>7 812</b>	<b>9 633</b>	<b>10 211</b>	<b>10 824</b>
<b>% increase</b>		<b>11.7%</b>	<b>(100.0%)</b>	<b>–</b>	<b>–</b>	<b>23.3%</b>	<b>6.0%</b>	<b>6.0%</b>
<b><u>Senior Managers of the Municipality</u></b>								
Basic Salaries and Wages	5 527	6 775		39 590	39 590	6 139	6 507	6 898
Pension and UIF Contributions	314	306		783	783	1 074	1 138	1 207
Medical Aid Contributions	–	–		–	–	368	390	414
Overtime	–	–		–	–		–	–
Performance Bonus	235	280		–	–	1 514	1 605	1 701
Motor Vehicle Allowance	1 098	1 349		3 428	3 428	1 954	2 072	2 196
Cellphone Allowance	105	127		317	317	213	226	240
Housing Allowances	21	29		119	119	63	66	70
Other benefits and allowances	171	138		–	–	92	98	104
Post-retirement benefit obligations	105	127		317	317			
<b>Sub Total - Senior Managers of Municipality</b>	<b>7 574</b>	<b>9 130</b>	<b>–</b>	<b>44 554</b>	<b>44 554</b>	<b>11 418</b>	<b>12 103</b>	<b>12 829</b>
<b>% increase</b>		<b>20.5%</b>	<b>(100.0%)</b>	<b>–</b>	<b>–</b>	<b>(74.4%)</b>	<b>6.0%</b>	<b>6.0%</b>
<b><u>Other Municipal Staff</u></b>								
Basic Salaries and Wages	96 748	81 337		131 458	121 306	134 217	142 270	150 806
Pension and UIF Contributions	13 969	11 107		19 038	19 038	24 040	25 483	27 012
Medical Aid Contributions	4 014	3 430		8 753	8 753	11 483	12 172	12 903
Overtime	2 902	891		–	–		–	–
Performance Bonus	5 825	4 395		6 663	6 663	9 486	10 056	10 659
Motor Vehicle Allowance	7 532	8 439		12 879	12 879	22 387	23 730	25 154
Cellphone Allowance	838	906		1 405	1 405	2 121	2 248	2 383
Housing Allowances	1 014	964		2 259	2 259	3 021	3 202	3 394
Other benefits and allowances	636	641		–	–	3 634	3 852	4 083
Payments in lieu of leave	1 156	6 311		–	–		–	–
Long service awards	1 333	2 411		597	597	2 042	2 165	2 295
Post-retirement benefit obligations	(97)	71		–				
<b>Sub Total - Other Municipal Staff</b>	<b>135 870</b>	<b>120 903</b>	<b>–</b>	<b>183 052</b>	<b>172 900</b>	<b>212 432</b>	<b>225 178</b>	<b>238 689</b>
<b>% increase</b>		<b>(11.0%)</b>	<b>(100.0%)</b>	<b>–</b>	<b>(5.5%)</b>	<b>22.9%</b>	<b>6.0%</b>	<b>6.0%</b>
<b>Total Parent Municipality</b>	<b>150 100</b>	<b>137 471</b>	<b>–</b>	<b>235 418</b>	<b>225 266</b>	<b>233 483</b>	<b>247 492</b>	<b>262 342</b>
		<b>(8.4%)</b>	<b>(100.0%)</b>	<b>–</b>	<b>(4.3%)</b>	<b>3.6%</b>	<b>6.0%</b>	<b>6.0%</b>
<b>TOTAL SALARY, ALLOWANCES &amp; BENEFITS</b>	<b>150 100</b>	<b>137 471</b>	<b>–</b>	<b>235 418</b>	<b>225 266</b>	<b>233 483</b>	<b>247 492</b>	<b>262 342</b>
<b>% increase</b>		<b>(8.4%)</b>	<b>(100.0%)</b>	<b>–</b>	<b>(4.3%)</b>	<b>3.6%</b>	<b>6.0%</b>	<b>6.0%</b>
<b>TOTAL MANAGERS AND STAFF</b>	<b>143 444</b>	<b>130 033</b>	<b>–</b>	<b>227 606</b>	<b>217 454</b>	<b>223 850</b>	<b>237 281</b>	<b>251 518</b>



**Table 29 MBRR SA23 - Salaries, allowances and benefits (political office bearers/councillors/ senior managers)**

DC13 Chris Hani - Supporting Table SA23 Salaries, allowances & benefits (political office bearers/councillors/senior managers)						
Disclosure of Salaries, Allowances & Benefits 1.	Salary	Contributions	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum		1.				2.
<b>Councillors</b>						
Speaker	394 990	30 600	155 740			581 330
Chief Whip	344 629	37 238	155 740			537 607
Executive Mayor	526 654	64 932	200 565			792 151
Deputy Executive Mayor						–
Executive Committee	2 247 033	132 751	778 700			3 158 484
Total for all other councillors	2 427 376	1 228 997.62	907 485			4 563 858
<b>Total Councillors</b>	<b>5 940 681</b>	<b>1 494 518</b>	<b>2 198 230</b>			<b>9 633 430</b>
<b>Senior Managers of the Municipality</b>						
Municipal Manager (MM)	1 004 672	279 917	382 407	225 795		1 892 790
Chief Finance Officer	873 513	212 953	291 852	217 904		1 596 222
Technical Services Head of Department	851 787	210 035	346 385	218 901		1 627 109
Corporate Services Head of Department	851 787	158 787	324 992	172 597		1 508 163
Community Services Head of Department	851 787	210 035	313 197	215 582		1 590 601
Planning and Development Head of Department	853 462	210 337	317 922	216 406		1 598 127
Strategic Manager	851 787	207 374	329 206	216 917		1 605 284
<b>Total Senior Managers of the Municipality</b>	<b>6 138 795</b>	<b>1 489 439</b>	<b>2 305 961</b>	<b>1 484 102</b>		<b>11 418 297</b>
<b>TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION</b>	<b>12 079 476</b>	<b>2 983 957</b>	<b>4 504 191</b>	<b>1 484 102</b>		<b>21 051 726</b>

### 1.11 Monthly targets for revenue, expenditure and cash flow

**Table 30 MBRR SA25 - Budgeted monthly revenue and expenditure**

DC13 Chris Hani - Supporting Table SA25 Consolidated budgeted monthly revenue and expenditure															
Description	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework		
R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Revenue By Source</b>															
Service charges - water revenue	33 220	33 220	33 220	33 220	33 220	33 220	33 220	33 220	33 220	33 220	33 220	33 220	398 644	422 563	447 917
Service charges - sanitation revenue	14 422	14 422	14 422	14 422	14 422	14 422	14 422	14 422	14 422	14 422	14 422	14 422	173 060	183 444	194 450
Interest earned - external investments	1 502	1 502	1 502	1 502	1 502	1 502	1 502	1 502	1 502	1 502	1 502	1 502	18 019	19 100	19 100
Transfers recognised - operational	387 344	31 676	14 625	145 024	155 474	17 358	641	24 565	210 751			(503 038)	484 419	513 484	544 293
Other revenue	40	40	40	40	40	40	40	40	40	40	40	40	482	511	542
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>436 528</b>	<b>80 860</b>	<b>63 809</b>	<b>194 208</b>	<b>204 658</b>	<b>66 542</b>	<b>49 824</b>	<b>73 749</b>	<b>259 935</b>	<b>49 184</b>	<b>49 184</b>	<b>(453 855)</b>	<b>1 074 624</b>	<b>1 139 102</b>	<b>1 206 302</b>
<b>Expenditure By Type</b>															
Employee related costs	19 208	19 208	19 208	19 208	19 208	19 208	19 208	19 208	19 208	19 208	19 208	12 557	223 850	237 281	251 518
Remuneration of councillors	705	705	705	705	705	705	705	705	705	705	705	1 879	9 633	10 211	10 824
Debt impairment	7 230	7 230	7 230	7 230	7 230	7 230	7 230	7 230	7 230	7 230	7 230	149 157	228 682	242 403	256 947
Depreciation & asset impairment	7 950	7 950	7 950	7 950	7 950	7 950	7 950	7 950	7 950	7 950	7 950	7 950	95 400	101 124	107 191
Finance charges	0	0	0	0	0	0	0	0	0	0	0	625	631	669	709
Bulk purchases	897	897	897	897	897	897	897	897	897	897	897	897	10 762	11 408	12 092
Other materials	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contracted services	1 531	1 531	1 531	1 531	1 531	1 531	1 531	1 531	1 531	1 531	1 531	1 531	18 375	19 478	20 646
Transfers and grants	13 224	13 224	13 224	13 224	13 224	13 224	13 224	13 224	13 224	13 224	13 224	25 703	171 172	311 815	338 040
Other expenditure	39 485	39 485	39 485	39 485	39 485	39 485	39 485	39 485	39 485	39 485	39 485	(3 301)	431 038	456 900	484 314
Loss on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Expenditure</b>	<b>90 231</b>	<b>90 231</b>	<b>90 231</b>	<b>90 231</b>	<b>90 231</b>	<b>90 231</b>	<b>90 231</b>	<b>90 231</b>	<b>90 231</b>	<b>90 231</b>	<b>90 231</b>	<b>196 999</b>	<b>1 189 542</b>	<b>1 391 288</b>	<b>1 482 281</b>
<b>Surplus/(Deficit)</b>	<b>346 296</b>	<b>(9 372)</b>	<b>(26 423)</b>	<b>103 976</b>	<b>114 427</b>	<b>(23 690)</b>	<b>(40 407)</b>	<b>(16 482)</b>	<b>169 703</b>	<b>(41 047)</b>	<b>(41 047)</b>	<b>(650 853)</b>	<b>(114 918)</b>	<b>(252 186)</b>	<b>(275 979)</b>
Transfers recognised - capital	45 622	45 622	45 622	45 622	45 622	45 622	45 622	45 622	45 622	45 622	45 622	169 816	671 663	711 963	754 681
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>391 919</b>	<b>36 251</b>	<b>19 200</b>	<b>149 599</b>	<b>160 049</b>	<b>21 933</b>	<b>5 216</b>	<b>29 140</b>	<b>215 326</b>	<b>4 575</b>	<b>4 575</b>	<b>(481 037)</b>	<b>556 745</b>	<b>459 776</b>	<b>478 702</b>
<b>Surplus/(Deficit)</b>	<b>391 919</b>	<b>36 251</b>	<b>19 200</b>	<b>149 599</b>	<b>160 049</b>	<b>21 933</b>	<b>5 216</b>	<b>29 140</b>	<b>215 326</b>	<b>4 575</b>	<b>4 575</b>	<b>(481 037)</b>	<b>556 745</b>	<b>459 776</b>	<b>478 702</b>

**Table 31 MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)**

DC13 Chris Hani - Supporting Table SA26 Consolidated budgeted monthly revenue and expenditure (municipal vote)															
Description	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework		
R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Revenue by Vote</b>															
Vote 3 - Budget & Treasury	70 386	70 386	70 386	70 386	70 386	70 386	70 386	70 386	70 386	70 386	70 386	(339 782)	434 467	460 535	488 167
Vote 4 - Community Services	1 130	1 130	1 130	1 130	1 130	1 130	1 130	1 130	1 130	1 130	1 130	905	13 333	14 133	14 981
Vote 5 - Corporate Services	18	18	18	18	18	18	18	18	18	18	18	18	212	225	238
Vote 6 - Planning & Development	477	477	477	477	477	477	477	477	477	477	477	(2 687)	2 560	2 714	2 876
Vote 7 - Technical Services	70 384	70 384	70 384	70 384	70 384	70 384	70 384	70 384	70 384	70 384	70 384	502 990	1 277 216	1 353 849	1 433 933
Vote 8 - Roadworks	1 542	1 542	1 542	1 542	1 542	1 542	1 542	1 542	1 542	1 542	1 542	1 542	18 500	19 610	20 787
<b>Total Revenue by Vote</b>	<b>143 937</b>	<b>143 937</b>	<b>143 937</b>	<b>143 937</b>	<b>143 937</b>	<b>143 937</b>	<b>143 937</b>	<b>143 937</b>	<b>143 937</b>	<b>143 937</b>	<b>143 937</b>	<b>162 986</b>	<b>1 746 287</b>	<b>1 851 065</b>	<b>1 960 982</b>
<b>Expenditure by Vote to be appropriated</b>															
Vote 1 - Council	1 425	1 425	1 425	1 425	1 425	1 425	1 425	1 425	1 425	1 425	1 425	3 731	19 408	20 573	21 807
Vote 2 - Municipal Manager	3 361	3 361	3 361	3 361	3 361	3 361	3 361	3 361	3 361	3 361	3 361	7 071	44 036	46 679	49 479
Vote 3 - Budget & Treasury	11 326	11 326	11 326	11 326	11 326	11 326	11 326	11 326	11 326	11 326	11 326	164 284	288 866	306 198	324 570
Vote 4 - Community Services	9 713	9 713	9 713	9 713	9 713	9 713	9 713	9 713	9 713	9 713	9 713	(10 694)	96 152	101 921	108 036
Vote 5 - Corporate Services	14 345	14 345	14 345	14 345	14 345	14 345	14 345	14 345	14 345	14 345	14 345	711	158 502	168 012	178 093
Vote 6 - Planning & Development	12 504	12 504	12 504	12 504	12 504	12 504	12 504	12 504	12 504	12 504	12 504	(18 266)	119 281	126 438	134 024
Vote 7 - Technical Services	35 493	35 493	35 493	35 493	35 493	35 493	35 493	35 493	35 493	35 493	35 493	32 916	423 337	579 111	621 373
Vote 8 - Roadworks	2 065	2 065	2 065	2 065	2 065	2 065	2 065	2 065	2 065	2 065	2 065	17 246	39 960	42 357	44 899
<b>Total Expenditure by Vote</b>	<b>90 231</b>	<b>90 231</b>	<b>90 231</b>	<b>90 231</b>	<b>90 231</b>	<b>90 231</b>	<b>90 231</b>	<b>90 231</b>	<b>90 231</b>	<b>90 231</b>	<b>90 231</b>	<b>196 999</b>	<b>1 189 542</b>	<b>1 391 288</b>	<b>1 482 281</b>
<b>Surplus/(Deficit) before assoc.</b>	<b>53 705</b>	<b>53 705</b>	<b>53 705</b>	<b>53 705</b>	<b>53 705</b>	<b>53 705</b>	<b>53 705</b>	<b>53 705</b>	<b>53 705</b>	<b>53 705</b>	<b>53 705</b>	<b>(34 013)</b>	<b>556 745</b>	<b>459 776</b>	<b>478 702</b>
<b>Surplus/(Deficit)</b>	<b>53 705</b>	<b>53 705</b>	<b>53 705</b>	<b>53 705</b>	<b>53 705</b>	<b>53 705</b>	<b>53 705</b>	<b>53 705</b>	<b>53 705</b>	<b>53 705</b>	<b>53 705</b>	<b>(34 013)</b>	<b>556 745</b>	<b>459 776</b>	<b>478 702</b>

**Table 32 MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification)**

DC13 Chris Hani - Supporting Table SA27 Consolidated budgeted monthly revenue and expenditure (standard classification)															
Description	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework		
R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Revenue - Standard</b>															
<i><b>Governance and administration</b></i>	70 404	70 404	70 404	70 404	70 404	70 404	70 404	70 404	70 404	70 404	70 404	(339 765)	434 679	460 760	488 405
Executive and council	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Budget and treasury office	70 386	70 386	70 386	70 386	70 386	70 386	70 386	70 386	70 386	70 386	70 386	(339 782)	434 467	460 535	488 167
Corporate services	18	18	18	18	18	18	18	18	18	18	18	18	212	225	238
<i><b>Community and public safety</b></i>	1 130	1 130	1 130	1 130	1 130	1 130	1 130	1 130	1 130	1 130	1 130	905	13 333	14 133	14 981
Community and social services	1 130	1 130	1 130	1 130	1 130	1 130	1 130	1 130	1 130	1 130	1 130	905	13 333	14 133	14 981
<i><b>Economic and environmental services</b></i>	2 019	2 019	2 019	2 019	2 019	2 019	2 019	2 019	2 019	2 019	2 019	(1 145)	21 060	22 324	23 663
Planning and development	477	477	477	477	477	477	477	477	477	477	477	(2 687)	2 560	2 714	2 876
Road transport	1 542	1 542	1 542	1 542	1 542	1 542	1 542	1 542	1 542	1 542	1 542	1 542	18 500	19 610	20 787
Environmental protection	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
<i><b>Trading services</b></i>	70 384	70 384	70 384	70 384	70 384	70 384	70 384	70 384	70 384	70 384	70 384	502 990	1 277 216	1 353 849	1 433 933
Electricity	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Water	70 384	70 384	70 384	70 384	70 384	70 384	70 384	70 384	70 384	70 384	70 384	502 990	1 277 216	1 353 849	1 433 933
<b>Total Revenue - Standard</b>	<b>143 937</b>	<b>143 937</b>	<b>143 937</b>	<b>143 937</b>	<b>143 937</b>	<b>143 937</b>	<b>143 937</b>	<b>143 937</b>	<b>143 937</b>	<b>143 937</b>	<b>143 937</b>	<b>162 986</b>	<b>1 746 287</b>	<b>1 851 065</b>	<b>1 960 982</b>
<b>Expenditure - Standard</b>															
<i><b>Governance and administration</b></i>	30 456	30 456	30 456	30 456	30 456	30 456	30 456	30 456	30 456	30 456	30 456	175 797	510 812	541 461	573 949
Executive and council	4 786	4 786	4 786	4 786	4 786	4 786	4 786	4 786	4 786	4 786	4 786	10 802	63 445	67 251	71 286
Budget and treasury office	11 326	11 326	11 326	11 326	11 326	11 326	11 326	11 326	11 326	11 326	11 326	164 284	288 866	306 198	324 570
Corporate services	14 345	14 345	14 345	14 345	14 345	14 345	14 345	14 345	14 345	14 345	14 345	711	158 502	168 012	178 093
<i><b>Community and public safety</b></i>	7 476	7 476	7 476	7 476	7 476	7 476	7 476	7 476	7 476	7 476	7 476	(5 658)	76 577	81 171	86 042
Community and social services	5 048	5 048	5 048	5 048	5 048	5 048	5 048	5 048	5 048	5 048	5 048	(14 560)	40 970	43 428	46 034
Public safety	57	57	57	57	57	57	57	57	57	57	57	57	690	731	775
Health	2 370	2 370	2 370	2 370	2 370	2 370	2 370	2 370	2 370	2 370	2 370	8 844	34 917	37 012	39 233
<i><b>Economic and environmental services</b></i>	16 807	16 807	16 807	16 807	16 807	16 807	16 807	16 807	16 807	16 807	16 807	(6 056)	178 816	189 545	200 918
Planning and development	12 504	12 504	12 504	12 504	12 504	12 504	12 504	12 504	12 504	12 504	12 504	(18 266)	119 281	126 438	134 024
Road transport	2 065	2 065	2 065	2 065	2 065	2 065	2 065	2 065	2 065	2 065	2 065	17 246	39 960	42 357	44 899
Environmental protection	2 237	2 237	2 237	2 237	2 237	2 237	2 237	2 237	2 237	2 237	2 237	(5 036)	19 575	20 750	21 995
<i><b>Trading services</b></i>	35 493	35 493	35 493	35 493	35 493	35 493	35 493	35 493	35 493	35 493	35 493	32 916	423 337	579 111	621 373
Water	35 493	35 493	35 493	35 493	35 493	35 493	35 493	35 493	35 493	35 493	35 493	32 916	423 337	579 111	621 373
<b>Total Expenditure - Standard</b>	<b>90 231</b>	<b>90 231</b>	<b>90 231</b>	<b>90 231</b>	<b>90 231</b>	<b>90 231</b>	<b>90 231</b>	<b>90 231</b>	<b>90 231</b>	<b>90 231</b>	<b>90 231</b>	<b>196 999</b>	<b>1 189 542</b>	<b>1 391 288</b>	<b>1 482 281</b>
<b>Surplus/(Deficit) before assoc.</b>	<b>53 705</b>	<b>53 705</b>	<b>53 705</b>	<b>53 705</b>	<b>53 705</b>	<b>53 705</b>	<b>53 705</b>	<b>53 705</b>	<b>53 705</b>	<b>53 705</b>	<b>53 705</b>	<b>(34 013)</b>	<b>556 745</b>	<b>459 776</b>	<b>478 702</b>
<b>Surplus/(Deficit)</b>	<b>53 705</b>	<b>53 705</b>	<b>53 705</b>	<b>53 705</b>	<b>53 705</b>	<b>53 705</b>	<b>53 705</b>	<b>53 705</b>	<b>53 705</b>	<b>53 705</b>	<b>53 705</b>	<b>(34 013)</b>	<b>556 745</b>	<b>459 776</b>	<b>478 702</b>

**Table 33 MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)**

DC13 Chris Hani - Supporting Table SA28 Consolidated budgeted monthly capital expenditure (municipal vote)															
Description	Budget Year 2014/15												Medium Term Revenue and Expenditure		
R thousand	July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<u>Multi-year expenditure to be appropriated</u>															
Vote 7 - Technical Services	50 512	50 512	50 512	50 512	50 512	50 512	50 512	50 512	50 512	50 512	50 512	43 830	599 461	635 428	673 554
Capital multi-year expenditure sub-total	50 512	50 512	50 512	50 512	50 512	50 512	50 512	50 512	50 512	50 512	50 512	43 830	599 461	635 428	673 554
<u>Single-year expenditure to be appropriated</u>															
Vote 1 - Council	133	133	133	133	133	133	133	133	133	133	133	133	1 590	1 670	1 753
Vote 2 - Municipal Manager	50	50	50	50	50	50	50	50	50	50	50	50	604	634	666
Vote 3 - Budget & Treasury	96	96	96	96	96	96	96	96	96	96	96	96	1 157	1 215	1 275
Vote 4 - Community Services	144	144	144	144	144	144	144	144	144	144	144	144	1 728	1 814	1 905
Vote 5 - Corporate Services	331	331	331	331	331	331	331	331	331	331	331	331	3 975	4 174	4 382
Vote 6 - Planning & Development	22	22	22	22	22	22	22	22	22	22	22	22	265	278	292
Vote 7 - Technical Services	32	32	32	32	32	32	32	32	32	32	32	32	388	407	428
Capital single-year expenditure sub-total	809	809	809	809	809	809	809	809	809	809	809	809	9 707	10 192	10 702
Total Capital Expenditure	51 321	51 321	51 321	51 321	51 321	51 321	51 321	51 321	51 321	51 321	51 321	44 639	609 167	645 620	684 256

**Table 34 MBRR SA29 - Budgeted monthly capital expenditure (standard classification)**

DC13 Chris Hani - Supporting Table SA29 Consolidated budgeted monthly capital expenditure (standard classification)															
Description	Budget Year 2014/15												Medium Term Revenue and Expenditure		
R thousand	July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Capital Expenditure - Standard</b>															
<i><b>Governance and administration</b></i>	<b>611</b>	<b>611</b>	<b>611</b>	<b>611</b>	<b>611</b>	<b>611</b>	<b>611</b>	<b>611</b>	<b>611</b>	<b>611</b>	<b>611</b>	<b>611</b>	<b>7 326</b>	<b>7 692</b>	<b>8 077</b>
Executive and council	183	183	183	183	183	183	183	183	183	183	183	183	2 194	2 304	2 419
Budget and treasury office	96	96	96	96	96	96	96	96	96	96	96	96	1 157	1 215	1 275
Corporate services	331	331	331	331	331	331	331	331	331	331	331	331	3 975	4 174	4 382
<i><b>Community and public safety</b></i>	<b>144</b>	<b>144</b>	<b>144</b>	<b>144</b>	<b>144</b>	<b>144</b>	<b>144</b>	<b>144</b>	<b>144</b>	<b>144</b>	<b>144</b>	<b>144</b>	<b>1 728</b>	<b>1 814</b>	<b>1 905</b>
Community and social services	144	144	144	144	144	144	144	144	144	144	144	144	1 728	1 814	1 905
<i><b>Economic and environmental services</b></i>	<b>22</b>	<b>22</b>	<b>22</b>	<b>22</b>	<b>22</b>	<b>22</b>	<b>22</b>	<b>22</b>	<b>22</b>	<b>22</b>	<b>22</b>	<b>22</b>	<b>265</b>	<b>278</b>	<b>292</b>
Planning and development	22	22	22	22	22	22	22	22	22	22	22	22	265	278	292
<i><b>Trading services</b></i>	<b>32</b>	<b>32</b>	<b>32</b>	<b>32</b>	<b>32</b>	<b>32</b>	<b>32</b>	<b>32</b>	<b>32</b>	<b>32</b>	<b>32</b>	<b>599 493</b>	<b>599 849</b>	<b>663 192</b>	<b>668 700</b>
Water	32	32	32	32	32	32	32	32	32	32	32	32	388	407	428
Waste water management	–	–	–	–	–	–	–	–	–	–	–	599 461	599 461	662 785	668 272
<b>Total Capital Expenditure - Standard</b>	<b>809</b>	<b>809</b>	<b>809</b>	<b>809</b>	<b>809</b>	<b>809</b>	<b>809</b>	<b>809</b>	<b>809</b>	<b>809</b>	<b>809</b>	<b>600 270</b>	<b>609 167</b>	<b>672 977</b>	<b>678 974</b>
<b>Funded by:</b>															
National Government	41 801	41 801	41 801	41 801	41 801	41 801	41 801	41 801	41 801	41 801	41 801	211 849	671 663	711 963	754 681
Provincial Government	14 361	14 361	14 361	14 361	14 361	14 361	14 361	14 361	14 361	14 361	14 361	(157 973)	–	–	–
<b>Transfers recognised - capital</b>	<b>56 162</b>	<b>56 162</b>	<b>56 162</b>	<b>56 162</b>	<b>56 162</b>	<b>56 162</b>	<b>56 162</b>	<b>56 162</b>	<b>56 162</b>	<b>56 162</b>	<b>56 162</b>	<b>53 876</b>	<b>671 663</b>	<b>711 963</b>	<b>754 681</b>
<b>Total Capital Funding</b>	<b>56 162</b>	<b>56 162</b>	<b>56 162</b>	<b>56 162</b>	<b>56 162</b>	<b>56 162</b>	<b>56 162</b>	<b>56 162</b>	<b>56 162</b>	<b>56 162</b>	<b>56 162</b>	<b>53 876</b>	<b>671 663</b>	<b>711 963</b>	<b>754 681</b>

**Table 35 MBRR SA30 - Budgeted monthly cash flow**

DC13 Chris Hani - Supporting Table SA30 Consolidated budgeted monthly cash flow																
MONTHLY CASH FLOWS	Budget Year 2014/15												Medium Term Revenue and Expenditure			
	R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Cash Receipts By Source														1		
Service charges - water revenue	47 642	47 642	47 642	47 642	47 642	47 642	47 642	47 642	47 642	47 642	47 642	47 642	47 642	571 705	606 007	642 367
Service charges - sanitation revenue	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Interest earned - external investments	1 502	1 502	1 502	1 502	1 502	1 502	1 502	1 502	1 502	1 502	1 502	1 502	1 502	18 019	19 100	19 100
Transfer receipts - operational	49 130	49 130	49 130	49 130	49 130	49 130	49 130	49 130	49 130	49 130	49 130	49 130	49 130	589 563	624 937	662 433
Other revenue	40	40	40	40	40	40	40	40	40	40	40	40	40	482	509	520
Cash Receipts by Source	98 314	98 314	98 314	98 314	98 314	98 314	98 314	98 314	98 314	98 314	98 314	98 314	98 314	1 179 769	1 250 553	1 324 421
Other Cash Flows by Source																
Transfer receipts - capital	45 622	45 622	45 622	45 622	45 622	45 622	45 622	45 622	45 622	45 622	45 622	45 622	45 622	547 469	580 317	615 137
Total Cash Receipts by Source	143 937	143 937	143 937	143 937	143 937	143 937	143 937	143 937	143 937	143 937	143 937	143 937	143 937	1 727 238	1 830 870	1 939 557
Cash Payments by Type																
Employee related costs	19 208	19 208	19 208	19 208	19 208	19 208	19 208	19 208	19 208	19 208	19 208	19 208	19 208	230 502	252 772	253 887
Remuneration of councillors	705	705	705	705	705	705	705	705	705	705	705	705	705	8 459	9 129	7 980
Finance charges	0	0	0	0	0	0	0	0	0	0	0	0	0	6	6	7
Bulk purchases - Water & Sewer	897	897	897	897	897	897	897	897	897	897	897	897	897	10 762	11 865	11 865
Other materials	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Contracted services	1 531	1 531	1 531	1 531	1 531	1 531	1 531	1 531	1 531	1 531	1 531	1 531	1 531	18 375	20 147	20 259
Transfers and grants - other municipalities	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Transfers and grants - other	13 224	13 224	13 224	13 224	13 224	13 224	13 224	13 224	13 224	13 224	13 224	13 224	13 224	158 693	174 959	174 946
Other expenditure	39 485	39 485	39 485	39 485	39 485	39 485	39 485	39 485	39 485	39 485	39 485	39 485	39 485	473 824	542 581	544 956
Cash Payments by Type	75 052	75 052	75 052	75 052	75 052	75 052	75 052	75 052	75 052	75 052	75 052	75 052	75 052	900 621	1 011 460	1 013 899
Other Cash Flows/Payments by Type																
Capital assets	51 321	51 321	51 321	51 321	51 321	51 321	51 321	51 321	51 321	51 321	51 321	51 321	51 321	615 849	672 977	678 974
Total Cash Payments by Type	126 372	126 372	126 372	126 372	126 372	126 372	126 372	126 372	126 372	126 372	126 372	126 372	126 372	1 516 470	1 684 437	1 692 873
NET INCREASE/(DECREASE) IN CASH HELD	17 564	17 564	17 564	17 564	17 564	17 564	17 564	17 564	17 564	17 564	17 564	17 564	17 564	210 768	146 433	246 684
Cash/cash equivalents at the month/year begin:		17 564	35 128	52 692	70 256	87 820	105 384	122 948	140 512	158 076	175 640	193 204		–	210 768	357 202
Cash/cash equivalents at the month/year end:	17 564	35 128	52 692	70 256	87 820	105 384	122 948	140 512	158 076	175 640	193 204	210 768		210 768	357 202	603 886

## 1.12 Capital expenditure details

The following three tables present details of the Chris Hani District's capital expenditure programme, firstly on new assets, then the renewal of assets and finally on the repair and maintenance of assets.

**Table 36 MBRR SA 34a - Capital expenditure on new assets by asset class**

DC13 Chris Hani - Supporting Table SA34a Consolidated capital expenditure on new assets by asset class							
Description	Ref	2010/11	2011/12	2012/13	2014/15 Medium Term Revenue &		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Capital expenditure on new assets by Asset Class/Sub-class</b>							
<b>Infrastructure</b>		<b>122 327</b>	<b>256 073</b>	<b>–</b>	<b>403 398</b>	<b>427 601</b>	<b>453 257</b>
Infrastructure - Road transport		1 026	–	–	–	–	–
Roads, Pavements & Bridges		1 026					
Infrastructure - Water		84 895	233 948	–	270 847	287 098	304 324
Dams & Reservoirs		69 881	9 251				
Water purification		15 014	224 698		3 000	3 180	3 371
Reticulation					267 847	283 918	300 953
Infrastructure - Sanitation		36 406	22 125	–	132 551	140 504	148 934
Reticulation					112 538	119 290	126 447
Sewerage purification		36 406	22 125		20 013	21 214	22 486
<b>Other assets</b>		<b>1 602</b>	<b>5 151</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
General vehicles			3 062				
Specialised vehicles	10	–	–	–	–	–	–
Plant & equipment		231	87				
Computers - hardware/equipment		536	1 407				
Furniture and other office equipment		836	596				
<b>Total Capital Expenditure on new assets</b>	<b>1</b>	<b>123 929</b>	<b>261 225</b>	<b>–</b>	<b>403 398</b>	<b>427 601</b>	<b>453 257</b>



**Table 37 MBRR SA34b - Capital expenditure on the renewal of existing assets by asset class**

DC13 Chris Hani - Supporting Table SA34b Consolidated capital expenditure on existing assets by asset class									
Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue &		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Capital expenditure on renewal of existing assets by Asset Class/Sub-class</b>									
<b>Infrastructure</b>	382 887	360 497	21 990	-	-	-	234 478	248 547	263 460
Infrastructure - Water	344 960	322 570	21 990	-	-	-	110 023	116 624	123 621
Dams & Reservoirs							37 753	40 018	42 419
Water purification							72 270	76 606	81 203
Reticulation	344 960	322 570	21 990				-		
Infrastructure - Sanitation	37 928	37 928	-	-	-	-	124 456	131 923	139 838
Reticulation	37 928	37 928					-		
Sewerage purification							124 456	131 923	139 838
<b>Total Capital Expenditure on renewal of existing</b>	<b>382 887</b>	<b>360 497</b>	<b>21 990</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>234 478</b>	<b>248 547</b>	<b>263 460</b>
<b>Renewal of Existing Assets as % of total capex</b>	75.5%	58.0%	100.0%	0.0%	0.0%	0.0%	36.8%	36.8%	36.8%
<b>Renewal of Existing Assets as % of deprecn"</b>	429.9%	406.0%	23.9%	0.0%	0.0%	0.0%	245.8%	245.8%	245.8%

**Table 38 MBRR SA35 - Future financial implications of the capital budget**

DC13 Chris Hani - Supporting Table SA35 Consolidated future financial implications of the capital budget								
Vote Description	Ref	2014/15 Medium Term Revenue &			Forecasts			
R thousand		Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17	Forecast 2017/18	Forecast 2018/19	Forecast 2019/20	Present value
<b>Capital expenditure</b>	1							
Vote 1 - Council		1 590	1 670	1 753				
Vote 2 - Municipal Manager		604	634	666				
Vote 3 - Budget & Treasury		1 157	1 215	1 275				
Vote 4 - Community Services		1 728	1 814	1 905				
Vote 5 - Corporate Services		3 975	4 174	4 382				
Vote 6 - Planning & Development		265	278	292				
Vote 7 - Technical Services		599 849	635 836	673 982				
<b>Total Capital Expenditure</b>		<b>609 167</b>	<b>645 620</b>	<b>684 256</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Financial Implications</b>		<b>609 167</b>	<b>645 620</b>	<b>684 256</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Table 39 MBRR SA36 - Detailed capital budget per municipal vote**

DC13 Chris Hani - Supporting Table SA36 Consolidated detailed capital budget												
Municipal Vote/Capital project	Ref	Program/Project description	Project number	IDP Goal code	Individually Approved (Yes/No)	Asset Class	Asset Sub-Class	2014/15 Medium Term Revenue & Expenditure Framework			Project information	
R thousand	4			2	6	3	3	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17	Ward location	New or renewal
Parent municipality:												
List all capital projects grouped by Municipal Vote												
		Mackay's Nek sanitation - 2B			Yes	Infrastructure - Sanitation	VIP Toilets	985	-	-		
		Cluster 1 Waterbacklog (Wards 7,8,10,13,14)			Yes	Infrastructure - Water	Reticulation, Reservoirs	3 560	15 000	4 000		
		Cluster 2 Water Backlog (Wards 1,2,4&6)			Yes	Infrastructure - Water	Water purification, Reservoirs, Reticulation	6 600	15 500	1 756		
		Region 3 Sanitation Backlog			Yes	Infrastructure - Sanitation	VIP Toilets	-	-	8 000		
		Cluster 4 sanitation (Wards 2,3,4,5,15,16,Vukani Guba,& F			Yes	Infrastructure - Sanitation	VIP Toilets	1 000	6 500	-		
		Cluster 3 Sanitation( Wards 7,8,9,10,11,12,13& 14)			Yes	Infrastructure - Sanitation	VIP Toilets	1 000	6 000	-		
		Dodrecht Bucket Eradication			Yes	Infrastructure - Sanitation	Sewerage purification	-	-	42 000		
		Upgrading of Wastewater Treatment Works - Phase 2A			Yes	Infrastructure - Sanitation	Sewerage purification	12 640	10 235	-		
		Upgrading of Molteno Oxidation Ponds : Rehabilitation of E			Yes	Infrastructure - Sanitation	Sewerage purification	1 000	1 000	3 000		
		Cofimvaba Sewer (Bulk line and treatmentworks)			Yes	Infrastructure - Sanitation	Sewerage purification	7 100	-	2 000		
		Cofimvaba Ward 15 - Water Reticulation Phase 2			Yes	Infrastructure - Water	Water purification, Reservoirs, Reticulation	1 000	-	-		
		Tsomo RDP 2 Water supply			Yes	Infrastructure - Water	Reticulation	200	-	-		
		Tsomo RDP 3			Yes	Infrastructure - Water	Reticulation	500	-	-		
		Luthuli water supply			Yes	Infrastructure - Water	Reticulation	200	-	-		
		Ward 8 Sanitation			Yes	Infrastructure - Sanitation	VIP Toilets	-	2 000	5 000		
		Ward 3 Sanitation			Yes	Infrastructure - Sanitation	VIP Toilets	-	3 500	7 000		
		Sanitation Phase 3 ( Ward 1,2,7)			Yes	Infrastructure - Sanitation	VIP Toilets	-	7 500	14 000		
		Qamata water Project(877)			Yes	Infrastructure - Water and Sanitation	Sewerage purification, Reservoirs, Reticulation and VIP Toilets	20 000	10 500	-		
		Intsika Yethu Ward (6,9,12,21 old phase 2) Water Supply			Yes	Infrastructure - Water	Reservoirs, Reticulation	-	1 000	1 590		
		Intsika Yethu Sanitation - Amanzabantu			Yes	Infrastructure - Sanitation	VIP Toilets	200	4 000	2 000		
		Cofimvaba water reticulation			Yes	Infrastructure - Water	Reservoirs, Reticulation	9 500	2 000	-		
		Cluster 2 Water backlog(Ward1,4,5,6,7)			Yes	Infrastructure - Water	Reservoirs, Reticulation	4 300	5 000	3 000		
		Cluster 6 Sanitation (Wards 1,2,3,4,6,7,8,9,22 & 23)			Yes	Infrastructure - Sanitation	VIP Toilets	2 000	6 897	12 000		
		Cluster 7 Sanitation (Wards 10,11,12,14 & 20)			Yes	Infrastructure - Sanitation	VIP Toilets	3 000	8 000	12 000		
		Cluster 8 Sanitation (Wards 15,16,17,18,19)			Yes	Infrastructure - Sanitation	VIP Toilets	3 000	7 000	12 000		
		Upgrading of Tsojana Treatment Works and Bulkline			Yes	Infrastructure - Water	Water purification	-	3 000	-		
		Upgrading of Tsomo Water Treatment Works			Yes	Infrastructure - Water	Water purification	-	2 000	-		
		Tsomo Bulk Services( New Housing Development In Tso			Yes	Infrastructure - Water and Sanitation	Sewerage purification, Reservoirs, Reticulation	500	5 000	-		
		Cluster 4 Ncora Zone A villages			Yes	Infrastructure - Water	Reservoirs, Reticulation	2 000	-	-		
		Cluster 4 reticulation 5 villages			Yes	Infrastructure - Water	Reservoirs, Reticulation	500	-	-		

**Table 40 MBRR 36: Detailed capital budget per municipal vote (continued)**

DC13 Chris Hani - Supporting Table SA36 Consolidated detailed capital budget												
Municipal Vote/Capital project	Ref	Program/Project description	Project number	IDP Goal code	Individually Approved (Yes/No)	Asset Class	Asset Sub-Class	2014/15 Medium Term Revenue & Expenditure Framework			Project information	
R thousand	4			2	6	3	3	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17	Ward location	New or renewal
		Cluster 9 phase 1c, 1d			Yes	Infrastructure - Water	Reservoirs, Reticulation	1 000	-	-		
		Rosmead Rural Water Supply - Midros			Yes	Infrastructure - Water	Reservoirs, Reticulation	1 200	500	-		
		Rosmead Rural Water Supply - Rosmead			Yes	Infrastructure - Water	Reservoirs, Reticulation	1 200	500	-		
		Craddock Bulk Services(Water and Sanitation)			Yes	Infrastructure - Sanitation	Sewerage purification	300	3 763	3 107		
		RA 60 Hewu Bulk Water Supply (phase 5 & 6)			Yes	Infrastructure - Water	Reservoirs, Reticulation	1 500	10 000	5 786		
		Rathwick Water and Sanitation (Phase 1,2,3)			Yes	Infrastructure - Sanitation	Sewerage purification	6 700	5 000	6 000		
		Ilange Bulk Services			Yes	Infrastructure - Water and Sanitation	Sewerage purification, Reservoirs, Reticulation	1 000	2 000	4 500		
		Cluster 1 Water backlog (ward 27)			Yes	Infrastructure - Water	Reservoirs, Reticulation	-	1 500	4 500		
		Cluster 1 Water supply backlog - lesseyton			Yes	Infrastructure - Water	Reservoirs, Reticulation	2 000	-	-		
		Cluster 1 Water supply backlog - Zingquthu			Yes	Infrastructure - Water	Reservoirs, Reticulation	1 977	-	-		
		Cluster 1 Water supply backlog phase 2			Yes	Infrastructure - Water	Reservoirs, Reticulation	1 000	1 500	-		
		Cluster 3 water backlog (Ward 1 )			Yes	Infrastructure - Water	Reservoirs, Reticulation	1 000	500	-		
		Cluster 1 Sanitation (Wards 5,11,12,13,14,18,27)			Yes	Infrastructure - Sanitation	VIP Toilets	1 000	4 120	5 000		
		Cluster 2 Sanitation (Wards 1,2,3,4,6,23,19,20,23,24,25,26)			Yes	Infrastructure - Sanitation	VIP Toilets	1 000	4 773	5 000		
		Bojane Skobeni Water Supply			Yes	Infrastructure - Water	Reservoirs, Reticulation	-	5 000	-		
		Engcobo treatment works			Yes	Infrastructure - Sanitation	Sewerage purification	8 000	2 000	4 000		
		Extension 11 Bulk Services			Yes	Infrastructure - Water and Sanitation	Reservoirs, Reticulation	2 000	8 500	-		
		Cluster 5 Water Backlog			Yes	Infrastructure - Water	Reservoirs, Reticulation	3 000	4 051	3 500		
		Cluster 6 Water Backlog(Ward 9,13,15,16)			Yes	Infrastructure - Water	Reservoirs, Reticulation	-	4 500	2 000		
		Manzimdaka Villages internal water supply			Yes	Infrastructure - Water	Reservoirs, Reticulation	300	-	-		
		Manzimdaka Villages bulk water supply			Yes	Infrastructure - Water	Reservoirs, Reticulation	300	-	-		
		Dulati Villages Water Supply			Yes	Infrastructure - Water	Reservoirs, Reticulation	1 000	3 500	2 000		
		Lokshini Villages Water Supply			Yes	Infrastructure - Water	Reservoirs, Reticulation	1 000	3 000	2 400		

**Table 40 MBRR SA36: Detailed capital budget per municipal vote (continued)**

DC13 Chris Hani - Supporting Table SA36 Consolidated detailed capital budget												
Municipal Vote/Capital project	Ref	Program/Project description	Project number	IDP Goal code	Individually Approved (Yes/No)	Asset Class	Asset Sub-Class	2014/15 Medium Term Revenue & Expenditure Framework			Project information	
R thousand	4			2	6	3	3	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17	Ward location	New or renewal
		Ntsinga Villages Water Supply			Yes	Infrastructure - Water	Reservoirs, Reticulation	1 000	3 500	2 959		
		Cluster 7 Water Backlog(Ward 7,8,9,10,11,15)			Yes	Infrastructure - Water	Reservoirs, Reticulation	11 875	14 500	22 100		
		Cluster 8 Water backlog(Ward 16,17,18)			Yes	Infrastructure - Water	Reservoirs, Reticulation	3 029	10 700	10 000		
		Cluster 9 Sanitation (Wards 1,2,3,4 & 6)			Yes	Infrastructure - Sanitation	VIP Toilets	5 000	8 000	11 000		
		Cluster 10 Sanitation ( Wards 7,8,,10,11 &12)			Yes	Infrastructure - Sanitation	VIP Toilets	2 500	7 000	11 000		
		Cluster 11 Sanitation ( Wards 13,15 & 16)			Yes	Infrastructure - Sanitation	VIP Toilets	2 500	4 000	11 000		
		Elliot Waste Water Treatment Works			Yes	Infrastructure - Sanitation	VIP Toilets	12 013	1 137	2 000		
		Cluster 5 Sanitation (Wards 2,3,4,7 and Taleni )			Yes	Infrastructure - Sanitation	VIP Toilets	1 000	5 000	6 930		
		Cluster 4 waterbacklog(Wards 6,7, & 4)			Yes	Infrastructure - Water	Water purification, Reservoirs, Reticulation	5 000	10 000	3 139		
		Cala Bulk Water and Sanitation Services			Yes	Infrastructure - Water and Sanitation	Sewerage purification, Reservoirs, Reticulation	-	5 000	10 000		
		Upgrading of Cala Wastewater Treatment Works			Yes	Infrastructure - Sanitation	Sewerage purification	1 000	-	-		
		Cluster 1 Sanitation (Ward 2 & 3)			Yes	Infrastructure - Sanitation	VIP Toilets	1 200	2 500	2 500		
		Tarkastad Bucket Eradication			Yes	Infrastructure - Sanitation	VIP Toilets	100	-	-		
		Rehabilitation of Sewer Ponds-Hofmeyer			Yes	Infrastructure - Sanitation	Sewerage purification	200	2 323	3 000		
		Tarkastad Bulk Services			Yes	Infrastructure - Sanitation	Sewerage purification	200	1 000	3 000		
		Hofmeyer Pump station			Yes	Infrastructure - Sanitation	Sewerage purification	200	3 301	1 056		
		Inkwanca Bulk Services - Water			Yes	Infrastructure - Water	Water reticulation, Reservoirs	10 000	-	-		
		Inkwanca Bulk Services Sanitation			Yes	Infrastructure - Sanitation	Sewerage purification, Reticulation	10 000	-	-		
		Water Conservation			Yes			2 000	-	-		
		Water Services Development Plan			Yes			1 500	-	-		
		Blue and Green Drop Improvement			Yes			2 000	-	-		
		Water Resource Master Planning			Yes			2 000	-	-		
		ByLaw Review and Compliance			Yes			800	-	-		
		Water Services Viability			Yes			1 200	-	-		
		Emergency Interventions			Yes			2 500	-	-		
		Dubeni Bridge (retentions)			Yes	Infrastructure - Road transport	Roads, Pavements & Bridges	800	-	-		
		Yard Connections			Yes	Infrastructure - Water	Reticulation	15 000	-	-		
		Tarkastad Ponds			Yes	Infrastructure - Sanitation	Sewerage purification	4 000	-	-		
		Integrated Transport Plan			Yes			1 000	-	-		
		Cofimvaba Roads			Yes	Infrastructure - Road transport	Roads, Pavements & Bridges	1 700	-	-		
		Office space - Water Services			Yes	Infrastructure - Water	Buildings	10 000	-	-		
		Professional Registration			Yes			1 500	-	-		
		Cluster 9 Water backlog (Ward 13)			Yes	Infrastructure - Water	Water purification, Reservoirs, Reticulation	65 600	88 000	90 000		

**Table 40 MBRR SA36: Detailed capital budget per municipal vote (continued)**

DC13 Chris Hani - Supporting Table SA36 Consolidated detailed capital budget												
Municipal Vote/Capital project	Ref	Program/Project description	Project number	IDP Goal code	Individually Approved (Yes/No)	Asset Class	Asset Sub-Class	2014/15 Medium Term Revenue & Expenditure Framework			Project information	
R thousand	4			2	6	3	3	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17	Ward location	New or renewal
		Cluster 4 Water Backlog			Yes	Infrastructure - Water	Water purification, Reservoirs, Reticulation	54 300	50 000	58 000		
		Augment Queenstown water supply (Xonxa)			Yes	Infrastructure - Water	Water purification, Reservoirs, Reticulation	58 672	95 235	–		
		Cluster 6 Water Backlog(Ward 9, 13, 15, 16)			Yes	Infrastructure - Water	Water purification, Reservoirs, Reticulation	35 000	10 268	53 000		
		Hofmeyer Water Supply			Yes	Infrastructure - Water	Water purification, Reservoirs, Reticulation	4 666	–	–		
		Refurbishment of Cradock Water Treatment Works			Yes	Infrastructure - Water	Water purification	4 000	1 000	2 000		
		Refurbishment of Cala WTW			Yes	Infrastructure - Water	Water purification	1 500	–	–		
		Refurbishment of WTW in Elliot			Yes	Infrastructure - Water	Water purification	2 500	1 000	2 000		
		Refurbish Sada waste Water Treatment Works			Yes	Infrastructure - Sanitation	Sewerage purification	4 000	3 000	1 000		
		Cluster 2 (Jiputa/Makhikhi; Noluthando/Emagafaneni; Luthuli)			Yes	Infrastructure - Water	Water purification, Reservoirs, Reticulation	10 000	20 000	1 000		
		Cluster 4 (Lower Langanci; Upper Indwana; Upper Mnxube)			Yes	Infrastructure - Water	Water purification, Reservoirs, Reticulation	7 000	15 000	15 000		
		Elliot Polar Park Water Services			Yes	Infrastructure - Water	Reticulation	5 500	15 000	15 000		
		Cluster 4 (Gesini Kwamzola;Melika Matanyile A&B;Ngqweni)			Yes	Infrastructure - Water	Reticulation	4 000	15 000	12 000		
		Tsomo RDP3 (East Bank;Daza; Ntanza;Vrystad;Zolo)			Yes	Infrastructure - Water	Reticulation	4 528	20 000	10 000		
		Cluster 7 (Eluhweni-Velyu; Nkwenkweni A; Malanganza)			Yes	Infrastructure - Water	Reticulation	5 500	–	5 000		
		Cluster 8 (Nquthu; Chaba E,D;Nxamagale A,B; Emqonco)			Yes	Infrastructure - Water	Reticulation	4 500	–	5 000		
		Cluster 6 (Mnyolo;Zabura;Ndunkulu B;Sandile A; Kusandile)			Yes	Infrastructure - Water	Reticulation	7 500	–	7 273		
		Road Asset Management			Yes			2 980	3 060	–		
		Bulk Water and Sanitation Supply			Yes	Infrastructure - Water and Sanitation	Sewerage purification, Reservoirs, Reticulation	5 624	–	–		
		Internship programme			Yes			3 500	–	–		
		Upgrading of Sterkstroom Waste Water Treatment			Yes	Infrastructure - Sanitation	Sewerage purification	1 400	–	–		
		Water Conservation and Demand Management			Yes			2 000	–	–		
		Refurbishment of Molteno Sewer Pump Station			Yes	Infrastructure - Sanitation	Sewerage purification	1 000	–	–		
		Upgrading of Engcobo WWTW			Yes	Infrastructure - Sanitation	Sewerage purification	1 000	–	–		
		Engcobo :Rural Household			Yes	Infrastructure - Sanitation	VIP Toilets	4 000	4 000	–		
		Tsomo Ext 2 (263)			Yes	Infrastructure - Water and Sanitation	Sewerage purification, Reticulation	52 801	–	–		
		Cala Ext 13, 14, 15 and 420 Houses			Yes	Infrastructure - Water and Sanitation	Sewerage purification, Reticulation	29 775	–	–		
		Engcobo Ext 11 (1854)			Yes	Infrastructure - Water and Sanitation	Sewerage purification, Reticulation	21 952	–	–		
Parent Capital	1							634 876	604 864	553 095		



## **1.13 Legislation compliance status**

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

### **1. In year reporting**

Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days) has progressively improved. The report is accompanied by an executive summary.

### **2. Internship programme**

The Chris Hani District is participating in the Municipal Financial Management Internship programme and also the EPWP grant. The purpose is to provide experiential training to various graduates and also to create prospective employment opportunities within the district.

### **3. Budget and Treasury Office**

The Budget and Treasury Office has been established in accordance with the MFMA however the municipality is currently in the process of filling in vacant positions and the implementation of the new Budget and Treasury Office Organogram.

### **4. Audit Committee**

An Audit Committee has been established and is fully functional.

### **5. Service Delivery and Implementation Plan**

The detail SDBIP document was aligned to the IDP for the MTREF period and a performance management system has been put in place to monitor progress.

### **6. Annual Report**

Annual report is compiled in terms of the MFMA and National Treasury requirements.



## 7. Policies

The Chris Hani District municipality has budgeted policies for the 2014/15 financial year which are aligned to the GRAP Standards relevant for the policy. The policies were also aligned to the requirements of National Treasury and will be continuously assessed for their relevance as legislation is updated.

### 1.14 Other supporting documents

#### Table 41 MBRR Table SA1 - Supporting detail to budgeted financial performance

DC13 Chris Hani - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'									
Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14		2014/15 Medium Term Revenue &		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand									
<b>REVENUE ITEMS:</b>									
<b><u>Service charges - water revenue</u></b>	6								
Total Service charges - water revenue		58 204			322 000	322 000	398 644	422 563	447 917
less Revenue Foregone									
<b>Net Service charges - water revenue</b>		58 204	-	-	322 000	322 000	398 644	422 563	447 917
<b><u>Service charges - sanitation revenue</u></b>									
Total Service charges - sanitation revenue		41 913					173 060	183 444	194 450
less Revenue Foregone									
<b>Net Service charges - sanitation revenue</b>		41 913	-	-	-	-	173 060	183 444	194 450
<b><u>Other Revenue by source</u></b>									
Commission on collection			55 551		55	55	58	62	66
Tender documents		596			200	200	212	225	238
Other income		29 450		12 210		-	212	225	238
					200	200			
<b>Total 'Other' Revenue</b>	1	30 045	55 551	12 210	455	455	482	511	542
<b>EXPENDITURE ITEMS:</b>									
<b><u>Employee related costs</u></b>									
Basic Salaries and Wages	2	106 466	68 112	78 918	157 089	116 805	140 355	148 777	157 703
Pension and UIF Contributions		17 100	11 413	13 965	19 889	18 194	26 120	27 688	29 349
Medical Aid Contributions			3 486	4 254	9 024	7 105	10 846	11 496	12 186
Overtime		2 898	998	1 040		-		-	-
Performance Bonus		41	4 675	5 129	8 815	10 346	11 001	11 661	12 360
Motor Vehicle Allowance		10 766	9 788	9 969	15 829	13 895	24 341	25 802	27 350
Cellphone Allowance			1 033	1 058	1 655	1 454	2 334	2 474	2 622
Housing Allowances		1 029	993	889	2 417	1 765	3 083	3 269	3 465
Other benefits and allowances			889	4 677	2 219	2 183	3 726	3 950	4 187
Payments in lieu of leave			2 550	1 996		-		-	-
Long service awards			71	726	517	499	2 042	2 165	2 295
Post-retirement benefit obligations	4	1 156	6 311					-	-
<b>sub-total</b>	5	139 456	110 319	122 621	217 454	172 246	223 850	237 281	251 518
<b><u>Less: Employees costs capitalised to PPE</u></b>									
<b>Total Employee related costs</b>	1	139 456	110 319	122 621	217 454	172 246	223 850	237 281	251 518
<b><u>Depreciation &amp; asset impairment</u></b>									
Depreciation of Property, Plant & Equipment		89 066	88 524	91 882	90 000	90 000	95 400	101 124	107 191
Lease amortisation			264						
Capital asset impairment		-	-						
Depreciation resulting from revaluation of PPE	10	-	-						
<b>Total Depreciation &amp; asset impairment</b>	1	89 066	88 788	91 882	90 000	90 000	95 400	101 124	107 191

**Table 42 MBRR Table SA1 - Supporting detail to budgeted financial performance (Continued)**

DC13 Chris Hani - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'									
Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14		2014/15 Medium Term Revenue &		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>R thousand</b>									
<b><u>Bulk purchases</u></b>									
Water Bulk Purchases		14 228	6 679	13 175	10 153	10 153	10 762	11 408	12 092
<b>Total bulk purchases</b>	1	<b>14 228</b>	<b>6 679</b>	<b>13 175</b>	<b>10 153</b>	<b>10 153</b>	<b>10 762</b>	<b>11 408</b>	<b>12 092</b>
<b><u>Transfers and grants</u></b>									
Cash transfers and grants		149 110	391 740	529 112	149 710	149 710	171 172	311 815	338 040
Non-cash transfers and grants		–	–	–	–	–	–	–	–
<b>Total transfers and grants</b>	1	<b>149 110</b>	<b>391 740</b>	<b>529 112</b>	<b>149 710</b>	<b>149 710</b>	<b>171 172</b>	<b>311 815</b>	<b>338 040</b>
<b><u>Contracted services</u></b>									
Cash in Transit		–			40	40	42	44	47
Consultant Fees		591		1 028	2 030	2 030	17 061	18 085	19 170
Professional Fees		1 590				–		–	–
Security Services		653	529		1 200	1 200	1 272	1 348	1 429
Other Contracted Services		38 632				–			
Time Value for Money		(971)				–			
CFO Support Project - AFS, Assets, VAT Review					12 066	9 066			
Internal Audit Shared Services					2 000	2 000			
<b>sub-total</b>	1	<b>40 495</b>	<b>529</b>	<b>1 028</b>	<b>17 335</b>	<b>14 335</b>	<b>18 375</b>	<b>19 478</b>	<b>20 646</b>
<b>Total contracted services</b>		<b>40 495</b>	<b>529</b>	<b>1 028</b>	<b>17 335</b>	<b>14 335</b>	<b>18 375</b>	<b>19 478</b>	<b>20 646</b>
<b><u>Other Expenditure By Type</u></b>									
Collection costs		5	–		6	6	6	6	7
Audit fees		6 731	5 452		8 122	8 122	6 500	6 890	7 303
General expenses	3	64 352	22 879	45 945	276 343	346 932	73 104	77 490	82 139
Bank Costs								–	–
Programmes - DEDEA							7 950	8 427	8 933
Programmes - Dept of Agric							14 076	14 920	15 816
Programmes - DHLG & TA							6 131	6 499	6 888
Programmes - DWAF							2 572	2 726	2 890
Programmes - EQUITABLE SHARE							243 270	257 866	273 338
Programmes - FMG							1 500	1 590	1 685
Programmes - MSIG							934	990	1 049
Programmes - ROADS AND PUBLIC WORKS							25 440	26 966	28 584
Programmes - DSRAC							459	486	516
Programmes - DWA							6 890	7 303	7 742
Programmes - epwp							9 124	9 671	10 252
Programmes - RURAL TRANSPORT							2 744	2 909	3 084
		12 841	1 540					–	–
Repairs & Maintenance					10 899	10 899	30 338	32 159	34 088
<b>Total 'Other' Expenditure</b>	1	<b>83 929</b>	<b>29 871</b>	<b>45 945</b>	<b>295 370</b>	<b>365 959</b>	<b>431 038</b>	<b>456 900</b>	<b>484 314</b>
<b>Repairs and Maintenance by Expenditure Item</b>	8								
Employee related costs									
Other Expenditure		12 841	1 540		10 899	10 899	30 338	32 159	34 088
<b>Total Repairs and Maintenance Expenditure</b>	9	<b>12 841</b>	<b>1 540</b>	<b>–</b>	<b>10 899</b>	<b>10 899</b>	<b>30 338</b>	<b>32 159</b>	<b>34 088</b>

**Table 43 MBRR Table SA2 – Matrix financial performance budget (revenue source/expenditure type and department)**

DC13 Chris Hani - Supporting Table SA2 Consolidated Matrix Financial Performance Budget (revenue source/expenditure type & dept.)									
Description	Vote 1 -	Vote 2 -	Vote 3 -	Vote 4 -	Vote 5 -	Vote 6 -	Vote 7 -	Vote 8 -	Total
R thousand	Council	Municipal	Budget &	Community	Corporate	Planning &	Technical	Roadworks	
<b>Revenue By Source</b>									
Service charges - water revenue							398 644		398 644
Service charges - sanitation revenue							173 060		173 060
Rental of facilities and equipment					212				212
Interest earned - external investments			18 019						18 019
Other revenue			270				-		270
Transfers recognised - operational			416 178	13 333		2 560	33 848	18 500	484 419
Gains on disposal of PPE									-
<b>Total Revenue (excluding capital transfers and</b>	<b>-</b>	<b>-</b>	<b>434 467</b>	<b>13 333</b>	<b>212</b>	<b>2 560</b>	<b>605 553</b>	<b>18 500</b>	<b>1 074 624</b>
<b>Expenditure By Type</b>									
Employee related costs	-	25 386	32 837	42 038	40 520	14 991	54 892	14 520	225 184
Remuneration of councillors	9 633	-	-	-	-	-	-	-	9 633
Debt impairment	-	-	228 682	-	-	-	-	-	228 682
Depreciation & asset impairment	-	-	-	-	-	-	95 400	-	95 400
Finance charges	-	-	631	-	-	-	-	-	631
Bulk purchases	-	-	-	-	-	-	10 762	-	10 762
Other materials	-	-	-	-	-	-	-	-	-
Contracted services	-	2 120	14 941	-	-	-	-	-	17 061
Transfers and grants	82	-	-	-	-	-	158 442	-	158 524
Other expenditure	9 693	16 531	11 775	54 114	117 981	104 290	103 841	25 440	443 665
Loss on disposal of PPE	-	-	-	-	-	-	-	-	-
<b>Total Expenditure</b>	<b>19 408</b>	<b>44 036</b>	<b>288 866</b>	<b>96 152</b>	<b>158 502</b>	<b>119 281</b>	<b>423 337</b>	<b>39 960</b>	<b>1 189 542</b>
<b>Surplus/(Deficit)</b>	<b>(19 408)</b>	<b>(44 036)</b>	<b>145 601</b>	<b>(82 819)</b>	<b>(158 290)</b>	<b>(116 721)</b>	<b>182 215</b>	<b>(21 460)</b>	<b>(114 918)</b>
Transfers recognised - capital							671 663		671 663
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>(19 408)</b>	<b>(44 036)</b>	<b>145 601</b>	<b>(82 819)</b>	<b>(158 290)</b>	<b>(116 721)</b>	<b>853 878</b>	<b>(21 460)</b>	<b>556 745</b>

**Table 44 MBRR Table SA3 – Supporting detail to Statement of Financial Position**

DC13 Chris Hani - Supporting Table SA3 Supporting detail to 'Budgeted Financial Position'								
Description	2010/11	2011/12	2012/13	Current Year 2013/14		2014/15	2014/15 Medium Term	Revenue &
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>R thousand</b>								
<b>ASSETS</b>								
<u>Call investment deposits</u>								
Call deposits < 90 days			116 733	258 909	258 909	274 444	290 910	305 456
Other current investments > 90 days				100 000	100 000	106 000	112 360	117 978
<b>Total Call investment deposits</b>	<b>-</b>	<b>-</b>	<b>116 733</b>	<b>358 909</b>	<b>358 909</b>	<b>380 444</b>	<b>403 270</b>	<b>423 434</b>
<u>Consumer debtors</u>								
Consumer debtors	196 654			32 200	32 200	114 341	90 901	64 237
Less: Provision for debt impairment	(193 909)					(45 736)	(36 360)	(25 695)
<b>Total Consumer debtors</b>	<b>2 745</b>	<b>-</b>	<b>-</b>	<b>32 200</b>	<b>32 200</b>	<b>68 605</b>	<b>54 541</b>	<b>38 542</b>
<u>Property, plant and equipment (PPE)</u>								
PPE at cost/v valuation (ex cl. finance leases)	2 753 326	3 014 898	2 860 007	3 590 408	3 590 408	3 805 832	4 034 182	4 235 891
Leases recognised as PPE				-	-	-	-	-
Less: Accumulated depreciation	178 420	265 178		445 178	445 178	471 889	500 202	525 213
<b>Total Property, plant and equipment (PPE)</b>	<b>2 574 906</b>	<b>2 749 720</b>	<b>2 860 007</b>	<b>3 145 230</b>	<b>3 145 230</b>	<b>3 333 943</b>	<b>3 533 980</b>	<b>3 710 679</b>
<b>LIABILITIES</b>								
<u>Current liabilities - Borrowing</u>								
Short term loans (other than bank overdraft)		1 130						
Current portion of long-term liabilities	1 075	-						
<b>Total Current liabilities - Borrowing</b>	<b>1 075</b>	<b>1 130</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<u>Trade and other payables</u>								
Trade and other creditors	115 003	99 379	198 267	218 094 025.60	218 094	231 180	245 050	257 303
Unspent conditional transfers	113 891	57 612	68 338	68 338	68 338	-	-	-
VAT	-	-		-	-	-	-	-
<b>Total Trade and other payables</b>	<b>228 894</b>	<b>156 991</b>	<b>266 605</b>	<b>286 432</b>	<b>286 432</b>	<b>231 180</b>	<b>245 050</b>	<b>257 303</b>
<u>Non current liabilities - Borrowing</u>								
Borrowing	5 554	4 424						
<b>Total Non current liabilities - Borrowing</b>	<b>5 554</b>	<b>4 424</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<u>Provisions - non-current</u>								
Retirement benefits	21 071	25 148		26 000	26 000	27 560	29 214	30 674
Other	2 867	3 326	34 387	3 500	3 500	3 710	3 933	4 129
<b>Total Provisions - non-current</b>	<b>23 937</b>	<b>28 474</b>	<b>34 387</b>	<b>29 500</b>	<b>29 500</b>	<b>31 270</b>	<b>33 146</b>	<b>34 804</b>
<b>CHANGES IN NET ASSETS</b>								
<u>Accumulated Surplus/(Deficit)</u>								
GRAP adjustments								
Restated balance	-	-	-	767 258	767 258	813 294	862 092	905 196
Surplus/(Deficit)	196 220	249 527	198 108	534 506	535 571	556 745	459 776	478 702
Appropriations to Reserves	94 677	166 579		698 841	697 776	739 643	784 021	823 222
Depreciation offsets				90 000	90 000	95 400	101 124	106 180
Other adjustments						-	-	-
<b>Accumulated Surplus/(Deficit)</b>	<b>290 897</b>	<b>416 106</b>	<b>198 108</b>	<b>2 090 605</b>	<b>2 090 605</b>	<b>2 205 081</b>	<b>2 207 013</b>	<b>2 313 300</b>
<u>Reserves</u>								
Capital replacement				62 201	62 201	65 933	69 889	73 384
Other reserves				982 543	982 543	1 041 496	1 103 986	1 159 185
Revaluation						-	-	-
<b>Total Reserves</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 044 744</b>	<b>1 044 744</b>	<b>1 107 429</b>	<b>1 173 875</b>	<b>1 232 568</b>
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>290 897</b>	<b>416 106</b>	<b>198 108</b>	<b>3 135 350</b>	<b>3 135 350</b>	<b>3 312 510</b>	<b>3 380 888</b>	<b>3 545 869</b>

**Table 45 MBRR Table SA9 – Social, economic and demographic statistics and assumptions**

DC13 Chris Hani - Supporting Table SA9 Social, economic and demographic statistics and assumptions												
Description of economic indicator	Ref.	Basis of calculation	2001 Census	2007 Survey	2011 Census	2010/11	2011/12	2012/13	Current Year 2013/14	2014/15 Medium Term Revenue & Expenditure Framework		
						Outcome	Outcome	Outcome	Original Budget	Outcome	Outcome	Outcome
<b>Demographics</b>												
Population												
Females aged 5 - 14							132	132	132	132	132	132
Males aged 5 - 14							134	134	134	134	134	134
Females aged 15 - 34							131	131	131	131	131	131
Males aged 15 - 34							121	121	121	121	121	121
Unemployment							33 723	33 723	33 723	33 723	33 723	33 723
<b>Monthly household income (no. of households)</b>	1, 12											
No income												
R1 - R1 600							34	34	34	34	34	34
R1 601 - R3 200							556	556	556	556	556	556
R3 201 - R6 400							13 562	13 562	13 562	13 562	13 562	13 562
R6 401 - R12 800							19 137	19 137	19 137	19 137	19 137	19 137
R12 801 - R25 600							33 397	33 397	33 397	33 397	33 397	33 397
R25 601 - R51 200							35 371	35 371	35 371	35 371	35 371	35 371
R52 201 - R102 400							26 718	26 718	26 718	26 718	26 718	26 718
R102 401 - R204 800							23 651	23 651	23 651	23 651	23 651	23 651
R204 801 - R409 600							17 651	17 651	17 651	17 651	17 651	17 651
R409 601 - R819 200							14 139	14 139	14 139	14 139	14 139	14 139
> R819 200							30 006	30 006	30 006	30 006	30 006	30 006
<b>Household/demographics (000)</b>												
Number of people in municipal area							805	805	805	805	805	805
Number of poor people in municipal area							365	365	365	365	365	365
Number of households in municipal area							214	214	214	214	214	214
<b>Housing statistics</b>	3											
Formal							80 362	80 362	80 362	80 362	80 362	80 362
Informal							3 646	3 646	3 646	3 646	3 646	3 646
<b>Total number of households</b>			-	-	-	-	84 008	84 008	84 008	84 008	84 008	84 008
Dwellings provided by municipality	4						214 224	214 224	214 224	214 224	214 224	214 224
Dwellings provided by province/s												
Dwellings provided by private sector	5											
<b>Total new housing dwellings</b>			-	-	-	-	214 224	214 224	214 224	214 224	214 224	214 224
<b>Economic</b>	6											
Inflation/inflation outlook (CPIX)								46.0%	53.0%	6.0%	5.5%	5.9%
<b>Collection rates</b>	7											
Property tax/service charges												
Rental of facilities & equipment							97	97	97	97	97	97
Interest - external investments							19 601	19 601	19 601	19 601	19 601	19 601
Interest - debtors												
Revenue from agency services												

## **Municipal manager's quality certificate**

I ....., municipal manager of Chris Hani District Municipality, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name \_\_\_\_\_

Municipal manager of Chris Hani District Municipality (DC13)

Signature \_\_\_\_\_

Date \_\_\_\_\_