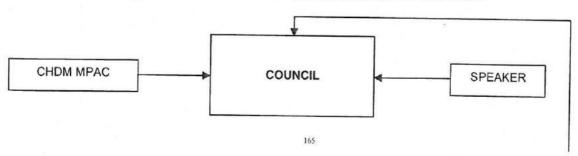
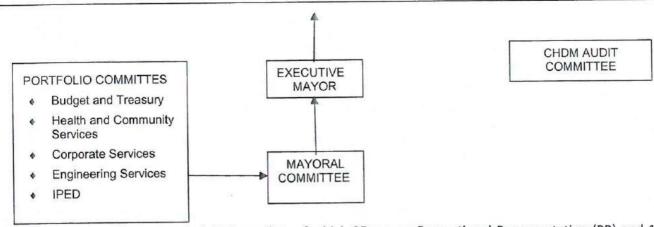
ibraries	N/A	Yes	Yes	Yes	Yes	Yes	Yes
Road maintenance	Yes (Agent: DORT)	N/A	N/A	N/A	N/A	N/A	N/A
Licensing of vehicles	N/A	Yes	Yes	Yes	N/A	N/A	N/A
Traffic and parking	N/A	Yes	Yes	yes	N/A	N/A	N/A
Street lighting	N/A	Yes	Yes	Yes	Yes	Yes	Yes
Street trading	N/A	Yes	Yes	Yes	Yes	Yes	Yes
Refuse removal, refuse dumps and solid waste disposal	Manage ment of solid waste sites	Yes	Yes	Yes	Yes	Yes	Yes
Public places	N/A	Yes	Yes		Yes	Yes	Yes
Pounds	N/A	Yes	Yes	Yes	Yes	Yes	Yes
Noise pollution	N/A	Yes	Yes	Yes	Yes	Yes	Yes
Municipal roads	N/A	Yes	Yes	Yes	Yes	Yes	Yes
Municipal parks and recreational facilities	N/A	Yes	Yes	Yes	Yes	Yes	Yes
abattoirs			ies	Yes	Yes	Yes	Yes
Municipal	N/A N/A	Yes	Yes Yes	Yes	Yes	Yes	Yes
facilities Markets	N/A	Yes	Yes	Yes	Yes	Yes	Yes

POLITICAL GOVERNANCE

The Chris Hani District Municipality utilises the Mayoral Executive System where the exercise of executive authority is through the executive mayor in whom the executive leadership of the municipality is vested and who is assisted by a mayoral committee. The Council of CHDM has various Section 79 committees (the portfolio committees as well as the Municipal Public Accunts Committee [MPAC]) each chaired by a Councillor elected from within Council and an audit committee established in terms of Section 166 of the Municipal Finance Management Act. The Speaker of Council is the chairperson of Council, convenes and presides over Council meetings. The diagram bellow illustrates the political structure of the CHDM.





The CHDM Council has a total of 42 Councilors of which 25 are on Proportional Representation (PR) and 17 Councilors that are Direct Representatives from Local Municipalities within the District. Seven of the PR Councillors are members of the Mayoral Committee. There are also 07 Traditional (6 Males & 1 Female) Leaders that sits on a council which represent their areas. The table bellow depicts the composition of Council in terms of party representation of the PR Councillors:

The table below depicts the composition of Council in terms of party representation of the PR Councilors:

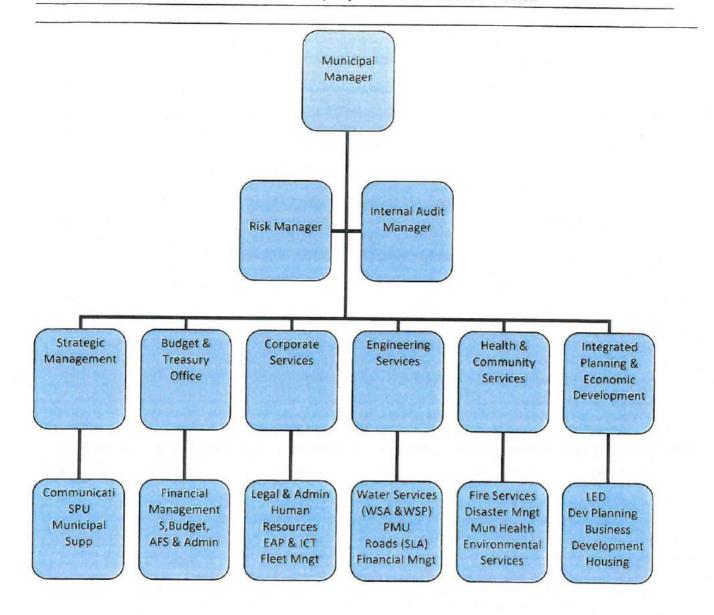
Councillor demographics and Political Parties

Political Party	Total Number of Councillors	Male Councillors	Female Councillors
ANC	32	13	19
DA	4	4	
EFF	2	1	1
UDM	4	2	2
Total	42	20	22

ADMINISTRATION

The Municipal Manager is the Head of the administration and Accounting Officer as defined in the Municipal Structures Act 117 of 1998. The responsibilities of the Municipal Manager include managing the financial affairs and service delivery in the municipality and is assisted and supported by the Chief Financial Officer and the Directors of respective departments as well as the Strategic Manager. The CFO, the Directors of the respective departments as well as the Strategic Manager are appointed in terms of Section 56 of the Municipal Systems Act. Currently there are no vacancy. Positions are gender balanced as out of six Section 56/57 four are Males which include Municipal Manager and the other three are females. The political leadership and the administration complement each other to achieve the objectives of the IDP.

The diagrams below reflect the administrative structure of the institution.



HUMAN RESOURCE

The Municipality is committed to an efficient human resources system and has reviewed a number of policies to ensure the effective development, compliance and welfare of employees. Currently, the municipality has in its employment 694 workforce all with clear Job Description of whom majority are employed in the core departments which are Engineering Services, Health and Community Services and Integrated Planning and Economic Development. All these positions are funded by the institution. Out of a total number of employees there are also contract employees. All CHDM workforce including Councillors are guided by the Code of Conduct of the institution which was developed and adopted by council. The municipal organogram is reviewed annually as informed by objectives of the municipality within that financial year. The institution is also implementing an internship programme and has 44 Interns which are allocated within the district in all six local municipalities. All these interns are funded by EPWP.

The current approved organizational structure together with the proposed positions that will ensure attainment of the objective entailed in the IDP is attached at the back of the document for ease of reference. The process of prioritization, engagement, alignment and integration will be embarked on with all the relevant stakeholders.

Employment Equity

The Municipality strives to meet the Employment Equity targets to comply with the Employment Equity Act and redress past imbalances. 100 % of Section 57 employees are black (inclusive of African and Coloured) and 50 % of Section 57 employees are female.

The Council of the Municipality has developed and adopted an Employment Equity Plan for implementation in the financial year 2016 – 2017(2017-2022) with clear numeric targets to be achieved in each year of the plan. The reviewed plan is reviewed annually and adopted by council together with all other policies for implementation in the next financial year. Current demographics of the workforce in terms of gender representation are as follows: Males 455 and Females 239. The institution makes submissions to Dept of Labour around Equity targets.

Human Resources Policy Review

Human resources policies were approved by Council and are being implemented and some of them are to be developed and redone due to some gaps identified due to operational requirements and legislative imperatives. The need for development of new human resources policies has also been identified. Policies that are had just been adopted by council during the current financial year include the following, Subsistence & Travelling Policy, Study Assistance Policy, Skills Development Policy and Health and Risk Asssessment, OHS, Declaration of Interests, Staff Attraction and Retention Policy etc. All these are reviewed annually and are presented to all relevant stakeholders for inputs and comments. Amongst those still to be developed include Succession Plan Policy when need arises.

Work Place Skills Development Plan was adopted by Council for the financial year and is currently being implemented. A new WSP has been developed and submitted to Local Government Seta.

The Municipality also implemented a number of skills development-related programmes, which include:

- · Implementation of the Workplace Skills Plan;
- · Internships Programme
- · Study Assistance Programme;
- National Treasury Minimum Competency Requirement

The Internships programme provided Graduates with practical learning experience from communities within Chris Hani area of jurisdiction. The Internship programme was made possible by the Engineering Department through the Expanded Public Works Programme which is funded by Public Works.

The municipality has implemented its approved Workplace Skills Plan in the previous financial year 2016/17. Seventy nine [79] employees have received training within this financial year at a cost of R 1,042,886.00 during the mid-year. A total of nine [8] training interventions were implemented.

In line with the Government Gazzette No 29967 on Minimum Competency Level, the municipality has commenced with the implementation of the regulations in that:

- Managers and Senior Managers, Councillors were capacitated through Wits Business School
- 10 managers and 1 Councillor in the past were capacitated through the University of Fort Hare.
- Currently

Internships, Learnership and Experiential Training

Out of one hundred and eighty [180] interns that we had in the past financial year, one hundred and four [104] unemployed graduates concluded their two year intership programme and 76 participants left the programme before conclusion of the contract for various reasons. Currently there are fewer active interns within the institution and are receiving exposure in the working environment and provide assistance in service delivery.

Study Assistance for Employees

As part of building capacity of the workforce the District is providing study assistance to those employees who wish to further their studies. The above is of assistance to both the employee and the organization in that when the skills of employees are enhanced also the level of performance or productivity is also improved. Within this current financial year more than ten [10] employees have received assistance to further their studies in the following fields:

- Financial Field
- Engineering
- Human Resources
- Administration

LABOUR RELATIONS

The Labour Relations division is to foster degree of cooperation through various structures which are formed by its own internal stake holders and to minimize the causes of unnecessary conflict or restrictive practices and to maintain sound Labour relations between unions and management i.e. to create micro and macro institutional structures which seeks to address the institutional challenges. To enhance productivity of the organization through advising and having workforce which is informed about all work related issues.

Labour relations division has the authority to manage grievances, handling disciplinary hearings, facilitating Labour disputes and to facilitate local Labour forum

Disciplinary Hearings

The Labour Relations officer handles and provide services of prosecution on various cases within the district and also support LM's.

Local Labour Forum

There abovementioned structure serves as a consultative structure between labour and management and is functional. The structure is made up of Councilors, Managers and both two recognized union in the sector as prescribed in the Collective Agreement on Organizational rights which are SAMWU & IMATU.

EMPLOYEE ASSISTANCE PROGRAMME

EMPLOYEE WELLNESS

Employee wellness programme is an institutional strategic partner that seeks to improve the employee and councillor's well-being and productivity through provision of integrated preventative, rehabilitative and after care programmes. The objective of the programme is to promote employee wellness within the organisation through implementation of the following programmes:

Counselling and Therapeutic Interventions were implemented for 135 employees and councillors and these sessions contributed to improved work-life balance. Group therapy sessions on how to deal with trauma, grief/loss and depression were implemented for 122 employees. These programmes improved the participants coping skills and resilience.

Life Coaching Programmes The life coaching programme reached 30 young people who are interns. The programme assisted the youth with skills on career choice, work ethic, personality assessment and self-awareness. This session enabled the participants to make wise career choices and improved their self-confidence.

Organizational Wellness Programmes The organization has gone through political and administrative changes that affects the functioning of the institution, a change management programme was implemented for 500 employees. The change management sessions were aimed at capacitating the employees and institution on how to deal with change on a personal and institutional level. Team building programmes for managers and commercial services department were implemented to improve teamwork and service delivery.

Healthy Lifestyle and Health Management Programmes Healthy lifestyle programmes are aimed at assisting the employees with maintaining a healthy lifestyle and better management of chronic Illnesses. A healthy lifestyle programme was implemented for 80 employees in Komani. Through the programme success stories on weight-loss, stability and better management of diabetes and high blood pressure, improved energy, improved sleeping patterns and improvement in nutritional choices were achieved. 247 employees were vaccinated and health risk assessment were conducted for employees working with water and sanitation.

Substance Abuse Programme The substance abuse programme is implemented to prevent, rehabilitate and provide support to employees and councillors with substance abuse challenges as guided by substance abuse policy and strategy. There are 69 participants in the programme, participating in outpatient, support groups and after care programmes. Success stories such as reduction in alcohol abuse, reduction in absenteeism, improvement in financial management and productivity have been achieved through this programme.

OCCUPATIONAL HEALTH AND SAFETY

Section 8 (2) (e) of the Occupational Health and Safety Act, Act 85 of 1995, mandates the employer to provide information ,instructions, training and supervision on health and safety in the workplace. In-line with the OHS strategy and policy the following programmes were implemented, OHS Policy was adopted by council and was developed with key focus on Personal Protective Equipment and clothing, provision of safety measures

and conditions for the employees and councillors. In line with compliance with the Occupational Health and Safety Act the following strides were achieved:

- Policy procedure manual for management of injuries on duty was developed
- Training of SHE Reps and Incident invistigators
- Installation of first aid kits in cars
- She awareness and educational programmes for high risks offices such as water and roads.
- 580 employees were provided with PPE
- Provision of advise on compliance with OHSA to managers and the institution
- Provision of medical and administrative assistance to employees and councillors with injuries of duty.
- Technical support to Local Municipalities on how to improve their wellness programmes

CHALLENGES

- Delays in the Compensation fund in registering the claims for Occupational injuries
- Insufficient personnel to implement the programme
- Health risks assessments of high risks occupations
- Lack of medical aids for employees
- Management of incapacity and chronic illnesses

INFORMATION COMMUNICATION TECHNOLOGY

The mandate of the unit is to provide ICT services and support to the District Municipality and to provide secure, reliable and consistent platform for information accessibility. The vision of the unit is to be a strategic support unit with highly capacitated human and computer based resource (s) for enhancing municipal service delivery. The Mission to identity, provide, support and maintain, business system and solutions, IT Infrastructure and to provide sound governance on management of ICT. Legal framework of the function derives from the following,

- Constitutions of the Republic
- Municipal Systems Act
- MFMA
- SITA amendment (Act 38 of 2002)
- Promotion of Access to Information
- Electronic communications and Transaction Act (27 of 2002)

Key functions of the unit are:

- Ensure effective ICT governance
- Enable effective operation of the municipality's support functions by ensuring development, implementation and maintenance of appropriate systems.
- Provide the necessary, secure and sustainable infrastructure based on the most appropriate technology
- The Municipality needs access to accurate and timely information at all times for executive and management decision support
- To improve the management of 3rd party vendors (suppliers) by the efficient application of SLA's
- Increasing efficiency and effectiveness through continuing assessment, quality improvement and accountability to stakeholders
- To Support Local Municipalities in ICT related matters

ICT GOVERNANCE

CHDM Council towards end of 2013-2014 financial year has adopted an ICT Governance Charter (Framework) in order to have effective governance. The CHDM adopted Prince2 as an ICT project management methodology embedded in the ICT Governance Framework. Prince2 provides a structured framework for managing organizational projects and is not limited to ICT projects. The DM established an Information Communication Technology Steering Committee (ICTSC) with terms of reference. The ICTSC was established as a governance mechanism in line with generally adopted IT governance frameworks such as COBIT, COSO & King reports. The steering committee meets quarterly. Other ICT governance structures as outlined in the ICT Governance Framework, namely the Business Architucture Forum and Information Security forums are to be established.

The following ICT policies were approved by Council and are implemented.

- ICT Network Policy and Plan
- Disaster Recovery Policy and Plan
- Internet, Email and Intranet usage policy
- Computer Equipment Acquisition policy

The latter two are due for review:

- ICT Risk Management Policy
- Mobile Device Management Policy

The Information and Communication Technology Strategic Plan has been developed and awaiting Council approval. The strategic plan is underpinned by the ICT governance Framework that Council approved together with industry best practices. The strategic plan, which will be implemented in 2017/18 financial year will ensure alignment of technology initiatives with the business of the municipality and create an enabling technology environment. The main focus in implementation of the plan in 2017/18 will be integration of the ICT organization and integration of ICT systems within the District Municipality.

NETWORK INFRASTRUCTURE AND SECURITY MANAGEMENT

The District Municipality has 5 remote sites that are connected by a wireless network. The unit maintains the network infrastructure to ensure a robust network with minimum downtimes. An ICT network audit is conducted every two years and a report is produced with recommendations to ensure that the network infrastructure meets at least minimum industry standards and security measures are in place. The CHDM revamped its main server room to ensure compliance with required server room industry standards. The server room at Bells road has since been moved to the 1st floor and revamped to meet sever room industry standards.

The District Municipality has a Service Level Agreement with a Service Provider to provide second line support to the unit and a contract with a wireless infrastructure service provider to ensure minimum system downtimes. A contract has been signed with Telkom to provide VPN supreme service which is a WAN solution managed and maintained by Telkom with improved scalability, flexibility and reliability attached to a Service Level Agreement.

INFORMATION SECURITY, ACCESSABILITY AND MANAGEMENT

The District Municipality has a website with address www.chrishanidm.gov.za managed by the communication section. The CHDM also has an intranet for internal access to information and systems. The Disaster Recovery Plan (DRP) is in place and implemented in phases. A disaster recovery site was established at the disaster management center. The CHDM will be acquiring the services of a Cloud services provider as the next implementation phase of the DRP to further ensure Business Continuity in case of a disaster.

The CHDM is in the process maximizing the use of SharePoint portal to use its Document Management capabilities to ensure that the DM has an Electronic Document Management System (EDMS) to ensure compliance. The District Municipality ensures that it keeps up with the latest in terms of Microsoft application. The District upgraded its Microsoft Office from Office 2007 to the latest Microsoft Office 2013. An upgrade training was undertaken to avoid frustration on the users and the ICT unit in terms of support.

Legal and Admin Function

The mandate of this unit is to provide is to manage administration and legal services. The unit also provide legal support service to senior management, departments and Council on the exercise of powers and functions and decision making through analysis and evaluation of attitudes of the municipality. It's governed by the following legal framework, Municipal Systems Act, Municipal Finance Management Act, Constitution of the Republic of South Africa, High Court Rules, and Magistrate's Court Rules. To ensure security within the institution Biometrics were installed in buildings to ensure safety of employees and councillors and safety plan is in place in implemented. On legal matters, Legal claims register is monitored and updated continuously as a well as some matters of litigation between CHDM and some other parties do take place, key being SAMWU who represent its members challenging the institution.

Workshop on litigations for managers was conducted by a registered firm who are our attorneys of record for purposes of equipping them. Matters of council are fairly attended as Council resolution register is continuously updated and the IT Software will be installed by Business Connexion. Developed council calendar, council diary and council resolution register.

Fleet Management

The unit of is responsible for Management of Fleet of the institution as a result Reviewed Fleet management policy is implemented and monitoring is continuously done, 95% pass rate of employees who were taken to Enoch Mgijima driving licence testing centre, for evaluation of their driving skills before using council vehicles. The institution has bought more than 100 vehicles which are dispersed to LM Satelites for utilisation by Water Services which is our key function.

RECORDS MANAGEMENT

Facilitation of disposal of old records in line with legislation was done. 50% of unsuccessful applications for employment from 2008 to 2011 were disposed. Electronic Document Management System will be installed by in the institution by remain a challenge.

2.4.4 MUNICIPAL FINANCIAL VIABILITY and MANAGEMENT

The Municipal Finance Management Act 56 of 2003 (MFMA) prescribes that the Council of a municipality must for each financial year approve an Annual Budget for the municipality before the start of that financial year. Section 16 (2) of the same Act stipulates that in order for the municipality to perform what is prescribed, the Mayor of the municipality must table the Annual Budget at a Council meeting at least 90 days before the start of the financial year. The processes involved during the 90 day period enable transparent engagements amongst the Communities, Councilors, the Executive and Administration to finalize the budget. The consultative and Public Participation processes also promote oversight over the adoption and implementation of the budget. The departmental budget statements provide Council with information on how different departments within Chris Hani District Municipality (CHDM) intend to spend the funds that will be appropriated by Council, to enable Council and communities keep departments accountable for their delivery

commitments contained in the Service Delivery Budget Implementation Plans (SDBIP) and to ensure that Council Committees effectively perform their oversight functions.

1. REVENUE MANAGEMENT

Chris Hani District Municipality is largely 68%% Grant dependent. Our major source of revenue is on Water as a Water Services Authority and Water Services Provider. This function was in the past been done by LM through contract signed as LMs were given WSP function, this has since been overturned due to end of contract or agreement. Collection rate is very minimal as most of our communities are indegent and therefore not paying for services. We have received a support from COGTA through their Municipal Infrastructure Support Agency (MISA) which is assisting us in reviewing our Revenue Enhancement Strategy. The Revenue Enhancement Strategy is therefore implemented but due to above mentioned challenge of indegency we still face some difficulties on Revenue enhancement. Revenue Enhancement Strategy is to ensure that we assist the Municipality to improve revenue collection. By 2015/16 Collection rate at was very minimal due to some challenges experienced as e had just taken back the WSP function. This will inform the municipality on ways of addressing recovery and enhancing revenue through

- · Billing
- · Enforcement of By -laws
- Data Cleansing
- · Reviewal and implementation of revenue related policies
- · Management of indigent consumers
- Installation of Meters

The major sources of revenue consist of:

Operational Grants

- Equitable Share
- Finance Management Grant (FMG)
- Expanded Public Works Programme (EPWP)
- Rural Roads Asset Management Grant

Other Operational Programs

- Roads Subsidy
- Lapesi Program

Capital Grants

- Municipal Infrastructure Grant (MIG)
- Regional Bulk Infrastructure Grant (RBIG)
- Water Service Infrastructure Grant (WSIG)

Other Capital Programs

- Accelerated Community Infrastructure Program (ACIP)
- Department of Housing Unblocking Program

There are other incomes sources which are not significant are listed below

- Interest from investment
- Rental Income

REVENUE ENHANCEMENT STRATEGY

The purpose of this strategy is to ensure that all possible avenues are explored to maximise the receipt of any monies available to Council by way of intergovernmental transfers and Grants or Donations, including expanding the billing database and maximising income opportunities on every registered serviced site within the CHDM' jurisdiction. The second component of this strategy focuses on strengthening and building capacity within credit control and debt management practices and processes of Council, ensuring the attainment and exceeding of collection rates in line with key budgetary requirements. The third component of the strategy focuses on maximising the registration of households eligible for participation within the Free Basic Services programme of Council, this component is aimed at arresting spiralling debts associated with this user group, and limiting consumption of services in line with the FBS allocation threshold. In line with the strategy employed, Council has formalised the appointment of a Specialist Service Provider on a contingency arrangement over three years to undertake revenue enhancement and debt reduction, with a special focus on skills transfer to a dedication internal unit will be created during the 2017/2018 financial year. The success of this programme has been profound, in that the organisation has effectively been able to sustain collection rates in excess of% in line with budget expectations over the Medium Term Revenue Expenditure Framework. Financial performance as per the adopted mid termed assessment (2017/2018) reveals that the organisation is poised to achieve the anticipated revenue inflows underpinning the budget framework adopted, being minimum of 40%. The targeted debt collection rate over the 2017/18- 2019/2020 MTREF is positioned at 40%.

CREDIT CONTROL AND DEBT COLLECTION POLICY

The Policy sets out to control and manage the recovery of outstanding debt due to Council. This policy is in place and is subject to regular updates. The policy lays down the basis for distribution of accounts, collection procedures, interest and penalties to be charged in the event of non-payment, with strong focus on management reporting requirements pursuant of key legislative requirements and performance management. Giving effect to the administration of this policy, Council through the appointment of a revenue specialist has invested in a Revenue Management and Debt collection System fully compliant with Municipal Bylaws and objectives of the policy framework, the system effects have result in macro approach to debt management and collection being effected, in an effective and efficient manner, maximise the return on investment and per household.

TARIFF POLICY

This policy sets key guidelines on what should be considered when pricing services and guiding principles for the compilation of water, sanitation, solid waste and electricity tariffs. This policy is subject to constant review, given significant reforms within the electrification and water sectors, which impact on the price cost of services rendered, and ultimately on the sustainability of trading services. Through the policy framework adopted and implemented, Council has for the 2017/2018-2019/20 MTREF prioritised the continuation of the revenue protection strategy employed during 2015/2016 to further reduce existing losses of about 20% to an acceptable technical loss of 10%.

THE INDIGENT SUPPORT POLICY

The basic principle of this policy are captured by indicating that the policy is to ensure that the poor households are not denied their constitutional right of access to services, the Chris Hani District Municipality is required to implement an indigent support policy that makes adequate financial provision to ensure the provision of efficient and sustainable services to all residents within the area of jurisdiction.

The indigent support policy is an integral part of the CHDM tariff policy that is developed and implemented in a transparent manner to ensure the sustainability of local public services to all of its citizens at an affordable cost. The indigent policy is intended to provide poor households ongoing access to a specified level of services. The subsidies contained in the policy should not compromise the quality or efficiency of service delivery.

Critically as part of CHDM commitment to improve continued access to services and provide a basket of free services as part of the poverty alleviation programme, to this effect the service delivery targets have been amended to reflect this target, indigent support funding envelop has significantly increased to over the 2017/2018-2019/2020 MTREF. The indigent Relief Budget for the past two years is as follows:

2015/16

R11 888 160.00

2016/17

R 1 000 000.00

1.1 WATER AND SANITATION TARIFFS

CHDM is in a process of developing New Tarriffs for the year 2018-2019 financial year, such Tarriffs will undergo all required stages before being adopted by Council.

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

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

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

Chris Hani District Municipality as a Water Services Provider therefore has to raise sufficient own revenue from the rendering of water and sanitation services. Since the municipality has not increased the water and sanitation tariffs for past two years, the level of own revenue raised from the service is not sustainable to maintain, repair and ensure the sustainability of the water infrastructure assets that should generate a revenue base for the municipality in order to cover operational and capital costs.

The proposed tariff increase below is based on the guidelines provided by the National Treasury for the 2017/2018 MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK. In terms of the proposal, the increase should be linked to the consumer price index (CPI) which is estimated to be 6.1% for 2016/2017.

The tariff will be applicable for the following period; Starting date: 01 JULY 2017 and ending date: 30 JUNE 2018

1. TARIFFS: WATER SUPPLY SERVICES AND INCIDENTAL CHARGES

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

- ♣ The Sewerage Charges will be linked to the account where either a waterborne sewer connection or septic tank sewer is available.
- Reference to "per month" in the tariffs is based on a meter reading period of 30 days with regard to the calculation of a charge for the free consumption portion.
- Use is the determining factor for tariff application but where a mixed use occurs on any given property the property zoning will be the determining factor in the tariff Application.
- ALL TARIFFS LISTED BELOW OR TO BE CALCULATED IN TERMS OF THIS SCHEDULE OF TARIFFS INCLUDE VAT.

2. WATER TARIFFS

Charges shall be levied in respect of each separate connection for water. The tariffs relating to consumption of water will be levied as from 01 July 2018 on all accounts linked to water and accounts opened after July 2018 will be levied for the applicable period of the year.

3. SANITATION TARIFFS

A flat rate shall be levied in respect of each household / business / institution relating to sanitation. The tariffs applicable for sanitation services shall apply from 01 July 2018 and accounts opened after July 2018 will be levied for the applicable period of the year.

4. CONSUMPTION TARIFFS BASED ON WATER RELATED SERVICES

The tariffs listed under this section shall be payable where water, used solely for household purposes, including temporarily connections for this purpose, has been supplied. In the case of hostels and old age homes, every 4 beds shall be deemed to be a residential unit.

Where the Housing Department officially accommodates two or three beneficiaries (families) per stand, each beneficiary (family) is deemed to be a residential unit.

4.1 Domestic / Household Water Use

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

In the event that a small business is conducted as a primary right in terms of a Town Planning Scheme, or home enterprise in terms of the Council's policy, from a property used for household purposes, and the connection size is either a 15mm or 20mm connection, the tariffs in the table below shall apply. However, any connection which is greater than 20mm and the property is not exclusively used for residential purposes, shall be charged in terms of the tariffs. Spaza Shops, defined as an area of a dwelling unit and or associated immovable outbuilding not more than 20m² in extent, used by the occupant of such a dwelling unit for the purposes of selling basic household goods, is also included in this tariff, provided the connection size is either a 15mm or 20mm connection.

a. LINKAGE OF BUDGET TO IDP (LINKAGE AND ALIGNMENT)

Operations budget: the linkage between Budget & IDP are aligned and compliant as the committees are in place as the Steering committee it's called IDP/PMS/Budget Steering cause the three go together. All operations are incurred in terms of IDP. The capital allocation is mainly for the Water & Sanitation services as informed by Powers and Functions.

Capital expenditure consists of MIG, RBIG, WSIG, ACIP and WSOG which are 100% aligned to IDP as they are spent on water & sanitation services. CHDM Municipal IDP gives attention to building its own delivery capacities and IDP's have improved over the last few years and are generally aligned to PGDP in terms of agrarian transformation, human resource development, economic diversification and tourism, infrastructure provision, and fighting poverty. However, there are some important gaps in the context of provincial alignment (e.g. housing, EPWP etc). The Chris Hani IDP devotes considerable attention to building its own capacity and that of the local municipalities. Perhaps more attention could be given to how to improve cooperation with other arms of Government

2. ASSET MANAGEMENT

The institution currently operate with a less staffed Asset Management unit. Asset management is incorporated under Budget and Reporting which was making the scope of work to be performed by the section to be huge and complex.

Beginning of 2014/15 financial year this section has been splitted from supply chain management unit and new organogram has been developed and approved by the council and Asset Manager Position has been filled with some fewer positions under the unit filled as per new organogram. Currently we are using the external source with the few staff we had to assist in all the areas of assets (movable and infrastructure assets).

CHDM has an Asset Register which is updated on a monthly basis for the movable assets and we have also procured an Asset Software which is also assisting in the proper management of asset. The area that still to be strengthened is the management of Infrastructure Assets. Infrastructure asset register is only updated at the end of the financial year which sometimes posses challenge during the end of the financial year. An Asset Management Strategy has been developed in 2015/16 financial year and we do have an Asset Management Policy and was developed in line with 2017-2022 term of council.

In the event of loss and stolen assets is reported to the asset manager and the asset register is updated. This is a plan to unify the asset management function and financial management system.

SUPPLY CHAIN MANAGEMENT

On Supply Chin Management the unit is the custodian of the institution's Supply Chain Management Policy which has been adopted by Council this policy is reviewed annually and ensures its implementation in its procurement processes at all times. The policy itself is in line with Treasury Guidelines and is renewable annually.

The unit has the following key priority areas:

- To ensure that the municipality has and implements a supply chain management policy, this gives effect to the provisions of the act.
- To ensure procurement of goods and services in a fair, equitable, transparent, competitive and cost effective and comply with the prescribed regulatory framework
- That all reasonable steps are taken to ensure that proper mechanisms are in place and separation of duties in the supply chain management system is implemented to minimise likelihood of fraud, corruption, favouritism and unfair and irregular practises.
- To ensure that all contracts/agreement are in writing and are procured in line with the Supply Chain Management
- To ensure that the supply chain management delegations are properly enforced and managed
- That the municipal bid structures are in place and effective, to ensure competitive bidding process.
- Ensure submission of proper, accurate and applicable reports as per MFMA
- To ensure the disposal of municipal assets in accordance with the applicable legislation.
- Ensure that municipal inventory levels are kept at an acceptable levels as per the Municipal SCM policy

The institution is implementing a Database Rotation system for the procurement for goods and services for the operational budget depending on delegation as per legislation, and is using an electronic order system for purchases. Also the bidding system is followed as per legislation in terms of capital appointments and according to the delegations. There are three bid committee structures that are active and have own set of dates that they normally follow to attend to matters.

The Bid Committees are: the Adjudication Committee *that* is comprised of HoDs, SCM Manager and is chaired by the CFO of the institution. Spefication and Evaluation Committees are appointed by Municipal Manager in line with MFMA and as well SCM officials assist in sitting of these committees.

CHDM has the following elements of SCM that are fully functional:-

Demand management: This is the beginning of the supply chain, and must begin with a needs assessment, to ensure that goods or services are required in order to deliver the agreed service, that specifications are precisely determined, that requirements are linked to the budget and that the supplying industry has been analyzed.

Acquisition management: It is the management of procurement by the municipality to decide on the manner in which the market will be approached; to establish the total cost of ownership of a particular type of asset; to ensure that bid documentation is complete, including evaluation criteria.

Logistics management: This aspect addresses the setting of inventory levels, placing of orders, receiving and distribution of material and goods, stores, warehouse and transport management, expediting orders, the review of vendor performance, maintenance and contract administration.

Disposal management: A supply chain management policy must provide for an effective system of disposal or letting of assets no longer needed, including unserviceable, redundant or obsolete assets, subject to sections 14 and 90 of the MFMA.

Contract Management: this section addresses the validity of our contracts in terms of compliance and applicable deliverables. It also monitors any variations that may be incurred.

Risk management: risk management is maintained in all elements of SCM by putting in place proper controls. Risk management includes identification of risks on a case-by-case basis;

Performance management: This is a monitoring process, undertaking a retrospective analysis to determine whether the desired objectives were achieved. Some of the issues that may be reviewed are: compliance to norms and standards; cost efficiency of procurement process (i e the cost of the process itself).

3. ACCOUNTING SYSTEMS ADMINISTRATION

The unit is under Budget and Traeasury department and its main Objective is to maintain the financial management systems for the District Municipality and it's Local Municipalities as well as Integration of data and or information between the systems that the district municipality use.

Unit uses various systems on a day to day basis. Systems that are in use are a sfollows

eVenus

The institution uses this financial Management System for:-

- Processing of payments
- General Ledger
- Bank control
- Assets and Fleet management

Cashdrawer

For receipting all income received and general enquiries.

Pay Day Software

> The system helps us with Payroll, Human resources, Posts, Equity, Skills.

Bankit

> We use the system for uploading payments for creditors and salaries to our FNB account. Collection of money from our debtors and down loading the bank statements.

Supplier Database (Saratoga)

> This system does supplier database management including rotation of suppliers.

CaseWare

➤ This tool assists us in the preparation of GRAP compliant Financial Statements and it also generates financial reports as per National Treasury Guidelines i.e. S71 reports and Budget forms.

Asset Ware

> It is a financial tool for Asset tracking and Management

Time Zone

Financial security system

This Unit nof Accounting Systems Administration gives support to some of our local municipalities which are using the same accounting packages as the district. They get shared support, skills transfer and systems administration on the systems above with district municipality.

- Enoch Mgijima Local Municipality
- Intsika Yethu Local Municipality

4. ANNUAL FINANCIAL STATEMENT AND AUDIT

Budget and Treasury office have a section responsible for preparation of Annual Financial Statement and Audit Coordination. The key areas of this section are

- Preparation and submission of Annual Financial Statements
- Ensuring that audit is performed well by Auditor General and required information is submitted to them timeously
- Ensure that Audit Action plan is developed and implemented

MSCOA

Section 216(1) of the constitution states that national government must establish a National Treasury and prescribe measures to ensure both transparency and expenditure control in each sphere of government. Uniform expenditure classification in the form of Standards Chart of Accounts (SCOA) have already been rolled out to the National and Provincial Government Departments. MSCOA was introduced in the Local Government sphere in 2014 and is currently being rolled out for full implementation on 01 July 2017.

The Minister of Finance promulgated the Municipal Regulations on Standard Chart of Accounts (mSCOA) on 22 April 2014. The objective of the regulations was to provide national standards with uniform recording and classification of municipal budget and financial information at a transactional level by providing a standard chart of accounts.

In accordance with these regulations, all municipalities and municipal entities are required to be mSCOA compliant by 1 July 2017.

CHDM CURRENT STATUS

- > CHDM embarked on the project for mSCOA 1 July 2016 for early implementation on version 5.4
- > 1 July 2017 CHDM officially went live on mSCOA version 6.1
- All required legislated implementation plans met.
- > Audit file up to date.
- All Treasury submission done on time.
- Monthly reports are uploaded on LGPortal database monthly.
- Keeping up with Treasury changes on the project.
- CHDM employees have been informed about mSCOA change and requirements.

5.1 AG'S OPINION AND AUDIT ACTION PLAN

Municipality has shown improvement on the Audit in the past two years as our audit opinion has changed from Disclaimer to Qualification. Qualification has been achieved in the past four years and the institution is striving for Unqualified Opinion as we believe we can achieve that. To ensure that matters raised by AG are addressed promptly, CHDM has established Audit Task Team which sits weekly to make tasks easy for the Steering Committee. Key areas of focus that the institution needs to focus on are issues of Compliance, Performance Management, and Reconciliations of Grants which were not disclosed properly in the previous financial years. An action plan has been developed which details the process to be followed in rectifying the findings raised in the audit report. The AFS and Audit Coordination section is responsible for ensuring that the institution work on improving the audit opinion by ensuring that action plan is being implemented and report is prepared and submitted to council on progress.

2.4.5 GOOD GOVERNANCE and PUBLIC PARTICIPATION

Good Corporate Governance will underpins all the programmes and projects that will be presented in 2018-2019 IDP. Good governance dictates that the Municipality should conduct its business in an Open, Transparent and Accountable manner. For this to be realised, community participation is essential hence the municipality developed policies and strategies to liase and interact with communities, amongst those are Stakeholder Mobilisation Strategy, Public Participation Strategy, and Communication Strategy etc. The establishment of a caring environment requires emphasis not only on community participation, but also on customer care and responsiveness. With regard to Customer Care, the Municipality has embarked on a programme to engage customers with regard to their level of satisfaction with municipal services and the development of a new Customer Care Framework. In the current IDP review period, foundational work has been done in terms of the completion of a comprehensive survey of all types of customers. Soon thereafter, the focus will shift to embedding a robust system of customer relations management, anchored in clear service standards, customer responsiveness, and the monitoring and evaluation of ongoing customer perceptions and feedback. The revival of the Batho Pele Campaign will complement this effort and galvanise the institution to embrace a culture of putting people first.

1. COMMUNICATIONS

Government communication is a strategic and planned process aimed at ensuring effective dialogue between government and communities. The Communications unit was, thus established to realize the legislative imperatives as outlined, amongst others, in The Constitution of the Republic of South Africa, 1996, which gives every citizen a Right to Access any Information held by the state; the Local Government Municipal Systems Act, 2000, which compels municipalities to actively engage with citizens and encourage participation; the Municipal Finance Management Act, 2003, which emphasizes on publication and consultation with the communities on financial activities of the municipalities. The Unit exists to enhance communication with stakeholders and uphold municipal identity and image internally and externally, servicing all CHDM business units.

CHDM communication, therefore, must, encourage meaningful public participation through promotion of municipal programs; promote and articulate CHDM plans, policies and achievements; facilitate proactive communication on matters of disaster risk management, health and environmental issues; strengthen and

improve internal communication systems; reinforce intergovernmental relations through coordination of communication programmes (District Communication Forum) and establish and maintain sound relations with the media. Hence it is imperative to develop a guiding document.

Integrated Communication Strategy

A Communication Strategy and implementation plan aligned to the term of Council has been developed and approved by Council for the 2017-2022 period. The strategy guides communication activities and is designed such that it supports all Key Performance Areas as articulated in the municipal Integrated Development Plan. The implementation plan is reviewed annually to allow for environmental factors that influence communication posture in the district which includes responsiveness and proactivity.

A comprehensive consultative process, involving all internal and external stakeholders, is undertaken to ensure production of an all-inclusive enriched document that prioritizes facilitation of information sharing with all stakeholders and community at large.

The objectives of the strategy are:

- ✓ To encourage open, honest and accountable two-way dialogue with our stakeholders and CHDM citizenry
- \checkmark To strengthen and improve internal communication systems
- √ To promote a consistent corporate identity
- ✓ To market CHDM as a preferred investment destination and an institution of excellence.

The Strategy encompasses activities supported through the following communication elements:

- External Communication and Media Relations Management
- Internal Communication Management
- Marketing, Branding and Events Communication
- Website and Social Networks Management
- Coordination of District Communication Forum

District Communication activities are reported quarterly in the Technical and Political IGR Fora, whilst performance reporting is undertaken in line with municipal processes and time lines.

Communication and Media Policy

A Communication Policy has been developed and adopted by Council in 2017 and will be reviewed annually. The policy advocates for communication with the stakeholders and broader community of Chris Hani DM in an open, consistent and ethical manner in line with relevant legislation.

It regulates a coordinated communication with internal and external community of Chris Hani District Municipality to inform, empower and encourage participation whilst safeguarding the municipal identity.

Amongst others, the policy requires that:

 CHDM provides the public with timely, accurate, clear and complete information about its policies, programs, services and initiatives (including its IDP and Budget);

- Continuously ensure that the municipality is visible and accessible to the public;
- Ensure that municipal communication messages reach the higher trajectory of development and diverse needs; important and crucial issues for communities are identified and addressed through implementation of a clear Program of Action (POA);
- CHDM to consult with the public, listens to and takes account of people's interests and concerns when establishing priorities, developing policies and planning programs and services.
- CHDM continuously ensure that information service is managed in a citizen-centred and client-focused manner thereby putting people first.

Importantly, the policy suggest periodic public opinion research to assist Council in understanding the community in its diversity and manage citizen needs and expectations.

Presidential Hotline Queries

The unit is also charged with monitoring and coordination of hotline queries on line, facilitate responses and report.

Customer Care

Customer Care Unit was established as a foundation upon which to build excellence in customer service andmake it part of the day-to-day corporate culture within the CHDM. The core business of the unit is deeply rooted on the Batho Pele Principles as entrenched in a series of policies and legislative frameworks as stated below:

The Constitution of the Republic of South Africa of 1996 (as amended); Section 32 of the Constitution provides for the universal right of access to information held by the State to facilitate the exercise or protection of any right by citizens e.g. the right to access public services in an equitable, convenient and cost-effective manner; The White Paper on the Transformation of the Public Service of 1995 (WPTPS); Public Service Regulations of 1999 and 2001; The Electronic Communications and Transactions Bill of 2002 to promote the harnessing of innovative IT based solutions to make service as well as information on services within and across government and municipalities more accessible in an integrated manner, particularly to people in under-serviced areas; E-Government Strategy of 2001 these include e-government services, electronic communications and transactions with public/private bodies, institutions and citizens and development of electronic transactions services, which are responsive to the needs of citizens and consumers.

Customer Care Objectives

- To maintain a high level of customer care that is responsive to the requirements of our customers.
- To set up effective and efficient customer care satellite offices across the district in order to build relations with our consumers.
- To provide a personal and caring service which will contribute to our customer satisfaction.
- To stablish electronic systems to ease communication barriers, receiving and resolving customer complaints, queries and services.

Customer Care Strategy Implementation

The municipality has developed a 5 year customer care strategy with an action plan that provides a sequence of activities that will be performed for the customer care strategy to succeed. The action plan is focuses on a district wide approach which recognises the importance of partnering with other units internally and other departments across all spheres of government to:

1. Conduct education awareness campaigns and public relations events

Awareness and educational campaigns are an important tool for CHDM in delivering its core functions; water and sanitation, municipal health services. Over the years water and sanitation resource management and collection of revenue has become an increasingly important issue in achieving our IDP objectives. However, without changes in the way CHDM customers use resources such as water; ecologically sustainable water resource management and enough infrastructure developments will remain impossible.

Our campaigns and awareness focuses mainly on two broad models:

- I. Public relations (PR)
- II. Advocacy and Educational Programs in schools

2. Ratepayers/Stakeholder/Community Liaison

The Customer Care Strategy emphasise the need of stakeholder engagement throughout the financial years as a tool to ensure sound customer care management. The strategy recognises that in order for CHDM to provide an effective and efficient customer care service, we require a strong driven stakeholder engagement and communication component supported and guided by the necessary technical and institutional components. Customer oriented stakeholder engagement focuses only on Ratepayers, not in isolation with broader stakeholder engagements as outlined in the public participation strategy.

The Customer Care Unit conducts at least 40 engagements to:

- I. Build relations and reduce the potential for future conflict
- II. Enable the CHDM and its stakeholders to share knowledge and expertise
- III. Inform, share knowledge and educate stakeholders about the CHDM functions and responsibilities

Complaints Management Procedure

Complaints Registration

All CHDM customer complaints/disputes/enquiries are registered with the customer care unit. Customers may contact the call centre 0800 100 100 or and/or email customercare@chrishanidm.gov.za

Walk-in complaints/disputes/enquiries are registered with customer care satellite offices. Recorded
either in the complaints register book and/or customer call centre. This means every employee should
take reasonable steps to take complaints/disputes/enquiries from customers and redirect it to the call
centre and/or customer care unit.

- Customer care satellite offices situated in all local municipalities have access to the call centre system at all times in order to register walk-in complaints and other complaints.
- Every complaint/dispute/enquiry is recorded, a reference number generated and an acknowledgement of receipt given to the complainant.

Assigning a Complaint

Communication quoting the complaint reference number must be given to the relevant technician/officer/plumber who will carry out the work required to address the complaint. A job card must be issued and marked with the reference number. Depending on the complexity of the matter coupled with the availability of resources, a complaint shall be attended according to the time lines as per customer service policy and charter

Unresolved Complaints/Disputes/Enquiries

All complaints/disputes/enquiries are resolved within stipulated time frames and/or not to the satisfaction of the customer shall be referred to the Mayoral Committee. The customer may as well write a letter of appeal directly to the Mayor. The Customer Care Unit must submit a report pertaining all complaints/disputes/enquiries to the Mayoral Committee for further investigation and intervention. The Mayoral Committee's decision is final and binding. There shall be no further investigation with the complaint.

2. SPECIAL PROGRAMMES UNIT

The Special Programmes Unit (SPU) is a developmental office coordinating the upliftment of designated groups (i.e. Gender, Youth, and People with Disabilities, Children and The Elderly) and ensures that all CHDM Directorates mainstream their programmes. The Special Programmes Unit is located in the Strategic Directorate.

This function is a legislative requirement guided by The Constitution of the Republic of South Africa, Act 108 of 1996, Section 9 that declares everyone is equal before the law and has the right to equal protection and benefit of the law. The Local Government Municipal Systems Act 32 of 2000 Chapter 4 which requires public participation of communities and Municipalities to take into account the special needs of designated groups. The Promotion of Equality and Prevention of Unfair Discrimination Act 4 of 2000 and South Africa's National Policy Framework for Women's Empowerment and Gender Equality of 2000 that promote and protect women's rights towards achieving gender equality. The Integrated National Disability Strategy of 1997 requires us to drive the government's equity, equality and empowerment agenda in terms of those living with disabilities. The National Youth Policy of 2008 is a framework for youth development across the country which endeavours to ensure that all young women and men are given meaningful opportunities to reach their full potential, both as individuals and as active participants in society.

The Constitution of the Republic of SA, The South African Children's Charter, and Children's Act 38 of 2005 encourages government to develop a non-sexist, discrimination-free, equitable and inclusive society that protects and develops the human potential of its children.

The Older Persons Act 13 of 2006 seeks to promote the rights, prevent and combat the abuse of older persons. The District IDP which seeks to obtain the vision, mission and promote the values of a caring society.

STRATEGIC OBJECTIVES OF THE SPU

- To assist CHDM in monitoring and evaluation of the integration and mainstreaming of Special Programmes in the IDP and sector plans.
- To facilitate and coordinate the development of District Gender Policy, District Integrated Disability Strategy, District Youth Strategy and Coordinate and Monitor the implementation of Children's and Older Persons Rights Strategies.
- To coordinate the participation of vulnerable groups in development through their designated forums.
- To capacitate designated group's forums in order to manage their programmes and projects effectively.
- To promote civic education on legislation, policies and programmes affecting designated groups to strengthen social cohesion.
- To coordinate the commemoration of institutionalised days.

The unit develops a holistic policy that responds to the changing conditions of vulnerable groups in partnership with other stakeholders t ensure that they grow, develop and prosper as fully engaged responsive and productive citizens. It shall articulate the values of respect, participation, access, equity, diversity, redress, responsiveness, transparency, gender sensitive, team work and ubuntu. The unit shall develop and implement a responsive special programmes strategy with a clear programme of action that is aligned to the district IDP linked to the term of council. The strategy must be reviewed by all relevant stakeholders annually and be adopted by council.

The strategy highlights priority targets and interventions to be actioned for the betterment of the vulnerable groups in areas such as education and skills development, employment and economic development, health and wellbeing, social cohesion and public participation, information and communication, violence and abuse against women and children, access and integration of people with disabilities, arts, sports and culture.

The unit has a functional District Special Programmes Unit Forum to support, coordinate and mainstream the programmes in the departments and the IDP. This forum is made up by representatives from all local municipalities and the district. The district technical task team is established to support the local municipalities to plan and integrate their programmes adequately. The Special Programmes shall the requisite personnel to attend to the challenges of the designated as recommended by SALGA and COGTA.

The unit shall support and advise the local municipalities, monitor the implementation of the strategy, liaise with Chapter 9 institutions, advice and brief the political and administrative heads respectively on all matters affecting designated groups.

The SPU Section has identified areas which need to be resolved to ensure that youth, people with disabilities, the elderly, children and gender issues are addressed within the institution:

- Strategic focus responds to a need for skills development through education and training.
- Demographic analysis does not provide accurate picture about youth. It provides no information about
 the levels and types of disability. It provides no information about children. This unclear picture
 compromises targeted programming, impact benchmarking and evaluations.
- IDP does not provide a district skills profile. It only assumes the need for education and training on the
 basis of high number of youth in the district, without even quantifying that number. Information is
 neither disaggregated according to gender nor disability. In the absence of such skills profile training
 interventions are compromised in terms of impact benchmarking and evaluation.

- It is not clear how the 26% youth ownership of SMMEs is distributed across economic sectors in the district. The same is not said about women ownership, except that their dress-making enterprises make up 44% of the manufacturing sector. Nothing is said about disability. The determination of any support for promotion of enterprise development would be compromised if based on such inadequate planning information.
- IDP emphasizes the lack of recreational facilities for youth especially in former homeland areas. It is silent on recreational needs of women and people with disabilities, children and the elderly.
- Need to focus on land tenure is limited only to youth and women, to the exclusion of people with disabilities. This may lead to this group being excluded from housing beneficiation as well as land for commercial purposes.
- IDP silent on HIV/Aids and disability, children and the elderly. This may lead to inappropriate strategies and resource misallocation.
- IDP acknowledges need for appropriate baseline information for proper planning. It acknowledges need for policies, mechanisms, processes and procedures for mainstreaming. It acknowledges need for improving coordination.

3. Inter-Governmental Relations (IGR)

The function of the structure is to align the planning cycles of the different spheres of government to ensure that IDP is a reflection of national plans at a local level. CHDM has developed an IGR Strategy and for the financial year key is implementation of IGR Strategy as driven by IGR Core Team and adopted by council.

The Executive Mayor of the CHDM is convening the DIMAFO of the District. It is composed of :-

- All Mayors in 6 municipalities
- The Departmental officials in the District

The Technical IGR Forum also is operational as chaired by Municipal Manager of CHDM, this forum seats quarterly and is attended by all senior management of the institution as well as all sector departments' senior management. This forum discusses service delivery issues and issues discussed are alleviated to the District Mayors Forum for endorsement and for political buy-inn, meaning it further informs the agenda of the DIMAFO.

- Technical advise on policy / program debate
- Develop an agenda
- Report on progress

The Executive Mayor attends the Premier's Co-ordinating Forum to raise issues that talk to Strategic positioning of the CHDM in the fight against poverty. The MM attends the Technical Forum with the Director General of the Province. SALGA is an integral part of all these processes as the organized body of the local government

Challenges:

- o Failure by government structures to utilise Intergovernmental Relations as a planning tool;
- o Lack of joint implementation of projects by government structures;

Risk Management

The District has developed and adopted Risk Management Policy which was adopted by Council and the unit headed by Risk Manager manages the process and the Municipal Manager assesses the implementation of

Risk Management Plans. The progress on the implementation of risk management plans is monitored by the Anti Fraud and Risk Management Committee. Some of the duties of committee includes the following Review the Risk Management Policy, Strategy, Fraud Prevention Policy, Fraud Prevention Plan, and Whistle Blowing Policy, Investigation Policy, Private Work and Declaration of Interest Policy. Review the Risk Appetite and Tolerance and recommend for approval by Council. Review the Institution Risk Identification and Assessment Methodologies to obtain reasonable assurance of the completeness and accuracy of the Risk Register. Committee also provides Oversight and ensuring that mechanisms are in place to monitor Fraud Risk and ensure that Fraud Risk is controlled within the acceptable and approved Risk Tolerance and Risk appetite of the municipality.

Internal Audit Function

The Internal Audit Unit of the Chris Hani District Municipality is established in terms section 165 of the Municipal Finance Management Act, Act 56 of 2003 ('MFMA') which states that each Municipality and each Municipal entity must have an internal audit unit. The mission of the Internal Audit Activity is to provide the Chris Hani District Municipality with a value adding internal audit function by assisting management in controlling risk, monitoring compliance, corporate governance and improving efficiency and effectiveness of the internal control system.

The key objectives of the Internal Audit are:

- To provide an independent, objective assurance and consulting activity designed to add value and improve the municipality's operations.
- To evaluate and improve the effectiveness of the Risk Management and Internal Control processes.
- To assess, evaluate and improve the effectiveness of the Corporate Governance processes.

Based on the results of the risk assessment, the internal auditors evaluate the adequacy and effectiveness of how risks are identified and managed in the above areas. They also assess other aspects such as ethics and values within the organization, performance management, communication of risk and control information within the organization in order to facilitate a good governance process. The internal auditors provide recommendations for improvement in those areas where opportunities or deficiencies are identified. While management is responsible for internal controls, the internal audit activity provides assurance to management and the audit committee that internal controls are effective and working as intended.

The internal audit activity is led by the Internal Audit manager and the Manager delineates the scope of activities, authority, and independence for internal auditing in a written charter that is approved by the audit committee and adopted by Council

The Internal Audit Activity is manned by capable Internal Audit practitioners who are members of the Institute of Internal Auditors. The IIA is the primary body for the internal audit profession; it maintains the International Standards for the Professional Practice of Internal Auditing and the profession s Code of Ethics. IIA members are required to adhere to the Standards and Code of Ethics.

The Performance and Audit Committee

The Audit Committee is established in terms of Section 166 of the Municipal Finance Management Act, Act 56 of 2003 ('MFMA') which states that "Each Municipality and each municipal entity must have an Audit committee." The purpose of the Committee is to assist and advise the Council in fulfilling its oversight on matters relating to:

- Internal financial control and internal audits.
- Risk management.
- Accounting policies.
- · Adequacy, reliability and accuracy of financial reporting and information.
- · Performance management and evaluation.
- Effective governance.
- Statutory compliance.

An audit committee typically serves as the liaison among the Council, external auditors, internal auditors, and financial management. Generally, the audit committee's purpose is to assist the Council in overseeing the:

Functions of the Performance Audit Committee

More and above the provision of credible view of the efficiency and effectiveness of the performance management of the municipality this Committee facilitates consideration of the annual report in its entirety and also performs the following functions: Review quarterly reports, the Annual Financial Statements (AFS) and any other reports deemed necessary, regarding the performance of management of the CHDM; Review quarterly reports of Internal Audit regarding auditing of performance measurements; Reviewing significant differences of opinion between management and the internal audit function; Review the Municipality's performance management system and make recommendations in this regard to Council; and, In reviewing the performance management system, the committee focuses on economy, efficiency, effectiveness and impact in so far as the key performance indicators and performance targets set by the municipality are concerned; In this regard it is provided with the relevant Integrated Development Plan (IDP) and Service Delivery and Budget Implementation Plans (SDBIP).

Accountability

- (i) The Chairperson of the Performance Audit Committee report to Council.
- (ii) The Chairperson of the Performance Audit Committee prepares a statement, for inclusion in the annual report, commenting on performance management and performance evaluation.
- (iii) The Chairperson advise and makes recommendations of any material findings to the Executive Mayor via the Municipal Manager.
- (iv) The Chairperson of the Performance Audit Committee serves on the Assessment Panel for Section 57 Employees according to the performance regulations.

4. Public Participation

A recent study by the Department of Social Development has indicated that residents in ISRDP nodes rate their local authorities higher than other spheres of government but cynicism is beginning to increase. There is a growing perception that all spheres are not doing anything to improve the lives of residents. In addition there is a growing sense of alienation i.e. that a person has no influence on their surrounds or community and a

growing lack of apathy towards attending community participation programmes like the IDP. It is therefore even more important that CHDM increases its public participation and feedback mechanisms. Reviewed Public Participation Strategy as adopted in 2014 Council meeting guides and inform all these innitiatives.

CHDM currently runs IDP and Budget roadshows on a annual basis in all municipalities. In addition it hosts several public knowledge sharing days on health issues, hygiene, water and sanitation usage, supply chain management, disaster and fire prevention strategies and fire, occupational health and safety, LED, GIS and Planning. To strengthen the relations with Traditional Leadership the House of Traditional Leadership of the region is a stakeholder that sits on our Representatives Forum. In accordance with the Local Government Municipal Systems Act, the CHDM holds regular Integrated Development Plan (IDP) Representative Forum meetings in drafting its IDP. At the beginning of the planning cycle, advertisements are placed in the local newspapers calling for interested parties to contact the CHDM.

Once the IDP and budget have been drafted and tabled at Council, the CHDM places another advertisement calling for public comments. Copies of the document are lodged at all the Libraries within the district and at Local Municipalities. After this process, the CHDM further embarks upon IDP and Budget Roadshows to the communities' at all local municipalities. This is done in conjunction with the support and assistance of the local municipalities who assist the CHDM's officers, through their Ward Councillors, to mobilize the ward community members to attend the roadshow events. The Draft IDP is summarized and presented to communities in English and isiXhosa for comment and discussion. Records of these meetings are kept and a document is drafted to keep track of the responses and to disseminate to other government departments for follow up and actioning, where necessary, through intergovernmental forum meetings and Rep Forum.

Once all the comments and discussions have been taken into consideration towards an amended IDP and Budget, the above process is followed up by a Council Open Day, where Committees and members of the community are invited to a Council meeting. The amended/Draft IDP and Budget is again presented for the last time before they are submitted to Council for adoption. Council procedures are relaxed for the Council Open Day to allow the communities to speak and voice their comments after the presentations have been made. These comments are again collated into a document.

The IDP/Budget Road-shows are conducted annually and all Local Municipalities with the district are visited, the mayoral committee champions the initiative. Below is a proposed time schedule to be followed per LM in May 2018.

MUNICIPALITY/AREA	PROPOSED VENUE	DATE	TIME
1.Engcobo Local Municipality	Engcobo Town Hall		10h00
Enoch Mgijima Local Municipality	Thobi Kula Indoor Sports Centre		10h00
4. Sakhisizwe Local Municipality	Cala Town Hall	By the Month of May	10h00
5.Inxuba Yethemba Local Municipality	Vusubuntu Cultural Centre	2018	10h00
6. Emalahleni Local Municipality	Emalahleni Town Hall		10h00

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'. Intsika Yethu Local	Tsomo Town Hall	10h00
Municipality		

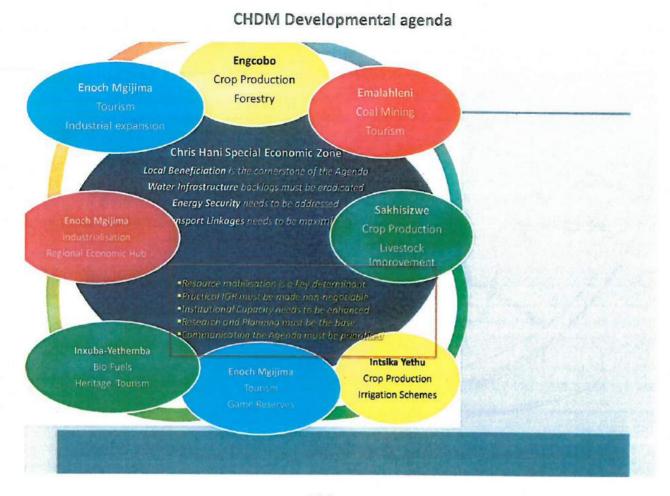
CHAPTER 3

CHDM BROAD STRATEGIC OBJECTIVES

CHDM long term vision has been born out of Analysis of the Chris Hani Status Quo and developed through intensive participatory processes. Our Vision and Mission as well as Objectives, Strategies and Programmes are informed by the Development Agenda of the district which in one way or the other seem to be aligned to the National Development Plan 2030 as these programmes seek to address the three challenges that South Africa in general face, which are Inequality, Poverty and Job Creation. The NDP 2030 seeks to help us to chart a new course. It focuses on putting in place the things that people need to grasp opportunities such as education and public transport and to broaden the opportunities through economic growth and the availability of jobs. CHDM through the IPED department also focuses on Economic and Social Growth which flows from the Constitution of RSA Sec 152 and Sec 153, the sections refers to promotion of Economic and Social Growth.

According to NDP 2030 everything is aimed at reducing Poverty and Inequality. Our view as CHDM same as the National government view is to shift the balance of spending towards programmes that help people improve their own lives and those of their children and the communities they live in South Africa can become the country we want it to become. It is possible to get rid of poverty and reduce inequality in 20 years. We have the people, the goodwill, the skills, the resources — and now, a plan. This IDP Review of 2018-2019 seeks to address exactly those three challenges. Furthermore the institution further believes that these objectives, Strategies and Indicators would lead to us focusing o the very same principles of 'Back to Basics" and Masiphathisane.

This is explained through a programme that CHDM Council together with its Councils of Local Municipalities has committed to follow.



Vision:

Our stakeholders through Strategic Planning Sessions both departmental and Institutional felt that the Vision and Mission which we adopted during 2012 for the 2012-2017 IDP are to be amended and process to unfold that will be presented to Council for adoption and later be taken to communities for comments. Below is the draft Vision and draft Mission for the institution.

"Leaders in sustainable economic growth and improved quality of life"

Mission:

"To coordinate governance and quality service for vibrant communities"

Values:

C=Commitment

H=Humanity

R=Respect

I=Integrity

S=Sincerity

H=Honesty

A=Accountability

N=Nurturing

I=Innovative

In an effort to realize the institutional vision, CHDM has developed 5 Broad Strategic Objective as aligned to the National KPA. These are a way of responding to key issues confronting the municipality and as said are aligned to the 5 National KPA's (5 year Local Government Strategic Agenda). The below Broad Strategic Objective were developed during the various strategic session of the institution and are to be applied for the period 2017 2022 and will be reiewed annualy till 2022.

CHDM 5 KEY BROAD STRATEGIC OBJECTIVES LINKED TO 5 KPA's

- To establish and mantain a skilled labour force guided by policies to function optimally towards the delivery of services to Communities.
- 2. To ensure provision of Municipal Health, Environmental Management and Basic Services in a well structured, efficient and integrated manner.
- 3. To ensure development and implementation of regional economic strategies and effective Spatial Planning and Land Use Management approaches as drivers for economies of scale and social cohesion.
- 4. To Ensure an Effective, Efficient and Co-ordinated Financial Management that enables CHDM to deliver its mandate.
- 5. To create an Efficient, Effective, Accountable and Performance-oriented Administration.

KPA No 1: Municipal Transformation and Institutional Development: CHDM 2017-2022 STRATEGIC OBJECTIVES, KPIs and 5-year TARGETS

1. To establish and mantain a skilled labour force guided by policies to function optimally towards the delivery of services to communities

PROGRAMME	SYR OUTCOME	STRATEGY	КРІ	KPI	Baseline	TARGETS			
OBJECTIVE				apon		2018/19	2019/20	2020/21	2021/22
To attract, retain and	Increased	Implementation	Number of		11	09 Integrated	09 Integrated	09 Integrated	09 Integrated
build a productive	productivity and	of Integrated	IHRM	Ψ	Programes	Human Resources	Human	Human	Human
workforce	improved service	Human	programmes	0D1		Management	Resources	Resources	Resources
	delivery	Resources	implemented			Programs	Management	Management	Management
		Management Programs					Programs	Programs	Programs
		Implementation	Number of		28	04 Integrated	04 Integrated	04 Integrated	04 Integrated
		of Integrated	Integrated	M	Programme	Health, Wellness	Health,	Health,	Health,
		Health,	Health,	0D 2	S	and Safety	Wellness and	Wellness and	Wellness and
		Wellness and	Wellness and			Programs	Safety	Safety	Safety
		Safety	Safety			implemented	Programs	Programs	Programs
		Programmes	Programmes				implemented	implemented	implemented
			implemented						
To ensure	Sustainable	Implementation	Number of		77 Vehicles	99 Municipal	99 Municipal	99 Municipal	99 Municipal
effective	delivery of	of Fleet	Municipal	MT	in place	Vehicles managed	Vehicles	Vehicles	Vehicles
Management of	services	Management	Vehicles	0D3			managed	managed	managed
Municipal Assets.		Policy	Managed						

		Implementation of Facility Management Plan	% of works in the construction of Chris Hani Village	MTOD 4	ī.	10% of work constructed	30% of work constructed	60% of work constructed	100% of work constructed
			No of buildings Refurbished	MT OD 5	1 Building Refurbished	03 Buildings Refurbished	03 Buildings Refurbished	03 Buildings	03 Buildings
PROGRAMME	5YR OUTCOME	STRATEGY	КРІ	KPI	Baseline				no le la
OBJECTIVE				Code		2018/19	2019/20	2020/21	2021/22
To ensure effective	Sustainable	Development	Number of		None	04 Security	04 Security	04 Security	04 Security
Municipal assets.	services	and Implementation	Security Management	MIT OD 6		Management Plans developed	Management	Management	Management
		of Security	Plans			and Implemented	implemented	implemented	implemented
		Management Plan	developed implemented						
		Implementation	Number of ICT	MTOD	4 ICT	4 ICT	4 ICT	4 ICT	4 ICT
-11		of Work Study	Programmes	7	Programme	Programmes	Programmes	Programmes	Programmes
		Report on	Implemented		S	Implemented	Implemented	Implemented	Implemented
	ı	Business							M
		Technology							
To ensure effective	Effective support	Implementation	Number of		04 Litigation	4 Litigation	4 Litigation	A Litimation	A 1 14 2 2 4 1 2 2
Administration	to Council and	of litigation	litigation	ΔT	Programme	Management	Management	4 Liugation Management	4 Litigation Management
support and Legal	Administration	Management Strategy	management Programmes implemented	8 00	s	Programmes implemented	Programmes implemented	Programmes implemented	Programmes implemented

		Effective	Number of	MTOD	04 Admin	04 Administration	04	04	04
		administration	Administration	60	Support	support	Administration	Administratio	Administration
		support	support		programme	Programmes	support	n support	support
			programmes			implemented	Programmes	Programmes	Programmes
			implemented				implemented	implemented	implemented
To ensure effective	Effective	Implementation	Number of	MTOD	Records	03 Record	03 Record	03 Record	03 Record
and efficient Records	management of	of Records	Record	10	Managemen	Management	Management	Management	Management
Management	Records	Management	Management		t Policy	programmes	programmes	programmes	programmes
		Policy	Programmes			implemented	implemented	implemented	implemented
			implemented						

KPA 2: SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT

2. To ensure provision of Municipal Health, Environmental Management and Basic Services in a well-structured, efficient and integrated manner.

PROGRAMME							ANNUAL TARGETS	ARGETS	
OBJECTIVE	SYR	STRATEGY	KPI	KPI Code	Baseline	2018/19	2019/20	2020/21	2021/22
	Quality	Implementati	Number of	SDI-1	10061	3912 h/h served	3912 h/h served	3912 h/h served	3912 h/h served
To ensure	Drinking	on of WSDP	households		Households	RDP Standard	RDP Standard	RDP Standard	RDP Standard
Universal	Water		served with						
coverage of			Quality basic						
Water and			water supply						
Sanitation by			Number of	SDI-2	35 Water	10 Water	16 Water	10 Water	09 Water
2022			water		Reticulation	reticulation projects	reticulation	reticulation	reticulation
			Reticulation		projects	completed	projects	projects	projects
			projects completed		completed		completed	completed	completed

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11 = 1	Number of Bulk Water Supply projects completed	SDI-3	19 Bulk Water supply projects completed	01 Bulk Water supply projects completed	09 Bulk Water supply projects completed	04 Bulk Water supply projects completed	04 Bulk Water supply projects completed
	Number of Water Treatment Works Complying	SDI -4	16 Water Treatment works Complying with SANS 241	16 Water Treatment works Complying with SANS 241	16 Water Treatment works Complying with SANS 241	16 Water Treatment works Complying with SANS 241	16 Water Treatment works Complying with ECOLI minimum standards (0mg
	Number of Water Treatment works Completed	SDI-5	05 Water Treatment Works	01 Water Treatment Works	01 Water Treatment Works	Nil Water Treatment Works	01 Water Treatment Works
Sanitation	Number of households served with safe basic sanitation	SDI-6	10645 households	567 h/h served	567 h/h served	567 h/h served	567 h/h served
	Number of Waste Water Treatment works completed	SDI-7	I Waste Water Treatment works	1 Waste Water Treatment works	2 Waste Water Treatment works	1 Waste Water Treatment works	None
	Number of Waste Water Treatment Works complying with Regulation	SDI-8	16 Waste water treatment works in complying with Regulation 991	16 Waste water treatment works in complying with Regulation 991	16 Waste water treatment works in complying with Regulation 991	16 Waste water treatment works in complying with Regulation 991	16 Waste water treatment works in compliance witch Regulation 991 in respect of ECOLI Minimum standards

			991					2)	(1000mg per liter)
	Sustained water resource	Iplementatio n of Operations and Mantainance Plan	Number of Water Schemes Refurbished	6-IQS	24 Water Schemes refurbished	02 water Schemes Refurbished	02 water Schemes Refurbished	02 water Schemes Refurbished	02 water Schemes Refurbished
To ensure maintenance of Roads	Well maintained roads	Implementati on of Roads SLA	Number of kilometres of roads maintained	SDI-10	2652 Km Blading and 30 Km for regravelling	2148 km Bladed and 30 km regravelled	2148 km Bladed and 30 km regravelled	2148 km Bladed and 30 km regravelled	2148 km Bladed and 30 km regravelled
To ensure Universal coverage of Water and Sanitation by 2022	Sanitation	Implementati on of WSDP	Number of Waste Water projects completed	SDI-11	02 Waste Water Projects	1 Waste Water project completed	4 Waste Water projects completed	7 Waste Water projects completed	2 Waste Water projects completed
To facilitate implementation of Human Settlements and Facility Management programmes	Sustainabl e Livelihoods	Implementati on of SLA with DoHS and Facility Management Plan	No of Human Settlements and Facility management programmes implemented	SD1-12	01 Human Setlement and 2 Facility Management Programmes	3 Human Settlements and Facility Management programmes implemented	3 Human Settlements and Facility Management programmes implemented	3 Human Settlements and Facility Management programmes implemented	3 Human Settlements and Facility Management programmes implemented

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Healthy Monitor communiti complianc waste wat quality wi relevant legislation	Monitor compliance of			מאבווועב		Targets		
	tor liance of		Code		2018/2019	2019/2020	2020/2021	2021/2022
100	waste water quality with relevant legislation	% Monitoring of waste water for compliance in accordance with Regulations 991 and section 39 of National Water Act 36 of 1998	SDI - 13	41%	100% Monitoring of waste water for compliance in accordance with Regulations 991 and section 39 of National Water Act 36 of 1998	100% Monitoring of waste water for compliance in accordance with Regulations 991 and section 39 of National Water Act 36 of 1998	100% Monitoring of waste water for compliance in accordance with Regulations 991 and section 39 of National Water Act 36 of 1998	100% Monitoring of waste water for compliance in accordance with Regulations 991 and section 39 of National Water Act 36 of 1998
Monitor compliand drinking quality SANS 241	tor liance of ng water y with 241	Monitor % Monitoring compliance of Compliance of drinking water drinking water quality with SANS 241 SANS 241	SDI –	93%	100% Monitoring compliance with drinking water with SANS 241	100% Monitoring compliance with drinking water with SANS 241	100% Monitoring compliance with drinking water with SANS 241	100% Monitoring compliance with drinking water with SANS 241

PROGRAMM		Strategies	КРІ	KPI	Baseline		Targets		
E OBJECTIVE	OUTCOME			Code		2018/2019	2019/2020	2020/2021	2021/2022
	Healthy communiti es	Monitor and support food premises in accordance with relevant legislation	Number of food premises monitored in line with Food, Cosmetics and Disinfectant Act 54 of 1972 as Ammended	SDI - 15	560 food premises monitored	560 food premises monitored in line with Food, Cosmetics and Disinfectant Act 54 of 1972 as Ammended	560 food premises monitored in line with Food, Cosmetics and Disinfectant Act 54 of 1972 as Ammended	560 food premises monitored in line with Food, Cosmetics and Disinfectant Act 54 of 1972 as Ammended	560 food premi monitored in lin with Food, Cosmetics and Disinfectant Ac 54 of 1972 as Ammended
To provide municipal health services in accordance with relevant		Monitor and support funeral parlours in accordance with relevant legislation	Number of Funeral parlours monitored	SDI - 16	68 funeral parlours	68 funeral parlours monitored	68 funeral parlours monitored	68 funeral parlours monitored	68 funeral parlours monitored
legislations		Monitor compliance with White Paper on Basic Household Sanitation of 2001	Number of sampled sampled sanitation structures inspected in line with White Paper on Basic Househld Sanitation of 2001	SDI - 17	240 Sanitation structures inspected	120 sampled sanitation structures inspected in line with White Paper on Basic Househld Sanitation of 2001	120 sampled sanitation structures inspected in line with White Paper on Basic Househld Sanitation of 2001	120 sampled sanitation structures inspected in line with White Paper on Basic Househld Sanitation of 2001	120 sampled sanitation structures inspected in line with White Pape on Basic Househ Sanitation of 20
To ensure effects of disaster and fire are prevented or minimized		Implementatio n of Disaster Management Plan	Percentage response to disaster Management Incidents reported	SDI-18	100%	100% response to disaster Management Incidents reported	100% response to disaster Management Incidents reported	100% response to disaster Management Incidents reported	100% response t disaster Management Incidents reporti

PROGRAMM	5 YEAR	Strategies	KPI	KPI	Baseline		Targets		
E OBJECTIVE	OUTCOME			Code		2018/2019	2019/2020	2020/2021	2021/2022
	Reduced	Implementatio	Number of Fire	SDI - 19	4 Fire	4 fire services	4 fire services	4 fire services	4 fire services
	fire risks	n of Municipal	Services		programe	programmes	programmes	programmes	nrogrammes
11.		Structures Act	programmes		S	implemented	implemented	implemented	implemented
		Act 117 of	implemented					}	
		1998 Sec 84							
		(1)(j)							
To promote	Minimised	Implementatio	Number of	SDI - 20	3	3 Environmental	3 Environmental	3 Environmental	3 Environmental
functional	effects of	n of District	Environmental		Programm	Programmes	Programmes	Programmes	Programmes
ecosystems	Climate	Wide	Programmes		ə	implemented as per	implemented as per	implemented as per	implemented ac
and healthy	Change	Environmental	implemented as			District Wide	District Wide	District Wide	ner District Wide
environment		Management	per District Wide			Environmental	Environmental	Fnvironmental	Environmental
for all		Plan	Environmental			Management Plan	Management Plan	Management Plan	Management Plan
citizens			Plan)		0	iniailagement riai

KPA No-3: LOCAL ECONOMIC DEVELOPMENT

3. To ensure development and implementation of regional economic strategies and effective Spatial Planning and Land Use

Management approaches as drivers for economies of scale and social cohesion.

PROGRAMM	5YR						ANNUAL TARGETS		
e Objective	OUICOME	STRATEGY	KPI	KPI Code	Baseline	2018/19	2019/20	2020/21	2021/22
To ensure provision for the inclusive, development al, equitable and efficient	Transformed spaces and inclusive land use	Implementati on of SPLUMA	Number of Spatial Planning programmes implemented as per SPLUMA	LED -	04 SPLUMA programmes	03 Spatial Planning programmes implemented as per SPLUMA	03 Spatial Planning programmes implemented as per SPLUMA	03 Spatial Planning programmes implemented as per SPLUMA	03 Spatial Planning programmes implemented per SPLUMA
spatial planning by 2030		Implementati on of Small Town Revitilisation programmes	Number of Small Town Revitilisation programmes	LED- 2	4 Small Town programmes	03 Small Town Revitilisation programmes supported	03 Small Town Revitilisation programmes supported	03 Small Town Revitilisation programmes supported	03 Small Town Revitilisation programmes supported
To contribute to Economic Development	Improved regional economy	Implementati on of CHREDS	Number of Agricultural programmes implemented	LED-3	5 Programmes	05 Agriculture programmes implemented	05 Agriculture programmes implemented	05 Agriculture programmes implemented	05 Agriculture programmes implemented
in the district as envisaged in the NDP		1	Number of SMME programs implemented	LED-	3 Programmes	03 SMME programmes implemented	03 SMME programmes implemented	03 SMME programmes implemented	03 SMME programmes implemented

so % of Budget Spent on Local Businesses as per Preferential Procurement Monitored Spent on Local Businesses as Preferential Procurement Monitored	06 Tourism & 06 Tourism & Heritage Programmes Programmes implemented	03 Forestry Programmes Programmes implemented implemented	through EPWP created through EPWP EPWP
spent on Local spends and spends on Local spends as per Bus Preferential Preferencement Productions of Monitored Monitored	06 Tourism & 06 Theritage Heri Programmes Programming Programmes Programme Implemented Imp	03 Forestry 03 F Programmes Programinplemented impl	through EPWP thro
on Local Businesses as per Preferential Procurement Monitored	06 Tourism & Heritage Programmes implemented	03 Forestry Programmes implemented	2200 Jobs created through EPWP
Circular & Contractor Development Policy	03 Tourism& 03 Heritage Programmes	03 Programmes	Jobs
ъ	LED-	LED-	8 8
budget spent on Local Businesses as per Preferential Procurement Regulation Monitored	Number of Tourism & Heritage programmes implemented	Number of Forestry programmes implemented	Number of Jobs Created through EPWP
			Implementati on of EPWP Policy

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KPA No 4:	FINANCIAL N Ensure an Effe	KPA No 4: FINANCIAL MANAGEMENT AND VIABILITY 4. To Ensure an Effective, Efficient and Co-ordinated	ND VIABILITY nd Co-ordinated						
g g	Financial Managem deliver its mandate.	Financial Management that enables CHDM to deliver its mandate.	bles CHDM to						
PROGRA					Baseline		ANNUAL TARGETS	ARGETS	
MME OBJECTIV E	SYR	STRATEGY	KPI	KPI Code		2018/19	2019/20	2020/21	2021/22
Ensure sound financial managem ent	Sound financial Manageme nt and compliance	Compilation of Credible Budgets and financial reports	Number of credible budgets and financial reports compliled and approved	FMV-1	4 Credible Budgets and 16 Financial Reports	4 credible budgets and 16 Financial reports approved	4 credible budgets and 16 Financial reports approved	4 credible budgets and 16 Financial reports approved	4 credible budge and 16 Financial reports approve
	with	Implementatio n of Revenue Enhancement Strategy	Number of Revenue Enhancement programmes implemented	FMV-2	04 Programmes	04 Revenue Enhancement programmes implemented	04 Revenue Enhancement programmes implemented	04 Revenue Enhancement programmes implemented	04 Revenue Enhancement programmes implemented
		Implementatio n of SCM Policy	Number of SCM programmes implemented	FMV-3	7 Programmes	07 SCM programmes implemented	07 SCM programmes implemented	07 SCM programmes implemented	07 SCM program implemented
		Implementatio n of MFMA Sec	Percentage adherance to 30 days payment of valid invoices and	FMV-4	92% adherence to 30 days	100% adherence to 30 days payment of valid invoices and	100% adherence to 30 days payment of valid	100% adherence to 30 days	100% adherence 30 days payment valid invoices and

t of payment of salar olices by the due date as by date	4 GRAP Compliar Asset Registers/Inventa implemented nted	t AFS AFS compiled	and 03 GRAP and MSCOA Complian Financial Management Ment system programm implemented nes
payment of valid invoices and payment of salaries by the due date	4 GRAP Compliant Asset Registers/Inve ntory implemented	04 GRAP Compliant AFS compiled	03 GRAP and MSCOA Compliant Financial Management system programmes implemented
invoices and payment of salaries by the due date	4 GRAP Compliant Asset Registers/Invento ry implemented	04 GRAP Compliant AFS compiled	03 GRAP and MSCOA Compliant Financial Management system programmes implemented
payment of salaries by the due date.	4 GRAP Compliant Asset Registers/Inventory implemented.	04 GRAP Compliant AFS compiled	03 GRAP and MSCOA Compliant Financial Management system programmes implemented
	3 GRAP Asset Registers	Audited 2016/17 AFS	Integrated Systems
	FMV-5	FMV-6	FMV-7
payment of salaries by the due date.	Number of GRAP compliant Asset Registers and Inventory Management programmes implemented	Number of GRAP Compliant AFS compiled	Number of GRAP and MSCOA Compliant Financial Management Systems programmes implemented
65 and 66	Compilation of GRAP Compliant Asset Register	Compilation of GRAP Compliant AFS	Implementatio n of GRAP and MSCOA Compliant Financial Management systems

KPA No-5: Good Governance and Public Participation:

5. To create an efficient effective accountable and Performance oriented administration.

PROGRAMME	5YR	Strategy	KPI	KPI	Baseline				
OBJECTIVE	OUTCOM			code		2018/19	2019/20	2020/21	2021/22
To enhance communicatio n, stakeholder Management and Custome	Informed stakehold ers	Implementation of Communication Plan	No of Communication programmes implemented	GGP P-1	05 Programmes	05 Communication Programmes implemented	05 Communication Programmes implemented	05 Communication Programmes implemented	05 Communication Programmes implemented
Care		Implementation of Stakeholder Management Plan	No of Stakeholder Engagement Programmes implemented	GGP P-2	02 Programmes	02 Stakeholder Engagement Programmes implemented	02 Stakeholder Engagement Programmes implemented	02 Stakeholder Engagements Programme implemented	02 Stakeholder Engagements Programme implemented
	Informed Communit ies		No of Citizen Empowerment Programmes conducted	GGP P-3	5 Citizen Empowerme nt Programmes conducted	05 Citizen Empowerment Programmes conducted	05 Citizen Empowerment Programmes conducted	05 Citizen Empowerment Programmes conducted	05 Citizen Empowerment Programmes conducted
	Satisfied Customer s	Implementation of Customer Care Management Plan	No of Customer Care Management Programmes implemented	GGP P-4	04 Customer Care Management Programmms	02 Customer Care Management Programmes Implemented	02 Customer Care Management Programmes	02 Customer Care Management Programmes	02 Customer Care Management Programmes Implemented

Support Programme implemented plans implemented 18 service delivery 01. Municipal implemented and reviewed Programmes 02 IGR & IR delivery plans implemented implemented implemented and reviewed 01 Municipal Programmes Programme 02 IGR & IR 18 service Support delivery plans mplemented 01 Municipal implemented implemented and reviewed Programmes Programme 02 IGR & IR 18 service Support implemented delivery plans implemented implemented and reviewed 01 Municipal Programmes Programme 02 IGR & IR 18 service Support 01 Municipal Strategy & 1 Framework 2012-2017 Support Model 1 IGR IDP GGPP-GGPP-GGPP-12 10 11 plans developed Service delivery Number of IGR mplemented implemented implemented programmes Programmes Number of Number of Municipal Support & R and Implementation Implementation of IGR Strategy & IR Framework and reviewal of Support Model Credible plans Development of Municipal Improved Improved delivery Delivery service Service on of Credible Development implementati Plans aligned to NDP 2030 and

DRAFT CHDM GRANTS ALLOCATIONS BUDGET FOR 2018-2020

	MIG CAPITAL PROJECTS FOR 2017/18-2018/19-2019/20		
MUNICIPALITY	PROJECTS	2018/19	2010/20
		CT JOTAL	77/50
	Cluster 1 Waterbacklog (Wards 7,8,10,13,14)		
	Water Backlog CHDM Cluster 1 Mhlanga Water Supply	R20 000 000.00	R 2 000 000.00
	Water Backlog CHDM Cluster 1 Mhlanga and Mgwalana Bulk Water Supply	R 4 302 772 00	
	Cluster 2 Water Backlog (Wards 1,2,4&6)	00.277 606 471	K 15 625 325.00
	Cluster 2 Water backlog Project - Regional Scheme 3: Phase 1A		
	Cluster 2 Water backlog Project - Regional Scheme 3: Phase 18		
	Cluster 2 Water backlog: Regional Scheme 6 - Xonxa		
	Cluster 2 Water backlog Project - RS1 Phase 1: Nkolonga, Sikhwangeni Water Sunniv		
	Region 3 Sanitation Backlog		
	Cluster 4 sanitation (Wards 2,3,4,5,15,16,Vukani Guba,& Percy Villages)	R 5 000 000.00	R 5 000 000.00
	Cluster 3 Sanitation(Wards 7,8,9,10,11,12,13& 14)		
	Dodrecht Water and Sanitation Services		
	Immediate Water Supply Upgrades		
	Internal Sewer Reticulation in Tyoksville (Herry Gwala)		20 000 000 1 0
	Upgrading of Wastewater Treatment Works - Phase 28: Planning		n 3 000 000.00
	Upgrading of Wastewater Treatment Works - Phase 2B: Implementation	R 2 027 190 00	200000010
	Upgrading of Bulk Sewer and Reticulation -Phase 2 C: Planning	D 1 052 020 00	K S 000 000.00
	Upgrading of Bulk Sewer and Reticulation -Phase 2 C: Implementation	11 TOOK OKO, OO	R 2 000 000.00
	Upgrading of Water Treatment Works - Phase 3	01000000	R 1 000 000.00
	Upgrading of Bulk Water Supply -Phase 4: Planning	P 4 000 000 00	K 2 000 000.00
	Upgrading of Bulk Water Supply	00.000 000 + 11	R 2 000 000.00
TOTAL EMALAHLENI LM		00.00	N 1 000 000.00
	Molteno Sewer Bulk	K36 303 / / 2.00	R 40 625 325.00
	Molteno Oxidation Ponds	R 20 000 000.00	R 10 000 000.00
	Upgrading of Molteno Oxidation Ponds : Rehabilitation of Existing Ponds Walls		
	TOTAL ENOCH MGIJIMA LM		
Intella Vathu		K14 /32 220.00	R 15 675 175 00

Ward 8 S	Ward 8 Sanitation	R 5 000 000 00	8 1 000 000 00
Ward 3 S	Ward 3 Sanitation VIP toilets(1230 H/H)_Cofimvaba EU Sanitation	R 1 000 000 00	R 0 00
Intsika Ye	Intsika Yethu Sanitation - Amanzabantu	R 2 000 000 00	R 7 000 000 00
Cofimval	Cofimvaba Bulk Water and Sewer Services	R 1 500 000 00	000000000000000000000000000000000000000
Cluster 2	Cluster 2 Water backlog(Ward1,4,5,6,7)	000000000000000000000000000000000000000	00.000 000 tr
Regio	Regional Scheme 4 Phase 18	R 300 000 00	
Regio	Regional Scheme 5 Phase 1	000000000000000000000000000000000000000	
Regio	Regional Scheme 5 Phase 3	R 9 000 000 00	00 000 000 8 4
Regio	Regional Scheme 2 Phase 1	R 21 021 768 00	D 0 606 40F 00
Tsomo Rc	Tsomo Rdp 2 (Quatsa water supply)	0000	n o god 403.00
Cluster 6	Cluster 6 Sanitation (Wards 1,2,3,4,6,7,8,9,22 & 23)	R 3 000 000 00	R 3 000 000 00
Cluster 7	Cluster 7 Sanitation (Wards 10,11,12,14 & 20)	R 3 000 000 00	R 3 000 000 00
Cluster 8	Cluster 8 Sanitation (Wards 15,16,17,18,19)	R 3 000 000 00	R 2 000 000 00
Tsomo Bu	Tsomo Bulk Services(New Housing Development In Tsomo)	R 1 500 000 00	8 7 000 000 00
Cluster 4	Cluster 4 Water Backlog		N / 000 000.00
Cluster 4	Cluster 4 Ncora Zone A villages		
Kwamzolc	Kwamzolo Water Supply	R 5 000 000 00	R 1 564 145 00
Gesini B V	Gesini B Water Supply (Vuyisile Mini)	R 3 000 000 00	00.000.001.0
Ncora Flat	Ncora Flats Reticulation	00.000.000.00	K 500 000.00
Total Intsika Yethu LM	V	K 6 500 000.00	K 12 000 000.00
Inxuba Yethemba		K 64 821 /68.00	R 68 750 550.00
Cradock B	Cradock Bulk Services(Water and Sanitation)	00 000 000 00	00 000 000 00 0
TOTAL INXUBA YETHEMBA LM	N.	00.000.000.000	R 30 000 000.00
		N14 /32 220.00	K 15 625 125.00
RA 60 Hen	RA 60 Hewu Bulk Water Supply (phase 6)	1	
RA 60 Hen	RA 60 Hewu Bulk Water Supply (phase 7)	R 20 000 000 00	00 000 000 00 0
Rathwick	Rathwick Water and Sanitation		00.000 000 0c n
New Rath	New Rathwick bulk services Phase 3A		
New Rath	New Rathwick bulk services Phase 3B		
New Rath	New Rathwick bulk services Phase 4 pumpstation		
New Rath	New Rathwick bulk services Phase 5 Water Treatment Works	R 25 000 000 00	B 5 000 000 00
New Rath	New Rathwick bulk services Phase 6 Resevoir and Pipeline		00.000 000.00
Ilinge Bulk Services	Services		

	Cluster 1 Water supply backlog - lesseyton		
	Cluster 1 Water supply backlog - Zingquthu		
	Cluster 1 Water supply backlog phase 2	R 15 000 000 00	
	Cluster 1 Sanitation (Wards 5,11,12,13,14,18,27		
	Cluster 2 Sanitation (Wards 1,2,3,4,6,23,19,20,23,24,25,26,		
TOTAL ENOCH MGIJIMA LM	AGIJIMA LM	R44 196 660.00	R 46 875 375 00
	Engcobo treatment works	R 27 850 294 33	R 34 000 000 000
	Extension 11 Bulk Services	0008	00.000,000,000
	Cluster 5 Water Backlog	00.0	N 2 000 000.00
	Zadungeni and Luthuthu Water Supply	000	N 1 / 12 505.00
	Cluster 6 Water Backlog(Ward 9,13,15,16))		
	Lokshini Villages Water Supply Phase 1		
	Dulati ,Ntshinga and Nqancule Villages Water Supply	R 1 500 000 00	00 0 8
	Gubenxa Villages internal water supply	R 10 038 045 00	R 16 038 045 00
	Lokshini Villages Water Supply Phase 2	R 6 000 000 00	R 7 000 000 00
	Lixeni, Ncityana & Kumbeke Village Retic	D 7 ODE 900 DO	7 000 000 00
	Cluster 7 Water Backlog(Ward 7,8,9,10,11,15)	00.000 500 7 1	K 3 000 000.00
	Msintsana Phase 2 Project	8000	0000
	Skobeni water supply	8000	00.04
	Construction of Dam	R 1 969 120 41	R 1 000 000 00
	Bulk Pipeline & Bulk Reservoirs	R 1 503 108.42	R 1 000 000 00
	Abstraction Works	R 1 530 561.16	R 1 000 000 00
	Water Treatment Works	R 2 424 838.68	R 1 000 000 00
	Cluster 8 Water backlog(Ward 16,17,18)	R 5 000 000.00	R 1 000 000.00
	Iora Water Treatment Works	R 0.00	R 0.00
	Lunda Village Reticulation Project	R 0.00	R 0.00
	Cluster 9 Sanitation (Wards 1,2,3,4 & 6)	R 0.00	R 0.00
	Cluster 10 Sanitation (Wards 7,8,,10,11 &12)	R 0.00	R 0.00
	Cluster 11 Sanitation (Wards 13,15 & 16)	R 0.00	R 0.00
TOTAL ENGCOBO LM	ILM	R64 821 768 00	D GR 7EO EEO OO
	Elliot Waste Water Treatment Works		N 00 7 330.00
	Upgrading of the Elliot Waste Water Treatment Works		
	Construction of Pump Station with Bulk Collector Sewers - Phase 2		R 15 000 000 00

	900000000000000000000000000000000000000	00.000	
	Cluster 5 Sanitation (Wards 2,3,4,7 and Taleni)		R 8 688 325.00
		R 2 908 888.82	
	Cluster 4 waterbacklog(Wards 6,7,8,4)		
	Mthingwevu Water Supply Scheme		R 1 937 000.00
	Upper Lufutha Interim Water Supply	R 12 117 825.42	
	Upper Lufutha Ext (Mbodlana) Interim Water Supply		
	Cala Bulk Water and Sanitation Services		
	upgrading of Cala Wastewater Treatment Works - Phase 1		
	upgrading of Cala Bulk Gravity Collector Sewers - Phase 2		
	upgrading of Cala Bulk Gravity Collector Sewers - Phase 3		
TOTAL	TOTAL SAKHISIZWE LM		
	Cluster 1 Sanitation (Ward 2 & 3		
	Rehabilitation of Sewer Ponds-Hofmeyer	R 15 000 000.00	R 15 000 000 00
	Tarkastad Bulk Services		
	Upgrade of Sewer Bulk Services Hofmeyer (Pump Station)		
TOTAL EN	TOTAL ENOCH MGIJIMA LM	R14 732 220.00	R 15 625 125.00
GRA	GRAND TOTAL	R 310 152 000.00	R 328 950 000 00
ALL	ALLOCATION		
W,	WATER SERVICE INFRASTRUCTURE GRANT		
MUNICIPALITY	PROJECT	2018/19	2019/20
EMALAHLENI	Cluster 2 Water Backlog		
	Cluster 2 (Jiputa/Makhikhi; Emazimeni :Emagwathini :Noluthando/Emagefaneni:		
	Lukhavana) - Phase 2	1 000 000.00	•
	Cluster 2 RS 1 - 1B (Gcina ; Qumbu ; Hala ; Mbetheni ; Kuliweni ; Xhibeni and Lokishini)-		
	Phase 1	20 000 000.00	15 000 000.00
	Gqebenya Small Farms Interim Water Supply	6 500 000.00	4 500 000.00
	Mdeni Interim Water Supply	4 612 954.00	
	Cluster 2 Water backlog Project - Regional Scheme 3: Luthuthu Water Supply	1 500 000.00	6 730 888.00
	Cluster 2 Water backlog Project - Regional Scheme 3: Phase 1C	8 000 000 00	7 901 492.00
	Cluster 2 Water backlog Project - Regional Scheme 3: Phase 1D	7 500 000.00	7 417 620.00
	Refurbishment of Dordrecht WTW	5 700 000 00	

TOTAL CAAAL ALL		0.000,000	
I OI AL EIVIALANLEIN		R 61 212 954.00	R41 550 000.00
			R 14 000 000.00
	Cluster 4 (Lower Langanci; Upper Indwana; Upper Mnxe) -Phase 2	R 8 316 046 00	R 450 000 00
	Elliot: Polar Park Water Services		00000000
	Elliot: Polar Park Water Services - Phase 4	R 1 500 000	RO
	Gubenxa and Maxongo's Hoek Interim Water Supply	R 5 000 000	R 7 500 000
	Refurbishment of Cala Bulk Water	R 2 500 000 00	2000000
	Water Conservation Management Elliot Old Location	R 2 500 000 00	R 2 500 000 00
TOTAL SAKHISIZWE	ı	R 19 816 046.00	R 26 950 000.00
	Cluster 4 Water Backlog		R 15 000 000 00
	Cluster 4 (Gesini Kwamzola;Melika Matlanyile A&BNgqaraMtshabe Mdeni T Mhlahlane F Ezantsi Clerusalem A-Meinedini A - Phace 2		
	Team DDD Meet C L.	K12 485 000.00	R12 000 000.00
	Tsomo BDP3 (Fast Bank:Daza: Monza:Vrvstad-70lo		
	Tooms DDD3 (Fort Daily Date)		
	Isomo KUP3 (East Bank; Daza; Ntenza; Vrystad; Zolo - Phase 2		
	Cluster 2 Water Supply		
	Refurbishment of Tsojana Bulk Line		R3 000 000 00
TOTAL INTSIKA YETHU LM	MI LM	D13 40F 000 00	
		N12 463 000,00	K 30 000 000.00
	The state of the s	•	•
	CIOSES / Water Dacking		
	Cluster 7 (Eluhweni-Vetyu; Nkwenkwana A; Malanganzana; Qoloweni E; Mbilini; Egoloweni A: Mganda B.C.		
	Cluster 7(Didi Water Supply)		
	Cluster 8 Water Backlog		
	Cluster 8 (Nguthura; Chaba E,D;Nxamagele A,B; Emgonci; Ndlunkulu A	R 2 000 000 00	
	Cluster 6 Water Backlog	R 250 000 00	
	Cluster 6 (Mnyolo;Zabura;Ndlunkulu B;Sandile A; Kusandile)	R 250 000 00	
	Region 1 Sanitation Backlog	R 500 000 00	RS 000 000
	Augmentation of Engcobo Rural Scheme	R 2 500 000 00	R 2 500 000 00
	Augmentation of Qitsi Rural Scheme		0000000
TOTAL	TOTAL ENGCOBO	R 9 750 000 00	0 7 500 000 00
	Rosmead Parkage Dlant MAATAA	00:000 001 01	00.000 00c / n

R 7 000 000.00 R 8 000 000 R 15 000 000 R 108 000 000.00 R 2 000 000.00 R2 000 000.00 R 5 000 000.00 R 5 000 000 R 5 000 000 R 75 000 000.00 R 40 000 000 R 115 000 000 R 107 264 000.00 R 7 000 000.00 RZ 000 000.00 R 2 000 000.00 R2 000 000.00 2 000 000.00 R 7 000 000 R 7 000 000 Primary pipeline to Zone B Reservoir at Ngxabangu Lubisi Bulk Pipeline from Skhungwini to Ndonga Lubisi Bulk Pipeline from Ndonga to Lady Frere Construction of bulk rising main to cluster 5 Augment Queenstown water supply(Xonxa) CAPITAL RBIG PROJECTS Cluster 6 Water Backlog(Ward 9,13,15,16)) Rosmead Sewer Network Connection Augmentation of Tarkastad Scheme Kumbeke and Hlophekazi Bulk Supply Tsomo WTW and abtraction works Cluster 9 Water backlog (Ward 13) Ncora Water Treatment Works Gaaga water treatment works Phase 5 mechanical electrical Cluster 4 Water Backlog Lokishini Bulk Supply Line lubisi wtw and buklines Gqaga rising main West Tsojana Southern bulk Gqaga rising main East Phase 3 Pumping Main Phase 4 Gravity Main Gugwini reservoir Phase 6 machibini Sitholeni Bulk TOTAL ENOCH MGIJIMA LM TOTAL INTSIKA YETHU LM TOTAL ENOCH MGIJIMA TOTAL ENGCOBO LM TOTAL INXUBALM **GRAND TOTAL**

Chris Hani District Municipality 2018-2019 Draft IDP Review

MA R0 Middelburg Water Provision R 3 000 000 ALLOCATION R 132 000 000 R0ad Asset Management R 3 427 000.00	NOCH MGIJIMA Middelburg Water Provision		Y
Middelburg Water Provision R 3 000 000	Middelburg Water Provision	BO	B
ALLOCATION R 132 000 000 Road Asset Management R 3 427 000.00		R 3 000 000	
t Management	TOTAL INXUBA LM	R 3 000 000	2
R 132 000 000 R 3 427 000.00			
R 3 427 000.00	GRAND TOTAL ALLOCATION	R 132 000 000	R 25 000
	Road Asset Management	R 3 427 000 00	
		00.000 124 5 11	

CHDM EQUITABLE SHARE

Department	Revised	Draft	
Municipal manager's Office	R 10 313	R 9 513	
Integrated Development and Planning	R 46 867	R 35 622	
Health and Community services	R 14 261	R 13 602	
Corporate Services	R 13 870	R 13 320	
Budget & Treasury office	R 2 100	R 2 100	
Technical Services	R 2 200	R 2 200	
Total	R 89 606	R 76 357	

SECTOR DEPARTMENTS PROJECTS 2018-2022

CHAPTER 4

CHDM SPATIAL DEVELOPMENT FRAMEWORK

In terms of Section 26 (e) of the Municipal Systems Act (Act No. 32 of 2000) the Spatial Development Framework (SDF) is a legally required component of the Municipality's Integrated Development Framework (IDP). The SDF provides a strategic, indicative and flexible forward planning instrument to guide decisions on land development and renders a set of policies, principles and directives for spatial development.

In accordance with the requirements of legislation governing municipal planning, the Chris Hani District Municipality (CHDM) currently is in the process of reviewing its SDF in line with re-demarcation of Local Municipal Boundaries as per the Demarcation board in 2016, for the IDP of 2018/2022.

In order to ensure that development will take place in an integrated and sustainable manner, the IDPs and SDFs of local and district authorities have to be updated and aligned with the goals and directives provided by various existing and new guiding documents, such as the NSDP and PSDF. Therefore IDPs and SDFs need to be reviewed on a continuous basis to ensure synergy between the three spheres of government. What happens on local level needs to "fit-in" and "contribute" to both provincial and national development goals.

The Chris Hani District Spatial Development Framework is set to be in line with the function of the District Municipality to co-ordinate development activities within the district. The District SDF should be taken as a guide to where planning and development initiatives could best be directed by public and private sector agencies seeking to invest in development initiatives in the district. Therefore, the SDF should: -

- Identify the key spatial development features (trends and dynamics) currently applicable in the Chris Hani District Municipality;
- Establish clearly the objectives of the Chris Hani District Municipality in relation to spatial development in its area of jurisdiction, with particular emphasis on clarifying the principles to be followed in the management of such spatial development in the area;
- Identify the Municipality's strategies and policies that are adopted to achieve its spatial development objectives. These focus on establishing a hierarchy of settlement and delineating Special Development Areas, which are: -
 - Areas where strategic development intervention is required (areas of particular development potential and/or areas where current development activities represent a development opportunity); and
 - Areas where priority spending is required (areas of special need).
- Sets out basic guidelines for a land use management system in Chris Hani District Municipality.

The objective of a reviewed SDF are given to effect to the founding development principles set out in Section 7(a) of SPLUMA and the norm and standard set out in Chapter 2 Section 8 (2) of SPLUMA.

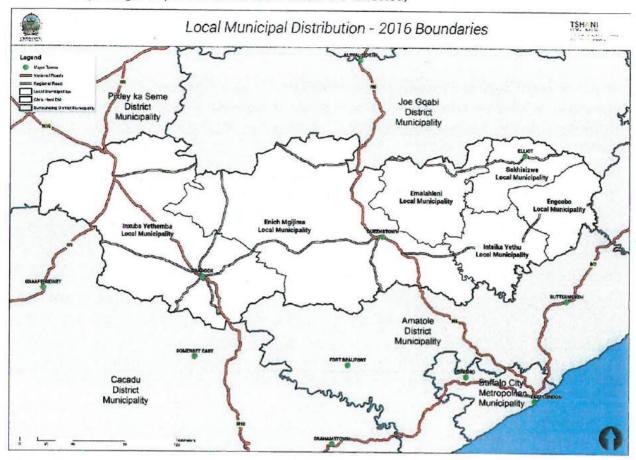
An overarching framework is required within which the evaluation and development of proposal can take place. This framework has 3 substantive spatial themes, biophysical, socio-economic and built environments and the proposed review of the Chris Hani District SDF must address these 3 themes specifically.

Beyond the above mentioned generic objectives of an SDF, the review process of the SDF must include amongst others the following:

- Updating the refinement of the current SDF document in order to comply with the legal requirements and be conversant with the recent developments and planning within the region, especially with the reviewed SDF of the District;
- Amendments and expansion of the existing documentation based on the NSDP, EC Vision 2030, Draft Eastern Cape Spatial Development Framework, Eastern Cape Rural Development Plans, Integrated Urban Development Framework, CHDM GDS Agreement and IDP in order to ensure proper alignment;
- Incorporation and alignment of all relevant information and proposals deriving from spatial relevant plans (ABP) etc... All spatially relevant documents need to be sieved as considered as input;
- Incorporation of the assessment with the Eastern Cape Bio Diversity Conservation Plan;
- Ensuring horizontal integration between the neighbouring Local SDFs and vertical integration with the District SDF;
- Ensuring public and governmental participation of the concerned stakeholders in the planning process, namely (inter alia) the communities of the concerned Local Municipalities, CHDM and neighbouring municipalities, EC Provinces, sector departments, parastatals and business institutions, interest groups & traditional leaders;
- Creating a strategic framework to facilitate the development of an appropriate land use system;
- · Mainstreaming of cross-cultural issues in the SDF planning process on local level; such as
 - HIV/Aids
 - Gender
 - Crime
 - Environmental protection

The main changes to the district SDF of 2015 are as follows: -

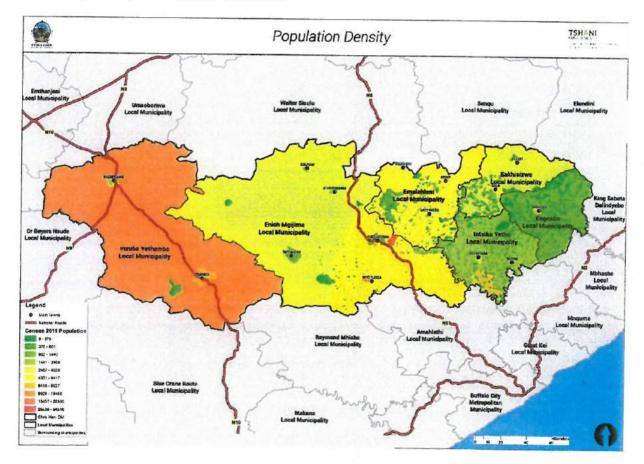
Boundary changes as per the demarcation board are reflected;



The following table is a breakdown of the local municipal composition which make up the District after the 2016 Municipal Demarcation: -

Municipality	Main Town	Area	% of the District
Emalahleni Municipality	Lady Frere Dodrecht Indwe	3 484km²	9.5%
Intsika Yethu Municipality	Cofimvaba Tsomo	2 873km²	7.5%
Engcobo Municipality	Ngcobo	2 484km²	6.8%
Inxuba Yethemba Municipality	Cradock Middleburg	11 663km²	32.2%
Enoch Mgijima Municipality	Queenstown Tarkastad	13 584km²	37.5%
Sakhisizwe Municipality	Cala Elliot	2 318km²	6.5%
CHRIS HANI DISTRICT		36 407km²	

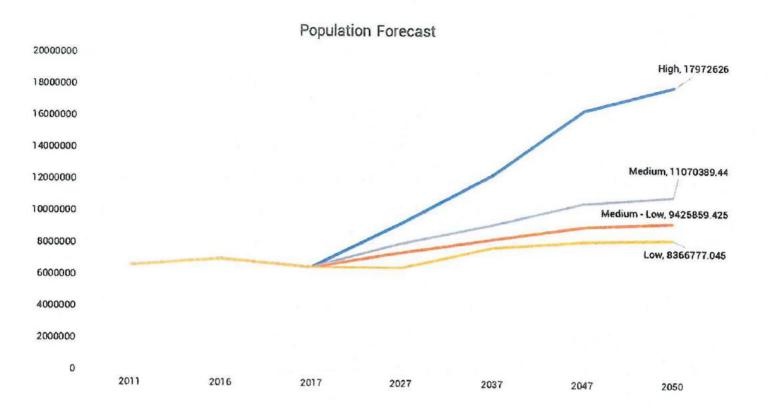
- Revised Priority Spatial Issues identified on the basis of a new Analysis as well as the revision of the related Spatial Development Objectives and Strategies, in line with the current CHDM IDP
- A revision of the Eastern Cape Provincial Spatial Development Framework to be aligned with Chris Hani District SDF;
- The inclusion of information on the agreed Chris Hani District Municipality Development Agenda.
- A revision of the Development Nodes and Corridors as well as the identified Special Development Areas to align with the inputs of the review of the Regional Economic Development Strategy (REDS);
- The inclusion of information emanating from the Special Economic Zone report
- A consideration of the likely requirements related to the implementation of the Spatial Planning & Land Use Management, Act 16 of 2013 (SPLUMA)



2 A Development Perspective of Chris Hani District

The points below set out some of the most distinctive features of the Chris Hani District taken into consideration in the review of the SDF: -

As per the Statistics South Africa Community Survey of 2016, the estimated total population of the district in 2016 was 840 0588 people (approximately 218000 households), with the highest population densities located in the former Ciskei and Transkei areas. This reflects a reduction from previous estimates (2001, 2004 and 2011) and suggests that the district is experiencing a process of outward migration. The graph below depicts the population density distribution within the District.



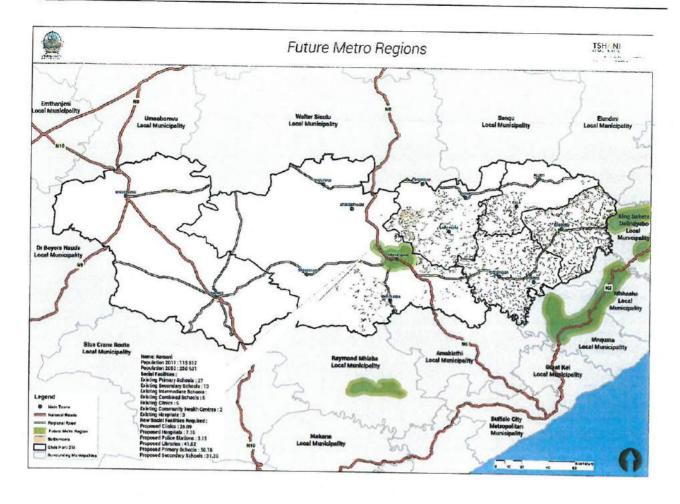
Based on the 2016 Community Service and a 2050 population projection, the estimated population of the district is 1 128 358 people.

- In essence, the Chris Hani District may be defined as a largely land or primary production-based area, where the most important elements of the district economy are derived from state investment and from the consumption and production patterns of the resident population itself.
- From a spatial development perspective, it is clear that the dominant area for economic activity in the district is the Enoch Mgijima Municipality (Queenstown Area), where some 48% of the total Gross Domestic Product (GDP) of the district is produced. Within Enoch Mgijima, Queenstown remains the main concentration of activity in the commercial, manufacturing, and services sectors.
- · The primary sectors within the District include-

Sector Category	Sector	Avera	age Annual Growt 2017)	th (2012-
Primary Sector	Mining		1.88%	
Filmary Sector	Agriculture		3.90%	
	Manufacturing		2.84%	
Secondary Sector	Electricity		3.29%	
	Construction		3.48%	
	Trade		3.16%	
	Transport		3.72%	
	Finance		4.15%	
Tertiary Sector		Chris Han	i District Municipality -	GDP 13.9
		5.3	84	
		2002	2007	2012
	Community Services		stic Product (GDP) - (
		Current Price	ational Total, 2002-20 esl	12 - [KB

As per the 2017 Eastern Cape Provincial Spatial Development Framework, the Queenstown area has been identified as a 'Future Metro Region', in which direct investment should be encouraged and prioritised.

Tertiary Sector



- It is clear, that the small towns in the district remain important as service centres where the local populace can access retail goods and other services.
- Looking at economic development potential, the Chris Hani Regional Economic Development Strategy
 (REDS) has endorsed 4 specific clusters (or sectors) for prioritisation in the district, these being: (i) The
 Agricultural, Agro-Processing and Forestry Sector; (ii) The Manufacturing, Construction and Mining
 Sector; (iii) Tourism & Hospitality Sector; and (iv) The Services, Retail and Logistics Sector.
- The REDS process has emphasised, the following major sectors within each Municipality:-



- The following 5 priority areas of Government identified in the REDS for Chris Hani include: (i) Creation of
 decent work and sustainable livelihoods, (ii) Education, (iii) Health, (iv) Rural development, food
 security and land reform, (v) fight against crime and corruption.
- The REDS has provided the strategic basis for an Agro-Industrial approach to development in the district, which has also taken form in the conceptualisation of a district Special Economic Zone (SEZ).
- The Chris Hani SEZ is proposed to have its Hub at the Queendustria industrial complex in Queenstown.

3 Spatial Development Framework Proposals

In recognition of the need to plan for the maximization of available human and natural resources within a context of achieving sustainability, the CHDM acknowledges that there is a need to focus limited public resources in areas of opportunity in order to achieve maximum impact. From a spatial planning perspective,

this means certain structuring elements have been identified to guide future planning and expenditure. These structuring elements are clustered into four main components: -

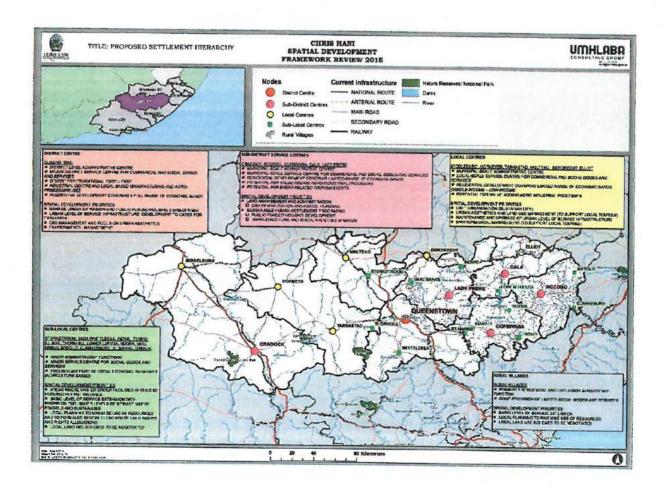
- The district-scale Settlement Hierarchy;
- Development Corridors aligned with the REDS and the SEZ;
- Special Development Areas defined on the basis of specific development potential and/or development need; and
- Environmental Management Areas

3.1 District-Scale Settlement Hierarchy

The SDF Review has identified an amended hierarchy of settlements in order to guide the DM and LMs in the allocation of appropriate levels of investment in infrastructure and services and to be better able to implement appropriate land use management strategies.

It must be noted that the Hierarchy is defined from a district perspective and relates primarily to a consideration of both current status and function of a centre as well as its prospective future status. This takes into account the priority of Small-Town Regeneration, which forms part of the overall strategic approach of the REDS.

The SDF highlights the priority linkages within and the linkages that connect the district to surrounding districts and the greater Eastern Cape, Western Cape and Northern Cape, through the assessment of the surrounding District Spatial Development Frameworks.

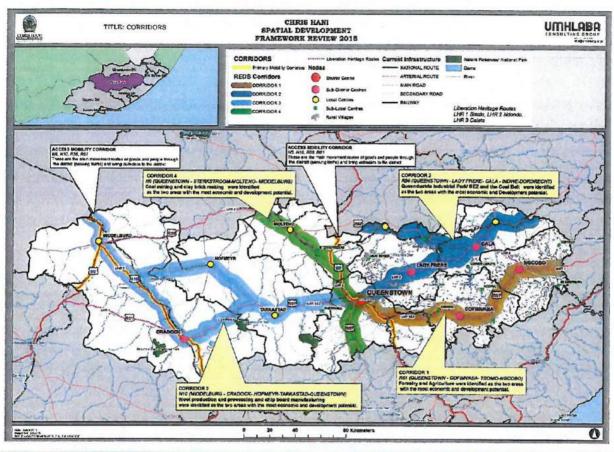


		Function of Settlement and	Santial Baselanna at B.1. (2)
Туре	Location	associated typical land uses	Spatial Development Priorities
District Centre & Future Metro region	Queenstown (Enoch Mgijima LM)	 District-level Administrative centre Major district service centre for commercial and social goods and services Centre of educational excellence Industrial centre for value- adding processes and local-based manufacturing (SEZ Hub) Residential development covering full range of economic bands (High- income – Low-income) 	 Managed urban expansion and Public funded Housing development Urban level of service infrastructure development and related investment priorities (i.e. higher order level) to cater for expansion Upgrade and maintenance of existing infrastructure CBD Management and focus on Urban Aesthetics Environmental Management (Game Reserve)
Sub-District Centres	Cradock (Inxuba Yethemba LM) Ngcobo (Engcobo LM) Cofimvaba (Intsika Yethu LM) Lady Frere (Emalahleni LM) Cala (Sakhisizwe LM)	 Municipal-scale Administrative Centre Municipal-scale service centre for commercial and social goods and services Residential development covering limited range of economic bands (Middle-income – Low-income) Potential for value-adding agro-industrial processes Potential for event-related tourism events 	Land Management & Administration
Local Centres	Middelburg (Inxuba Yethemba LM) Hofmeyer Tarkastad (Enoch Mgijima LM) Molteno (Enoch Mgijima LM)	 Municipal-scale Administrative Centre Local-scale Service Centre for commercial and social goods and services Residential development covering limited range of economic bands (Middle- 	Limit urbanization (sustainability) Urban aesthetics and land use management (to support local tourism) Maintenance and upgrade of urban level of service infrastructure Environmental management (to support local tourism)

SETTLEMENTS			TO THE PARTY OF TH
Туре	Location	Function of Settlement and associated typical land uses	Spatial Development Priorities
	Elliot (Sakhisizwe LM) Dordrecht (Emalahleni LM)	income – Low-income) • Potential for value-adding agro-industrial processes	
Sub-Local Centres	Sterkstroom (Enoch Mgijima LM) Sada/Whittlesea (Enoch Mgijima LM) Indwe Vaal Banks (Emalahleni LM) Tsomo (Intsika Yethu LM) Ilinge (Enoch Mgijima LM) Thornhill (Enoch Mgijima LM) Lower Lufuta (Sakhisizwe LM) Mnyolo Clarkebury (Engcobo LM) Ncora Qamata St Marks (Intsika Yethu LM)	 Minor Administrative Functions Minor service centre for social goods and services Focused support of local economic initiatives — agriculture-based 	 Areas where higher order facilities should be focused in first instance Maintenance and upgrade of existing infrastructure Basic level of service extension with provision for higher levels of service where feasible and sustainable Local planning to maximize use of resources and to formalize spatial elements of land rights and rights allocations Local land use schemes to be negotiated
Rural Setlements	Rural settlements across the district	 Primarily residential and livelihood subsistence function Some provision of limited social goods and services 	 Basic level of service extension Local planning to maximize use of resources Local land use schemes to be negotiated

District Scale Development Corridors

In line with the CHDM REDS and SEZ Key Strategies for economic development, four major corridors have been identified in Chris Hani DM. These corridors form the main "arteries" of the district and connect areas of economic development potential with the key urban settlement centres identified in the District Settlement Hierarchy. They also, for the main part, overlap with the district's main Tourism Routes.

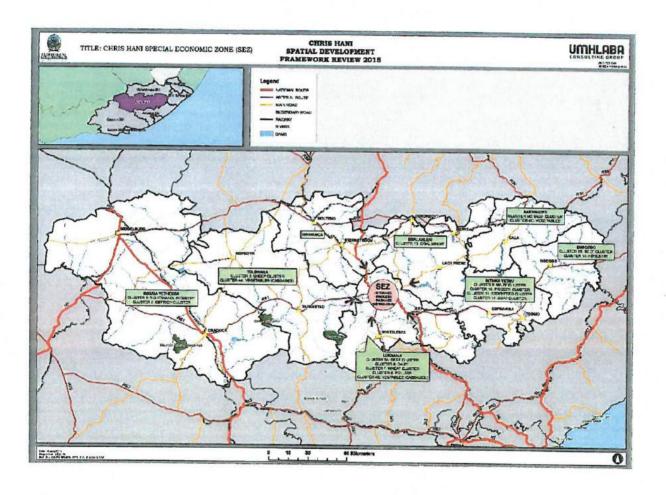


Corridor	Description	Key Opportunities (REDS) associated with Corridor
CORRIDOR 1	The R61 from Queenstown through Cofimvaba, Ngcobo to Mthatha	Forestry and agriculture were identified as the two sectors with most economic development potential along this corridor.
CORRIDOR 2	The R56 from Queenstown through Lady Frere and Cala to Elliot	Coal mining and clay-brick making were identified as the two sectors/activities with most economic development potential.
CORRIDOR 3	The N10 from Middelburg through Cradock to Alliwal North	Wool production and wool processing; and chip- board manufacturing were identified as the two activities with most economic development potential
CORRIDOR 4	The N6 from East London through Queenstown to Aliwal North	The Queendustria SEZ at Queenstown and the Coal belt were identified as two areas with most economic potential in relation to this corridor

It is noted that the REDS specifically links the identification of the above corridors with the notion of targeting the towns (main nodes and smaller urban settlements) linked by these routes for what is termed "regeneration"

In addition to the notion of targeting the towns along the corridors, these corridors should also be seen in the light of the opportunities that they potentially bring to areas that they pass through. As such, the SDF highlights particular routes that relate to Access and Mobility (movement of people and goods) to, from and within the District as well as the main corridors identified by REDS and related to specific development potentials.

In this regard, the corridors represent key infrastructure that may strengthen and enhance potential value chains as these might relate to a specific cluster of activities (e.g. mining cluster, agricultural cluster, forestry cluster etc.). They thus form a fundamental structural platform for the development of the Chris Hani SEZ, too.

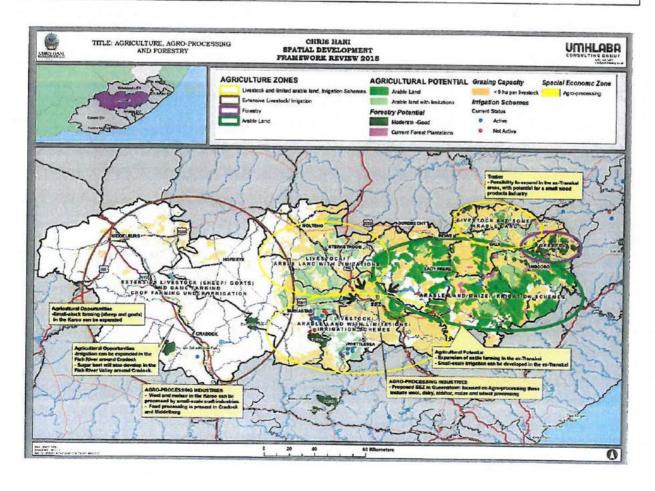


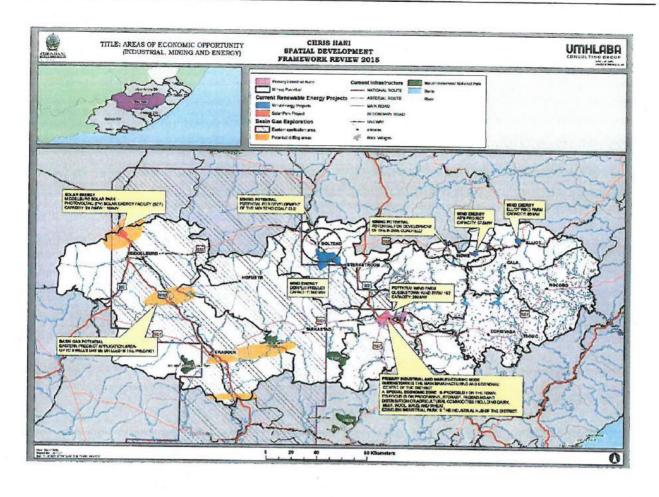
District-Scale Special Development Areas

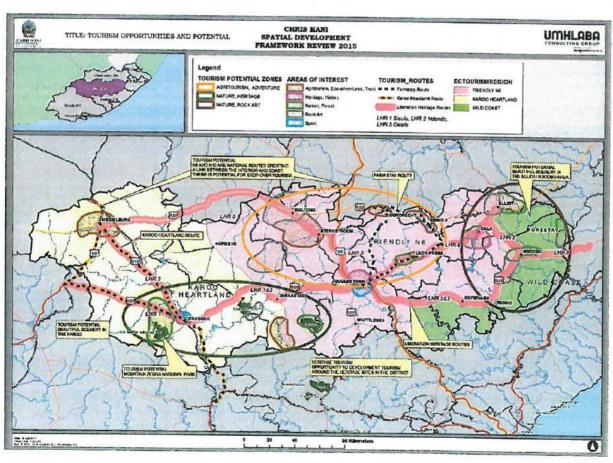
In line with the approach of attempting to direct development according to the Guidelines of the National Spatial Development Perspective, the SDF Review has extended the identification of Special Development Areas in Chris Hani Municipality and has focused on the following categories of SDA:

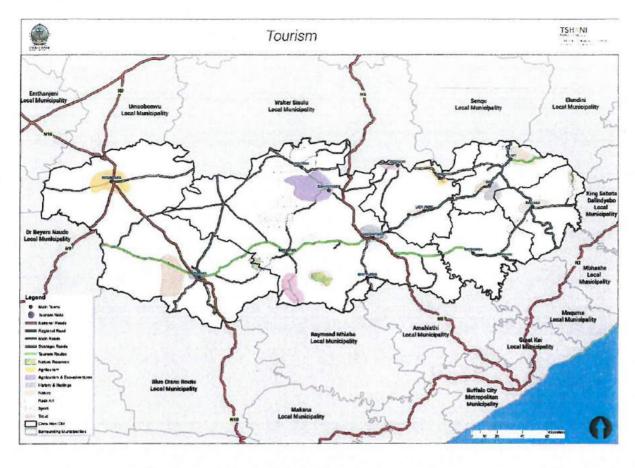
- 1. Areas of Local Economic Development Potential
- 2. Areas of Priority Basic Needs
- 3. Land Reform & Settlement Zones

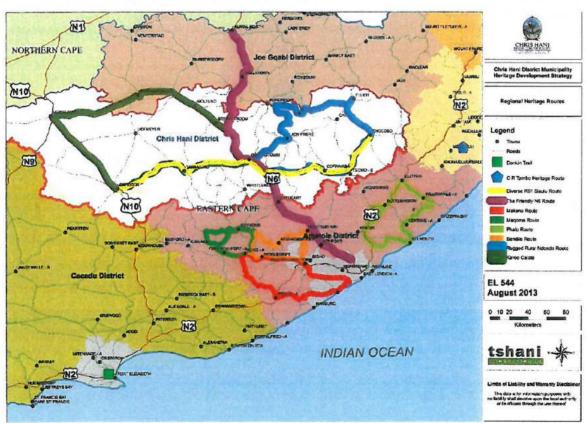
Special Development Areas	Description
Areas of Local Economic Development Potential	SDAs that focus more specifically on defining spatial areas where certain forms of development potential have been identified, either through previous planning exercises, or through the REDS adopted by the CHDM

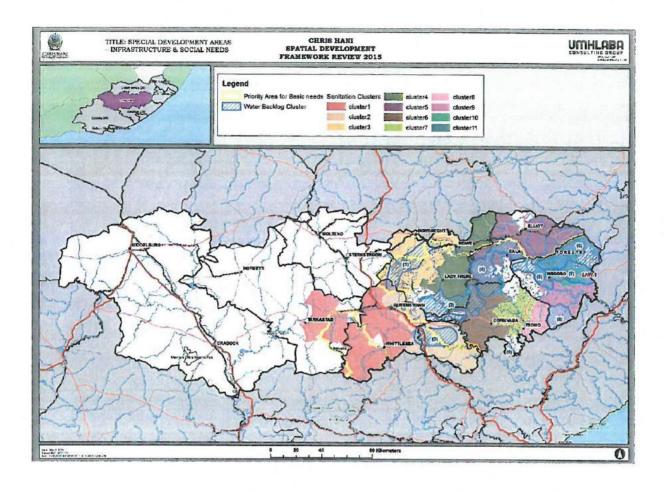












Special	Developm	ent A	reas	Description
3. Lan Zon		and	Settlement	Land Reform & Settlement Zones are areas identified in the course of a participatory process with LMs. These Zones reflected areas that are identified as requiring specific forms of planning and development interventions in the interests of furthering land and agrarian reform and managed settlement development processes. In addition, the Area Based Plan for Land Reform in Chris Hani District also endorsed these Zones and added a conceptual spatial proposal relating to land located close to identified urban centres and along roads leading to/from such centres, which was to the effect that the area so defined is to be seen as an area of greater potential for the development of small-scale farming enterprises and schemes to train up emerging farmers for future participation in the land redistribution programme.

Managing the Environment & Climate Change & Agriculture

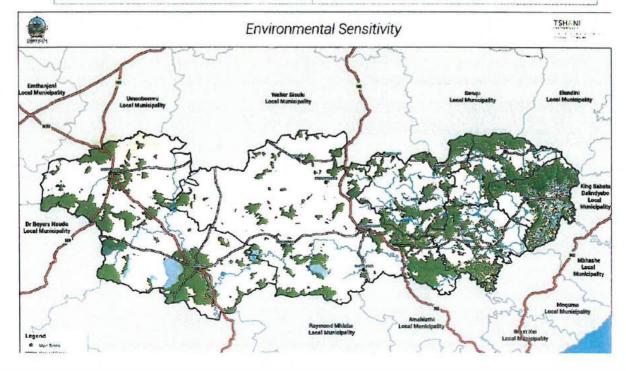
The final structural component of the overall district SDF relates to the priority of managing the environmental assets and resources of the district to promote sustainability and spatial resilience in the face of land development pressures and the changes being wrought by climate change.

Key elements of the district Environmental Framework are identified as follows: -: -

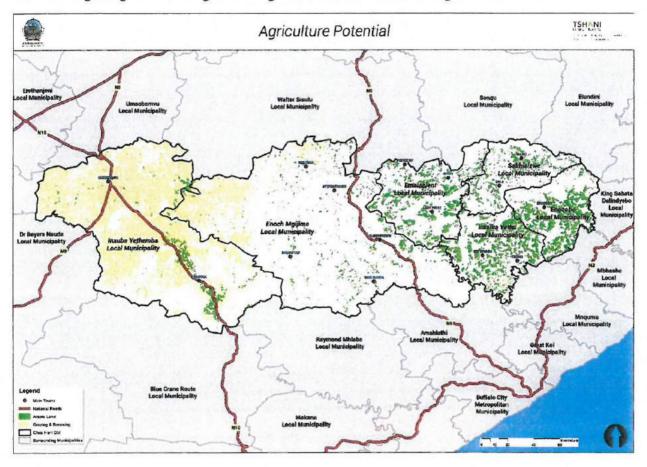
- The area along the Great Kei River and its tributaries from the Xonxa and Lubisi Dams southwards consists of important valley thicket vegetation. The area north of Ngcobo contains pockets of aframontaine forests. Both these areas are important natural areas, which should be protected.
- The formal protected area network is relatively extensive with the Mountain Zebra National Park (SANP) and the Commando Drift and Tsolwana provincial reserves
- Formally protected water sources include a number of large water catchments, including the dams: Grassridge, Lake Arthur, Commando Drift, Xonxa, Lubisi and Ncora.
- From a natural resource perspective, the eastern part of Chris Hani District Municipality, the most deprived area within the municipality, has the most potential for agriculture and forestry because of good soils and a relatively high rainfall specifically with regards to:
 - Dryland agriculture for maize production
 - o Irrigation and agriculture from the Xonxa Dam, Lubisi Dam and Ncora Dam
 - Forestry in the mountainous areas north of Engcobo
- The western part of the Chris Hani District Municipality is the best endowed with tourism resources such as:

- Cradock and Middelburg form part of the Karoo Heartland Tourism route whilst Queenstown forms part of the Friendly N6 Tourism Route.
- Abundant heritage resources in Queenstown, Cradock, Sterkstroom, Molteno, Middelburg and Hofmeyr along the east-west routes from Queenstown namely R61 and R56.
- o The nature reserves along the R61, namely the:
- Tsolwana and Ntabatemba nature resources
- The Kommandodrift Dam Nature Reserve
- The Mountain Zebra National Park
- The abundance of private game reserves and hunting lodges in the western area.
- The known conservation areas in the Chris Hani District Municipality are listed in the table below. Only
 two of these conservation areas are under the direct control of a Local Municipality, namely Lawrence de
 Lange and Longhill (Lukhanji).

National Parks	 Mountain Zebra National Park
Provincial Nature Reserves	Commando DriftTsolwana (Enoch Mgijima LM)
Municipal Nature Reserves	Lawrence de LangeLonghill
Private	Blanco Striling
Natural Heritage Areas	Benghoil and Bushy ParkCarnarvonMhoge

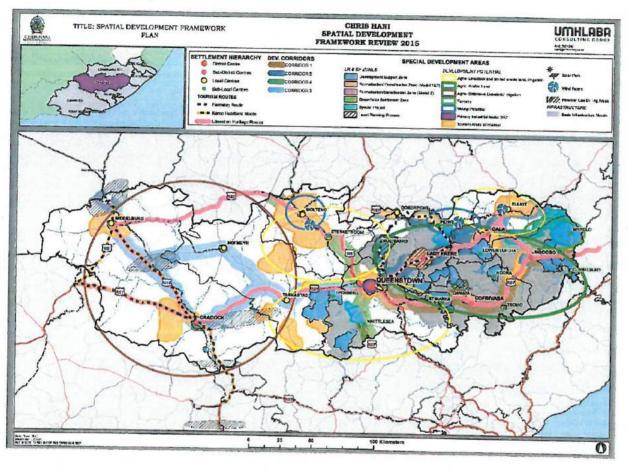


The Municipal region is endowed with land with agricultural potential. Agricultural potential is spread throughout the municipal area, with majority of the arable land being found within the eastern region of the district and grazing and browsing land being found within the western region of the district.



The Overall SDF

At an overall level, the Chris Hani District SDF illustrates the synthesis of the above spatial development elements in an overall plan.



Land Use Management Guidelines

The Land Use Management Guidelines contained in the SDF address issues relating to the need for land use management in the district in order to conserve and manage its natural and built environmental assets.

The Guidelines incorporate elements that are seen to contribute towards the goal of achieving a more

holistic approach to land use management in the district, as follows: -

- In considering the character of the settlement pattern and typical forms of land use arrangements found in the Chris Hani District, the importance of Land Use Management as an activity that underpins the wise use of resources and contributes directly to economic and environmental sustainability is emphasized;
- Broad input is given on the need to manage relationships and formulate binding agreements and protocols on how to deal with land use management issues in the district. This is a crucial aspect, given the imminent implementation of the Spatial Planning & Land Use Management Act 16 of 2013 (SPLUMA) in 2015.
- Finally, in respect of the concern to ensure a more sustainable approach to urban and rural development, the following is set out: -
 - A proposed framework for categorizing different types of settlement and associating these with typical Levels of Service (LOS) provision is provided, based on previous work done for Land Reform & Settlement Plans compiled for the Amathole and Chris Hani District Municipalities, 2005;
 - Based on the guidelines suggested by the Eastern Cape Biodiversity Conservation Plan, generic land use objectives are incorporated in relation to the different land management classes identified in the Plan; and
 - o In relation to the hierarchy of settlement set out above, a broad set of guidelines is proposed.

CHAPTER 5 SECTOR PLANS

The Situatonal Analysis has been conducted on all CHDM sector plans it has been discoverd that some sector plans are still relevant and others are to be developed some from stretch whilest others just need a minor review and update.

CHDM SECTOR PLANS	YEAR ADOP TED	STATUS	KEY ISSUE
Regional Economic Development Strategy	2008	Reviewed in line with 2017-2022 IDP	The strategy acknowledges our rural situation and therefore advocates for promotion of rural urban equity in infrastructure development, services expansion and stimulation of economic opportunities.
Corridor Development Plan	2011	No	"The Corridor plan is based on ward profiles that identify communities with common synergies, relation and connection or similarities of economic activities in terms of sector programmes which cut across from ward to ward, wards to local municipalities, Local Municipalities to District Municipalities and District Municipalities to the Province.
SMME Development Strategy	2007	2014/15 reviewed	It is an attempt to address constraints related to the legal and regulatory environment; market access; access to finance and suitable business premises; the acquisition of skills and managerial expertise; access to appropriate resources and technology; the quality of infrastructure, especially in poverty and rural areas; bureaucratic hurdles for SMME's to benefit.
Integrated Agricultural Strategy	2007	2014/15 reviewed	Revitalisation of Irigation Schemes, livestock improvement and development, Agro-processing, highvalue crop production are the key issues within the strategy.
Tourism Integrated Plan	2010	Be developed	That the district has access to major routes N6 and N10 and R61 and that competitive advantage be utelised.Resurrection of LTO's such as Intsika Yethu LTO,Middleburg Karoo Tourism,Cradock Karoo Tourism, Enoch Mgijima LTO etc.
Environmental Management Plan {EMP}	2010	2017/18 Reviewed	The plan highlights areas of the environment which should be conserved and protected. Animal and vegetation species and cover are mapped and identified. In addition present and future environmental problems are identified per local municipality as well as all renewable resources
Water Service Development Plan {WSDP}	2011	2015/16 Reviewed	It states that 76% of the total population of CHDM is served with water services whilst 55% is served with sanitation services.
Climate Charge Adaptation Strategy	2011/ 12	No	
Housing SECTOR		2014-15	The plan will assist to guide and to direct the housing

/Development Plan		Developed	programmes and housing projects within the district when developed.				
Integrated Waste Management Plan	2010	2017/18 Reviewed	It makes the recommendation about the development and implementation of a integrated waste management system/plan and intends to build the capacity of all LM's regarding waste management sites. This is done due to the fact that the majority of LM solid waste sites do not comply with legislation, are poorly managed and unlicensed				
Disaster Management Policy Framework	2010	2013-14 reviewed					
HIV/AIDS STI & TB Workplace plan	2008	2013/14 reviewed					
Spatial Development Framework	2011/ 2012	2018-2022 Draft					
Employment Equity Plan	2010	2014/15 review	This is an attempt to restore or improve employee's well-being holistically and job performance to acceptable levels with minimal interference in the private lives of individuals.				
Workplace Skill Development	2010	2014/15 review	This plan is designed to provide opportunities for theoretical and practical learning, culminating in a nationally recognised qualification.				
Asset Management Policy		2014/15 review					
Virement Policy	2011/ 12	2012/13 Developed					
Fraud Prevention Plan	2012/	2014-2015 review	It is an attempt to combat crime and fraud in the municipality and it further aims to discourage fraudulent/corrupt activities in the municipal order of business.				
Communication Strategy	2011/ 12	Yearly review					
GIS Policy	Never adopt ed	Reworked					
Risk Management Plan	2011/ 12	2014/15 review					
Perfomance Mnagement Framework	2009	2014/15 Draft	It is there to provide a mechanism for ensuring increased accountability between the communities of Chris Hani district and the municipal council and as well between the political and administrative components of the municipality and between each department and the office				

	of the municipal manager.	
LIST OF SECTOR PLANS TO BE		
DEVELOPED Air-Quality		
Management Plan Housing		
Development Plan		
Informal Traders Strategy		
Informal-Trader Strategy		
Cooperative/SMME Strategy		

CHAPTER 6 CHDM FINANCIAL PLAN

1.1 Executive Summary

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

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

In view of the aforementioned, the following table is a consolidated overview of the proposed 2018/19 Medium-term Revenue and Expenditure Framework for Chris Hani District Municipality:

Table 1 Consolidated Overview of the 2018/19 MTREF

Description	Cur	rent Year 2017	2018/19 Medium Term Revenue & Expenditure Framework			
R thousand	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year + 2019/20	Budget Year + 2020/21
Total Revenue (excluding capital transfers and contributions)	1,039,393	989,208	_	982,549	1,005,607	1,076,255
Total Expenditure	1,285,881	1,277,002	-	1,211.850	1,273.398	1,330,827
Surplus/(Deficit)	1,038,108	987,931	-	(229,301)	(267,722)	(254,571)
Capital Expenditure	611,254	637,367	_	493,867	361,820	308,876
Cash - Surplus/(Deficit)	658,108	607,931		110,699	72,278	85,429

Total operating revenue has declined by 1 % to R 982.5 million for the 2018/19 financial year when compared to the 2017/18 second adjustment budget. For the two outer years, operating revenue will increase by 2 % and 7 % respectively.

Total operating expenditure for the 2018/19 financial year has been appropriated at R 1,211 billion and translates into a budgeted operating deficit of R 229.3 million, when compared to the 2017/18 second adjustment budget, operational expenditure has decreased by 5 % in the 2018/19 draft budget and has increased by 5 % and 5% respectively in 2018/19 and 2020/21. The operating deficit for the two outer years steadily increases from R 229.3 million in current budget year to R 267.7 million and R 254.6 million in the two outer year. These deficits indicate that the municipality has to increase own revenue base from the water and sanitation services to improve the deficit.

The capital budget of R 493.9 million for 2017/18 is 23 % less when compared to the 2017/18 second adjustment budget. The decrease is due to the lesser allocations by National treasury and no allocation from provincial government (DHS Unblocking) and Provincial treasury in the coming budget year. The capital programmes are reflecting signs of decrease in the two outer years to R 361.8 million and R 308.9 million respectively. The main source of capital funding for the municipality are national conditional grants meant to fund infrastructure. The municipality has to devise and fully implement the revenue enhancement strategy to increase the revenue base of the municipality. The cost of maintaining the capital infrastructure has to be funded through revenue generating assets. The municipality has to budget for the maintenance of the infrastructure capital assets to maintain its service delivery potential.

1.2 Operating Revenue Framework

For the municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that the district is faced with infrastructure backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence the need to determine economic and affordable tariffs and balancing expenditures against realistically anticipated revenues. The municipality has to improve the revenue cycle in order to have funds available to sustain a positive cash flow position and its liquidity.

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

The indigent registration;

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

The following table is a summary of the 2018/19 MTREF (classified by main revenue source):

Table 2 Summary of revenue classified by main revenue source -

Description	Current '	Year 2017/18	2018/19 Medium Term Revenue & Expenditure Framework			
R thousand	Original Budget	Adjusted Budget	Budget Year 2018/19	Budget Year + 2019/20	Budget Year + 2020/21	
Revenue By Source						
Service charges - water revenue	151,560	168,466	178,574	189,288	200,646	
Service charges - sanitation revenue	35,940	51,176	54,246	57,501	60,951	
Rental of facilities and equipment	-	_	-	-	_	
Interest earned - external investments	33,154	33,154	32,480	34,429	36,495	
Interest earned - outstanding debtors	103,234	6,471	6,730	7,133	7,561	
Transfers recognised - operational	629,804	644,557	645,377	648,217	697,434	
Other revenue	85,502	85,184	64,942	68,838	72,969	
Gains on disposal of PPE	200	200	200	200	200	
Total Revenue (excluding capital transfers and contributions)	1,039,393	989,208	982,549	1,005,607	1,076,255	

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

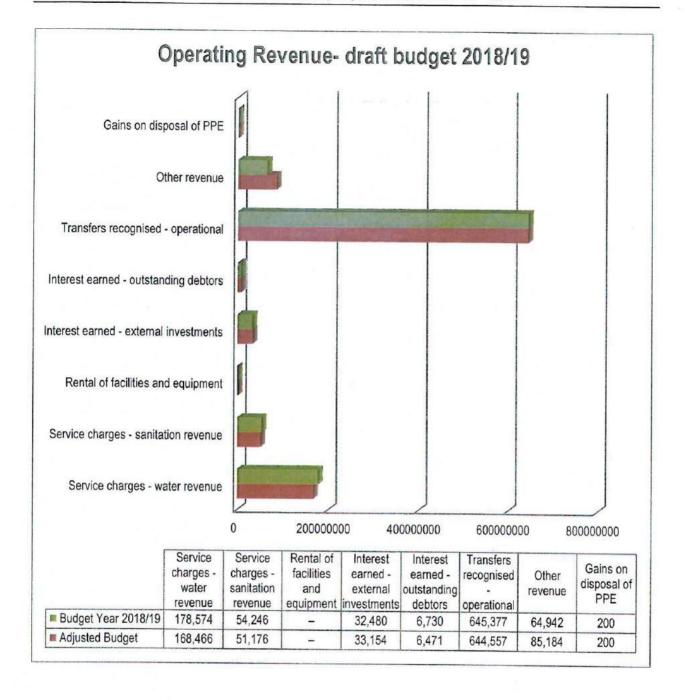


Table 3 Percentage growth in revenue by main revenue source -

Description			2018/19 Medium Term Revenue & Expenditure Framework						
R thousand	Adjusted Budget	%	Budget Year 2018/19	%	Budget Year + 2019/20	%	Budget Year + 2020/21		
Revenue By Source									
Service charges - water revenue	168,466	6	178,574	6	189,288	6	200,646		
Service charges - sanitation revenue	51,176	6	54,246	6	57,501	6	60,951		
Rental of facilities and equipment	-	0	-		-		_		
Interest earned - external investments	33,154	(2)	32,480	6	34,429	6	36,495		
Interest earned - outstanding debtors	6,471		6,730		7,133		7,561		
Transfers recognised - operational	644,557	0	645,377	0	648,217	8	697,434		
Other revenue	85,184	(24)	64,942	6	68,838	6	72,969		
Gains on disposal of PPE	200	-	200	-	200		200		
Total Revenue (excluding capital transfers and contributions)	989,208	(1)	982,549	2	1,005,607	7	1,076,255		

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

Transfers recognised operational which are in fact operating grants, are the main source of revenue stream and constitute 66 % of the total operating revenue of the municipality amounting to R 645.4 million. In 2018/19 financial year, revenue from water services charges totalled R 178.6 million or 18 % of total operating revenue and sanitation services constitute 6 % of the total operating revenue. The water revenue increases to R 189.3 and R 200.6 million in the respective outer financial years of the MTREF. The municipality has projected an annual decrease in revenue at 1 %, and an increase of 2 % and 7 % for the two outer years respectively and is based on the assumption of the changes in the tariffs charged and improvement in the collection rate and accuracy of billing. An effective and efficient revenue enhancement strategy will improve the collection rate of the budgeted revenue by the municipality.

Services charges – water and sanitation revenue constitutes 24 % of the total operating revenue of the municipality hence the need for the municipality to focus on the implementation of the credit

control policy to improve the collection rate. The municipality is highly grant dependent as mentioned above hence the need to focus on the generation of own revenue for the long term financial sustainability.

Table 4 Operating Transfers and Grant Receipts -

DC13 Chris Hani - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2014/15	2015/16	2016/17	Cur	rent Year 2017	/18		ledium Term R enditure Frame	
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
RECEIPTS:	1, 2	Outcome	Cuttome	Cutcome	Dauger	Duuger	rorecast	2010/13	+1 2015/20	+2 2020/21
Operating Transfers and Grants										
National Government:		464,545	543,031	112	595,582	602,824	-	607.948	644,797	693,816
Local Gov ernment Equitable Share		415,244	446,759		507,459	507,459		524,527	542,195	583,613
RSC Levy Replacement		,			00.7.00	-		024,021	542,100	303,013
Finance Management		1,500	1,500		1,500	1,500		1,250	1,250	1,000
Municipal Systems Improvement		934	940			10000000				W
Water Services Operating Subsidy		7000	53.5		5,000	12,242		5,000	7,000	9,000
EPWP Incentive		9,124	5,213		10,037	10,037		6,158	-	
Municipal Infrastucture Grant		37,743	88,619		71,586	71,586		71,013	94,352	100,203
Provincial Government:		9,365	9,130		34,222	34,222	_	33,229	3,420	3,618
Housing	li				2,000	2,000			1000	
Dept of Roads and Transport	1 1				29,000	29,000		30,000		
Provincial Health Subsidies Health subsidy / DEDEAT		6,386	6,114						1	
Rural Road Asset Management Grant		2,979	3,016		3,222	3,222		3,229	3,420	2.040
TO A STATE OF THE		130	810		BUILDER WATER		-			3,618
District Municipality: LGSETA	1	130	310	-	-	1,312 462		-	-	-
COGTA		130	500			850				
Other grant providers:		-	-	-		6,200	-	4,200	-	-
ECONOMIC DEVELOPMENT	lI					6,200		4,200		
Total Operating Transfers and Grants	5	474,040	552,971	-	629,804	644,557	-	645,377	648,217	697,434
Capital Transfers and Grants										
National Government:		576,943	566,481	-	504,254	524,122	- 2	426,867	318,682	308,820
Municipal Infrastructure Grant (MIG)		279,911	184,925		220,754	220,754	V. 100 100 100 100 100 100 100 100 100 10	209,867	192,682	203,853
Regional Bulk Infrastructure Rural Households Infrastructure EPWP/ Accelerated Comm Infrastru Prog		236,570	291,331		208,500	208,500		172,000	25,000	26
Municipal Water Infrastructure Grant		48,528	85,225		75,000	94,868		45,000	101,000	104,940
Water Services Operating Grant		11,935	5,000		70,000	37,000		40,000	101,000	104,940
Provincial Government:		_	9,347	_		6,138		-	_	_
DHS Unblocking			9,347			6,138		-		
District Municipality:		-	27,984	-	10,000	10,000		-	_	-
Provincial Treasury			27,904		10,000	10,000		-		
DHLGTA			80							
Other grant providers:		21,481	17,068	-	-	-	-	-	-	-
ACIP		21,481	17,068							
Total Capital Transfers and Grants	5	598,425	620,880	_	514,254	540,260	_	426,867	318,682	308,820
our copies interested and ordere	-	000,720	020,000		V17,2.04	340,200		420,007	310,002	300,620

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

1.2.1 Sale of Water and Impact of Tariff Increases

The municipality as a Water Service Authority and Provider is currently experiencing challenges in the billing, collection and implementation of the water tariffs across the district. National Treasury is encouraging all municipalities to carefully review the level and structure of their water tariffs to ensure, that:

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

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

The municipality is a Water Services Authority (WSA) and Provider (WSP) therefore has to realise own revenue from rendering of water and sanitation services. The above allocations are not sufficient to maintain, repair and ensure the sustainability of the water infrastructure assets that should generate a revenue base for the municipality in order to cover operational and capital costs. Attached is **Annexure A**, indicating the breakdown of the tariffs to be implemented in recognising own revenue from water and sanitation services.

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

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

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

1.3 Operating Expenditure Framework

The municipality's expenditure framework for the 2018/19 MTREF budget is informed by the following:

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

The following table is a high level summary of the 2018/19 MTREF budget (classified per main type of operating expenditure):

Table 5 Summary of operating expenditure by standard classification item -

Chris Hani District Municipality Operat Description		ear 2017/18	2018/19 Medium Term Revenue & Expenditure Framework			
R thousand	Original Budget	Adjusted Budget	Budget Year 2018/19	Budget Year + 2019/20	Budget Year + 2020/21	
Expenditure By Type						
Employee related costs	349,187	325,660	308,843	327,374	347,016	
Remuneration of councillors	12,578	10,544	11,071	11,736	12,440	
Debt impairment	200,000	200,000	200,000	200,000	200,000	
Depreciation & asset impairment	180,000	180,000	140,000	140,000	140,000	
Finance charges	1,200	1,200	1,260	1,336	1,416	
Bulk purchases	24,894	24,894	26,139	27,707	29,369	
Contracted services	32,956	106,836	112,153	118,882	126,015	
Transfers and grants	20,198	179,165	174,226	193,848	206,977	
Other expenditure	464,868	248,702	238,157	252,446	267,593	
Loss on disposal of PPE		THE COLUMN TWO IS NOT THE OWNER.			201,000	
Total Expenditure	1,285,881	1,277,002	1,211,850	1,273,398	1,330,827	

The budgeted allocation for employee related costs for 2018/19 financial year totals R 308.8 million, which equals 25 % of the total operating expenditure. Based on the three year Salary and Wage Collective Agreement, salary increases have been factored into this budget at a percentage increase

of 7% for the 2018/19 financial year. An annual increase of 6% has been included in the two outer years of the MTREF. The municipality has also prioritised the filling of all vacant and critical posts within 2018/19 financial year.

The cost associated with the remuneration of councillors is determined by the Minister of 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 draft budget.

Provision for depreciation and asset impairment has been informed by the municipality's Asset Management Policy and the recent audited financial statements. Depreciation is widely considered a proxy for the measurement of the rate of asset consumption. Budget appropriations in this regard total R 140 million for the 2018/19 financial and equates to 12 % of the total operating expenditure.

Bulk purchases are directly informed by the purchase of water from Department of Water and Sanitation. The annual price increases have been factored into the budget appropriations and directly inform the expenditure provisions in line with current year expenditure and previous year audit outcomes. Bulk purchases constitute 2% of the total operating expenditure. The municipality needs to implement a comprehensive activity based costing in the relationship between water purchases and the corresponding revenue receivable from the services rendered.

The municipality is currently constrained with capacity and skills issues in various departments hence the use of service providers to enhance business process flows. The municipality will be engaging on a revenue enhancement strategy, shared internal audit, security services and support for the preparation of the annual financial statements hence the use of consultants to assist with the processes. In 2018/19 financial year, this combined expenditure totals R 30,6 million and has decreased by 5 % compared to the second adjustment budget. As part of the process of identifying further cost efficiencies, a business process reengineering project will commence in the 2018/19 financial year to identify alternative practices and procedures, including building in-house capacity for certain activities that are currently being contracted out.

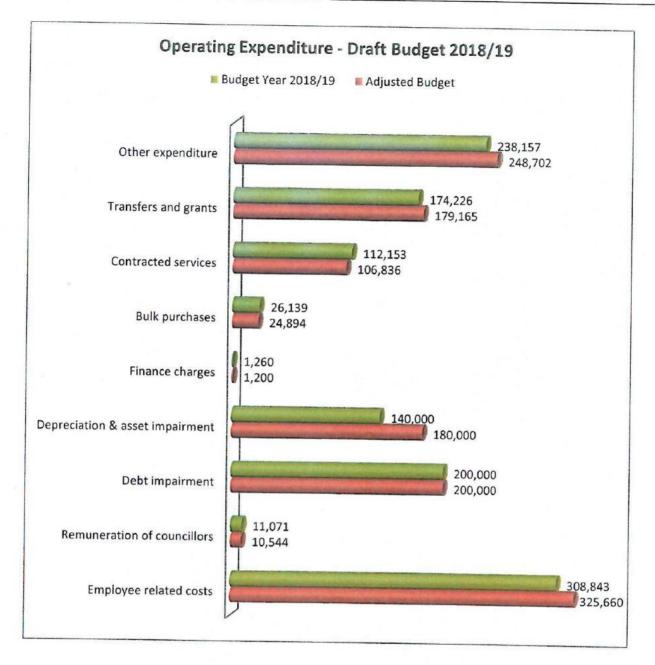
Other expenditure comprises of various line items relating to daily operations of the municipality. This combined expenditure has also been identified as an area in which cost savings and efficiencies can be achieved. Other expenditure has decreased by 4 % for 2018/19 budget year, when compared to the second adjustment budget. Also included in other expenditure are equitable share funded IDP projects of various departments to the value of R 76.4 million that are linked to the SDBIP and repairs and maintenance amounting to R 80.4 million or 7 % of the total operating budget. Other expenditure constitutes 20 % of the total operating expenditure.

The provision for debt impairment is budgeted for at R 200 million in 2018/19 financial year and constitutes 17 % of the total operating expenditure. This was determined based on an estimated collection rate of 20 % and the Debt Write-off Policy of the municipality. While this expenditure is a non-cash item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues.

The transfers and grants amount to R 174.2 million and this comprises of operating grants funding expenditure, a subsidy to Chris Hani Development Agency of R 18.6 million as the operating grant to the agency, R 2 million for bursary fund and R 500 thousand for adopted schools.

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

Figure 2 Main operational expenditure categories for the 2018/19 financial year-



1.3.1 Free Basic Services: Indigent Support

The indigent support assists households that are poor or face other circumstances that limit their ability to pay for municipal services. To receive these free basic services the households are required to register in terms of the municipality's indigent policy in respect to the water and sanitation services. The district municipality will have an ongoing indigent registration programme and data cleansing will be conducted as part of the revenue enhancement strategy so as to provide for the indigent households, this process is being reviewed annually. Detail relating to free services, cost of free basic services, revenue lost owing to free basic services as well as basic service delivery measurement is contained in Table A10 (Basic Service Delivery Measurement) and supporting table

SA9. The cost of the indigent support to the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act.

The basic services component provides a subsidy of R 383.11 per month in 2018/19 for the cost of providing basic services to each of these households. The subsidy includes funding for the provision of free basic water (6 kilolitres per poor household per month), energy (50 kilowatt-hours per month) sanitation and refuse (based on service levels defined by national policy). The monthly amount provided for each service is detailed in Table W1.22 and includes an allocation of 10% for service maintenance costs that is incurred by the municipality. Applicable to Chris Hani district municipality would be a subsidy of R 221.21 per indigent household per month that excludes the energy and refuse components.

	Allocation per household	Allocation per household below affordability threshold (R per month						
	Operations	Maintenace	Total					
Energy	73.46	8.16	81.62					
Water	112.90	12.54	125.4					
Sanitation	86.19	9.58	95.77					
Refuse	72.25	8.03	80.28					
otal basic services	344.80	38.31	383.11					

1.4 Capital expenditure

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

Table 6 2018/19 Medium-term capital budget per vote-

Description	Current Ye	ar 2017/18	2018/19 Medium Term Revenue & Expenditure Framework			
R thousand	Original Budget	Adjusted Budget	Budget Year 2018/19	Budget Year 2019/20	Budget Year 2020/21	
Capital ecpenditure -vote						
Multi-year expenditure to be appropriated						
Vote 7 - Technical Services	514,254	540,260	426,867	318,682	308,820	
Capital multi-year expenditure sub-total	514,254	540,260	426,867	318,682	308,820	
Single-year expenditure to be appropriated	3+1					
Vote 1 - Council						
Vote 2 - Municipal manager						
Vote 3 - Budget & Treasury	49,527	42,000	25,000	26,500	28,090	
Vote 4 - Community Services	3/				20,000	
Vote 5 - Corporate Services	80,000	37,107	55,000	90,000		
Vote 6 - Planning & Development						
Capital single-year expenditure sub-total	129,527	79,107	80,000	116,500	28,090	
Total Capital expenditure-vote	643,781	619,367	506,867	435,182	336,910	

For 2017/18 an amount of R 426.9 million has been appropriated for the development of infrastructure which represents 84 % of the total capital budget. In the outer years this amount totals to R 318.7 million or 73 % and R 308.8 million, 92 % of total capital expenditure of the two outer years respectively. The municipality provides water and sanitation services and currently has service delivery backlogs and infrastructure backlogs hence the capital funding is never sufficient to eradicate the backlogs. It is therefore essential for the municipality to explore and enhance the own revenue capabilities to contribute on the improvement of infrastructure. Council out of its reserves has made a provision of R 80 million for 2018/19, R 116.5 million and R 28.1 million for the two outer years to deal with fleet shortages, CHDM Village and improve on tools of trade.

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

1.5 Annual Budget Tables - Parent Municipality

The following pages present the main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2018/19 budget and MTREF as tabled before Council. Each table is accompanied by explanatory notes.

Table 7 MBRR Table A1 - Budget Summary-

Description R thousands	2014/15	2015/16	2016/17	L III	Current Ye	ear 2017/18	2018/19 Medium Term Revenue & Expenditure Framework			
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Yea +2 2020/21
Financial Performance				11111			0.0000000000000000000000000000000000000	(0.001.00.00)		
Property rates	2	- 1	-	-	_	-	-	-	-	_
Service charges	185,225	335,760	171,575	187.500	219.642	-	_	232,820	246,789	261,597
Investment revenue	26,425	38,464	37,255	33,154	33,154	-	_	32,480	34,429	36,495
Transfers recognised - operational	486,188	590,775	626,609	629,804	644,557	-	-	645,377	648,217	697,434
Other own revenue	522,482	76,700	94,662	188,936	91,854	-	-	71,871	76,172	80,730
Total Revenue (excluding capital transfers	1,220,320	1,041,698	930,101	1,039,393	989,208		_	982,549	1,005,607	1,076,255
and contributions)								33333	.,,,,,,,,	1,010,200
Employ ee costs	216,437	246,191	245,075	349.187	325,660	-	-	308,843	327,374	347,016
Remuneration of councillors	7,718	9,631	9,577	12,578	10,544	=	-	11,071	11,736	12,440
Depreciation & asset impairment	122,387	158,329	119,621	180,000	180,000		-	140,000	140,000	100000000000000000000000000000000000000
Finance charges	629	629	271	1,200	1,200	77	_	1,260	1,336	140,000
Materials and bulk purchases	27,528	73,684	21,589	24,894	24,894	-	_	26,139	27,707	1,416 29,369
Transfers and grants	195,566	213,186	246,619	20,198	179,165		_	174,226	193,848	29,369
Other ex penditure	494,981	720,208	348,657	697,824	555,538	-	_	550,310	571,329	593,608
Total Expenditure	1,065,246	1,421,858	991,410	1,285,881	1,277,002			1,211,850	1,273,328	1,330,826
Surplus/(Deficit)	155,075	(380,161)	(61, 309)	(246,487)	(287,794)			(229,301)		1 1000000000000000000000000000000000000
Transfers and subsidies - capital (monetary alloc	618,117	613,451	662,844	514,254	540,260	0	-	426,867	(267,722)	(254,571
Contributions recognised - capital & contributed a	-	010,451	002,044	014,204	340,200	2		420,007	318,682	308,820
Surplus/(Deficit) after capital transfers &	773,192	233,291	601,535	267,767	252,466		-	197,566	50,961	54,249
contributions										0.1010
Share of surplus/ (deficit) of associate	_	_ 1	- 1	_		2	-			
Surplus/(Deficit) for the year	773,192	233,291	601,535	267,767	252,466		-	197,566	50,961	54,249
100000000000000000000000000000000000000	7.1000.171.3				. XVIIIIENSHO					
Capital expenditure & funds sources		200 440						20000000	2457215000	1947/247047
Capital expenditure	632,552	622,119	697,874	611,254	619,367		-	506,867	435,182	336,910
Transfers recognised - capital	622,542	601,160	662,844	514,254	540,260	-	-	426,867	318,682	308,820
Public contributions & donations	81	-	-	-	-	-	-	-	-	-
Borrowing					-	-	-	-	-	-
Internally generated funds	9,929	20,959	35,031	97,000	79,107	-	-	80,000	116,500	28,090
Total sources of capital funds	632,552	622,119	697,874	611,254	619,367	-	-	506,867	435,182	336,910
Financial position	200000000000000000000000000000000000000	500000000	7,000,000,000		Company of					
Total current assets	820,337	598,303	646,112	570,797	594,787	-	-	731,710	754,138	777,327
Total non current assets	3,368,666	3,830,901	4,024,337	5,118,030	5,118,030	-	-	4,826,959	5,122,155	5,319,079
Total current liabilities	231,583	232,603	342,183	99,836	109,391	-	-	113,992	118,557	123,304
Total non current liabilities	37,297	43,243	42,323	49,509	49,509	-	-	51,489	53,548	55,690
Community wealth/Equity	3,920,122	4,153,358	4,271,153	5,529,927	5,529,927	-	-	5,393,187	6,473,627	5,917,412
Cash flows	essum.	25.000	* Avenesses					37.7		-
Net cash from (used) operating	589,290	629,455	563,378	540,959	463,546	-	-	30,928	(115,922)	(126,445)
Net cash from (used) investing	(598,597)	(622, 125)	(724,644)	(580,691)	(598,536)	-	-	(493,867)	(371,682)	(365,000)
Net cash from (used) financing	-	-	-	-	-	-	-	-	-	-
Cash/cash equivalents at the year end	356,162	363,492	202,226	393,117	297,859	-	-	(120,940)	(608, 544)	(1,099,988)
Cash backing/surplus reconciliation										
Cash and investments available	356,162	363,492	338,814	399,842	423,832	_	-	342,000	348,840	355,817
Application of cash and investments	146,462	172,341	246,715	37,997	25,097	-		(66,563)	(82,056)	(81,610)
Balance - surplus (shortfall)	209,701	191,151	92,100	361,844	398,735	175	- 50	408,563	430,896	437,426
Asset management	2 200 000	2 020 004	E 054 000	E 110 500	E 000 045	- 3311 - 340 Mail				202200000
Asset register summary (WDV)	3,368,666	3,830,901	5,254,898	5,116,530	5,096,045	-		5,209,126	2,978,731	3,097,880
Depreciation	122,387	158,329	180,000	180,000	180,000	7.71		140,000	140,000	140,000
Renewal of Existing Assets	40.40		-	-	-			-	-	
Repairs and Maintenance	13,184	51,099	-	54,165	41,727			80,456	85,283	90,401

Explanatory notes to MBRR Table A1 - Budget Summary

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

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

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

Description R thousand	Ref	2014/15	2015/16	2016/17		Current Ye	ar 2017/18		2018/19 Medium Term Revenue & Expenditure Framework			
	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21	
Revenue By Source	\Box											
Property rates	2		-	-	-	- 1		-	- 1	-	_	
Service charges - electricity revenue	2			-	-	-	-	-	_	_	- 2	
Service charges - water revenue	2	147,760	293,631	128,569	151,560	168,466	_	_	178,574	189,288	200,646	
Service charges - sanitation revenue	2	37,466	42,129	43,006	35,940	51,176	_	_	54,246	57,501	60,951	
Service charges - refuse revenue	2	- 1		78,555		- 1		10	04,240	37,001	00,601	
Service charges - other				489	- 2				-		-	
Rental of facilities and equipment	1 1											
Interest earned - external investments		26,425	38,464	37,255	33,154	33,154			20,400	04 400		
Interest earned - outstanding debtors	1 1	20,425	30,404	31,235	100000000000000000000000000000000000000	7-11-5			32,480	34,429	36,495	
Dividends received					103,234	6,471			6,730	7,133	7,561	
	1 1											
Fines, penalties and forfeits												
Licences and permits												
Agency services				.00000000000000000000000000000000000000	WWW.West	CONSTRUCTION OF			and the same of		La contrata de	
Transfers and subsidies		486, 188	590,775	626,609	629,804	644,557			645,377	648,217	697,434	
Other revienue	2	522,482	76,700	93,758	85,502	85,184	=		64,942	68,838	72,969	
Gains on disposal of PPE				904	200	200			200	200	200	
Total Revenue (excluding capital transfers and contributions)		1,220,320	1,041,698	930,101	1,039,393	989,208	-	-	982,549	1,005,607	1,076,255	
Expenditure By Type												
Employee related costs	2	216,437	246, 191	245,075	349,187	325,660	= =	- 2	308,843	327,374	347,016	
Remuneration of councillors		7,718	9,631	9,577	12,578	10,544			11,071	11,736	12,440	
Debt impairment	3	341,465	522,558	44,876	200,000	200,000			200,000	200,000	200,000	
Depreciation & asset impairment	2	122,387	158,329	119,621	180,000	180,000	-	-	140,000	140,000	140,000	
Finance charges		629	629	271	1,200	1,200			1,260	1,336	1,416	
Bulk purchases	2	14,344	22,585	21,589	24,894	24,894	-	-	26,139	27,707	29,369	
Other materials	8	13,184	51,099	70.700								
Contracted services Transfers and subsidies		13,065 195,566	11,383 213,186	76,783 246,619	32,956	106,836		-	112,153	118,862	126,015	
Other expenditure	4, 5	140,452	184,705	224,998	20,198 464,868	179,165 248,702	-	-	174,226	193,848	206,977	
Loss on disposal of PPE	7, 5	140,402	1,561	224,880	404,000	240,702		_	238,157	252,446	267,593	
Total Expenditure		1,065,246	1,421,858	991,410	1,285,881	1,277,002	_		1,211,850	1,273,328	4 220 820	
				794001.0000	The second of						1,330,826	
Surplus/(Deficit) Iransiers and subsidies - capital (monetary		155,075	(380,161)	(61,309)	(246,487)	(287,794)			(229,301)	(267,722)	(254, 571)	
allocations) (National / Provincial and District) Transfers and subsidies - capital (monetary		618,117	613,451	662,844	514,254	540,260			426,867	318,682	308,820	
allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions,												
Priv ate Enterprises, Public Corporatons, Higher	6		-	-		-						
Transfers and subsidies - capital (in-kind - all)										-		
Surplus/(Deficit) after capital transfers &	 -	773,192	233,291	601,535	267,767	252,466	-	_	197,566	50,961	54,249	
contributions			200,201	,	201,101	202,400	20/6		131,000	30,301	34,249	
Tax ation		700	148									
Surplus/(Deficit) after taxation	1 -	772,492	233,143	601,535	267,767	252,466	-	-	197,566	50,961	54,249	
Attributable to minorities	1	7							1711000	Jujeur	34,243	
Surplus/(Deficit) attributable to municipality	1	772,492	233,143	601,535	267,767	252,466		-	197,566	50,961	54,249	
Share of surplus/ (deficit) of associate	7					20000000	- 4					
Surplus/(Deficit) for the year		772,492	233,143	601,535	267,767	252,466	-	-	197,566	50,961	54,249	

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

- Total revenue is R 933.8 million in 2018/19 and escalates to R 988.3 million by 2020/21. This
 represents a year-on-year increase of 5 % for 2019/20 financial year and 1 % for 2020/21
 financial year.
- 2. Revenue to be generated from water and sanitation services is R 87.5 million in 2018/19 financial year and increases to R210.7 million by 2019/20 and represents 20% of the total operating revenue and therefore indicating that the municipality is heavily grant dependent. It remains relatively constant over the medium-term, this income stream is the revenue base of the municipality that must improve moving into the future.
- 3. Transfers recognised operating, includes the local government equitable share and other operating grants from national and provincial government. These grants form 67 % of the total revenue base of the municipality therefore an indication that the municipality has to focus on the billing and collection of own revenue to have a better cash flow position.
- 4. The following graph illustrates the major revenue items per type.
- 5. Employee related costs are the major cost driver for the municipality at 27 % of the total operating expenditure budget. These costs have increased significantly over the years due to the filling of vacancies that existed in the municipality and also annual increase in line with the collective agreement of the bargaining council. The water and sanitation take over has also influenced this cost as employees that were in local municipalities have been transferred to the district municipality and are in a process of being integrated to the municipality.
- 6. The table above reflects an overall decrease of 2 % in the draft budget for operating expenditure when compared to the second adjustment budget.
 - The increase was influenced by the following expenditure items:
 - ✓ Employee related costs and Remuneration of councillors by 7 %;
 - ✓ Depreciation & asset impairment by 33,8 %; and
 - ✓ Water Bulk purchases by 8 %.
 - The following expenditure items have however decreased:-
 - ✓ Contracted services by 48 %; and

Other Expenditure by 13 %.

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

DC13 Chris Hani - Table A5 Consolidated Budg	eted Capital Expenditure by vote, f	unctional classification and funding

Vote Description	Ref	2014/15	2015/16	2016/17		Current Ye	ear 2017/18		2018/19 Medium Term Revenue & Expenditure Framework			
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Yea +2 2020/21	
Capital expenditure - Vote									201800121	7-11111		
Multi-year expenditure to be appropriated	2											
Vote 1 - Council		-	-	-	2	24	-	-	-	-	-	
Vote 2 - Municipal Manager		-	-	-	_	_	-	-	-	-	-	
Vote 3 - Budget & Treasury		10,010	4,556	-	_	_	-	-	-	-	-	
Vote 4 - Community Services		-	-	-	2	-	200	-	-	-	-	
Vote 5 - Corporate Services		-	-	31,400	55,000	-	(4)	~	-	-	-	
Vote 6 - Planning & Development	1		-	-	-	-	-	-	- 1	-	-	
Vote 7 - Technical Services		622,542	617,564	662,844	514,254	540,260	-		426,867	318,682	308,820	
Vote 8 - Roadworks		-	- 1	-	-	-	-	-	_	-	-	
Vote 9 - Plant (Public Works)		-		-		-	-	-	2	-	-	
Vote 10 - [NAME OF VOTE 10]			=	-	-	-	-	-		~	-	
Vote 11 - [NAME OF VOTE 11]	1	- 1	-	-	-	-	1 1	-		-	-	
Vote 12 - [NAME OF VOTE 12]	1	-	-	-	-	-	-	-	-	-	=	
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-		-	2	
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	- 1	-	2	-		
Vote 15 - [NAME OF VOTE 15]		-	-	-	- 1	-	-	-	-	-	-	
Capital multi-year expenditure sub-total	7	632,552	622,119	694,244	569,254	540,260	-	_	426,867	318,682	308,820	
Single-year expenditure to be appropriated	2		-	137753	0.000000				Well Electron			
Vote 1 - Council	-		_ 1	_	_	_	-	_			40	
Vote 2 - Municipal Manager			_			_	_	-	-	-	-	
Vote 3 - Budget & Treasury			-	3,631	42,000	42,000	_		25 000	20 500	-	
Vote 4 - Community Services				3,001	42,000	42,000	-		25,000	26,500	28,090	
Vote 5 - Corporate Services		- 1	-	- 1	55,000	37,107		-	-	-	-	
Vote 6 - Planning & Development		- 1	-		33,000		-		55,000	90,000	-	
Vote 7 - Technical Services	6 3		-	-		-	-	-	-	-	-	
Vote 8 - Roadworks	1 1	- 31			-	-		-	-		-	
Vote 9 - Plant (Public Works)				-	-	-	-	-	-	-	-	
Vote 10 - [NAME OF VOTE 10]			-		-	-	-	-	-	-	-	
Vote 11 - [NAME OF VOTE 11]			-	-	-	-	-	-	-	-	-	
Vote 12 - [NAME OF VOTE 12]	1 1	- 5	0.400	-	-	-	77		-	-	-	
Vote 13 - [NAME OF VOTE 13]			-	-	-		-	-	-	-	-	
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	7	-		-	-	
Vote 15 - [NAME OF VOTE 15]				-	-	-	~		-	-	-	
Capital single-year expenditure sub-total	1 1			3,631	97,000	79,107		-	-	-	-	
Total Capital Expenditure - Vote	-				72.00		-	-	80,000	116,500	28,090	
	\vdash	632,552	622,119	697,874	666, 254	619,367	-	-	506,867	435,182	336,910	
Capital Expenditure - Functional	П											
Governance and administration		10,010	4,556	35,031	97,000	79,107	-	_	80,000	116,500	28,090	
Executive and council	1 1		4			11177			7			
Finance and administration	1	10,010	4,556	3,631	42,000	42,000			25,000	26,500	28,090	
Corporate Services				31,400	55,000	37,107			55,000	90,000	-	
Community and public safety		-	-	-	-	-	-	-	-	-	-	
Community and social services					1							
Sport and recreation						- 1						
Public safety												
Housing												
Health						. %						
Economic and environmental services		-	-	-	-	-	-	-	-	-		
Planning and dev elopment												
Road transport												
Environmental protection												
Trading services		622,542	617,564	662,844	514,254	540,260	-	2	426,867	318,682	308,820	
Energy sources										- 1111111	310,020	
Water management		622,542	617,564	662,844	514,254	540,260	9		426,867	318,682	308,820	
Waste water management							- 3		No.	011011	000,020	
Waste management												
Other				100								
otal Capital Expenditure - Functional	3	632,552	622,119	697,874	611,254	619,367	-	-	506,867	435,182	336,910	
unded by:	\vdash								7.1,001	100,102	000,010	
National Government		600 540	604 400	800 044	E44.004	C40.000						
Provincial Government	1	622,542	601,160	662,844	514,254	540,260			426,867	318,682	308,820	
						100						
District Municipality												
Other transfers and grants						July 1000						
Transfers recognised - capital	4	622,542	601,160	662,844	514,254	540,260	-	-	426,867	318,682	308,820	
Public contributions & donations	5	81										
Berrowing	6	1000	0.000000	(CAROLINA)	27,340,680	(IESTERNA)			2 2 2 1			
Internally generated funds		9,929	20,959	35,031	97,000	79,107			80,000	116,500	28,090	
otal Capital Funding	7	632,552	622,119	697,874	611,254	619,367	-	-	506,867	435, 182	336,910	

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

- Table A5 is a breakdown of the capital programmes in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
- The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations. In relation to multi-year appropriations, for 2018/19 R 514.3 million has been allocated, which totals to 84 % of total capital budget. This allocation decreases to R 454.3 million in 2019/20 and to R 365.5 million in 2020/21.
- Single-year capital expenditure has been appropriated at R 97 million for the 2018/19 financial year
 and remains relatively constant over the MTREF at levels of R 102.8 million and R 108.9 million
 respectively for the two outer years.
- 4. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles, CHDM Village, furniture and office equipment, specialized tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the municipality. For the purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.
- 5. The capital programme is funded from capital and provincial grants and transfers. For 2018/19, capital transfers totals R 514.3 million (100 %) and declines to R 365.5 million by 2020/21 (30 %). The municipality is solely dependent on grant funding to fund the capital budget, to improve its infrastructure and deal with basic services backlogs.

Table 13 MBRR Table A6 - Budgeted Financial Position-

DC13 Chris Hani - Table A6 Consolidated Budgeted Financial Position

Description R thousand	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21	
ASSETS												
Current assets Cash		398,643	363,492	372,668	399,842	423,832			342,000	348,840	355,817	
Call investment deposits	1	-	-	-	-	-	- 4	-		-	a contribution	
Consumer debtors	1	336,195	111,349	198,471	35,148	35,148	(2)	12	248,471	258,410	268,746	
Other debtors		77,522	116,395	59,519	128,034	128,034	1-11-11		133,155	138,482	144,021	
Current portion of long-term receivables				-								
Inventory	2	7,977	7,066	15,454	7,773	7,773			8,084	8,407	8,743	
Total current assets		820,337	598,303	646,112	570,797	594,787	-	-	731,710	754,138	777,327	
Non current assets Long-term receivables investments investment property investment in Associate					1,500	1,500			1,500	1,500	1,500	
Property, plant and equipment	3	3,367,996	3,830,400	4,018,875	5,116,049	5,116,049	7	375	4,825,109	5,120,291	5,317,201	
Agricultural Biological Intangible Other non-current assets		670	501	5,462	481	481			350	364	379	
Total non current assets		3,368,666	3,830,901	4,024,337	5,118,030	5,118,030		-	4,826,959	5,122,155	5,319,079	
TOTAL ASSETS		4,189,003	4,429,204	4,670,449	5,688,827	5,712,817		-	5,558,669	5,876,293	6,096,406	
LIABILITIES Current flabilities Bank overdraft Borrowing Consumer deposits Trade and other pay ables	1 4	42,481 - 179,357	- 223,917	33,854 213 298,751	99,836	99,836	1 10			7 239 107,983		
Provisions		9,746	8,688	9,366		9,555	and the same and	Engage of the Control	9,937	10,335	10,748	
Total current (labilities		231,583	232,603	342,183	99,836	109,391	-	-	113,992	118,557	123,304	
Non current liabilities Borrowing Provisions Total non current liabilities		37,297 37,297	43,243 43,243	42,323 42,323	49,509 49,509	49,509 49,509	-		51,489 51,489	- 53,548 53,548	55,690 55,690	
TOTAL LIABILITIES		268,881	275,846	384,506	149,345	158,900	-	-	165,481	172,105	178,994	
NET ASSETS	5	3,920,122	4,153,358	4,285,943	5,539,482	5,553,917	-	-	5,393,187	6,473,627	5,917,412	
COMMUNITY WEALTH/EQUITY Accumulated Surplus/(Deficit) Reserves	4	3,920,122	4,153,358	4,285,943	5,539,482	5,553,917			5,393,187 -	6,473,627	5,917,412	
TOTAL COMMUNITY WEALTH/EQUITY	5	3,920,122	4,153,358	4,285,943	5,539,482	5,553,917	-		5,393,187	6,473,627	5,917,412	

Explanatory notes to Table A6 - Budgeted Financial Position

- Table A6 is consistent with international standards of good financial management practice, and improves understandability by council and management of the impact of the budget on the statement of financial position (balance sheet).
- 2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as "accounting" Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
- 3. Table 6 is supported by an extensive table of notes in supporting table SA3 providing a detailed analysis of the major components of a number of items, including:
 - · Call investments deposits;
 - · Consumer debtors;
 - · Property, plant and equipment;
 - · Trade and other payables;
 - Non-current provisions;
 - · Changes in net assets; and
 - Reserves.
- 4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
- 5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for debt impairment. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position for the MTREF.

Table 14 MBRR Table A7 - Budgeted Cash Flow Statement -

DC13 Chris Hani - Table A7 Consolidated Budgeted Cash Flows

Description	Ref	2014/15	2015/16	2016/17		Current Ye	ar 2017/18			ledium Term F Inditure Frame	
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
CASH FLOW FROM OPERATING ACTIVITIES											100000000000000000000000000000000000000
Receipts									1		
Property rates		200,000		A Comment	_				-	-	-
Service charges		56,271	93,408	53,517	65,625	65,625		in the second	88,100	91,624	95,289
Other revenue		0.000 EE = 0.00	200000	(Acceptance)	76,951	76,951			47,853	62,920	65,437
Government - operating	1	457,744	515,984	537,938	629,804	644,557			645,377	648,217	697,434
Government - capital	1	661,561	705,442	759,654	514,254	540,260			426,867	318,682	308,820
Interest		26,425	38,464	37,639	33,154	33,154			34,580	35,963	37,402
Div idends *	1					-			-	-	-
Payments	1 1			V-100-00-00-00-00-00-00-00-00-00-00-00-00							
Suppliers and employees	1 1	(417, 309)	(509,920)	(621,287)	(757,431)	(716,637)			(725,470)	(760,598)	(797,834
Finance charges		(629)	(737)	(271)	(1,200)	(1,200)			(200,000)	(200,000)	(200,000
Transfers and Grants	1	(194,772)	(213, 186)	(203,812)	(20,198)	(179,165)			(286,380)	(312,730)	(332,992
NET CASH FROM/(USED) OPERATING ACTIVIT	ES	589, 290	629,455	563,378	540,959	463,546	-	-	30,928	(115,922)	(126,445
CASH FLOWS FROM INVESTING ACTIVITIES Receipts Proceeds on disposal of PPE Decrease (Increase) in non-current debtors Decrease (increase) other non-current receivable Decrease (increase) in non-current investments	HS I								-		-
Paym ents										-	
Capital assets		(598,597)	(622, 125)	(724,644)	(580,691)	(598,536)			(493,867)	(371,682)	(365,000)
NET CASH FROM/(USED) INVESTING ACTIVITI	S	(598, 597)	(622, 125)	(724,644)	(580,691)	(598,536)	-		(493,867)	(371,682)	(365,000)
CASH FLOWS FROM FINANCING ACTIVITIES Receipts Short term loans Borrowing long term/refinancing									-	2	_
Increase (decrease) in consumer deposits										-	-
Payments									-	-	
Repayment of borrowing											
NET CASH FROM/(USED) FINANCING ACTIVITI	FS		-				_		-		
NET INCREASE/ (DECREASE) IN CASH HELD		(0.202)								-	
		(9,307)	7,330	(161, 266)	(39,732)	(134,990)	300	-	(462,940)	(487,604)	(491, 444)
Cash/cash equivalents at the year begin:	2	365,470	356,162	363,492	432,849	432,849			342,000	(120,940)	(608, 544)
Cash/cash equivalents at the year end:	2	356,162	363,492	202,226	393,117	297,859	-		(120,940)	(608, 544)	(1,099,988)

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

- 1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
- 2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
- 3. It can be seen that the cash levels of the municipality decline over the years 2018/19 to 2020/21 due to the decline in conditional grant allocations received by the municipality and increased operating expenditure. In 2018/19 budget year there is a decline in the cash levels responding to the increased operating expenditure budget and a decline in conditional grant allocations of the municipality. Further the municipality needs to take into consideration a realistic collection rate as this has implications on the funding of the budget.
- 4. The draft 2018/19 MTREF provides for a further net decrease in cash of R 120.8 million.
- 5. The 2018/19 MTREF has been informed by the planning principle of a 20 % collection rate on water and sanitation services revenue.
- Cash and cash equivalents totals R 389.3 million as at the end of 2018/19 financial year and declines to R 268.5 million by 2020/21.

CHDM TARRIFS 2018-2019

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

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

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

Chris Hani District Municipality as a Water Services Provider therefore has to raise sufficient own revenue from the rendering of water and sanitation services. Since the municipality has not increased the water and sanitation tariffs for past two years, the level of own revenue raised from the service is not sustainable to maintain, repair and ensure the sustainability of the water infrastructure assets that should generate a revenue base for the municipality in order to cover operational and capital costs. The proposed tariff increase below is based on the guidelines provided by the National Treasury for the 2017/2018 MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK. In terms of the proposal, the increase should be linked to the consumer price index (CPI) which is estimated to be 6.1% for 2016/2017.

The tariff will be applicable for the following period;

Start date: 01 JULY 2017

End date: 30 JUNE 2018

5. TARIFFS: WATER SUPPLY SERVICES AND INCIDENTAL CHARGES

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

- The Sewerage Charges will be linked to the account where either a waterborne sewer connection or septic tank sewer is available.
- Reference to "per month" in the tariffs is based on a meter reading period of 30 days with regard to the calculation of a charge for the free consumption portion.
- Use is the determining factor for tariff application but where a mixed use occurs on any given property the property zoning will be the determining factor in the tariff Application.

♣ ALL TARIFFS LISTED BELOW OR TO BE CALCULATED IN TERMS OF THIS SCHEDULE OF TARIFFS

INCLUDE VAT.

6. WATER TARIFFS

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

7. SANITATION TARIFFS

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

8. CONSUMPTION TARIFFS BASED ON WATER RELATED SERVICES

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

4.1 Domestic / Household Water Use

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

In the event that a small business is conducted as a primary right in terms of a Town Planning Scheme, or home enterprise in terms of the Council's policy, from a property used for household purposes, and the connection size is either a 15mm or 20mm connection, the tariffs in the table below shall apply. However, any connection which is greater than 20mm and the property is not exclusively used for residential purposes, shall be charged in terms of the tariffs. Spaza Shops, defined as an area of a dwelling unit and or associated immovable outbuilding not more than 20m² in extent, used by the occupant of such a dwelling unit for the purposes of selling basic household goods, is also included in this tariff, provided the connection size is either a 15mm or 20mm connection.

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

^{4.2} Institutional Water Use: Welfare Organizations, Government Schools Institutional Public Hospitals, Churches

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

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

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

4.3 Business and Other Water Uses

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

These tariffs apply to e.g. the following uses: business, commercial, industrial, government, mining, private schools, crèches, sport clubs including sport clubs whose lease agreements with Council have expired, private hostels, private hospitals and clinics, agriculture, temporary connections for building or business use, fire hydrant use, including Council owned properties, where the usage is not defined as in paragraphs 4.1 and 4.2

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

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

4.4 Un-metered and/or Unread Water Meter Connections

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

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

4.5 Minimum Basic Charges / Availability of Water Infrastructure

Any premises, including vacant stands, where Council Water Supply is available, but the supply is not directly connected to the Council's water reticulation system, the monthly minimum basic charge / availability charge below will be levied until such time that the relevant premises including vacant stands, have been connected where after the tariff sliding scale in item 4.1 will apply for households, the tariff sliding scale in item 4.2 will apply for institutions and the tariff sliding scale in item 4.3 will apply for businesses.

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

4.6 Flow Restriction/Water Consumption Management Meter

- **4.6.1** Properties used exclusively for household purposes as defined in **4.1**: For as long as a flow restriction/water consumption management meter implemented by the Head of Department: Water and Sanitation or his nominee in respect of the supply of water to the relevant premises applicable, the relevant tariff listed as per **4.1** shall be payable:
- **4.6.2** Registered Indigent Account Holders as defined in the Indigent Policy: If so requested by a registered indigent account holder, or deemed necessary by the Head of Department:

Water and Sanitation or his nominee, a flow restrictor/water consumption management meter can be installed on the premises, subject to such Indigent being registered in terms of the Council's Indigent Policy: The registered indigent will receive the allocated 6 kl free basic water per month on a monthly pro rata basis where after the tariff in 4.1 will be applicable

4.7 Private Internal Water Leaks (Households/Domestic)

In case of exceptionally high meter readings of water consumption in households, due to leaks from a private internal pipeline, the Chief Financial Officer or their nominee, may determine that the excess consumption be levied at **R9.27** per kilolitre for a maximum period of 91 days, the commencement date of such period to be determined in the entire discretion of the said Director. A reduction in consumption is required as well as proof of the leak been rectified as substantiated by a plumber's letter of confirmation of leak being fixed or affidavit from the consumer which must be submitted to the municipality within 90 days after repair of the leak.

4.8 Service Audit

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

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

4.9 Utility Services - Water Tariffs (Water Delivery)

TARIFFS	CHDM Current Tariff 2016/2017	CPIX Increase (6,1 %)	CHDM Proposed Tariff after CPIX (6,1 %) Increase for 2017/2018
WATER			
UTILITY SERVICES - WATER TARIFFS (WATER DELIVERY)			
Domestic / Households			
Tariff per load	400.00	56.00	456.00
Commercial - per Load			
Water supplied to premises predominantly of a commercial			
nature	400.00	56.00	456.00
Industrial - Per Load			
Water which is used in manufacturing, generating electricity,			
land-based transport, construction or any related purpose	400.00	56.00	456.00
Government - Per load			
National and Provincial Departments	400.00	56.00	456.00
Schools / Sport Bodies / Churches / Charities - Per Load			
Any educational activity / sporting activity / religious activity / charitable activity	400.00	56.00	456.00
STORING SOUTHLY	400.00	56.00	456.00
Homeless people shelters / Homes catering for physically or			
mentally challenged individuals - Per kl per person			
Homeless people shelters/ homes catering for the health of physically or mentally challenged individuals, including HOMAC accredited children's homes, registered with council on an annual basis. A sworn affidavit must accompany the application indicating the number of people normally accommodated at the facility			
Step 1 (0 to 1.5kls) Step 2 (above 1.6kls)	12.61	0.77	13.38
6 definition of Cl			
Additional Charges			

Labour - Charged per person	44.90	2.74	47.64
Travel Expenses - Charged per kilometer	8.00	0.49	8.49

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

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

In the latter case the Council reserves the right to change the water supply installation to a meter installation metered by a combination meter as sized by the Council and to recover the appropriate cost as listed in 5.1.1 from the owner. (All tariffs include Vat).

5.1 Where a water or fire hydrant connection is supplied:

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

5.1.1 Combination meters

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

5.1.2 Normal meters and Water Consumption Management meters. (WCM).

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

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

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

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

5.1.3 Full Installation by Council

Which includes a standpipe, the connection into the reticulation pipeline, connection pipe to meter, isolating valve, meter, meter box with connecting pipe extending to boundary line and I or entrance to stand, (Road crossing excluded – refer paragraph 6):

TARIFFS	CHDM Current Tariff 2016/2017	CPIX Increase (6,1 %)	CHDM Proposed Tariff after CPIX (6,1 %) Increase for 2017/2018
WATER			
Main Meter Connection (excl road crossing)			3
15mm	1,729.00	105.47	1,834.47
15mm WCM	2,767.00	168.79	2,935.79

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

10. ILLEGAL CONNECTIONS AND/OR CONSUMPTIONS AND DAMAGES TO SERVICES

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

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

6.1 OTHER ILLEGAL ACTIVITIES RELATING TO DAMAGES TO SERVICES

Fees calculated per incident:

Any damages to the network or connections:

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

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

Actual Cost of Repairs + 15 % Administration Fee

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

In cases where a connection to or service in respect of the water system is required and for which a charge has not been listed above, the party applying for such connection or service shall pay:

The Cost of such work + an Administration Fee of 15%, such cost to be determined by the Head of Department: Water and Sanitation or his nominee in advance and such cost to be paid in advance.

8. READING OF METERS ON REQUEST

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

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

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

In the event of the water supply to a premises being cut off or restricted as a credit control measure, the

consumer will be charged the following tariffs:

TARIFFS	CHDM Current Tariff 2016/2017	CPIX Increase (6,1 %)	CHDM Proposed Tariff after CPIX (6,1 %) Increase for 2017/2018
WATER			
DISCONTINUATION AND RESTRICTION OF WATER SUPPLY AS A CREDIT CONTROL MEASURE AND RE- INSTATEMENT OF SUPPLY			
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	78.00	4.76	82.76
proof of delivery required To install Water Consumption Management meter in order to restrict the flow through the connection to 30 kl or less per month - applicable to 15mm connection	2,691.00	164.15	2,855.15
To disconnect the water supply by removing the connection pipe and / or T piece or meter	836.00	51.00	887.00
To adjust the Water Consumption management meter in order to re-instate full flow to the premises - applicable to 15mm connection	439.00	26.78	465.78
Business & Other Usage			
To deliver by hand at the premises being supplied with water, a notice addressed to the consumer instructing the consumer to settle the account within 14 days from the date of the notice: No proof of delivery required	78.00	4.76	82.76
To terminate the water supply	836.00	51.00	887.00
To re-instate the water supply	836.00	51.00	887.00
To install Water Consumption Management meter in order to restrict the flow through the connection to 30 kl or less per month	2,691.00	164.15	2,855.15

To adjust the Water Consumption Management meter in order to re-instate full flow to the premises	439.00	26.78	465.78
To disconnect the water supply by removing the connection pipe and / or T piece or meter	836.00	51.00	887.00

10. DAMAGES TO THE MUNICIPAL WATER PIPE SYSTEM AND/OR WATER INSTALLATIONS

Any damages to the municipal pipe system and/or installation: Actual Costs of Repairs + Cost of Water Loss calculated as follows:

TARIFFS	CHDM Current Tariff 2016/2017	CPIX Increase (6,1 %)	CHDM Proposed Tariff after CPIX (6,1 %) Increase for 2017/2018
WATER			
DAMAGES TO THE MUNICIPAL WATER PIPE SYSTEM			
Pipes with diameter 50mm or less	6,111.00	372.77	6,483.77
Pipes with diameter between 50mm and 100mm	12,223.00	745.60	12,968.60
Pipes with diameter between 100mm and 250mm	18,334.00	1,118.37	19,452.37
Pipes with diameter between 250mm and 400mm	24,446.00	1,491.21	25,937.21
Pipes with diameter between 400mm and 700mm	48,892.00	2,982.41	51,874.41
Pipes with diameter greater than 700mm	67,226.00	4,100.79	71,326.79

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

TARIFFS	CHDM Current Tariff 2016/2017	CPIX Increase (6,1 %)	CHDM Proposed Tariff after CPIX (6,1 %) Increase for 2017/201
DEPOSITS / SECURITIES			
OPENING OF NEW WATER & SANITATION SERVICES ACCOUNT			
Domestic / Household	400.00	24.40	424.40
Business / Institutions & Other	1,067.00	65.10	1132.10

12. TARIFFS RELATING TO SANITATION RELATED SERVICES

12.1 MONTHLY FLAT RATE SANITATION TARIFFS:

TARIFFS		CHDM Current Tariff 2016/2017		CPIX Increase (6,1 %)		CHDM osed Tariff CPIX (6,1 crease for 17/2018
SANITATION	Sale.					
Basic Charge per Month (Flat Rate)						
Domestic / Households	R	59.96	R	3.66	R	63.62
Business	R	98.84	R	6.03	R	104.87
Government	R	99.77	R	6.09	R	105.86
Churches, Hotels, Schools & Hospitals	R	94.13	R	5.74	R	99.87

12.2 OTHER SANITATION RELATED TARIFFS:

TARIFFS	CHDI Current 1 2016/2	Tariff	CPIX Increase (6,1 %)	CHDM Proposed Tariff after CPIX (6,1 %) Increase for 2017/2018
SANITATION		-		
Night-soil Removals per load				
Night-soil removals (Buckets)	R 65	.66	4.00	69.66
New Sewer Connection				
100mm Sewer Connection	R 1,2	50.00	76.25	1,326.25
150mm Sewer Connection	R 1,54	40.00	93.94	1,633.94
Unblocking of Drains				
Domestic	R 10	09.34	6.66	116.00
Business	R 19	95.97	11.95	207.92
Government	R 2:	15.57	13.15	228.72

12.3 Sewerage Tariffs

TARIFFS	CHDM Current Tariff 2016/2017	CPIX Increase (6,1 %)	CHDM Proposed Tariff after CPIX (6,1 %) Increase for 2017/2018
SANITATION			
Sewerage charges (waterborne sewer system)			
Domestic / Households Full - Standard Single residential properties- 70% of water consumption to a maximum of 35kl of sewerage per month (70% of 50kl water = 35 kl of sewerage)			11 12 - F -
Step 1 (Oto 4kl) - Per kl	7.84	0.48	8.32
Step 2 (4.1kl to 7.35kl) - Per kl	8.21	0.50	8.71
Step 3 (7.36kl to 14 kl) - Per kl	15.46	0.94	16.40
Step 4 (14.1 kl to 24.5 kl) - Per kl	16.90	1.03	17.93
Step 5 (24.6kl to 35 kl) - Per kl	17.74	1.08	18.82
Commercial - Standard - Per kl			
95% of water consumption	10.96	0.67	11.63
Industrial - Standard - Per k!			
95% of water consumption	10.96	0.67	11.63
Government - Standard - Per kl			
National / Provincial – 95% of water consumption	10.96	0.67	11.63
Schools / Sport Bodies / Churches / Charities - Standard - Per kl			
Any educational activity / sporting activity / religious activity / charitable activity	10.96	0.67	11.63
Miscellaneous - Standard - Per kl			
All consumers who do not fall within the above categories	10.96	0.67	11.63
Homeless people shelters / Homes catering for physically or mentally challenged individuals - Standard - Per kl per person			

Step 2 (above 0.6kls)	10.09	0.62	10.71
Step 1 (0 to 0.6 kls)	-	-	
Registered old aged homes as defined. A sworn affidavit must accompany the application indicating the number of people normally accommodated at the facility			
Old Aged Homes as defined			
Step 2 (above 0.6kls)	10.09	0.62	10.71
Step 1 (0 to 0.6 kls)	_	-	
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			

12.4 Septic tank clearance

TARIFFS	CHDM Current Tariff 2016/2017	CPIX Increase (6,1 %)	CHDM Proposed Tariff after CPIX (6,1 %) Increase for 2017/2018
Septic Tank Clearing			
UTILITY SERVICES - SANITATION TARIFFS (SEWERAGE REMOVAL)			
Domestic / Households Full - Standard			
Septic tank clearing per load	400.00	56.00	456.00
Commercial - per Load			
Water supplied to premises predominantly of a commercial nature	400.00	56.00	456.00
Industrial - Per Load			
Water which is used in manufacturing, generating electricity, land-based transport, construction or any related purpose	400.00	56.00	456.00

Government - Per load			
National and Provincial Departments	400.00	56.00	456.00
Schools / Sport Bodies / Churches / Charities – Per Kl			
Any educational activity / sporting activity / religious activity / charitable activity	12.61	1.77	14.38
Additional Charges (for all the above categories)			
Labour - Charged per person	44.90	2.74	47.64
Travel Expenses - Charged per kilometer	8.00	0.49	8.49

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

13.1 CERTIFICATES

TARIFFS	Cur Ta		nt Increase		CHDM Proposed Tariff after CPIX (6,1%) Increase for 2017/2018			
MUNICIPAL HEALTH SERVICES / ENVIRONMENTAL MANAGEMENT AND WATER QUALITY SERVICES								
CERTIFICATES								
Certificate of Acceptability (CoA) (FCD Act)						1100-0-201		
New Application	R	250	R	15.25	R	265.25		
Review	R	100	R	6.10	R	106.10		
Renewal	R	100	R	6.10	R	106.10		
Certificate of Unsound Foodstuffs (Condemns Certificate)	R20	00/hour	R12,20/hour		R12,20/hour R2		R21	2,20/hour
Health Certificate (HA) (H. Act)								
New Application	R	150	R	9.15	R	159.15		
Review	R	100	R	6.10	R	106.10		
Renewal	R	100	R	6.10	R	106.10		
Certificate of Competence (CoC) (H. Act)		-11-2						
New Application	R	250	R	15.25	R	265.25		
Review	R	100	R	6.10	R	106.10		
Renewal	R	100	R	6.10	R	106.10		

Meat Safety Inspections (MS Act)	R25	0/hour	R15	25/hour	P261	5.25/hour
Application for Selling of Foodstuffs during Public Events	R	100	R	6.10	R	106.10
Illegal Transport of Foodstuffs (FCD Act)	R	200	R	12.20	R	212.20
Request for Re-Inspection or Special Inspections	R	200	R	12.20	R	212.20
Renewal	R	100	R	6.10	R	106.10
Review	R	100	R	6.10	R	106.10
New Application	R	100	R	6.10	R	106.10
RE-Issue of Certificates						
Application for Exhumations and Re-Burials	R	250	R	15.25	R	265.25

13.2 VECTOR CONTROL

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

13.3 ENVIRONMENTAL POLLUTION CONTROL

TARIFFS	T	1 Current ariff 5/2017		Increase 1 %)	CHDM Proposed Tariff after CPIX (6,1 %) Increase for 2017/2018
MUNICIPAL HEALTH SERVICES / ENVIRONMENTAL MANAGEMENT AND WATER QUALITY SERVICES					
ENVIRONMENTAL POLLUTION CONTROL					
Waste water spillages	R	500		30.50	530.50
Noise control		-			
Residential	R	500		30.50	530.50
Commercial	R	600	R	36.60	636.60

13.4 ATMOSPHERIC EMISSIONS LICENCES

TARIFFS		M Current Tariff 16/2017	CPI	X Increase (6,1%)	Pr Tai CPi Inci	CHDM oposed riff after X (6,1%) rease for 17/2018
MUNICIPAL HEALTH SERVICES / ENVIRONMENTAL MANAGEMENT AND WATER QUALITY SERVICES						
ATMOSPHERIC EMISSIONS LICENCES		·				
1 unit of listed activities						
New Application	R	1,500.00	R	91.50	R	1,591.50
Review	R	1,000.00	R	61.00	R	1,061.00
Renewal	R	1,000.00	R	61.00	R	1,061.00
Transfer	R	500.00	R	30.50	R	530.50
2 to 5 units of listed activities						
New Application	R	2,500.00	R	152.50	R	2,652.50
Review	R	1,500.00	R	91.50	R	1,591.50
Renewal	R	1,000.00	R	61.00	R	1,061.00
Transfer	R	500.00	R	30.50	R	530.50
6 to 10 units of listed activities						
New Application	R	3,500.00	R	213.50	R	3,713.50
Review	R	2,500.00	R	152.50	R	2,652.50
Renewal	R	1,000.00	R	61.00	R	1,061.00
Transfer	R	500.00	R	30.50	R	530.50
11 and more units of listed activities						
New Application	R	4,500.00	R	274.50	R	4,774.50
Review	R	3,500.00	R	213.50	R	3,713.50
Renewal	R	1,000.00	R	61.00	R	1,061.00
Transfer	R	500.00	R	30.50	R	530.50

13.5 WATER QUALITY - LABORATORY

TARIFFS	CHDM Current Tariff 2016/2017	CPIX Increase (6,1%)	CHDM Proposed Tariff after CPIX (6,1%) Increase for 2017/2018
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MUNICIPAL HEALTH SERVICES / ENVIRONMENTAL						
MANAGEMENT AND WATER QUALITY SERVICES						
WATER QUALITY - LABORATORY				72811		
						4
BACTERIOLOGICAL ANALYSIS						
E .coli (count/100ml)	R	92.00	R	5.61	R	97.61
Faecal Coliform Count (count/100ml)	R	75.00	R	4.58	R	79.58
PHYSICAL & ORGANOLEPTIC ANALYSIS						
рН	R	20.72	R	1.26	R	21.98
Turbidity	R	12.25	R	0.75	R	13.00
Electrical Conductivity	R	16.87	R	1.03	R	17.90
Chlorine	R	6.45	R	0.39	R	6.84
Total Dissolved Solids (TDS)	R	41.65	R	2.54	R	44.19
Suspended Solids	R	31.36	R	1.91	R	33.27
CHEMICAL ANALYSIS						
Fluoride	R	70.22	R	4.28	R	74.50
Nitrate	R	88.26	R	5.38	R	93.64
Ammonia	R	67.20	R	4.10	R	71.30
Chemical Oxygen Demand (COD)	R	140.00	R	8.54	R	148.54
Phosphate	R	74.93	R	4.57	R	79.50
Sulphate	R	70.22	R	4.28	R	74.50

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

TARIFFS	The second second second second second	roposed Tariff 017/2018
PROPOSAL TO IMPLEMENT ADDITIONAL TARIFFS FOR FINES ON ENVIRONMENTAL IMPACT RELATED ACTIVITIES AND SERVICES RENDERED		
PROPOSAL FOR FINES ON ACTIVITIES HAVING AN ENVIRONMENTAL IMPACT - LAW ENFORCEMENT OFFICERS (EHP'S)		
Environmental Pollution – (Municipal Boundaries) - Relating to Environmental pollution created during protest Action	R	20,000.00
Air pollution - Residential	R	2,500.00
Air pollution – Commercial	R	5,000.00

Trading without COA (Certificate of Acceptability)	R	250.00
Environmental pollution (Waste Water)	R	10,000.00
Illegal transport of Meat	R	250.00
Illegal transport of Milk	R	250.00
Illegal keeping of Animals	R	500.00
Illegal trading – Pesticides / Chemicals	R	250.00
PROPOSAL FOR ADDITIONAL TARIFFS FOR SERVICES RENDERED		
Issuing of Water & Sanitation Clearance Certificates	R	150.00
RE-Issuing of Water & Sanitation Clearance Certificates	R	100.00
Re-Connection/Re-Activation of Water Meter (Change in ownership/user)	R	350.00
Sewerage 'Dump'/'Deposit' into CHDM Waste Water Treatment Works (per dump/deposit)	R	400.00

DRAFT CHDM GRANTS ALLOCATIONS BUDGET FOR 2018-2020

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	OCTOTOR ON THE TOTAL THE SOLD TO SOLD		
MUNICIPALITY	PROJECTS	2018/19	2019/20
	Cluster 1 Waterbacklog (Wards 7.8.10.13.14)		
		00 000 000	000000000000000000000000000000000000000
	Water Backlog CHDM Cluster 1 Mhlanga Water Supply	K20 000 000.00	R 2 000 000.00
	Water Backlog CHDM Cluster 1 Mhlanga and Mgwalana Bulk Water Supply	R 4 303 772.00	R 15 625 325.00
	Cluster 2 Water Backlog (Wards 1,2,4&6)		
	Cluster 2 Water backlog Project - Regional Scheme 3: Phase 1A		
	Cluster 2 Water backlog Project - Regional Scheme 3: Phase 1B		
	Cluster 2 Water backlog: Regional Scheme 6 - Xonxa		
	Cluster 2 Water backlog Project - RS1 Phase 1: Nkolonga, Sikhwangeni Water Supply		
	Region 3 Sanitation Backlog		
		R 5 000 000.00	R 5 000 000.00
	Cluster 4 sanitation (Wards 2,3,4,5,15, to, vukani Guba, & Percy Villages)		
	Cluster 3 Sanitation(Wards 7,8,9,10,11,12,13& 14)		
	Dodrecht Water and Sanitation Services		
	Immediate Water Supply Upgrades		
	Internal Sewer Reticulation in Tyoksville (Herry Gwala)		R 5 000 000.00
	Upgrading of Wastewater Treatment Works - Phase 2B: Planning		
	Upgrading of Wastewater Treatment Works - Phase 2B: Implementation	R 2 937 180.00	R 5 000 000.00
	Upgrading of Bulk Sewer and Reticulation -Phase 2 C: Planning	R 1 062 820.00	R 2 000 000.00
	Upgrading of Bulk Sewer and Reticulation -Phase 2 C: Implementation		R 1 000 000.00
	Upgrading of Water Treatment Works - Phase 3	R 1 000 000:00	R 2 000 000.00
	Upgrading of Bulk Water Supply -Phase 4: Planning	R 4 000 000.00	R 2 000 000.00
	Upgrading of Bulk Water Supply -Phase 4: Implementation	R 0.00	R 1 000 000.00
TOTAL EMALAHLENI LM	NI FW	R38 303 772.00	R 40 625 325.00
	Molteno Sewer Bulk	R 20 000 000.00	R 10 000 000.00
	Molteno Oxidation Ponds		
	Upgrading of Molteno Oxidation Ponds : Rehabilitation of Existing Ponds Walls		
	TOTAL ENOCH MGIJIMA LM	R14 732 220:00	R 15 625 125.00
Intsika Yethu			
	Ward 8 Sanitation	R 5 000 000.00	R 1 000 000.00

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	and desired in the County of t	B 1 OOO OOO OO	ROOD
>	Ward 3 Sanitation VIP tollets(1230 H/H)_Collingaba EO Salikation	000000000000000000000000000000000000000	00 000 000 4
=	Intsika Yethu Sanitation - Amanzabantu	R 2 000 000.00	K / 000 000.00
3	Cofimvaba Bulk Water and Sewer Services	R 1 500 000.00	R 14 000 000.00
0	Cluster 2 Water backlog(Ward1,4,5,6,7)		
	Regional Scheme 4 Phase 1B	R 300 000.00	
	Regional Scheme 5 Phase 1		
	Regional Scheme 5 Phase 3	R 9 000 000.00	R 8 000 000.00
	Regional Scheme 2 Phase 1	R 21 021 768.00	R 8 686 405.00
T	Tsomo Rdp 2 (Quatsa water supply)		
0	Cluster 6 Sanitation (Wards 1,2,3,4,6,7,8,9,22 & 23)	R 3 000 000.00	R 3 000 000.00
	Cluster 7 Sanitation (Wards 10,11,12,14 & 20)	R 3 000 000.00	R 3 000 000.00
	Cluster 8 Sanitation (Wards 15.16,17,18,19)	R 3 000 000.00	R 3 000 000.00
	Tsomo Bulk Services(New Housing Development In Tsomo)	R 1 500 000.00	R 7 000 000.00
	Cluster 4 Water Backlog		
	Cluster 4 Ncora Zone A villages		
	Kwamzolo Water Supply	R 5 000 000.00	R 1 564 145.00
	Gesini B Water Supply (Vuvisile Mini)	R 3 000 000.00	R 500 000.00
	Nora Flats Reticulation	R 6 500 000.00	R 12 000 000.00
Total Intsika Yethu LM	Yethu LM	R 64 821 768.00	R 68 750 550.00
Inxuba Yethemba			
	Cradock Bulk Services(Water and Sanitation)	R 30 000 000.00	R 30 000 000:00
TOTAL INXUBA YETHEMBA LM	HEMBA LM	R14 732 220.00	R 15 625 125.00
145	RA 60 Hewu Bulk Water Supply (phase 6)		
A	RA 60 Hewu Bulk Water Supply (phase 7)	R 20 000 000.00	R 30 000 000.00
-	Rathwick Water and Sanitation		
	New Rathwick bulk services Phase 3A		
	New Rathwick bulk services Phase 3B		
	New Rathwick bulk services Phase 4 pumpstation		
	New Rathwick bulk services Phase 5 Water Treatment Works	R 25 000 000.00	R 5 000 000.00
	New Rathwick bulk services Phase 6 Resevoir and Pipeline		
7	Ilinge Bulk Services	R 30 000 000.00	
3	Cluster 1 Water backlog (ward 27)		
5	Cluster 1 Water supply backlog - lesseyton		
3	Cluster 1 Water supply backlog - Zingquthu		
	Cluster 1 Water supply backlog phase 2	R 15 000 000.00	
3	Cluster 1 Sanitation (Wards 5,11,12,13,14,18,27		
	20 20 NC 20 00 01 20 2 NC C 1 - The 100 - 1 - 1 - 1 - 1 - 1 - 1		

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TOTAL ENOCH MGIJIMA LM	MGIJIMA LM	R44 196 660.00	R 46 875 375.00
	Engcobo treatment works	R 27 850 294.33	R 34 000 000.00
	Extension 11 Bulk Services	R 0.00	R 2 000 000.00
	Cluster 5 Water Backlog	R 0.00	R 1 712 505.00
	Zadungeni and Luthuthu Water Supply		
	Cluster 6 Water Backlog(Ward 9,13,15,16))		
	Lokshini Villages Water Supply Phase 1		
	Dulati , Ntshinga and Ngancule Villages Water Supply	R 1 500 000.00	R 0.00
	Gubenxa Villages internal water supply	R 10 038 045.00	R 16 038 045.00
	Lokshini Villages Water Supply Phase 2	R 6 000 000.00	R 7 000 000.00
	Lixeni, Ncityana & Kumbeke Village Retic	R 7 005 800.00	R 3 000 000.00
	Cluster 7 Water Backlog(Ward 7,8,9,10,11,15)		
	Msintsana Phase 2 Project	R 0.00	R 0.00
	Skobeni water supply	R 0.00	R 0.00
	Construction of Dam	R 1 969 120.41	R 1 000 000.00
	Bulk Pipeline & Bulk Reservoirs	R 1 503 108.42	R 1 000 000.00
	Abstraction Works	R 1 530 561.16	R 1 000 000.00
	Water Treatment Works	R 2 424 838.68	R 1 000 000.00
	Cluster 8 Water backlog(Ward 16,17,18)	R 5 000 000.00	R 1 000 000.00
	Tora Water Treatment Works	R 0.00	R 0.00
	Lunda Village Reticulation Project	R 0.00	R 0.00
	Cluster 9 Sanitation (Wards 1,2,3,4 & 6)	R 0.00	R 0.00
	Cluster 10 Sanitation (Wards 7,8,,10,11 &12)	R 0.00	R 0.00
	Cluster 11 Sanitation (Wards 13,15 & 16)	R 0.00	R 0.00
TOTAL ENGCOBO LM	30 LM	R64 821 768.00	R 68 750 550.00
	Elliot Waste Water Treatment Works		
	Upgrading of the Elliot Waste Water Treatment Works		
	Construction of Pump Station with Bulk Collector Sewers - Phase 2		R 15 000 000.00
		R 14 277 057.76	R 15 000 000.00
	Region 3 Sanitation Backlog	R 9 000 000.00	
	Cluster 5 Sanitation (Wards 2,3,4,7 and Taleni)		R 8 688 325.00
		R 2 908 888.82	
	Cluster 4 waterbacklog(Wards 6,7,& 4)		
	Mthingwevu Water Supply Scheme		R 1 937 000.00
	Upper Lufutha Interim Water Supply	R 12 117 825.42	
	Upper Lufutha Ext (Mbodlana) Interim Water Supply		
	Cala Bully Water and Canitation Commises		

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	upgrading of Cala Wastewater Treatment Works - Phase 1		
	upgrading of Cala Bulk Gravity Collector Sewers - Phase 2		
	upgrading of Cala Bulk Gravity Collector Sewers - Phase 3		
TOTALS	TOTAL SAKHISIZWE LM		
	Cluster 1 Sanitation (Ward 2 & 3		
	Rehabilitation of Sewer Ponds-Hofmeyer	R 15 000 000.00	R 15 000 000.00
	Tarkastad Bulk Services		
	Upgrade of Sewer Bulk Services Hofmeyer (Pump Station)		
TOTAL EN	TOTAL ENOCH MGIJIMA LM	R14 732 220.00	R 15 625 125.00
GRAN	GRAND TOTAL	R 310 152 000.00	R 328 950 000.00
14/4	WATED CEDVICE INEDACTRICTIBE GRANT		
MINICIPALITY	DEDIECT	2018/19	2019/20
CAAALAHEAH	TAGEC	CT foron	
EMALANICINI	Cluster 2 Water backing		
	Cluster 2 (Jiputa/Makhikhi; Emazimeni ;Emaqwathini ;Noluthando/Emagefaneni; Lukhavana) - Phase 2	1 000 000.00	
	Cluster 2 RS 1 - 1B (Gcina ;Qumbu ;Hala ;Mbetheni ;Kuliweni ;Xhibeni and Lokishini)- Phase 1	20 000 000.00	15 000 000.00
	Gaebenya Small Farms Interim Water Supply	6 500 000.00	4 500 000.00
	Mdeni Interim Water Supply	4 612 954.00	
	Cluster 2 Water backlog Project - Regional Scheme 3: Luthuthu Water Supply	1 500 000.00	6 730 888.00
	Cluster 2 Water backlog Project - Regional Scheme 3: Phase 1C	8 000 000 00	7 901 492.00
	Cluster 2 Water backlog Project - Regional Scheme 3: Phase 1D	7 500 000.00	7 417 620.00
		5 700 000.00	
	Water Conservation and Demand Management at Dordrecht	6 400 000.00	
TOTAL EMALAHLENI		R 61 212 954.00	R41 550 000.00
	Cluster 4 Water Backlog		R 14 000 000.00
	Cluster 4 (Lower Langanci: Upper Indwana: Upper Mnxe) -Phase 2	R 8 316 046.00	R 450 000.00
	Elliot: Polar Park Water Services		
	Elliot: Polar Park Water Services - Phase 4	R 1 500 000	RO
	Gubenxa and Maxongo's Hoek Interim Water Supply	R 5 000 000	R 7 500 000
	Refurbishment of Cala Bulk Water	R 2 500 000.00	R 2 500 000.00
	Water Conservation Management Elliot Old Location	R 2 500 000.00	R 2 500 000.00
TOTAL SAKHISIZWE		R 19 816 046.00	R 26 950 000.00

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	Cluster 4 Water Backlog		R 15 000 000.00
	Cluster 4 (Gesini Kwamzola; Melika Matlanyile A&BNgqara Mtshabe Mdeni T Mhlahlane F		
	Ezantsi C Jerusalem A;Mgingqini A - Phase 2	R12 485 000.00	R12 000 000.00
	Tsomo RDP3 Water Supply		
	Tsomo RDP3 (East Bank;Daza; Ntenza;Vrystad;Zolo		
	Tsomo RDP3 (East Bank;Daza; Ntenza;Vrystad;Zolo - Phase 2		
	Cluster 2 Water Supply		
	Refurbishment of Tsojana Bulk Line		R3 000 000.00
TOTAL INTSIKA YETHU LM	THULM	R12 485 000.00	R 30 000 000.00
		1	,
	Cluster 7 Water Backlog		
	Cluster 7 (Eluhweni-Vetyu; Nkwenkwana A; Malanganzana; Qoloweni E; Mbilini;		
	Eqoloweni A; Mqanda B,C	1	
	Cluster 7(Didi Water Supply)		
	Cluster 8 Water Backlog		
	Cluster 8 (Nquthura; Chaba E,D;Nxamagele A,B; Emqonci; Ndlunkulu A	R 2 000 000.00	
	Cluster 6 Water Backlog	R 250 000.00	
	Cluster 6 (Mnyolo;Zabura;Ndlunkulu B;Sandile A; Kusandile)	R 250 000.00	
	Region 1 Sanitation Backlog	R 500 000.00	RS 000 000
	Augmentation of Engcobo Rural Scheme	R 2 500 000.00	R 2 500 000.00
	Augmentation of Qitsi Rural Scheme		
TOTA	TOTAL ENGCOBO	R 9 750 000.00	R 7 500 000.00
	Rosmead Package Plant WWTW		
	Rosmead Sewer Network Connection	R2 000 000.00	
TOTAL II	TOTAL INXUBA LM	R2 000 000.00	
	Augmentation of Tarkastad Scheme	R 2 000 000.00	R2 000 000.00
TOTAL ENOC	TOTAL ENOCH MGIJIMA LM	2 000 000.00	R 2 000 000.00
GRAND TOTAL		R 107 264 000.00	R 108 000 000.00
	CAPITAL RBIG PROJECTS		
	Cluster 9 Water backlog (Ward 13)	R 75 000 000.00	R 7 000 000.00
	Tsomo WTW and abtraction works		
	Tsojana Southern bulk		
	Cluster 4 Water Backlog	R 40 000 000	R 8 000 000
	Ncora Water Treatment Works		
	Lubisi Bulk Pipeline from Skhungwini to Ndonga		
	Lubisi Bulk Pipeline from Ndonga to Lady Frere		
	Contraction of the desired and advantage of		

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	lubisi wtw and buklines		
	Gugwini reservoir		
	Primary pipeline to Zone B Reservoir at Ngxabangu		
TOTAL INTSIKA YETHULM	A YETHU LM	R 115 000 000	R 15 000 000
	Augment Queenstown water supply(Xonxa)		
	Phase 3 Pumping Main		
	Phase 4 Gravity Main		
	Phase 5 mechanical electrical		
	Phase 6 machibini		
AMILION DOCUMENT	AciiMa	R 7 000 000	R 5 000 000
10000000	Cluster 6 Water Backlog(Ward 9,13,15,16))	R 7 000 000.00	R 5 000 000.00
	Gaaga water treatment works		
	Gqaga rising main East		
	Gqaga rising main West		
	Sitholeni Bulk		
	Kumbeke and Hlaphekazi Bulk Supply		
	Lokishini Bulk Supply Line		
TOTAL ENGCOBO LM	OBO LM	R 7 000 000	R 5 000 000
	Hofmeyer Water Supply	RO	RO
Total ENOCH MGIJIMA		RO	RO
	Middelburg Water Provision	R 3 000 000	RO
TOTAL INXUBA LM		R 3 000 000	
GRAND TOTAL ALLOCATION	LOCATION	R 132 000 000	R 25 000 000
		00 000 101	
	Road Asset Management	K 3 427 000.00	

CHAPTER 7

PERFOMANCE MANAGEMENT SYSTEM

Introduction

Section 152 of the Constitution of the Republic of South Africa, Act 108 of 1996 (the Constitution) defines the objects of local government and further, in terms of Section 153, imposes upon municipalities specific developmental duties that each municipality should strive to realise. With respect to the former, the Constitution suggests that a municipality must:

- a) Provide democratic and accountable government for communities;
- b) Ensure the provision of services to communities in a sustainable manner;
- c) Promote social and economic development;
- d) Promote a safe and healthy environment; and
- e) Encourage the involvement of communities and community organisations in the matters of local government.

The Constitution prescribes that municipalities must strive within their financial and administrative capacity to achieve such objects. In relation to the duties of municipalities, the Constitution prescribes that a municipality must:

- Structure and manage its administration and budgeting and planning processes to give priority to the basic needs of the community, and to promote the social and economic development of the community; and
- b) Participate in National and Provincial development programmes.

To ensure that the Chris Hani District Municipality (CHDM) complies with these pieces of legislation and that it delivers on the needs of its communities in an effective, efficient and economical manner, the CHDM has formulated strategic plans, allocated resources for the implementation of those plans and through this policy, seeks to develop a mechanism to monitor and measure the performance of the institution, inclusive of all its administrative units, against the set plans.

As the key to the success of the municipality in all its endeavors, performance management equips leaders, managers, workers and stakeholders with a set of tools and techniques for regularly planning, continuously monitoring and periodically measuring and reviewing the performance of CHDM in terms of the indicators and targets for effectiveness.

1.2 Purpose and Objectives

The primary purpose of this policy is to give effect to the performance management system as prescribed in various pieces of legislation. Through the translation of the municipality's vision, mission and objectives into measurable performance outcomes, the policy aims to provide a guide in terms which the performance of the institution and its administrative units can be measured, improved and/or maintained in order to improve service delivery.

To this end, the policy seeks to:

- a) Create a frame of reference which clearly guides political office bearers and municipal officials in the interpretation and application of performance management mechanisms in the CHDM;
- b) Clarify the roles and responsibilities of all stakeholders during the various performance management processes;
- c) Establish a universal performance management language thus promoting consistency and commonality in the application of concepts;
- d) Promote a culture of accountability, responsibility and performance excellence;
- e) Enhance the development of human capital; and
- f) Ensure recognition and reward for performance excellence.

Apart from the legislative adherence that this policy seeks to ensure, it further seeks to create a frame within which the municipality can plan, monitor, review and improve the implementation of Council's Integrated Development Plan. In doing so, it will fulfil the following functions:

1. Facilitate increased accountability

The performance management system will provide a mechanism for ensuring increased accountability between:

- The residents of the CHDM and Council,
- The political and administrative components of Council,
- Each department and the executive office

2. Facilitate learning and improvement

While ensuring that accountability is maximized, the performance management system must also provide a mechanism for learning and improvement. It should allow for the municipality to know which approaches are having the desired impact, and enable the municipality to improve delivery. It should form the basis for monitoring, evaluating and improving the Integrated Development Plan.

3. Provide early warning signals

The performance management system should provide Managers, the Municipal Manager, Committees of Council and the Mayoral Committee with early warning of non-performance of the full implementation of the Integrated Development Plan. It is important that the system ensures decision-makers are timeously informed of possible non-performance, so that they can facilitate intervention, if necessary.

4. Facilitate decision-making

The performance management system should provide appropriate management information that will allow efficient, effective and informed decision-making, particularly on the allocation of resources.

1.3 Policy Scope and Key Principles

The Policy applies to all Councillors, the Municipal Manager including those managers appointed in terms of Section 56 of the Local Government: Municipal Systems Act, 32 of 2000, (CHDM Directors/Heads of Department) as well as categories of CHDM officials as determined by Council. Furthermore, this policy applies to the CHDM entity, the Chris Hani Regional Development Agency (CHDA) and its category of officials as determined by the CHDA Board.

The application of the PMS Policy will be based on the following principles:

- a) <u>Simplicity:</u> The system must be a simple user-friendly system that enables Council and its external stakeholders to operate it within the existing resource capacity;
- b) <u>Politically Driven:</u> Legislation clearly tasks Council as the owner of the performance management system. The Municipal Manager will need to drive both the implementation and improvement of the system and may delegate responsibilities in this regard;
- c) <u>Incremental Implementation</u>: It is important that while a holistic performance management system is the ultimate objective, Council could adopt a phased approach to implementation, dependent on the capacity and resources of the municipality. The performance management system will need to be constantly improved based on its workability;
- d) <u>Transparency and Accountability:</u> The process of managing performance should be inclusive, open and transparent. Citizens should know how departments are run, how resources are spent, and who is in charge of particular services. Similarly, all information on the performance of departments should be accessible to other managers, employees, the public and specific interest groups;
- e) <u>Integration:</u> The performance management system should be integrated into other management processes of Council, such that it becomes a tool for more efficient and effective management rather than an additional reporting burden. It should be seen as a central tool for ongoing management functions;

- f) Objectivity: Performance management must be founded on objectivity and should be democratic in pursuance of its objectives. Both the processes of managing performance and the information on which it relies need to be objective and credible. It should promote mutual respect, trust and ensure high levels of co-operation and discipline in the dealings of municipal people among one another; and
- g) Clear and Accountable: The intentions of Council's performance management system must be made clear and acceptable especially to its officials, councillors and customers. Concerns and fears about the system must be heard and addressed appropriately to minimise suspicions and maximise the understanding and acceptance of change. International author of public sector management literature Norman Flynn (113:1990) agrees that," the first imperative is to ensure that the purposes for measuring performance are clear and accepted by everyone. If measurements, especially of costs, are to be used punitively, then they will create a different atmosphere than if they are to be used creatively to help people improve their performance".

1.4 Legislative Context

Performance management in local government is a legislated business process with various statutes regulating the application thereof within municipalities. This Policy must thus be applied consistently with the regulatory framework as summarized below:

The Constitution, Act 108 of 1996

- The Constitution provides that municipalities in South Africa must:
- Provide democratic and accountable government for local communities;
- Ensure the provision of services to communities in sustainable manner;
- Promote social and economic development;
- Promote a safe and healthy environment;
- Encourage the involvement of communities and community organisations in the matters of local government.

The performance of municipalities must be monitored and managed to ensure the achievement of these constitutional provisions.

White Paper on Service Delivery (Batho Pele) 1998

The performance management system must be based on and should give effect to the eight Batho Pele principles of improved service delivery as outlined in and required by the White Paper on Service Delivery. The principles are as follows:

- Consultation;
- Service Standards;
- Access;
- Courtesy;
- Information;
- Openness/ Transparency;
- Redress; and
- Value for Money.

The Local Government: Municipal Structures Act, 117 of 1998

Section 19 (1) of the Act specifies that a municipal council must strive within its capacity to achieve the objectives set out in section 152 of the Constitution and annually review its overall performance in achieving those objectives.

Section 44 (3) states the executive committee, in performing its duties, must:

(a) Identify and develop criteria in terms of which progress in the implementation of the

strategies, programmes and services rendered to communities can be evaluated, including key performance indicators which are specific to the municipality and common to local government in general;

- (b) Evaluate progress against the key performance indicators;
- (c) Review the performance of the municipality in order to improve
 - i. The economy, efficiency and effectiveness of the municipality;
 - ii. The efficiency of credit control and revenue and debt collection services; and
 - iii. The implementation of the municipality's by-laws

The Local Government: Municipal Systems Act, 32 of 2000 (MSA)

- The MSA sets out the legal framework for performance management as a means to measure, evaluate and report on the implementation of the Integrated Development Plan (IDP):
- Chapter 6 of the MSA provides for the establishment, monitoring and review of the performance management system as well as reporting on the organisational performance achievements against the IDP indicators and targets.
- Section 57 of the MSA requires the Municipal Manager and the managers directly
 accountable to the Municipal Manager (Section 57 employees) to sign annual
 performance agreements and plans, with a set of performance measures to assess
 individual achievement against the plans. The performance plans must be aligned to the
 SDBIP that are based on the IDP.
- According to section 67 of the MSA, a municipality must implement systems and procedures to ensure fair, efficient, effective and transparent personnel administration, including the monitoring, measuring and evaluating of staff performance
- The MSA, in section 81(b), states that the municipality must monitor and assess the performance of a service provider (or municipal entity) in implementing the service delivery agreement (where applicable).
- Section 26 of the Local Government: Municipal Systems Amendment Act, 44 Of 2003 provides that a parent municipality which has sole control of a municipal entity or effective control in the case of a municipal entity which is a private company:
 - (a) Must ensure that annual performance objectives and indicators for the municipal entity are established by agreement with the municipal entity and included in the municipal entity's multi-year business plan n accordance with section 87(5)(d) of

the Municipal Finance Management Act; and

(b) Must monitor and annually review as part of the municipal entity's annual budget process as set out in section 87 of the Municipal Finance Management Act, the performance of the municipal entity against the agreed performance objectives and indicators.

The Local Government: Municipal Finance Management Act, 56 of 2003 (MFMA)

The MFMA contains various provisions relating to municipal performance management. It requires municipalities, in annual budget approval, to adopt an SDBIP with service delivery targets and performance indicators and compile an annual report, which must include a performance report compiled in terms of the MSA.

- Pertinent provisions include:
- Section 16(2) requires that the municipality's annual budget to be accompanied by measurable performance objectives for revenue from each source and for each vote in the budget, taking into account the IDP.
- Section 53(1)(c) provides for the Mayor to ensure that performance agreements of Section 57 employees comply with the requirements of the MSA to promote sound financial management and are linked to the measurable performance objectives approved with the budget and included in the SDBIP.
- In terms of section 72 (1) (a) (iv), the accounting officer of a municipality must, by 25 January of each year, assess the performance of the municipality during the first half of the financial year, taking into account the performance of every municipal entity under the sole or shared control of the municipality, taking into account reports from any such entities.
- The MFMA, section 165 (2) (b), requires each municipality and municipal entity to have an internal audit unit to advise the accounting officer and report to the audit committee on the implementation of the internal audit plan and matters relating to, inter alia, performance management.
- In turn, section 166 requires each municipality and municipal entity to have an audit committee to advise the municipal council, accounting officer and the management staff of the municipality, or the board of directors, the accounting officer and the management staff of the municipal entity, on matters relating to inter alia, performance management and performance evaluation.

The Local Government: Municipal Performance Management Regulations, 2001

In 2001 the Minister responsible for local government published the Local Government: Municipal Planning and Performance Management Regulations, in terms of section 49 of the MSA. The Regulations provide for municipalities to ensure that the PMS complies with the requirements of the MSA, demonstrate the operation and management of the PMS, clarify roles and responsibilities, as well as ensure alignment with employee performance management and the IDP processes.

Local Government: Municipal Performance Regulations for Municipal Managers and Managers Directly Accountable to Municipal Managers, 2006

In 2006, a set of regulations was promulgated for Municipal Managers and Managers directly accountable to the Municipal Manager, setting out how their performance is to be planned, reviewed, improved and rewarded. The regulations provide for the conclusion of performance agreements and plans for these managers.

Skills Development Act, 97 of 1998 (SDA)

The SDA supports occupational development which in turn acts as a catalyst for enhanced performance within the workplace. It provides for the development of specific managerial and occupational competencies which must be aligned to specific jobs, job profiles and consequently Personal Development Plans which form an integral aspect of performance management.

Labour Relations Act, 66 of 1995 (as Amended) (LRA)

The LRA creates an enabling framework for the application of fair labour principles and practices in dealing with capacity challenges in the workplace as outlined in chapter 8.

1.5 Internal Capacity and Stakeholder Roles and Responsibilities

The MSA places responsibility on Council to adopt the performance management system, while holding the Executive Mayor responsible for the development of the system. The Executive Mayor through the systems of delegation assigns these responsibilities to the municipal manager, but remains accountable for the development of the performance management system. The municipal manager may further delegate the responsibility to another senior manager. Therefore it is important that the Council, within its policy framework on delegation, assigns responsibilities accordingly. This must be done in writing. In the assignment letter, the Council should stipulate quite clearly what needs to be done, by whom and when

3.1.1

3.2 MUNICIPAL MANAGER/MANAGER PMS

The Municipal Manager as the ultimate administrative accounting officer has the responsibility, as delegated by the Executive Mayor, of introducing the performance management system and implementing it. The Municipal Manager also has the responsibility of preparing the institution for change. This in effect means ensuring that those to participate in the performance system, including the various internal and external stakeholders, have a common understanding of why performance management is needed and what it will do for the organisation.

This also involves an interpretation of the principles that will govern its development and use. Of importance in this process is the ability of the institution to reach consensus on the manner in which the system will be administered. However, given the intensive nature of the process of implementing the performance management system, this against the many responsibilities attached to the Municipal Manager, it may become necessary that this function is sub-delegated to a manager that is responsible for the introduction and implementation of the performance management system. This manager will report to the Municipal Manager.

3.2.1

3.3 PERFORMANCE MANAGEMENT STRUCTURES: INTERNAL AUDIT AND PERFORMANCE AUDIT COMMITTEE

Section 45 of the MSA has a specific prescription that the results of the measurements of performance (this includes quarterly assessments) must be audited as part of the municipality's internal audit processes and, on an annual basis, be audited by the auditor general. Furthermore, as part of the institutions audit plan, performance measurements must be presented to the performance audit committee to evaluate both the level of performance of the institution as well as the usefulness of the system

3.3.1

3.4 PERFORMANCE MANAGEMENT STRUCTURES: COUNCIL, MAYORAL COMMITTEE AND PORTFOLIO/STANDING COMMITTEES

Council has the ultimate responsibility of reviewing the performance of the Municipal Council, its Committees and the Administration. Through the presentation of the quarterly organisational/strategic scorecard/Institutional Service Delivery and Budget Implementation Plan (SDBIP), Mid-year Performance assessment and Annual Report, the Municipal Council is able to make an assessment of the level of performance of the municipality. Critically, even though the task of developing and approving the SDBIP resides with the Executive Mayor, any amendments to the SDBIP can only be effected by a resolution of Council. As legislative requirements, Council must approve the Annual and Mid-year performance reports of the municipality.

The Mayoral Committee on the other hand should play the most significant role in reviewing the performance of the administration, as the performance management system should be designed to allow this committee to strategically drive and manage performance in the organisation. Reviews at this level should remain strategic so that councillors are not restrained by operational discussions. In order for this review to be strategic the committee must review performance quarterly, with the final quarterly review taking the form of an annual review. The content of the review should be confined to agreed / confirmed priority areas and objectives. The municipal manager should remain accountable for reporting on performance at this level, even if he or she delegates this responsibility to other officials.

Portfolio/Standing Committees need to manage the performance of sectors and functions respective to their portfolios. While it is important that they at least review performance of organisational priorities that lie within their portfolio, it is desirable that they review additional sectoral priorities determined by them. In order to build the role played by standing or portfolio committees, while ensuring that their role remains strategic and not operational, these committees must review performance as often as monthly.

3.5 PERFORMANCE MANAGEMENT STRUCTURES: EXTERNAL STAKEHOLDERS

On a quarterly basis, municipalities must report on performance to communities and other relevant stakeholders. This can be done in a number of ways:

- 1. Publication of quarterly reports on all accessible media;
- 2. Presentation of the performance information at IDP forum
- 3. Conducting public hearings on performance.

Of importance in this regard is to invite all stakeholders to make representations on the information that is published by the municipality. This is to allow these stakeholders to assess/review the performance of the municipality so as to establish whether the public expectations are being met. Tabulated hereon below are the various responsibilities attached to each stakeholder:

STAKEHOLDER	ROLE IN PLANNING	ROLE IN IMPLEMENTATION
Community Structures and IDP Forum	 To be consulted and actively participate in the identification and prioritisation of area needs Participate in the development of long-term vision for the area Participate in the setting of indicators and targets 	 Must be given the opportunity to review the performance of the municipality and provide feedback in terms of the progress made in realising municipal targets
Council	 Must facilitate the development of a long-term vision for the area identify priorities of Council for the period Must facilitate the development of indicators and targets, and adopt agreed upon targets and indicators Must facilitate the development of strategies for the realisation of the vision and targets set 	 Must approve the IDP and Budget as Municipal strategic and planning documents (approval of targets and indicators) Must consider the municipality's SDBIP and performance plans of S57 Managers including the Municipal Manager Must review the performance of the municipality and approve recommendations and amendments where applicable and performance information submitted to other stakeholders
Standing (s79) Committees	 Provide an objective view in terms of the content of the departmental scorecards Ensure the inclusion of department specific community needs (indicators and targets) in the scorecard 	 Consider monthly and quarterly reports on departmental performance as submitted by the departmental director Approve performance information submitted to other structures (internal and external) Propose corrective actions to be taken where necessary Make recommendations to Mayco/Council in terms of the performance of the department
Mayoral Committee (Mayco)	 Oversees the development of the IDP, Budget and Service Delivery and Budget Implementation Plan Provide strategic direction in terms of the implementation of municipal strategies Engage relevant stakeholders on the strategies of the municipality 	 Conduct reviews of municipal performance (Monthly, quarterly and annually) Approve performance information submitted to Council and other structures Propose corrective actions and make recommendations to Council on municipal performance

with relevant stakeholders	 Develop responses to problem areas identified
 Develop performance plans which are aligned to the municipal strategic documents (IDP, Budget, SDBIP) 	 Measure and report on performance in terms of agreed performance plans Compile evidence in support of performance Implement municipal strategies and intervention plans that may be developed Provide early warnings
Assist in ensuring the relevance and measurability of performance indicators and targets	 Assesses the functionality of the performance management system and the credibility of the performance information submitted Assist in preparing for external performance auditing Submit performance audit reports to the Municipal Manger and Performance Audit Committee
	 Review the performance reports as submitted by internal audit Review the performance management system of the municipality and make recommendations to Council, Mayco, Municipal Manager, and Auditors (internal and external)
	are aligned to the municipal strategic documents (IDP, Budget, SDBIP) Assist in ensuring the relevance and measurability of performance

1.6 Conclusion

Highlighted hereon above are the key policy principles that underpin the application of the Chris Hani District Municipal Performance Management processes. The Chris Hani District Municipality's Performance Management and Monitoring practices continue to evolve given the dynamic operating environment. Monitoring Evaluation and Reporting Practices are driven from a premise that they are integrally connected and should be pursued in a collaborative manner. Another key objective of this policy and system at large is the extent to which it successfully allows for accurate implementation and tracking of service delivery priorities as articulated in strategic and operational documents. The key measure of its success is the extent to which these have enabled the municipality to progressively achieve its intended short, medium and long term objectives

GLOSSARY OF TERMS

ABET Adult Based Education and Training

ABSA Amalgamated Banks of South Africa

AG Auditor-General

AIDS Acquired Immune Deficiency Syndrome

CBO Community Based Organization

CPF Community Policing Forum

CSIR Council for Scientific and Industrial Research

DBSA Development Bank of South Africa

DEAT Department of Tourism, Environment and Economic Affairs

DEDEA Department of Economic Development & Environmental Affairs

DFA Development Facilitation Act No 67 of 1995

DHS District Health System

DRDLR Department of Rural development & Land Reform

DLG & TA Department of Local Government & Traditional Affairs

DM District Municipality

DIMAFO District Mayors Forum

DME Department of Mineral and Energy

DARD Eastern Cape Department of Agriculture & Rural Development

DoE Department of Education

DoH Department of Health

DoSD Department of Social Development

DoT Department of Transport

COGTA Department of Co-operative Governance & Traditional Affairs

DPSS Department of Public Safety and Security

DRPW Department of Roads & Public Works

DSAC Department of Sport, Arts and Culture

DWA Department of Water Affairs

DAFF Department of Agriculture, Forestry & Fisheries

ECA Environmental Conservation Act

EIA Environmental Impact Assessment

ES Equitable Share (grant)

FBO Faith Based Organizations

ECDC Eastern Cape Development Corporation

PGDP Provincial Growth & Development Plan

GCIS Government Communication and Information Systems

GGP Gross Geographic Product

GIS Geographical Information System

GTZ German Technical Cooperation

GVA Gross Value Added

HDI Human Development Index

HIV Human Immune Deficiency Virus

HR Human Resource

IDC Independent Development Corporation

IDP Integrated Development Plan

IDT Independent Development Trust

ICT Information Communication Technology

ITP Integrated Transportation Plan

IWMP Integrated Waste Management Plan

JOC Joint Operational Centre

LDO Land Development Objectives

LED Local Economic Development

LSA Local Service Area (Primary Health)

MAYCO Mayoral Committee

MEC Member of the Executive Committee

MIG Municipal Infrastructure Grant

MFMA Municipal Finance Management Act

MSIG Municipal Support & Institutional Grant

MSyA Municipal Systems Act, 2000

MStA Municipal Structures Act, 1998

NDC National Development Corporation

NDP National Development Plan 2030

NEMA National Environmental Management Act

NER National Electrification Regulator

NGO Non Governmental Organizations

NSS National Sanitation Strategy

PATA Promotion of Administrative Justice Act

PMS Performance Management System

PPP Public Private Partnership

Reconstruction and Development Programme RDP

REDs Regional Electricity Distributors

Southern African Development Community SADC

South African Local Government Association SALGA

South African National Defense Force SANDF

South African Police Service SAPS

School Governing Body SGB

Small, Medium and Micro Enterprises **SMME**

Sexual Transmitted Diseases **STDs**

Tuberculosis TB

Umsobomyu Youth Fund UYF

Value Added Tax VAT

Ventilated Improved Pit (dry sanitation facility) VIP

Water Services Development Plan WSDP

Accelerated and Shared Growth Initiative of South Africa **ASGISA**

Business Development Services BDS

Comprehensive Agriculture Support Programme **CASP**

Chris Hani Regional Tourism Organisation **CHARTO**

Chris Hani District Municipality CHDM

RTP Responsible Tourism Planning

SLA Service Level Agreement

Small Medium and Micron Enterprises **SMME**

State Owned Enterprises SOE

State of Environment Report SoR

Statistics South Africa Stats SA

SONA

State of the District Address SODA State of the Nation Address

State of the Province Address SOPA

IDP Review 2018-2019 Draft for Council Adoption

The process of approval for this Draft IDP for 2018/2019 IDP involved some consultative sessions/meetings with all stakeholders including: all municipalities planning unit within CHDM, representative forum members, sector departments, internal departments and some comments from MEC for Local Government of previous years. After Council approving this 2018-2019 Draft IDP document copy will be submitted to MEC for Local Government in the Eastern Cape Province, Provincial Treasury as well as National Treasury for noting and comments as well as to community members for comments as their comments and consultation was critical. By the month of April 2018 IDP/Budget Roadshows will be conducted to ensure inputs and comments are sought and are taken care of and incorporated on the Final IDP Review. Such inputs from IDP Roadshows will be considered as community members are great and important stakeholder.

DECLARATION OF 2018- 2019 CHDM DRAFT IDP REVIEW FOR ADOPTION BY COUNCIL BY MARCH 2018

SIGNATURES

Mr. B. J. MTHEMBU

March 2018

DATE

ACTING MUNICIPAL MANAGER

March 2018

DATE

Clir K. VIMBAYO

EXECUTIVE MAYOR

CHRIS HANI DISTRICT MUNICIPALITY

EXTRACT OUT OF MINUTES OF AN ORDINARY COUNCIL MEETING HELD ON 28 MARCH 2018

C649. DRAFT CHDM INTERGRATED DEVELOPMENT PLAN (IDP) REVIEW FOR 2018 - 2019 FINANCIAL YEAR (FY) & DRAFT BUDGET FOR 2018 - 2021 MTREF

Purpose:

To present the 2018-2019 CHDM Draft IDP Review for Council to note and adopt.

To request Council approval of the proposed draft Operating and Capital budget for 2018/2019 to 2020/2021.

Authority:

Chris Hani District Municipality Council

Legal/statutory requirement(s):

Local Government: Municipal Systems Act 32 of 2000 as amended.

Local Government: Municipal Structures Act 117 of 1998 as amended.

Municipal Planning and Performance Management Regulations (2001 & 2006)

Municipal Finance Management Act (MFMA) 56 of 2003;

Municipal Budget and Reporting Regulations (MBRR); and

National Treasury MFMA Budget Circulars.

Legal context:

Municipal Systems Act 32 of 2000 as Amended Sec 23 (1) states that " Municipal Planning to be developmentally oriented, meaning must strive to achieve objects of local government as set in Sec 152 of the Constitution and

further gives effect to its developmental duties as required by Sec 153 of the Constitution of RS."

Chapter Five (5) of the Municipal Systems Act (Act 32 of 2000) describes the IDP as a single, inclusive and strategic plan for the development of a municipality that will be the principal strategic planning instrument which guides and informs all planning and development, and all decisions with regard to planning, management and development in the municipality.

Municipal Finance Management Act 56 of 2003 Section 16 prescribes that the Council of a Municipality must for each financial year approve an Annual Budget for the municipality before the start of the financial year.

Background & Exposition of facts:

By 23rd August 2017, Chris Hani District Municipality adopted the IDP Framework and IDP/Budget/PMS Process Plan for the development of 2018-2019 IDP Review which was to be the 1st review of the "fourth" 2017-2022 Integrated Development Plan (IDP) for the Municipality for the period 2018 - 2019.

The IDP was developed in accordance with the requirements set out in the Municipal Systems Act (32 of 2000) and the Municipal Planning and Performance Management Regulations (2001).

The Municipal Systems Act 32 of 2000 reflects that the IDP must be developed and reviewed annually together with the Municipality's Performance Measurement System.

This means that the development and later reviewal of the IDP will go hand-inhand with the implementation of a Performance Management System and the Budget Cycle.

The IDP is developed and later reviewed annually in order to:

- Ensure its relevance as the Municipality's Strategic Plan;

- Inform other components of the Municipal business processes including institutional
 - and financial planning/ budgeting;
- Inform the cyclical inter-governmental planning and budgeting cycle.

For the IDP to remain relevant, the Municipality must assess its past performance and achievement of its targets [strategic objectives]. In the light of this assessment, the IDP is reviewed to reflect the impact of its success as well as corrective measures to address challenges. The IDP will also be reviewed in the light of changing internal and external circumstances that impact on the priority issues, objectives, strategies, projects and programmes of IDP.

As the IDP is developed for a period of 5 years and reviewed annually the Municipal Finance Management Act also regulates processes of drafting a budget for that particular financial year. The MFMA referred to above indicates, "The mayor of a municipality must —

[21(a)] co-ordinate the process for preparing the annual budget.....,
[21(b)] at least 10 months before the start of the budget year, table in the
municipal council a time schedule outlining key deadlines...."

Section 16 of the Local Government Municipal Finance Management Act (MFMA) prescribes that the council of a municipality must for each financial year approve an annual budget for the municipality before the start of the financial year.

Section 68 of the MFMA assigns the Accounting Officer the responsibility of assisting the Mayor in performing the budgetary functions assigned to the latter in terms of Chapters 4 and 7.

Chris Hani District Municipality as earlier mentioned prepared an IDP/Budget/PMS process plan which was adopted by Council by 23rd August 2017, and this Process Plan action programme for the 2018/2019 to 2020/2021 Medium Term Revenue and Expenditure Framework (MTREF).

The process culminates into the budget for the financial year 2018-2019 which is addressing the matters as lifted and reflected on our IDP Review of 2018-2019 financial years. Chapter 6 of this 2018-2019 CHDM IDP Review covers a

detailed financial plan for the municipality unto which the programmes and challenges will be addressed.

In terms of the MFMA, section 16(2), the Mayor of a municipality must table an annual budget at a Council meeting at least 90 days before the start of the budget year.

Section 17(1) of the MFMA further states that an annual budget must be a schedule in a prescribed format and further outlines the contents that should be included in such annual budget.

The prescribed format is outlined in regulation 9 of the MBRR, which states that "the annual budget and supporting documentation of a municipality must be in a format specified in Schedule A and include all the required tables, charts and explanatory information".

The later paragraph is also supported by regulation 14(1) of the MBRR to ensure that municipalities table in Council a budget in a prescribed format, that is credible and realistic.

The draft budget brought to the attention of the Mayoral Committee, recognises the funding streams of Council that have remained the same as in the previous budget years being mainly service charges for water and sanitation services and grant funding from both National Treasury and Provincial State Departments. Other revenue in addition to above is interest on investment and outstanding debtors revenue, and sundry revenue that also includes the output VAT on conditional grants.

The expenditure of the municipality is as a result of employee relates costs, councillors allowances, expenditure on operating and capital grants, transfers and grants to the municipal entity, funding for SMME's, Contracted Services, Debt Impairment, Depreciation on Property Plant and Equipment and other expenditure that includes general expenses and repairs and maintenance.

Exposition of Facts:

The draft budget for 2018/2019 MTREF period, started with a process of considering the issues that were raised in the strategic sessions for previous years that influenced the current IDP, taking into account allowable increases

(parameters) of 5,3%, 5,4% and 5,5% for the two outer years as determined by National Treasury in MFMA Circular 91 dated 07 March 2018.

The salaries budget recognises current salary levels and potential increases for cost of living and general annual increase that will be effected in July 2018. The collective agreement is however coming to an end on 30 June 2018 and in the absence of such no guidance was given by National Treasury in this area.

All Directorates were requested to provide further input to the operational budget based on their needs and also taking into account the constraints presented by the limited revenue sources.

Provincial allocations (including agency functions) made/expected to the district were confirmed for current and outer budget years.

No budget provision has been made in instances where current/outer year allocations were not confirmed by the provincial government departments. If such allocations come to the attention of the municipality they will be included in the final budget before adoption by Council in May 2018.

The budget of the Chris Hani Development Agency for the current financial year has not been presented to Council for approval and as such the previous financial year's allocation has been maintained in this draft budget.

The draft budget, proposes a tariff increase by 6% in all revenue streams and is working on a new tariff for water clearances. The tariff study is currently underway and its outcome will be communicated to Council before implementation. The proposed tariff increases are attached as an annexure in the executive summary.

The outcome of the draft budget process was a non cash deficit of R309 million, when taking into account both capital and operating expenditure, a decrease compared to the current year deficit. The non-cash deficit is influenced by depreciation on assets and debt impairment. When compared to the second adjustment budget the deficit has decreased by R57,6 million or 15,6%.

The capital programmes funded from capital grants were budgeted to the extent of funds allocated by national government and R80 million from municipal reserves.

The deficit budget should be closely monitored by the municipality to ensure decrease and ultimately a fully funded budget, as a deficit budget might have a negative impact on infrastructure improvements, as depreciation that is not supported by funded reserves might negatively affect infrastructure replacements.

TABLE 1: PROPOSED DRAFT BUDGET SUMMARY 2018/19 TO 2020/2021 MTREF:

Description	Previous Yea	ar 2016/17	(m. man n. m ann. 10 m ann. 10	017/18 Medium Te benditure Framew		2018/19 Me Expen	edium Term diture Fram	
R thousand	Audited Figures 2015/16 R000	Audited Figures 2016/17 R000	Budget Year 2017/18 R000	1st Adjusted Budget 2017/18 R000	2nd Adjusted Budget 2017/18 R000	Budget Year 2018/19 R000	Budget Year + 2019/2020 R000	Budget Year + 2020/2021 R000
Total Revenue	1 655 149	1 592 945	1 553 647	1 604 040	1 529 468	1 409 415	1 324 289	1 385 075
Operating Revenue	1 041 698	930 101	1 039 393	1 041 625	989 208	982 548	1 005 607	1 076 255
Capital Revenue	613 451	662 844	514 254	562 415	540 260	426 867	318 682	308 820
Total Expenditure	2 043 977	1 689 284	1 897 135	1 958 962	1 896 369	1 718 717	1 708 510	1 667 736
Operating Expenditure	1 421 858	991 410	1 285 881	1 297 440	1 277 002	1 211 850	1 273 328	1 330 826
Capital Expenditure	622 119	697 874	611 254	661 522	619 367	506 867	435 182	336 910
Surplus/(Deficit)	(388 828)	(96 339)	(343 488)	(354 922)	(366 902)	(309 302)	(384 221)	(282 661

The table above reflects a budgeted deficit of R309 million, a decrease of R57,6 million or 15,7% when compared to the second adjustment budget and a decrease of R34,2 million or 10% when compared to the final approved budget for 2017/18 financial year. The deficit is however increasing in 2019/20 to R384 million and decreasing in 2020/2021 to R282 million.

The municipality is however banking on the outcome of the tariff study for the review of tariffs to address the deficit and the completeness pf billing upon finalisation of the data cleansing programmes.

PROPOSED DRAFT BUDGET 2018/2019 MTREF:

The following tables (table 2 to 7) illustrate the anticipated proposed revenue and expenditure streams for the MTREF:

Grants and Subsidies represent the combination of all grants and subsidies utilised to fund the operating budget including provincial agency grants. This also includes the Equitable Share, Finance Management Grant (FMG), and allowable portion of the MIG to fund the Project Management Unit (PMU), etc.

Investment revenue comprises anticipated interest on surplus funds invested that are not immediately required for service delivery. Service charges is estimated water and sanitation revenue from the WSA/WSP function undertaken by the District municipality.

Other revenue comprises the anticipated sundry income such as administration fees on salary deductions, sale of tender documents etc. and includes the input VAT realised on spending of conditional grants.

Table 2: Operating Revenue 2018/19 MTREF: Table A4: R982,549 million.

Description	Previous Ye	ar 2016/17	Current Ye	ear 2017/18		ledium Term enditure Fram	
R thousand	Audited Figures 2015/16 R000	Audited Figures 2016/17 R000	Budget Year 2017/18 R000	2nd Adjusted Budget 2017/18 R000	Budget Year 2018/19 R000	Budget Year + 2019/2020 R000	Budget Year + 2020/2021 R000
Revenue By Source							
Service charges - water revenue	293 631	128 569	151 560	168 466	178 574	189 288	200 646
Service charges - sanitation revenue	42 129	43 006	35 940	51 176	54 246	57 501	60 951
Rental of facilities and equipment	_	_	-	-	- 01 240	37 301	00 951
Interest earned - external investments	38 464	37 255	33 154	33 154	32 480	34 429	36 495
Interest earned - outstanding debtors	-	_	103 234	6 471	6 730	7 133	7 561
Transfers recognised - operational	590 775	626 609	629 804	644 557	645 377	648 217	697 434
Other revenue	76 700	93 758	85 502	85 184	64 942	68 838	
Gains on disposal of PPE	- 1	904	200	200	200	200	72 969
Total Revenue (excluding capital transfers and contributions)	1 041 699	930 101	1 039 393	989 208	982 549	1 005 607	1 076 256

The above table reflects an overall decrease of R6,7 million or 0,7% in operating revenue when compared with the second adjustment budget or a decrease of R56,8 million or 5,5% when compared with the approved budget for 2017/18 financial year. The decrease was mainly influenced by the decrease in interest on outstanding debtors and decrease in sundry revenue that was influenced by a decrease in infrastructure grants.

The following revenue sources had increased when compared to the second adjustment budget:

Service Charges Water - (R10,1 million) or 6%;

Service Charges Sanitation - (R3 million) or 6%;

Interest on outstanding debtors - (R259 thousand) or 4%; and

Transfers and Subsidies - (R820 thousand) or 1%.

The following revenue sources had decreased when compared to the second adjustment budget:

Interest on investments - (R674 thousand) or 2%; and

Sundry Revenue - (R20,2 million) or 23,8%.

The increases above are in line with CPI as suggested in MFMA Circular 91 of increases between 3 and 6 percent and the huge decrease in sundry revenue was influenced by the decrease in infrastructure grants. Sundry revenue is mainly supported by VAT from conditional grants and the decrease in grant funding for infrastructure projects had a negative impact on this revenue stream.

Description			2018/19 M e	edium	Term Revenu Framework	e & I	Expenditure
R thousand	Adjusted Budget	%	Budget Year 2018/19	%	Budget Year + 2019/20	%	Budget Year + 2020/21
Revenue By Source							
Service charges - water revenue	168 466	6	178 574	6	189 288	6	200 646
Service charges - sanitation revenue	51 176	6	54 246	6	57 501	6	60 951
Rental of facilities and equipment	-	0	-	-	-	-	-
Interest earned - external investments	33 154	(2)	32 480	6	34 429	6	36 495
Interest earned - outstanding debtors	6 471	(000)	6 730		7 133		7 561
Transfers recognised - operational	644 557	0	645 377	0	648 217	8	697 434
Other revenue	85 184	(24)	64 942	6	68 838	6	72 969
Gains on disposal of PPE	200	-	200	-	200	-	200
Total Revenue (excluding capital transfers and contributions)	989 208	(1)	982 549	2	1 005 607	7	1 076 256

The above table presents revenue growth over the MTREF period and in the budget year and one outer year 2019/20 the percentage growth is not looking very good to enable the municipality to address the budget deficit.

Description	Previous Ye	ear 2016/17	Current Ye	ear 2017/18		Medium Term enditure Fram	
R thousand	Audited Figures 2015/16 R000	Audited Figures 2016/17 R000	Budget Year 2017/18 R000	2nd Adjusted Budget 2017/18 R000	Budget Year 2018/19 R000	Budget Year + 2019/2020 R000	Budget Year + 2020/2021 R000
Expenditure By Type							
Employee related costs	246 191	245 075	349 187	325 660	308 843	327 374	347 016
Remuneration of councillors	9 631	9 577	12 578	10 544	11 071	11 736	12 440
Debt impairment	522 558	44 876	200 000	200 000	200 000	200 000	200 000
Depreciation & asset impairment	158 329	119 621	180 000	180 000	140 000	140 000	140 000
Finance charges	629	271	1 200	1 200	1 260	1 336	1 416
Bulk purchases	22 585	21 589	24 894	24 894	26 139	27 707	29 369
Contracted services	62 482	78 783	32 956	106 836	112 153	118 882	126 015
Transfers and grants	213 186	246 619	20 198	179 165	174 226	193 848	206 977
Other expenditure	184 705	224 998	464 868	248 702	238 157	252 446	267 593
Loss on disposal of PPE	1 561		0.21 1 10-1				
Total Expenditure	1 421 858	991 410	1 285 881	1 277 002	1 211 850	1 273 328	1 330 826

Table 3: Operating Expenditure 2018/19 MTREF: Table A4: R1,211,850 billion.

The table above reflects an overall decrease of R65,2 million or 5% when comparing the proposed budget with the second adjustment budget and a decrease of R74 million or 5,8% when comparing the proposed budget with the approved budget for 2017/18 financial year. The decrease was mainly influenced by the decrease in employee related cost, depreciation, transfers and grants and general expenses.

The following expenditure types had increased when compared to the second adjustment budget:

Councillors Allowances - (R527 thousand) or 5%;

Bulk Purchases - (R1,2 million) or 5%; and

Contracted Services - (R5,3 million) or 5%.

The following expenditure types had decreased when compared to the second adjustment budget:

Employee related costs - (R16,8 million) or 5%;

Depreciation and Asset Impairment - (R40 million) or 22%;

Transfers and Grants - (R4,9 million) or 2,8%; and

Other Expenditure - (R10,5 million) or 4,2%.

All the increases made in expenditure were within the CPI of 3 to 6 percent and the decreases were mainly influenced by current year and previous years performance which was also affected by available funds and cost containment measures that have been put in place.

Table 4: EPWP Funding 2018/19

Directorate	2nd Adjusted Budget 2017/18 R000	Budget Year 2018/19 R000	Decrease	% Decrease
Municipal Manager	-	500	-500	100%
Corporate Services	3 280	1 900	1 380	42%
Integrated Planning and Develeopment	3 620	2 500	1 120	31%
Health and Community Services	3 137	1 258	1 879	60%
TOTAL	10 037	6 158	3 879	39%

The table above reflects 39% decrease in EPWP funding for 2018/19 budget year when compared with 2017/18 budget year. The decrease was influenced by the national decrease in all grants as a result of a decrease in the national fiscus. There is no reflection of allocations in the two outer years as this grants is not guaranteed in the outer years.

Table 5: Equitable Share Funded Programmes 2018/19

Directorate	2nd Adjusted Budget 2017/18 R000	Budget Year 2018/19 R000	Decrease	% Decrease
Municipal Manager	10 313	9 513	800	8%
Corporate Services	13 870	13 320	550	4%
Integrated Planning and Development	46 867	35 622	11 245	24%
Health and Community Services	14 261	13 602	659	5%
Budget and Treasury	2 100	2 100		0%
Technical Services	2 200	2 200	•	0%
TOTAL	89 611	76 357	13 254	15%

The above table reflects a decrease in equitable share funded programmes by 15%, when comparing the proposed budget with the second adjustment budget. The decrease was influenced by the decrease in grants and revenue collection of the municipality that has not improved, thus justifying a need to decrease on some expenditure items.

Table 6: Draft Budget - Capital Revenue 2018/19 MTREF: Table - R 426.9 million

Description	Current Ye	ar 2017/18	2018/19 Med	ium Term Revenu Framework	e & Expenditure
R thousand	Budget Year 2017/18 R000	2nd Adjusted Budget 2017/18 R000	Budget Year 2018/19 R000	Budget Year + 2019/2020 R000	Budget Year + 2020/2021 R000
Capital Transfers and Grants					
National Government:	504 254	524 122	426 867	318 682	308 820
Municipal Infrastructure Grant (MIG)	220 754	220 754	209 867	192 682	203 853
Regional Bulk Infrastructure(RBIG)	208 500	208 500	172 000	25 000	26
Water Services Infrastructure Grant (WSIG)	75 000	94 868	45 000	101 000	104 940
Municipal Water Infrastructure Grant (MWIG)	-	-	-		-
Provincial Government:	10 000	16 138	_	-	_
Provinical Treasury	10 000	10 000	-		-
DHS Unblocking	-	6 138	120		_
Total Capital Transfers and Grants	514 254	540 260	426 867	318 682	308 820

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

The 21% overall decrease in capital grant funding is a result of decreases in the following grants:

MIG (R10,9 million) or 5%;

RBIG (R36,5 million) or 17,5%; and

WSIG (R30 million) or 40%

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

Table 7: Draft Budget - Capital Expenditure 2018/19 MTREF: Table - R 426.9 million

Chris Hani District Municipality Capital Exper	Current Yea			um Term Revenu Framework	e & Expenditure
R thousand	Budget Year 2017/18 R000	2nd Adjusted Budget 2017/18 R000	Budget Year 2018/19 R000	Budget Year + 2019/2020 R000	Budget Year + 2020/2021 R000
Capital ecpenditure -vote					
Multi-year expenditure to be appropriated					
Vote 7 - Technical Services	514 254	540 260	426 867	318 682	308 820
Capital multi-year expenditure sub-total	514 254	540 260	426 867	318 682	308 820
Single-year expenditure to be appropriated					
Vote 1 - Council					
Vote 2 - Municipal manager					
Vote 3 - Budget & Treasury	42 000	42 000	25 000	26 500	28 090
Vote 4 - Community Services					
Vote 5 - Corporate Services	55 000	37 107	55 000	90 000	
Vote 6 - Planning & Development					+0 +
Capital single-year expenditure sub-total	97 000	79 107	80 000	116 500	28 090
Total Capital expenditure-vote	611 254	619 367	506 867	435 182	336 910

The table above reflects the total capital expenditure for 2018/19 MTREF, which represent a decline in capital expenditure influenced by the decline in conditional grants for infrastructure projects. The internal reserves are however reflecting an increase in 2018/19 budget year and 2019/20, though there is a decline in the last outer year as it is anticipated that the municipality would have completed the two first phases of CHDM Village.

Proposed tariffs for 2018/19 Budget Year:

Water Related Tariffs:

Domestic/Household Consumptive Tariffs:

TARIFFS	CHDM Current Tariff 2017/2018	CPIX Increase (6 %)	CHDM Proposed Tariff after CPIX (6 %) Increase for 2018/2019	14% VAT on proposed tariff	Tarif less 14% VAT	New 15% VAT	Proposed new tariff
WATER							
Water Consumption (Domestic use)							
9-0	9.19	0.55	9.74	1.20	8.55	1.28	9.83
7-15	10.63	0.64	11.27	1.38	9.88	1.48	11.37
16-30	13.03	0.78	13.81	1.70	12.12	1.82	13.93
31-45	16.22	0.97	17.19	2.11	15.08	2.26	17.34
46-60	27.72	1.06	18.78	2.31	16.48	2.47	18.95
61 or more	20.00	1.20	21.20	2.60	18.60	2.79	21.39
Water Consumption (Institutional, etc)							
0-200kls per month	10.86	0.65	11.51	1.41	10.10	1.51	11.61
201-2500 kl per month	12.01	0.72	12.73	1.56	11.17	1.68	12.84
2501 or more kl per month	13.15	0.79	13.94	1.71	12.23	1.83	14.06
Water Consumption (Business & other use)							
0 – 5 000 kJ / month	13.94	0.84	14.78	1.81	12.96	1.94	14.91
5001 -25000 kl / month	14.17	0.85	15.02	1.84	13.18	1.98	15.15
25 001- 50000 kl/month	14.40	0.86	15.26	1.87	13.39	2.01	15.40
50 001- or more kl / month	14.40	98.0	15.26	1.87	13.39	2.01	15.40

Basic Water Tariffs:

Water Basic (Availability)							
Domestic	96.55	5.79	102.34	12.57	72.68	13.47	103.24
Institutional	255.70	15.34	271.04	33.29	237.76	35.66	273.42
Business	501.85	30.11	531.96	65.33	466.63	66.69	536.63

Sanitation Tariffs:

TARIFFS	CHDM Current Tariff 2017/2018	CPIX Increase (6 %)	CHDM Proposed Tariff after CPIX (6 %) Increase for 2018/2019	14% VAT on proposed tariff	Tarif less 14% VAT	New 15% Proposed VAT new tariff	Proposed new tariff
SANITATION							
Basic Charge per Month (Flat Rate)							
Domestic / Households	R 63.62 R	R 3.82 R	R 67.44	8.28	59.16	8.87	68.03
Business	R 104.87	R 6.29 R	R 111.16	13.65	97.51	14.63	112.14
Government	R 105.86	R 6.35 R	R 112.21	13.78	98.43	14.76	113.20
Churches, Hotels, Schools & Hospitals	R 99.87	R 5.99 R	R 105.86	13.00	92.86	13.93	106.79

TARIFFS	CHDM Current Tariff 2017/2018	CPIX Increase (6 %)	CHDM Proposed Tariff after CPIX (6 %) Increase for 2018/2019				
SANITATION							
Honey Sucker / Sewerage Removal							
Labour - Charged per person	47.64 R	R 2.86	50.50	6.20	44.30	6.64	50.94
Travel Expenses - Charged per kilometer	8.49	R 0.51	9.00	1.11	7.89	1.18	9.08
Charge per Load	R 456.00 R	R 27.36	483.36	59.36	424.00	63.60	487.60

Other parties consulted:

All departments within Chris Hani District Municipality.

CHDM Management

LM's IDP/Strategic Managers

COGTA-EC

Eastern Cape Department of Treasury and National Treasury

Mayoral Committee

Financial implications:

Increase in uncollectable consumer service debtors, thus increasing the provision for debt impairment

Decrease in grant funding, thus decreasing projects funded from conditional grants and internal programmes;

The budget deficit that is limited to non-cash items and assets that are funded from municipal reserves.

Other Implications:

The funding and balancing of the budget to ensure decrease in the budgeted deficit.

Other Parties Consulted:

Mayoral Committee

Resolutions:

It was resolved that:

- 1) Council note and adopt the CHDM 2018-2019 Draft IDP Review
- 2) Council approve the draft budget for 2018/2019 MTREF.
- Council consider the draft operating and capital budget for 2018/2019 to 2020/2021 MTREF for approval as reflected in table A1;
- The operating expenditure of R1,211 billion and operating revenue of R982,5 million be approved by Council as reflected in Table A4;
- The capital expenditure of R506,9 million and capital revenue of R426,9 million be approved by Council as reflected in Table A5;
- Council approve the municipality's annual budget appropriated by municipal votes for single and multi-year as reflected in Table A2, A3 and A5A;
- 7) Council **approve** the 6% tariff increase for water, sanitation and municipal health tariffs; and
- 8) Council review the following budget related policies:
 - a. Indigent Policy with amendments;
 - b. Debt and Credit Control Policy with amendments;
 - c. Tariff Policy with amendments;
 - d. Cash and Bank Policy with amendments;
 - e. Asset Management Policy with amendments;
 - f. Inventory Management Policy with no amendments;
 - g. Budget Policy with amendments;
 - h. Supply Chain Management Policy with amendments; and
 - i. Infrastructure Supply Chain Management Policy with amendments.
- Council approve the draft capital and operating revenue for 2018/2019 to 2020/2021 MTREF at R44, 9million.

 Council approve the draft capital and operating expenditure for 2018/2019 to 2020.

This is certified as a true copy of the original.

MR B. J. MTHEMBU

ACTING MUNICIPAL MANAGER

CHRIS HANI DISTRICT MUNICIPALITY

EXTRACT OUT OF MINUTES OF AN ORDINARY COUNCIL MEETING HELD ON 28 MARCH 2018

C649. DRAFT CHDM INTERGRATED DEVELOPMENT PLAN (IDP) REVIEW FOR 2018 - 2019 FINANCIAL YEAR (FY) & DRAFT BUDGET FOR 2018 - 2021 MTREF

Purpose:

To present the 2018-2019 CHDM Draft IDP Review for Council to note and adopt.

To request Council approval of the proposed draft Operating and Capital budget for 2018/2019 to 2020/2021.

Authority:

Chris Hani District Municipality Council

Legal/statutory requirement(s):

Local Government: Municipal Systems Act 32 of 2000 as amended.

Local Government: Municipal Structures Act 117 of 1998 as amended.

Municipal Planning and Performance Management Regulations (2001 & 2006)

Municipal Finance Management Act (MFMA) 56 of 2003;

Municipal Budget and Reporting Regulations (MBRR); and

National Treasury MFMA Budget Circulars.

Legal context:

Municipal Systems Act 32 of 2000 as Amended Sec 23 (1) states that "Municipal Planning to be developmentally oriented, meaning must strive to achieve objects of local government as set in Sec 152 of the Constitution and



further gives effect to its developmental duties as required by Sec 153 of the Constitution of RS."

Chapter Five (5) of the Municipal Systems Act (Act 32 of 2000) describes the IDP as a single, inclusive and strategic plan for the development of a municipality that will be the principal strategic planning instrument which guides and informs all planning and development, and all decisions with regard to planning, management and development in the municipality.

Municipal Finance Management Act 56 of 2003 Section 16 prescribes that the Council of a Municipality must for each financial year approve an Annual Budget for the municipality before the start of the financial year.

Background & Exposition of facts:

By 23rd August 2017, Chris Hani District Municipality adopted the IDP Framework and IDP/Budget/PMS Process Plan for the development of 2018-2019 IDP Review which was to be the 1st review of the "fourth" 2017-2022 Integrated Development Plan (IDP) for the Municipality for the period 2018 - 2019.

The IDP was developed in accordance with the requirements set out in the Municipal Systems Act (32 of 2000) and the Municipal Planning and Performance Management Regulations (2001).

The Municipal Systems Act 32 of 2000 reflects that the IDP must be developed and reviewed annually together with the Municipality's Performance Measurement System.

This means that the development and later reviewal of the IDP will go hand-inhand with the implementation of a Performance Management System and the Budget Cycle.

The IDP is developed and later reviewed annually in order to:

Ensure its relevance as the Municipality's Strategic Plan;



- Inform other components of the Municipal business processes including institutional
 - and financial planning/budgeting;
- Inform the cyclical inter-governmental planning and budgeting cycle.

For the IDP to remain relevant, the Municipality must assess its past performance and achievement of its targets [strategic objectives]. In the light of this assessment, the IDP is reviewed to reflect the impact of its success as well as corrective measures to address challenges. The IDP will also be reviewed in the light of changing internal and external circumstances that impact on the priority issues, objectives, strategies, projects and programmes of IDP.

As the IDP is developed for a period of 5 years and reviewed annually the Municipal Finance Management Act also regulates processes of drafting a budget for that particular financial year. The MFMA referred to above indicates, "The mayor of a municipality must —

[21(a)] co-ordinate the process for preparing the annual budget.....,
[21(b)] at least 10 months before the start of the budget year, table in the
municipal council a time schedule outlining key deadlines...."

Section 16 of the Local Government Municipal Finance Management Act (MFMA) prescribes that the council of a municipality must for each financial year approve an annual budget for the municipality before the start of the financial year.

Section 68 of the MFMA assigns the Accounting Officer the responsibility of assisting the Mayor in performing the budgetary functions assigned to the latter in terms of Chapters 4 and 7.

Chris Hani District Municipality as earlier mentioned prepared an IDP/Budget/PMS process plan which was adopted by Council by 23rd August 2017, and this Process Plan action programme for the 2018/2019 to 2020/2021 Medium Term Revenue and Expenditure Framework (MTREF).

The process culminates into the budget for the financial year 2018-2019 which is addressing the matters as lifted and reflected on our IDP Review of 2018-2019 financial years. Chapter 6 of this 2018-2019 CHDM IDP Review covers a



detailed financial plan for the municipality unto which the programmes and challenges will be addressed.

In terms of the MFMA, section 16(2), the Mayor of a municipality must table an annual budget at a Council meeting at least 90 days before the start of the budget year.

Section 17(1) of the MFMA further states that an annual budget must be a schedule in a prescribed format and further outlines the contents that should be included in such annual budget.

The prescribed format is outlined in regulation 9 of the MBRR, which states that "the annual budget and supporting documentation of a municipality must be in a format specified in Schedule A and include all the required tables, charts and explanatory information".

The later paragraph is also supported by regulation 14(1) of the MBRR to ensure that municipalities table in Council a budget in a prescribed format, that is credible and realistic.

The draft budget brought to the attention of the Mayoral Committee, recognises the funding streams of Council that have remained the same as in the previous budget years being mainly service charges for water and sanitation services and grant funding from both National Treasury and Provincial State Departments. Other revenue in addition to above is interest on investment and outstanding debtors revenue, and sundry revenue that also includes the output VAT on conditional grants.

The expenditure of the municipality is as a result of employee relates costs, councillors allowances, expenditure on operating and capital grants, transfers and grants to the municipal entity, funding for SMME's, Contracted Services, Debt Impairment, Depreciation on Property Plant and Equipment and other expenditure that includes general expenses and repairs and maintenance.

Exposition of Facts:

The draft budget for 2018/2019 MTREF period, started with a process of considering the issues that were raised in the strategic sessions for previous years that influenced the current IDP, taking into account allowable increases

(parameters) of 5,3%, 5,4% and 5,5% for the two outer years as determined by National Treasury in MFMA Circular 91 dated 07 March 2018.

The salaries budget recognises current salary levels and potential increases for cost of living and general annual increase that will be effected in July 2018. The collective agreement is however coming to an end on 30 June 2018 and in the absence of such no guidance was given by National Treasury in this area.

All Directorates were requested to provide further input to the operational budget based on their needs and also taking into account the constraints presented by the limited revenue sources.

Provincial allocations (including agency functions) made/expected to the district were confirmed for current and outer budget years.

No budget provision has been made in instances where current/outer year allocations were not confirmed by the provincial government departments. If such allocations come to the attention of the municipality they will be included in the final budget before adoption by Council in May 2018.

The budget of the Chris Hani Development Agency for the current financial year has not been presented to Council for approval and as such the previous financial year's allocation has been maintained in this draft budget.

The draft budget, proposes a tariff increase by 6% in all revenue streams and is working on a new tariff for water clearances. The tariff study is currently underway and its outcome will be communicated to Council before implementation. The proposed tariff increases are attached as an annexure in the executive summary.

The outcome of the draft budget process was a non cash deficit of R309 million, when taking into account both capital and operating expenditure, a decrease compared to the current year deficit. The non-cash deficit is influenced by depreciation on assets and debt impairment. When compared to the second adjustment budget the deficit has decreased by R57,6 million or 15,6%.

The capital programmes funded from capital grants were budgeted to the extent of funds allocated by national government and R80 million from municipal reserves.

The deficit budget should be closely monitored by the municipality to ensure decrease and ultimately a fully funded budget, as a deficit budget might have a negative impact on infrastructure improvements, as depreciation that is not supported by funded reserves might negatively affect infrastructure replacements.

TABLE 1: PROPOSED DRAFT BUDGET SUMMARY 2018/19 TO 2020/2021 MTREF:

Description	Previous Year 2016/17		Current Year 2017/18 Medium Term Revenue & Expenditure Framework			2018/19 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Figures 2015/16 R000	Audited Figures 2016/17 R000	Budget Year 2017/18 R000	1st Adjusted Budget 2017/18 R000	2nd Adjusted Budget 2017/18 R000	Budget Year 2018/19 R000	Budget Year + 2019/2020 R000	Budget Year + 2020/2021 R000
Total Revenue	1 655 149	1 592 945	1 553 647	1 604 040	1 529 468	1 409 415	1 324 289	1 385 075
Operating Revenue	1 041 698	930 101	1 039 393	1 041 625	989 208	982 548	1 005 607	1 076 255
Capital Revenue	613 451	662 844	514 254	562 415	540 260	426 867	318 682	308 820
Total Expenditure	2 043 977	1 689 284	1 897 135	1 958 962	1 896 369	1 718 717	1 708 510	1 667 736
Operating Expenditure	1 421 858	991 410	1 285 881	1 297 440	1 277 002	1 211 850	1 273 328	1 330 826
Capital Expenditure	622 119	697 874	611 254	661 522	619 367	506 867	435 182	336 910
Surplus/(Deficit)	(388 828)	(96 339)	(343 488)	(354 922)	(366 902)	(309 302)	(384 221)	(282 661)

The table above reflects a budgeted deficit of R309 million, a decrease of R57,6 million or 15,7% when compared to the second adjustment budget and a decrease of R34,2 million or 10% when compared to the final approved budget for 2017/18 financial year. The deficit is however increasing in 2019/20 to R384 million and decreasing in 2020/2021 to R282 million.

The municipality is however banking on the outcome of the tariff study for the review of tariffs to address the deficit and the completeness pf billing upon finalisation of the data cleansing programmes.

PROPOSED DRAFT BUDGET 2018/2019 MTREF:

The following tables (table 2 to 7) illustrate the anticipated proposed revenue and expenditure streams for the MTREF:

Grants and Subsidies represent the combination of all grants and subsidies utilised to fund the operating budget including provincial agency grants. This also includes the Equitable Share, Finance Management Grant (FMG), and allowable portion of the MIG to fund the Project Management Unit (PMU), etc.

Investment revenue comprises anticipated interest on surplus funds invested that are not immediately required for service delivery. Service charges is estimated water and sanitation revenue from the WSA/WSP function undertaken by the District municipality.

Other revenue comprises the anticipated sundry income such as administration fees on salary deductions, sale of tender documents etc. and includes the input VAT realised on spending of conditional grants.

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R thousand	Audited Figures 2015/16 R000	Audited Figures 2016/17 R000	Budget Year 2017/18 R000	2nd Adjusted Budget 2017/18 R000	Budget Year 2018/19 R000	Budget Year + 2019/2020 R000	Budget Year + 2020/2021 R000
Revenue By Source							
Service charges - water revenue	293 631	128 569	151 560	168 466	178 574	189 288	200 646
Service charges - sanitation revenue	42 129	43 006	35 940	51 176	54 246	57 501	60 951
Rental of facilities and equipment	-	-	-	-	-	-	-
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Interest earned - outstanding debtors	-	-	103 234	6 471	6 730	7 133	7 561
Transfers recognised - operational	590 775	626 609	629 804	644 557	645 377	648 217	697 434
Other revenue	76 700	93 758	85 502	85 184	64 942	68 838	72 969
Gains on disposal of PPE	-	904	200	200	200	200	200
Total Revenue (excluding capital ransfers and contributions)	1 041 699	930 101	1 039 393	989 208	982 549	1 005 607	1 076 256

The above table reflects an overall decrease of R6,7 million or 0,7% in operating revenue when compared with the second adjustment budget or a decrease of R56,8 million or 5,5% when compared with the approved budget for 2017/18 financial year. The decrease was mainly influenced by the decrease in interest on outstanding debtors and decrease in sundry revenue that was influenced by a decrease in infrastructure grants.

The following revenue sources had increased when compared to the second adjustment budget:

Service Charges Water - (R10,1 million) or 6%;

Service Charges Sanitation - (R3 million) or 6%;

Interest on outstanding debtors - (R259 thousand) or 4%; and

Transfers and Subsidies - (R820 thousand) or 1%.

The following revenue sources had decreased when compared to the second adjustment budget:

Interest on investments - (R674 thousand) or 2%; and

Sundry Revenue - (R20,2 million) or 23,8%.

The increases above are in line with CPI as suggested in MFMA Circular 91 of increases between 3 and 6 percent and the huge decrease in sundry revenue was influenced by the decrease in infrastructure grants. Sundry revenue is mainly supported by VAT from conditional grants and the decrease in grant funding for infrastructure projects had a negative impact on this revenue stream.

Description			2018/19 M	ediun	Term Revenu Framework	ie & I	expenditure
R thousand	Adjusted Budget	%	Budget Year 2018/19	%	Budget Year + 2019/20	%	Budget Year + 2020/21
Revenue By Source							
Service charges - water revenue	168 466	6	178 574	6	189 288	6	200 646
Service charges - sanitation revenue	51 176	6	54 246	6	57 501	6	60 951
Rental of facilities and equipment	-	0	-		-	-	-
Interest earned - external investments	33 154	(2)	32 480	6	34 429	6	36 495
Interest earned - outstanding debtors	6 471	ACCESS.	6 730		7 133		7 561
Transfers recognised - operational	644 557	0	645 377	0	648 217	8	697 434
Other revenue	85 184	(24)	64 942	6	68 838	6	72 969
Gains on disposal of PPE	200	-	200	-	200		200
Total Revenue (excluding capital transfers and contributions)	989 208	(1)	982 549	2	1 005 607	7	1 076 256

The above table presents revenue growth over the MTREF period and in the budget year and one outer year 2019/20 the percentage growth is not looking very good to enable the municipality to address the budget deficit.

Description	Previous Ye	ear 2016/17	Current Ye	ar 2017/18		Medium Term enditure Fram	
R thousand	Audited Figures 2015/16 R000	Audited Figures 2016/17 R000	Budget Year 2017/18 R000	2nd Adjusted Budget 2017/18 R000	Budget Year 2018/19 R000	Budget Year + 2019/2020 R000	Budget Year + 2020/2021 R000
Expenditure By Type							
Employee related costs	246 191	245 075	349 187	325 660	308 843	327 374	347 016
Remuneration of councillors	9 631	9 577	12 578	10 544	11 071	11 736	12 440
Debt impairment	522 558	44 876	200 000	200 000	200 000	200 000	200 000
Depreciation & asset impairment	158 329	119 621	180 000	180 000	140 000	140 000	140 000
Finance charges	629	271	1 200	1 200	1 260	1 336	1 416
Bulk purchases	22 585	21 589	24 894	24 894	26 139	27 707	29 369
Contracted services	62 482	78 783	32 956	106 836	112 153	118 882	126 015
Transfers and grants	213 186	246 619	20 198	179 165	174 226	193 848	206 977
Other expenditure	184 705	224 998	464 868	248 702	238 157	252 446	267 593
Loss on disposal of PPE	1 561						
Total Expenditure	1 421 858	991 410	1 285 881	1 277 002	1 211 850	1 273 328	1 330 826

Table 3: Operating Expenditure 2018/19 MTREF: Table A4: R1,211,850 billion.

The table above reflects an overall decrease of R65,2 million or 5% when comparing the proposed budget with the second adjustment budget and a decrease of R74 million or 5,8% when comparing the proposed budget with the approved budget for 2017/18 financial year. The decrease was mainly influenced by the decrease in employee related cost, depreciation, transfers and grants and general expenses.

The following expenditure types had increased when compared to the second adjustment budget:

Councillors Allowances - (R527 thousand) or 5%;

Bulk Purchases - (R1,2 million) or 5%; and

Contracted Services – (R5,3 million) or 5%.

The following expenditure types had decreased when compared to the second adjustment budget:

Employee related costs - (R16,8 million) or 5%;

Depreciation and Asset Impairment – (R40 million) or 22%;

Transfers and Grants - (R4,9 million) or 2,8%; and

Other Expenditure - (R10,5 million) or 4,2%.

All the increases made in expenditure were within the CPI of 3 to 6 percent and the decreases were mainly influenced by current year and previous years performance which was also affected by available funds and cost containment measures that have been put in place.

Table 4: EPWP Funding 2018/19

Directorate	2nd Adjusted Budget 2017/18 R000	Budget Year 2018/19 R000	Decrease	% Decrease
Municipal Manager	-	500	-500	100%
Corporate Services	3 280	1 900	1 380	42%
Integrated Planning and Develeopment	3 620	2 500	1 120	31%
Health and Community Services	3 137	1 258	1 879	60%
TOTAL	10 037	6 158	3 879	39%

The table above reflects 39% decrease in EPWP funding for 2018/19 budget year when compared with 2017/18 budget year. The decrease was influenced by the national decrease in all grants as a result of a decrease in the national fiscus. There is no reflection of allocations in the two outer years as this grants is not guaranteed in the outer years.

Table 5: Equitable Share Funded Programmes 2018/19

	2nd Adjusted Budget 2017/18	Budget Year 2018/19		
Directorate	R000	R000	Decrease	% Decrease
Municipal Manager	10 313	9 513	800	8%
Corporate Services	13 870	13 320	550	4%
Integrated Planning and Develeopment	46 867	35 622	11 245	24%
Health and Community Services	14 261	13 602	659	5%
Budget and Treasury	2 100	2 100	-	0%
Technical Services	2 200	2 200	·	0%
TOTAL	89 611	76 357	13 254	15%

The above table reflects a decrease in equitable share funded programmes by 15%, when comparing the proposed budget with the second adjustment budget. The decrease was influenced by the decrease in grants and revenue collection of the municipality that has not improved, thus justifying a need to decrease on some expenditure items.

Table 6: Draft Budget - Capital Revenue 2018/19 MTREF: Table - R 426.9 million

Description	Current Ye	ar 2017/18	2018/19 Med	lium Term Revenu Framework	ie & Expenditure
R thousand	Budget Year 2017/18 R000	2nd Adjusted Budget 2017/18 R000	Budget Year 2018/19 R000	Budget Year + 2019/2020 R000	Budget Year + 2020/2021 R000
Capital Transfers and Grants					
National Government:	504 254	524 122	426 867	318 682	308 820
Municipal Infrastructure Grant (MIG)	220 754	220 754	209 867	192 682	203 853
Regional Bulk Infrastructure(RBIG)	208 500	208 500	172 000	25 000	26
Water Services Infrastructure Grant (WSIG)	75 000	94 868	45 000	101 000	104 940
Municipal Water Infrastructure Grant (MWIG)	-		<u> = 1</u>		-
Provincial Government:	10 000	16 138	-	-	-
Provinical Treasury	10 000	10 000	-		-
DHS Unblocking	-	6 138	=		-
Total Capital Transfers and Grants	514 254	540 260	426 867	318 682	308 820

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

The 21% overall decrease in capital grant funding is a result of decreases in the following grants:

MIG (R10,9 million) or 5%;

RBIG (R36,5 million) or 17,5%; and

WSIG (R30 million) or 40%

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



Table 7: Draft Budget - Capital Expenditure 2018/19 MTREF: Table - R 426.9 million

Description	Current Yea	r 2017/18	2018/19 Medi	um Term Revenu Framework	ie & Expenditure
R thousand	Budget Year 2017/18 R000	2nd Adjusted Budget 2017/18 R000	Budget Year 2018/19 R000	Budget Year + 2019/2020 R000	Budget Year + 2020/2021 R000
Capital ecpenditure -vote					
Multi-year expenditure to be appropriated			-		
Vote 7 - Technical Services	514 254	540 260	426 867	318 682	308 820
Capital multi-year expenditure sub-total	514 254	540 260	426 867	318 682	308 820
Single-year expenditure to be appropriated					
Vote 1 - Council			1		
Vote 2 - Municipal manager	1 0 11#10				
Vote 3 - Budget & Treasury	42 000	42 000	25 000	26 500	28 090
Vote 4 - Community Services	1				
Vote 5 - Corporate Services	55 000	37 107	55 000	90 000	
Vote 6 - Planning & Development					
Capital single-year expenditure sub-total	97 000	79 107	80 000	116 500	28 090
Total Capital expenditure-vote	611 254	619 367	506 867	435 182	336 910

The table above reflects the total capital expenditure for 2018/19 MTREF, which represent a decline in capital expenditure influenced by the decline in conditional grants for infrastructure projects. The internal reserves are however reflecting an increase in 2018/19 budget year and 2019/20, though there is a decline in the last outer year as it is anticipated that the municipality would have completed the two first phases of CHDM Village.

Proposed tariffs for 2018/19 Budget Year:

Water Related Tariffs:

Domestic/Household Consumptive Tariffs:



TARIFFS	Current Tariff 2017/2018	CPIX Increase (6 %)	CHDM Proposed Tariff after CPIX (6 %) Increase for 2018/2019	14% VAT on proposed tariff	Tarif less 14% VAT	New 15% VAT	Proposed new tariff
WATER							
Water Consumption (Domestic use)							
9-0	9.19	0.55	9.74	1.20	8.55	1.28	9.83
7-15	10.63	0.64	11.27	1.38	9886	1.48	11.37
16-30	13.03	0.78	13.81	1.70	12.12	1.82	13.93
31-45	16.22	76.0	17.19	2.11	15.08	2.26	17.34
46-60	17.72	1.06	18.78	2.31	16.48	2.47	18.95
61 or more	20.00	1.20	21.20	2.60	18.60	2.79	21.39
Water Consumption (Institutional, etc)							
0-200kls per month	10.86	0.65	11.51	1.41	10.10	1.51	11.61
201-2500 kl per month	12.01	0.72	12.73	1.56	11.17	1.68	12.84
2501 or more kl per month	13.15	0.79	13.94	1.71	12.23	1.83	14.06
Water Consumption (Business & other use)							
0 – 5 000 kl / month	13.94	0.84	14.78	1.81	12.96	1.94	14.91
5001 - 25000 kl / month	14.17	0.85	15.02	1.84	13.18	1.98	15.15
25 001- 50000 kl/month	14.40	0.86	15.26	1.87	13.39	2.01	15.40
50 001- or more kl / month	14.40	0.86	15.26	1.87	13.39	2.01	15.40

				2

Basic Water Tariffs:

Water Basic (Availability)							
Domestic	96.55	5.79	102.34	12.57	72.68	13.47	103.24
Institutional	255.70	15.34	271.04	33.29	237.76	35.66	273.42
Business	501.85	30.11	531.96	65.33	466.63	66'69	536.63

Sanitation Tariffs:

TARIFFS	CHDM Current Tariff 2017/2018	CPIX Increase (6 %)	CHDM Proposed Tariff after CPIX (6 %) Increase for 2018/2019	14% VAT on proposed tariff	Tarif less 14% VAT		New 15% Proposed VAT new tariff
SANITATION							
Basic Charae per Month (Flat Rate)							
Domostic / Housebolds	R 63.62	R	3.82 R 67.44	8.28	59.16	8.87	68.03
Business	R 104.87	R 6.29 R	R 111.16	13.65	97.51	14.63	112.14
Doughanont	R 105.86 R		6.35 R 112.21	13.78	98.43	14.76	113.20
Churches Hotels Schools & Hospitals	R 99.87	œ	5.99 R 105.86	13.00	92.86	13.93	106.79

TARIFFS	CHDM Current Tariff 2017/2018	CPIX Increase (6 %)	CHDM Proposed Tariff after CPIX (6 %) Increase for 2018/2019				
SANITATION							
Honey Sucker / Sewerage Removal							
Tahour - Charged per person	47.64	R 2.86	50.50	6.20	44.30	6.64	50.94
Travel Expenses - Charged per kilometer	8.49	R 0.51	9.00	1.11	7.89	1.18	9.08
Charge per Load	R 456.00 R	R 27.36	483.36	59.36	424.00	63.60	63.60 487.60



Other parties consulted:

All departments within Chris Hani District Municipality.

CHDM Management

LM's IDP/Strategic Managers

COGTA-EC

Eastern Cape Department of Treasury and National Treasury

Mayoral Committee

Financial implications:

Increase in uncollectable consumer service debtors, thus increasing the provision for debt impairment

Decrease in grant funding, thus decreasing projects funded from conditional grants and internal programmes;

The budget deficit that is limited to non-cash items and assets that are funded from municipal reserves.

Other Implications:

The funding and balancing of the budget to ensure decrease in the budgeted deficit.

Other Parties Consulted:

Mayoral Committee



Resolutions:

It was resolved that:

- 1) Council note and adopt the CHDM 2018-2019 Draft IDP Review
- 2) Council approve the draft budget for 2018/2019 MTREF.
- Council consider the draft operating and capital budget for 2018/2019 to 2020/2021 MTREF for approval as reflected in table A1;
- The operating expenditure of R1,211 billion and operating revenue of R982,5 million be approved by Council as reflected in Table A4;
- The capital expenditure of R506,9 million and capital revenue of R426,9 million be approved by Council as reflected in Table A5;
- Council approve the municipality's annual budget appropriated by municipal votes for single and multi-year as reflected in Table A2, A3 and A5A;
- 7) Council **approve** the 6% tariff increase for water, sanitation and municipal health tariffs; and
- 8) Council review the following budget related policies:
 - a. Indigent Policy with amendments;
 - b. Debt and Credit Control Policy with amendments;
 - c. Tariff Policy with amendments;
 - d. Cash and Bank Policy with amendments;
 - e. Asset Management Policy with amendments;
 - f. Inventory Management Policy with no amendments;
 - g. Budget Policy with amendments;
 - h. Supply Chain Management Policy with amendments; and
 - Infrastructure Supply Chain Management Policy with amendments.
- Council approve the draft capital and operating revenue for 2018/2019 to 2020/2021 MTREF at R44, 9million.

 Council approve the draft capital and operating expenditure for 2018/2019 to 2020.

This is certified as a true copy of the original.

MR B. J. MTHEMBU

ACTING MUNICIPAL MANAGER

