

ANNEXURE B

1. Operating revenue and expenditures for 6 months

Description	Budget Year 2017/18						Total 6 Months
	July	August	Sept.	October	November	December	
R thousand							
Revenue By Source							
Property rates	10,828	10,828	10,828	10,828	10,828	10,828	64,966
Service charges - electricity revenue	22,135	22,135	22,135	22,135	22,135	22,135	132,810
Service charges - water revenue	34,201	34,201	34,201	34,201	34,201	34,201	205,206
Service charges - sanitation revenue	1,888	1,888	1,888	1,888	1,888	1,888	11,328
Service charges - refuse revenue	3,300	3,300	3,300	3,300	3,300	3,300	19,802
Other revenue	6,086	6,086	6,086	6,086	6,086	6,086	36,516
Transfers and subsidies	49,226				49,226	-	98,452
Total Revenue (excluding capital transfers and contributions)	127,664	78,438	78,438	78,438	127,664	78,438	569,080
Expenditure By Type							
Employee related costs	22,594	22,594	22,594	22,594	22,594	22,594	135,566
Remuneration of councillors	1,434	-	-	1,434	1,434	1,434	5,738
Debt impairment	10,105	10,105	10,105	10,105	10,105	10,105	60,627
Depreciation & asset impairment	6,405	6,405	6,405	6,405	6,405	6,405	38,430
Finance charges	505	505	505	505	505	505	3,030
Bulk purchases	32,931	32,931	32,931	32,931	32,931	32,931	197,586
Other materials	3,201	3,201	3,201	3,201	3,201	3,201	19,205
Contracted services	2,866	2,866	2,866	2,866	2,866	2,866	17,193
Other expenditure	9,405	9,405	9,405	9,405	9,405	9,405	56,429
Total Expenditure	89,445	88,011	88,011	89,445	89,445	89,445	533,803
Surplus/(Deficit)	38,219	(9,573)	(9,573)	(11,007)	38,219	(11,007)	35,277
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	44,376				44,376		88,752

Surplus/(Deficit) after capital transfers & contributions	82,595	(9,573)	(9,573)	(11,007)	82,595	(11,007)	124,029
Surplus/(Deficit)	82,595	(9,573)	(9,573)	(11,007)	82,595	(11,007)	124,029

2. Equitable share is paid in three tranches of which two of the payments are within the first six months. The Equitable share is recognised in July 2017 and November 2017. This result in a higher operating surplus for those months.
3. The provision for councillor allowances is only budgeted for the month of July. The August and September 2017 months have been reduced to zero due to section 139 intervention.
4. Contracted service consists of security services, cash security services, printing services, cleaning of offices, connecting and disconnecting of electricity services, traffic fines system, selling of prepaid electricity and EasyPay.
5. Capital budget : For the first six months only projects budgeted from grant funding will be implemented, amounting to R133 128 100

6. Conditional Grants

	2017/2018	Source of Funding
Moses Kotoane stadium upgrade	R30m	Free State Department of Sport
Gortin Sanitation installation Phase 4 (MIG)	R3.2m	COGTA
Construction of roads & storm water Zamdela (MIG)	R27.2m	COGTA
Construction of sports complex Metsimaholo (MIG)	R2.3m	COGTA
Zamdela cemetery upgrading (MIG)	R5.9m	COGTA
Leitrim bulk electricity supply (INEP)	R10m	DOE
High mast lights Amelia	R4.5m	MIG
Rehabilitation of Refenggotso water treatment works	R35m	DWA
Leitrim pump station Sewer – Water Services Infrastructure grant	R15m	DWA

7. The following tariffs are proposed for 2017/18 financial year:

1.1.1 Property Rates

Proposed property rates for the 2017/18 financial year

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process. Increase of 6.4%

	Actual 2016/2017	Proposed 2017/2018
Heavy Industries	0.03978	0.042327
Light Industries	0.03978	0.042327
Businesses	0.015901	0.016919
State property	0.015901	0.016919
Domestic and other	0.00794	0.00845
<u>Farmland:</u>		
Residential	0.00397	0.004226
Businesses	0.00794	0.008453
Industries	0.01992	0.021194
Private owned towns, Body Corporate, Sectional Titles	0.00397	0.004226
Mining	0.01992	0.021205
Agricultural	0.00199	0.002119
Unregistered Erven	Municipal services charges equal to category of property	Municipal services charges equal to category of property

1.1.2 Sale of Water and Impact of Tariff Increases

Proposed Water Tariffs (excluding VAT)

Basic Charges	2016/2017	2017/2018
	R	R
Churches	32.82	34.92
Businesses	129.90	138.22
Light Industries	168.33	179.10
Heavy Industries		
Up to 20 000 kl	218.50	232.48
Up to 40 000 kl	1 097.85	1 168.11
Above 40 000 kl	2 741.73	2 917.20
Residential		
Vacant stands	64.90	69.06
All other residential stands	20.00	21.28
Oranjeville		
Co-operatives	1 306.23	1 389.83
	2016/2017	2017/2018
Domestic		
>0 up to and including 6 kl	R8.62/kl	R9.17/kl
>6 up to and including 12 kl	R17.23/kl	R18.34kl
>12 up to and including 20 kl	R19.69/kl	R20.95/kl
>20 up to and including 30 kl	R23.39/kl	R26.90/kl
>30 up to and including 45 kl	R27.08/kl	R32.50/kl
>45 kl	R30.77/kl	R36.93/kl
Schools	R19.69/kl	R22.05/kl

State property (excl. residential properties)	R19.69/kl	R22.05/kl
Businesses	R19.69/kl	R22.05/kl
Light Industries	R20.57/kl	R23.04/kl
Heavy Industries	R20.93/kl	R23.44/kl

Note: Guest houses are operated as businesses and are levied as businesses.

1.1.3 Sale of Electricity and Impact of Tariff Increases

The consumer tariff could only be increased by a 1.88% per guideline from NERSA. Approval must be obtained from NERSA for the increase of 1.88% in tariff.

Proposed Electricity Tariffs (subject to NERSA approval)

Basic Service charges for Electricity (VAT exclusive)

	2016/2017	2017/2018
Schools, Churches, Halls	R177.78	R181.12
Businesses, Offices, Hotels, clubs	R177.78	R181.12
Businesses Zamdela:		
Single phase	R177.78	R181.12
Three phase	R177.78	R181.12
Four meters	R349.34	R355.91
Bulk Supply >50Kva	R349.34	R355.91
Bulk Supply >50kW	R355.81	R362.50

Residential	R90.42	R92.12
Vacant stands		
	R52.80	R53.79
Domestic only consumers that have conventional meters		
Domestic only consumers that have prepaid meters	R20.00	R20.38

Tariff (VAT exclusive)	kWh	2016/2017	2017/2018
Domestic Off peak(September to May)	>0 up to and including 50	R0.8592/kWh	R0.8754/kWh
	>50 up to and including 350	R1.0775kWh	R1.0978/kWh
	> 350 up to and including 600	R1.4890kWh	R1.5170/kWh
	>600	R1.7171kWh	R1.7494/kWh
Domestic Peak(June, July, August)	>0 up to and including 50	R0.9020/kWh	R0.9190/kWh
	>50 up to and including 350	R1.1853kWh	R1.2076/kWh
	> 350 up to and including 600	R1.7530kWh	R1.7860/kWh
	>600	R1.9746kWh	R2.0117/kWh
Businesses		R1.6637/kWh	R1.6950/kWh
Three Phase		R1.5608/kWh	R1.5901/kWh
Bulk		R0.7856kWh	R0.8004/kWh
Per KVA		R143.32	R146.01
Per kW		R154.26	R157.16

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1.1.4 Sanitation and Impact of Tariff Increases

A tariff increase of 6.4 % for households and 8% for industries and business is proposed, in order to have uniform tariffs on water borne sewer.

Proposed Sanitation Tariffs

Tariffs (*VAT exclusive*)

	2016/2017	Proposed 2017/2018
Domestic - Basic	R11.31	R12.00
Residential vacant stand	R11.31	R12.00
Sasolburg		
Basic charges	Actual cost by	Actual cost by
Heavy Industries	SCI plus 40%	SCI plus 40%
Businesses		
Additional		
(a) Residential sewer	R91.86	R97.74
(b) Business sewer	R96.65	R104.38
(c) Flats	R6.86	R7.30
	R91.86	R97.74
(d) 2 nd Dwelling	R91.86+R91.86	R97.74+R97.74
(e) Industries sewer	R96.65	R104.38
(f) Day schools and Crèches	R31.46	R33.47
(g) Flats sewer	R91.86	R97.74
(h) Add units flats	R54.06	R57.52

<p>Suction tank per service (if not available from municipality a private company must be utilised at the cost of the owner)</p> <p>Oranjeville Business</p> <p>Metsimaholo Businesses</p> <p><i>Additional sewer</i></p> <p>Water borne sewer Oranjeville/Metsimaholo</p> <p>Basic sewer</p> <p>Refengkgotso/Phomolong: Businesses</p> <p>Water borne sewer</p>	<p>R550.00</p> <p>R91.86</p> <p>R91.86</p> <p>R63.37</p> <p>R91.86</p> <p>R63.37</p>	<p>R12.00 basic plus R97.74</p> <p>R99.21</p> <p>R99.21</p> <p>R67.43</p> <p>R99.21</p> <p>R67.43</p>
<p>Refengkgotso/Phomolong Bucket services system</p>	<p>R27.78</p>	<p>R29.56</p>
<p>Rural areas: Suction Tank Services</p> <p>Areas that are not included in the disestablished towns (No Rates Payable)</p> <p>Normal working hours</p> <p>After hours</p> <p>Areas with discounted rates:</p>	<p>R1 580.00/Service</p> <p>R3 160.00/Service</p>	<p>R 1 665/service</p> <p>R 3 330/service</p>

Normal working hours		
After hours	R1 580.00/Service	R 1 665/service
	R3 160.00/Service	R 3 330/service

Guest houses are levied at the same rates as business.

1.1.5 Waste Removal and Impact of Tariff Increases

Proposed Waste removal Tariffs (VAT exclusive)

	<i>R</i> <i>2016/2017</i>	<i>R</i> <i>2017/2018</i>
Dwellings/Single flats	110.96	118.06
Joint flats (one service point)	110.96	118.06
Private Hostels	110.96	118.06
Businesses per point	216.42	230.27
Schools per point	216.42	230.27
Churches	110.96	118.06
Dumping ground: All tariffs for dumping is per cubic meter or part of cubic meter		
Industries and Contractors and	138.00	146.83
Garden Services	138.00	146.83
Approved indigents	FREE	FREE

Guest houses operate as businesses and are levied the same as businesses tariffs.

1.1.6 Proposed sundry tariffs average 6.4% and are in line with National Treasury guidelines

8. The following budget related policies were reviewed.

- 8.1 Budget Policy
- 8.2 Property Rates Policy
- 8.3 Credit Control, Debt Collection and Customer Care Policy
- 8.4 Indigent Policy
- 8.5 Virement Policy
- 8.6 Asset Policy
- 8.7 Cash Management Policy
- 8.8 Supply Chain Management Policy
- 8.9 Tariff Policy
- 8.10 Bad Debt Write Off Policy
- 8.11 Unauthorised Expenditure, Irregular Expenditure And Fruitless And Waste Full Expenditure Policy
- 8.12 Borrowing Policy
- 8.13 Investment Policy