

36. **SUBMISSION OF MID-YEAR ASSESSMENT REPORT IN COMPLIANCE WITH SECTION 72 OF THE MUNICIPAL FINANCE MANAGEMENT ACT, ACT 56 OF 2003 (MFMA) AS WELL AS SECTION 23 OF THE LOCAL GOVERNMENT MUNICIPAL BUDGET AND REPORTING REGULATIONS (MBRR)**
(Directorate: Budget and Treasury) GD)

1. STRATEGIC THRUST

The Rustenburg Local Municipality has adopted the following Strategic Thrust:

- to ensure sustainable municipal financial viability and management
- upholding good governance and public participation co-principles

2. PURPOSE OF THE REPORT

The purpose of the report is to submit to Council the mid-year Budget Assessment Report in compliance with Section 72 of the Municipal Finance Management Act No. 56 of 2003 (MFMA) as well as Section 23 of the Local Government: Municipal Budget and Reporting Regulations (MBRR).

3. EXECUTIVE SUMMARY

3.1 BACKGROUND

Section 72(1) of the Municipal Finance Management Act (MFMA), Act 56 of 2003, states that the accounting officer of a municipality must by 25 January of each year –

- (a) assess the performance of the municipality during the first half of the financial year taking into account -
 - (i) the monthly statements referred to in section 71 (of the MFMA) for the first half of the financial year.
 - (ii) the municipality's service delivery performance during the first half of the financial year and the service delivery targets and performance indicators as set in the service delivery and budget implementation plan,
 - (iii) the past year's annual report and progress on resolving the problems identified in the annual report
 - (iv) the performance of every municipal entity under the sole or shared control of the municipality, taking into account the report in terms of section 88 from any entities.
- b) submit a report on such assessments to:
 - (i) the mayor of the municipality
 - (ii) the National Treasury; and
 - (iii) the relevant Provincial Treasury

Section 72 (3) further stipulates that as part of the assessment, recommendation must be made whether an adjustment budget is necessary, taking into consideration the revised projections for revenue and expenditure's extent.

The mid term budget and performance must be consistent with the monthly budget statements on the implementation of the annual budget in accordance with the Service Delivery Budget and Implementation Plan (SDBIP) for the first half of the financial year and be submitted to the Executive Mayor, National Treasury and relevant Provincial Treasury

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The report is in line with the Municipal Budget and Reporting Regulation under Schedule C and includes all the required tables, charts and explanatory information. The Regulation further prescribes the report must be public by placing it on the municipal website within 5 working days.

In terms of section 71 of the MFMA the following must be reported in the monthly statements:

- (i) Actual revenue per source
- (ii) Actual borrowings
- (iii) Actual expenditure per vote
- (iv) Actual capital expenditure per vote
- (v) The amount of any allocations
- (vi) Actual expenditure on those allocations

In addition to the above an explanation should be given if necessary, on the following:

- (i) Material variances in projected revenue and expenditure
- (ii) Material variances in SDBIP
- (iii) Remedial and corrective steps to ensure the projected revenue and expenditure remain within the approved budget.

The statement must also include revenue and expenditure projections and the results of the municipal entity should be included.

The accounting officer must also, in terms of section 72 (3) of the MFMA, make recommendations as to whether an adjustments budget is necessary and recommend revised projections for revenue and expenditure to the extent that it might be necessary.

4. DISCUSSION

The operating billed revenue result for the first six months ending 31st December 2020 is R2,677 billion to the budgeted amount of R5,290 billion. The billed revenue realized for half yearly results is at 50,61% and is above the projected revenue by 0,61% to the pro rata of 50%.

The operating expenditure result for the first six months ending 31st December 2020 is at R2,225 billion to the budgeted amount of R4,409 billion. This represents 50,47% and it is above the projection by 0,47% to the pro rata of 50%.

The year to date expenditure for Capital Acquisition is at 22,73% (monetary value is R129,8 million) against the adjusted budget of R571,4 million. This represent a 27,27% performance below the projected acquisition pro rata of 50%.

Although there are a number of over and under recoveries of revenue and expenditures, it is positive to report that the results for the first six months are within the total approved budget of the municipality.

- **Annexure 'A' (Table C4)** to the report is a monthly budget statement (Financial Performance – Expenditure) for the first six months ending the 31st December 2020. The

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actual results are compared to the adjusted budget and contain the percentage for year to date adjusted budget revenue and revenue received (billed) as at 31st December 2020. The annexure also has the projected figures for the full year forecast.

Annexure 'A' (Table C5) contains the list of Capital Budget per standard classification and trend. The Capital Expenditure for the first six months of the 2020/2021 financial year is which ended at the 31st December 2020 is standing 22,73% which in monetary value is at R129,8 million. The mentioned expenditure of R129,8 million does not include shadow cost (cost committed such as orders already placed but not yet paid).

Annexure 'A' (Table SC) to the report is a monthly budget statement (Aged Debtors) for the first six months ending the 31st December 2020.

Annexure 'A' (Table C4) to the report is a monthly budget statement (Aged Creditors) for the first six months ending the 31st December 2020.

- The detailed financial performance report for the six months that depicts the overall performance of the Rustenburg Water Services trust is attached as **Annexure B**.

5. OPERATING BUDGET RESULTS

5.1 OPERATIONAL REVENUE

The actual revenue generated is above the anticipated projected revenue by 0,61%. The main contributors to this over performance is due to the transfers and subsidies (equitable shares) received in December 2020.

Mid-year accumulated year to date revenue performance is as follows:

Choose name from list - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M06 December									
Description	2019/20	Budget Year 2020/21							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Revenue By Source									
Property rates	378 140	398 240	398 240	34 517	206 539	199 120	7 419	4%	413 078
Service charges - electricity revenue	1 995 842	2 312 534	2 312 534	300 303	1 037 430	1 156 267	(118 837)	-10%	2 074 859
Service charges - water revenue	489 843	499 244	499 244	32 073	221 296	249 622	(28 326)	-11%	442 592
Service charges - sanitation revenue	151 833	378 176	378 176	32 264	181 102	189 088	(7 986)	-4%	362 204
Service charges - refuse revenue	139 380	150 032	150 032	12 356	75 208	75 016	192	0%	150 416
	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment	8 883	10 498	10 498	773	5 047	5 249	(202)	-4%	10 095
Interest earned - external investments	24 538	27 312	27 312	241	8 948	13 656	(4 708)	-34%	17 896
Interest earned - outstanding debtors	389 582	395 409	395 409	30 915	181 782	197 705	(15 922)	-8%	363 565
Dividends received	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits	11 303	9 000	9 000	38	1 127	4 500	(3 373)	-75%	2 253
Licences and permits	6 678	11 913	11 913	10	2 721	5 956	(3 236)	-54%	5 442
Agency services	83 939	100 849	100 849	6 068	63 727	50 424	13 303	26%	127 454
Transfers and subsidies	680 945	868 506	968 172	336 140	678 637	484 086	194 551	40%	1 357 274
Other revenue	13 151	15 001	15 001	1 857	11 472	7 500	3 971	53%	22 944
Gains	187 729	14 035	14 035	59	2 494	7 017	(4 524)	-64%	4 988
Total Revenue (excluding capital transfers and contributions)	4 561 786	5 190 749	5 290 415	787 614	2 677 530	2 645 207	32 323	1%	5 355 061

The following matters should be considered when assessment is done:

Property rates

Property rates is favourable by R7,4 million (4%) which is indicative of positive exercise in ensuring completeness of rateable properties.

Services Charges

Electricity charges actual year to date billed electricity revenue is at R1,037 millio, below the projected revenue by 5,14% and unfavourable by R119 million. The main contributor to this is the significant scale down by Glencore and other businesses due to COVID 19 lockdown restrictions in operations. However, the past three months has showed steady increase in electricity billed as operations were at increased capacity.

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would still have impact on the rest of the financial period, including above average electricity loss. This service charge needs to be reassessed during the adjustment budget.

Water revenue is unfavourable by R28,3 million (5,67%) to projected revenue for the period. This is indicative of incomplete billing and water losses. This service charge needs to be reassessed during budget adjustment process. However, the appointment of dedicated service provider to assist with meter readings, credit controls actions and DBSA support on meter audits and data cleansing would assist in increase revenue generation.

Sanitation charges performance is unfavourable by R8 million (4%). The projected revenue need to be assessed and possibly revised based on number of households that are serviced or incompleteness of billing addressed. DBSA data cleansing would assist in increase revenue generation.

Refuse revenue are favourable by R192 thousand (0,13%) mainly on waste removal services. No proposed adjustment to the budget.

Rental of Facilities

Revenue that was realised from Rental of Facilities as at 31st December 2020 is at R5 million (which is 48,08% below the prorate of 50%) against the budgeted amount of R10,4 million for the year and is below the budget pro rata of 50%.

Interest on Long Outstanding Debtors

The performance to date is below the anticipated pro rata of 50% with a performance of 45,97%. With the year to date actual of R181,7 million against the budget of R395,4 million. No

Fines, Penalties and Licence and Permits

The two items (Fines, Penalties and Licence and Permits) are unfavourable by R3,3 million and R3,2 million respectively to projected revenue to date. Directorates should be urged to put stringent measures and processes which will enable optimum revenue collection.

Agency Fees Services

Agency fees are favourable by R13,3 million (13,19%). This is possibly due to high turnout in licencing services for the period than anticipated. We must also note that 80% portion of what the municipality collects is paid to the Provincial Government for vehicle testing and licenses and the municipality only keep 20%. This revenue source needs to be reassessed during budget adjustment.

Transfers and Subsidies

Operating grants and subsidies are performing according to the approved allocation. The equitable share is split between the respective service departments based on the provision for doubtful debts. To this date, two tranches (in July and December 2020)

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have being received by the municipality. Also, the Financial Management Grant has been received and the Extended Public Works Programme allocation are also allocated accordingly as per the payment schedule.

Other Revenue

Other Revenue is performing below the anticipated revenue, with the year to date actual of R11,4 million (76,47%) against the budget of R15 million. The over performance might be a reason for possible unallocated receipts.

Gain on disposal of PPE

The Item is unfavourable by R4,5 million as sale of identified properties has not progressed well. The performance below the anticipated revenue, with the year to date actual of R2,4 million against the adjusted budget of R14 million.

OPERATING EXPENDITURE

The year to date expenditure as at 31st December 2020, is R2,225 billion or 50,48% to the original budget of R4,409 billion. It is above the expected pro rata by 0,48%.

The following table is indicative of year to date expenditure compared to the approved budget for the period ended 31st December 2020.

Choose name from list - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M06 December									
Description	2019/20	Budget Year 2020/21							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
R thousands								%	
Expenditure By Type									
Employee related costs	753 984	792 398	797 820	61 666	372 786	398 910	(26 124)	-7%	745 572
Remuneration of councillors	55 957	64 306	64 306	5 483	34 584	32 153	2 431	8%	69 168
Debt impairment	630 165	898 087	898 087	74 841	449 043	449 043	-		898 087
Depreciation & asset impairment	347 298	507 217	507 217	33 628	201 703	253 609	(51 906)	-20%	403 405
Finance charges	76 030	43 444	43 444	18 223	22 792	21 722	1 069	5%	45 583
Bulk purchases	2 080 660	1 358 419	1 421 627	178 870	925 065	710 813	214 251	30%	1 850 130
Other materials	5 821	18 070	17 892	288	2 779	8 946	(6 167)	-69%	5 558
Contracted services	406 557	353 328	410 169	19 342	91 510	205 084	(113 575)	-55%	183 019
Transfers and subsidies	19 990	18 684	18 734	22	590	9 367	(8 776)	-94%	1 181
Other expenditure	236 123	272 136	229 845	11 025	124 784	114 922	9 861	9%	249 568
Losses	-	-	-	-	-	-	-		-
Total Expenditure	4 612 585	4 326 090	4 409 141	403 388	2 225 635	2 204 571	21 064	1%	4 451 270

The following matters should be taken into account before an assessment is done:

Councillors and Staff Benefits

Wages and Salaries item are at 3% (R26,1 million) under the anticipated expenditure.

An adjustment will have to be done on votes on these items to reduce where there's under expenditure and increase where projections show there'll be over expenditure. Some expenditure is paid where there's no budget available and where budget is available, there is no expenditure. An exercise will have to be done, to assess properly these irregularities and correct them.

Debt Impairment

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The final calculation of debt impairment usually happens at the end of the financial year during Annual Financial Statement process hence it will be difficult to assess whether the current allocation will be sufficient to cover to the year-end calculations.

Depreciation

Depreciation is processed on assets for the period is less than projected depreciation due to programmed calculation that does not take into account the conditions of assets on month to month basis. Reliable calculations of depreciation are performed at year end in line with the conditional assessment of assets and capitalization of completed projects.

Repairs and Maintenance

Repairs and maintenance spending remains a concern. The spending is not as anticipated/projected. Lower spending has positive impact to avoid cash outflow commitment in line with revenue collection.

Bulk Purchases

Bulk Purchases is performing wabove the budget with year to date actual spending of R925 million or 65,07%. This item of expenditure, will have to be adjusted accordingly during Adjustment Budget.

Contracted Services

Spending is at R91,5 million or 22,31% against the pro rata of 50%. The situation with this Item could be the same as repairs and maintenance. The underspending is mainly due to some appointments not finalised during the first half of the financial period.

Transfer and subsidies

Transfers and Subsidies is paid on quarterly and biannual. Variance of 94% is expected as budget is spread over 12 months.

General Expenditure

General expenditure exceed the projected expenditure for the period by R9,8 million (4,29%). Expenditure on this line item need to be monitored closely to avoid unauthorised expenditure.

Adjustment will have to be done on this item of expenditure as there are services that have spent above 50% and others even more than 100%. There are services that have also spent way below the average expenditure rate with 0% and less than 50%. Those services will have to be reduced also during the adjustment budget.

6. CAPITAL EXPENDITURE

Detail results per unit are contained in **Annexure 'A' (Table C5 Monthly Budget Statement – Capital Expenditure)**. The expenditure of Capital budget is at 23% (R129,8 million). A capital budget to the amount of R571,4 million was approved by Council for the 2020/2021 financial year.

Attached below is the Capital Expenditure by municipal vote, function and classification:

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Choose name from list - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M06 December									
Vote Description	2019/20	Budget Year 2019/20							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Capital Expenditure - Functional Classification									
Governance and administration	213 066	50 969	20 969	39	722	10 484	(9 762)	-93%	1 445
Executive and council	31 072	13 155	13 155	39	722	6 578	(5 855)	-89%	1 445
Finance and administration	181 994	37 550	7 550	–	–	3 775	(3 775)	-100%	–
Internal audit	–	264	264	–	–	132	(132)	-100%	–
Community and public safety	1 161 357	11 320	6 900	90	248	3 450	(3 202)	-93%	497
Community and social services	1 112 545	6 770	2 350	90	201	1 175	(974)	-83%	403
Sport and recreation	50 442	100	100	–	47	50	(3)	-6%	94
Public safety	(1 630)	2 950	2 950	–	–	1 475	(1 475)	-100%	–
Housing	–	1 500	1 500	–	–	750	(750)	-100%	–
Health	–	–	–	–	–	–	–	–	–
Economic and environmental services	9 220 268	259 376	247 396	10 630	79 647	123 698	(44 051)	-36%	159 293
Planning and development	3 285 646	2 650	2 650	–	–	1 325	(1 325)	-100%	–
Road transport	5 934 622	256 726	244 746	10 630	79 647	122 373	(42 726)	-35%	159 293
Environmental protection	–	–	–	–	–	–	–	–	–
Trading services	3 991 244	289 740	296 140	9 996	49 253	148 070	(98 817)	-67%	98 506
Energy sources	1 342 389	68 800	129 300	2 447	6 452	64 650	(58 198)	-90%	12 905
Water management	1 533 566	151 500	104 500	2 515	19 654	52 250	(32 596)	-62%	39 307
Waste water management	1 108 542	62 100	59 340	5 034	23 147	29 670	(6 523)	-22%	46 294
Waste management	6 747	7 340	3 000	–	–	1 500	(1 500)	-100%	–
Other	–	–	–	–	–	–	–	–	–
Total Capital Expenditure - Functional Classification	14 585 935	611 404	571 404	20 755	129 870	285 702	(155 832)	-55%	259 741

Funding Source of the Capital Expenditure

Choose name from list - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M06 December									
Vote Description	2019/20	Budget Year 2019/20							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Funded by:									
National Government	2 803 109	459 086	419 086	18 218	122 763	209 543	(86 780)	-41%	245 526
Provincial Government	(3 254)	–	–	–	–	–	–	–	–
District Municipality	–	–	–	–	–	–	–	–	–
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)	3 096	–	–	90	201	–	201	#DIV/0!	403
Transfers recognised - capital	2 802 951	459 086	419 086	18 307	122 964	209 543	(86 579)	-41%	245 929
Borrowing	1 622 031	125 000	125 000	–	–	62 500	(62 500)	-100%	–
Internally generated funds	10 160 474	27 319	27 319	2 447	6 906	13 659	(6 753)	-49%	13 812
Total Capital Funding	14 585 456	611 404	571 404	20 755	129 870	285 702	(155 832)	-55%	259 741

Great concern is underspending on grant funded projects, which are as results of delayed procurement process. Improvement is spending is expected from March 2021 as most projects will be pick up spending as completion of the project will be fast tracked.

7. DEBTORS AGING FOR DECEMBER 2020

Debtor's age analysis indicates the extent to which income accrued is not received in cash, the success or effectiveness of the credit control, rating, and tariffs policy, the possibility of viability problem being encountered when analyzing the imbalance between actual revenue received and actual expenditure. **Annexure "A" (Table SC3 Monthly Budget Statement – Aged Debtors)** is debtor's age analysis as at the end of December 2020 for the 2020/2021 financial year. The outstanding consumer debtors as at 31st December 2020 are R6,199 billion.

Municipality will have to get some sort of an action that will work in so far as the Intergovernmental relationship to address outstanding amounts from other spheres of government. As at the end of December 2020, Organ of States owed municipality R30 million, Households owed R4 billion, Business/Commercial owed R761 million while other is at R555 million.

The municipality has appointed service provider effective January 2021 to assist with the implementation of the credit control activities, meter reading and indigent verification, which is expected to enhance revenue collection of the municipality, thereby reducing debtors book.

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Choose name from list - Supporting Table SC3 Monthly Budget Statement - aged debtors - M06 December

Description		Budget Year 2020/21										Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts i.L.o Council Policy
	NT Code	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Days	151-180 Days	181 Dys-1 Yr	Over 1Yr	Total	Total over 90 days		
R thousands													
Debtors Age Analysis By Income Source													
Trade and Other Receivables from Exchange Transactions - Water	1200	43 947	41 030	34 327	29 358	30 634	23 016	143 697	1 437 336	1 783 345	1 664 041	–	–
Trade and Other Receivables from Exchange Transactions - Electricity	1300	81 380	30 801	22 974	10 530	16 771	12 816	60 286	541 273	776 831	641 676	–	–
Receivables from Non-exchange Transactions - Property Rates	1400	34 530	19 803	15 944	12 597	11 123	10 380	47 074	282 005	433 456	363 179	–	–
Receivables from Exchange Transactions - Waste Water Management	1500	15 065	10 871	9 484	8 613	7 795	7 427	38 698	357 303	455 255	419 635	–	–
Receivables from Exchange Transactions - Waste Management	1600	14 875	11 129	9 715	8 734	8 070	7 659	40 870	387 963	489 014	453 295	–	–
Receivables from Exchange Transactions - Property Rental Debtors	1700	736	593	605	598	585	767	2 404	21 654	27 941	26 007	–	–
Interest on Arrear Debtor Accounts	1810	31 580	30 189	30 663	29 620	29 956	29 620	188 250	1 358 768	1 728 646	1 636 214	–	–
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	–	–	–	–	–	–	–	–	–	–	–	–
Other	1900	142 737	31 836	34 460	3 546	40 065	21 716	20 594	210 173	505 128	296 095	–	–
Total By Income Source	2000	364 849	176 253	158 173	103 594	144 998	113 402	541 873	4 596 475	6 199 617	5 500 341	–	–
2019/20 - totals only												–	–
Debtors Age Analysis By Customer Group													
Organs of State	2200	3 598	3 205	2 043	1 556	861	663	4 103	14 102	30 132	21 285	–	–
Commercial	2300	211 087	63 923	51 540	9 489	49 373	29 116	41 539	305 281	761 348	434 797	–	–
Households	2400	118 558	90 660	87 534	78 046	79 876	70 449	426 900	3 900 290	4 852 313	4 555 561	–	–
Other	2500	31 605	18 465	17 056	14 503	14 888	13 174	69 332	376 801	555 825	488 698	–	–
Total By Customer Group	2600	364 849	176 253	158 173	103 594	144 998	113 402	541 873	4 596 475	6 199 617	5 500 341	–	–

8. CREDITORS AGING FOR DECEMBER 2020

Annexure “A” (Table SC4 Monthly Budget Statement – Age Creditors) is a creditor’s age analysis for the municipality as at the end of December 2020.

The below table depicts creditors analysis for the period

Choose name from list - Supporting Table SC4 Monthly Budget Statement - aged creditors - M06 December

Budget Year 2020/21										
Description	NT Code	0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year	Total
R thousands										
Creditors Age Analysis By Customer Type										
Bulk Electricity	0100	197 965							91 065	289 030
Bulk Water	0200	36 267								36 267
PAYE deductions	0300	-								-
VAT (output less input)	0400	-								-
Pensions / Retirement deductions	0500									-
Loan repayments	0600	-	-							-
Trade Creditors	0700	12 742	6 082	3 667	731	744	1 085	6 315	22 880	54 245
Auditor General	0800	-		-					-	-
Other	0900	16 578	11 070			-	11 592	31 642	116 076	186 958
Total By Customer Type	1000	263 551	17 153	3 667	731	744	12 677	37 957	230 021	566 500

Creditors should be paid within 30 days as stipulated by the MFMA except where there are disputes between the municipality and the creditor. Outstanding sundry creditors as at 31st December 2020 is at R566 million.

9. INVESTMENT REGISTER

Investment made with the various financial institutions are strictly in compliance with Municipal Finance Management Act and in terms of the Investment Framework Policy and Guidelines.

The total value of cash and investments for the Parent Municipality as at 31st December 2020 is approximately R135,6 million.

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Investment Register as at 31 December 2020



Name of Institution	Type of Investment	Account Number	Rate %	Invested Date	Maturity Date	Opening Balance	Invested During the month	Actual Interest Received / Capitalised / Accrued	Investment / Interest Withdrawn	Closing Balance
Short-Term Investments										
ABSA: Call Account	Call Savings	40-7850-3088			Monthly	743 750.42	111 903 134.59	193 535.75		112 840 420.76
ABSA: Investment Acc	Flexible Deposit	90-6393-0063	2.90		Monthly	590 000.00		1 115.34	- 1 115.34	590 000.00
ABSA: Investment Acc	Fixed Deposit	20-7642-7525	5.3			5 102 515.91		129 659.82	- 129 659.82	5 102 515.91
ABSA: Investment Acc	Fixed Deposit	20-7676-3430	5.2			419 142.69		11 046.99	- 11 046.99	419 142.69
Standard Bank	Call Deposit	2288-18613-062	6.70		Monthly	454 862.83	-	502.22		455 365.05
Standard Bank	Call Deposit	2288-18613-063	6.70		Monthly	123 835.56	-	136.73		123 972.29
Kagiso Asset Manager	Money Market Ass	550/827	N/A		Monthly	6 552 818.22	-	15 324.23		6 568 142.45
Sanlam	Money Market Fur	RUSTEN	N/A		Monthly	8 681 690.05	-	58 855.00		8 740 545.05
Sub-Total						22 668 615.68	111 903 134.59	410 176.08	- 141 822.15	134 840 104.20
Long-Term Investments						Opening		Movement		Closing
Sanlam Shares	Ordinary - 12 948	U0063386178	57.87	58.75	Monthly	749 300.76		11 394.24		760 695.00
Sanlam Shares	Ordinary - 323	U0053871618	57.87	58.75	Monthly	18 692.01		284.24		18 976.25
Total						23 436 608.45	111 903 134.59	421 854.56	- 141 822.15	135 619 775.45

10. BORROWINGS

The municipality is currently servicing few existing loans with different institutions (DBSA, ABSA and INCA).

Below summary Loan Register:

RUSTENBURG LOCAL MUNICIPALITY								
Schedule of External loans for 2020-21								
Details	Original Loan Amount	Interest Rate	Loan Number	Redeemable	Balance at 30 November 2020	Received during this period	Redeemed/ Written Off during Period	Balance at 31 December 2020
INCA/RMB	R 50 000 000.00	13.82%	50619016740	Thursday, 31 August 2023	R 22 390 303.24	R 0.00	R 272 436.48	R 22 662 739.72
							R 0.00	
ABSA - Drawdown 2	R 20 000 000.00	11.94%	3017982317	31 May 2021	R 6 026 409.82	R 0.00	-R 1 455 221.73	R 4 571 188.09
							R 0.00	
ABSA - Drawdown 3	R 20 000 000.00	11.95%	3022362516	Tuesday, 31 May 2022	R 5 986 149.11	R 0.00	-R 1 496 504.05	R 4 489 645.06
							R 0.00	
DBSA	R 308 000 000.00	9.903%	61007193	Friday, 29 June 2029	R 238 995 820.09	R 0.00	-R 17 635 279.88	R 221 360 540.21
							R 0.00	
DBSA	R 150 000 000.00	10.007%	61007264	Friday, 28 June 2030	R 125 325 303.78	R 0.00	-R 8 634 733.46	R 116 690 570.32
Total Other Loans	R 548 000 000.00				R 398 723 986.04	R 0.00	-R 28 949 302.64	R 369 774 683.40
TOTAL EXTERNAL LOANS	R 548 000 000.00			Per AFS	R 398 723 986.04		-R 28 949 302.64	R 369 774 683.40

The table below indicates the 2020/21 Loans Repayment Register for both Capital and Interest portion

DBSA - Structured secured 15-year loan for various purposes. Original loan capital of R308 000 000. Drawdown of R 200 million was transferred on April 2014. Another drawdown was transferred on October 2014. Interest is repayable semi-annually in at fixed rate interest.

Structured secured 15-year loan for various purposes. Original loan capital of R150 000 000. Drawdown of R 150 million was transferred on February 2015. Interest is repayable semi-annually in at fixed rate interest.

INCA - Original loan capital of R50 000 000. Bears interest at 13.82% per annum and repayable in equal instalments of R4 002 068 at the end of February and August every year, with the last instalment payable on 29 February 2024.

Abisa Loan (1064) - Original loan amount was R 20 000 000 for the 3 drawdowns respectively. Bears interest from first draw down at 11.94% and 11,95% per annum respectively, with equal instalments of R 1 455 506 and R 1 465 020 payable at the end of November and May every year, with the last instalment payable 15 years from date of draw down.

11. CONCLUSION

In light of the above financial assessment and forecasting figures on the annual budget on the first six month ended 31st December 2020 of the 2020/2021 financial year, it is recommended that an adjustment budget for 2020/2021 is required to cater for the shift of funds between votes and account for shortfall in revenue on electricity sales and various expenditure line items. The adjusted budget will be submitted to Council by the end of February 2021.

AGENDA: VIRTUAL SPECIAL COUNCIL: 23 FEBRUARY 2021

This item served before the Special Mayoral Committee: 16 February 2021 and the following recommendations were made:

RECOMMENDED:

ACTION

- | | |
|---|-----|
| 1. This Report on the submission of the Mid-Year Budget Assessment in compliance with Section 72 of the Municipal Finance Management Act No. 56 of 2003, as well as Section 23 of the Local Government: Municipal Budget and Reporting Regulations (MBRR) be noted; | ALL |
| 2. That an adjustments budget is necessary to address all the mentioned issues in the report; | ALL |
| 3. That the Mid-Year report submitted to both National Treasury and Provincial Treasury; | BTO |
| 4. . That the Mid-Year report be made public in line with requirements of Section 21(A) of Municipal Systems Act of 2000 within five (5) days of approval by Council. | BTO |

AGENDA: VIRTUAL SPECIAL COUNCIL: 23 FEBRUARY 2021

Choose name from list - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M06 December

Vote Description	Ref	2019/20	Budget Year 2020/21							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Multi-Year expenditure appropriation	2									
Vote 1 - Energy Sources		-	-	-	-	-	-	-		-
Vote 2 - Community and Social Services		-	-	-	-	-	-	-		-
Vote 3 - Environmental Protection		-	-	-	-	-	-	-		-
Vote 4 - Executive & Council		-	-	-	-	-	-	-		-
Vote 5 - Finance & Admin		-	-	-	-	-	-	-		-
Vote 6 - Road Transport		-	-	-	-	-	-	-		-
Vote 7 - Planning and Development		-	-	-	-	-	-	-		-
Vote 8 - Public Safety		-	-	-	-	-	-	-		-
Vote 9 - Sport and Recreation		-	-	-	-	-	-	-		-
Vote 10 - Housing		-	-	-	-	-	-	-		-
Vote 11 - Water Management		-	-	-	-	-	-	-		-
Vote 12 - Waste Management		-	-	-	-	-	-	-		-
Vote 13 - Waste Water Management		-	-	-	-	-	-	-		-
Vote 14 - Other		-	-	-	-	-	-	-		-
Vote 15 - Internal Audit		-	-	-	-	-	-	-		-
Total Capital Multi-year expenditure	4,7	-	-	-	-	-	-	-		-
Single Year expenditure appropriation	2									
Vote 1 - Energy Sources		1,342,389	68,800	129,300	2,447	6,452	64,650	(58,198)	-90%	129,300
Vote 2 - Community and Social Services		1,112,545	6,770	2,350	90	201	1,175	(974)	-83%	2,350
Vote 3 - Environmental Protection		-	-	-	-	-	-	-		-
Vote 4 - Executive & Council		31,072	13,155	13,155	39	722	6,578	(5,855)	-89%	13,155
Vote 5 - Finance & Admin		181,994	37,550	7,550	-	-	3,775	(3,775)	-100%	7,550
Vote 6 - Road Transport		5,934,622	256,726	244,746	10,630	79,647	122,373	(42,726)	-35%	240,746
Vote 7 - Planning and Development		3,285,646	2,650	2,650	-	-	1,325	(1,325)	-100%	2,650
Vote 8 - Public Safety		(1,630)	2,950	2,950	-	-	1,475	(1,475)	-100%	2,950
Vote 9 - Sport and Recreation		50,442	100	100	-	47	50	(3)	-6%	100
Vote 10 - Housing		-	1,500	1,500	-	-	750	(750)	-100%	1,500
Vote 11 - Water Management		1,533,566	151,500	104,500	2,515	19,654	52,250	(32,596)	-62%	100,500
Vote 12 - Waste Management		6,747	7,340	3,000	-	-	1,500	(1,500)	-100%	3,000
Vote 13 - Waste Water Management		1,108,542	62,100	59,340	5,034	23,147	33,670	(10,523)	-31%	63,340
Vote 14 - Other		-	-	-	-	-	-	-		-
Vote 15 - Internal Audit		-	264	264	-	-	132	(132)	-100%	263
Total Capital single-year expenditure	4	14,585,935	611,404	571,404	20,755	129,870	289,702	(159,832)	-55%	567,405
Total Capital Expenditure		14,585,935	611,404	571,404	20,755	129,870	289,702	(159,832)	-55%	567,405
Capital Expenditure - Functional Classification										
Governance and administration		213,066	50,969	20,969	39	722	10,484	(9,762)	-93%	20,969
Executive and council		31,072	13,155	13,155	39	722	6,578	(5,855)	-89%	13,155
Finance and administration		181,994	37,550	7,550	-	-	3,775	(3,775)	-100%	7,550
Internal audit		-	264	264	-	-	132	(132)	-100%	263
Community and public safety		1,161,357	11,320	6,900	90	248	3,450	(3,202)	-93%	6,900
Community and social services		1,112,545	6,770	2,350	90	201	1,175	(974)	-83%	2,350
Sport and recreation		50,442	100	100	-	47	50	(3)	-6%	100
Public safety		(1,630)	2,950	2,950	-	-	1,475	(1,475)	-100%	2,950
Housing		-	1,500	1,500	-	-	750	(750)	-100%	1,500
Health		-	-	-	-	-	-	-		-
Economic and environmental services		9,220,268	259,376	247,396	10,630	79,647	123,698	(44,051)	-36%	243,396
Planning and development		3,285,646	2,650	2,650	-	-	1,325	(1,325)	-100%	2,650
Road transport		5,934,622	256,726	244,746	10,630	79,647	122,373	(42,726)	-35%	240,746
Environmental protection		-	-	-	-	-	-	-		-
Trading services		3,991,244	289,740	296,140	9,996	49,253	148,070	(98,817)	-67%	296,140
Energy sources		1,342,389	68,800	129,300	2,447	6,452	64,650	(58,198)	-90%	129,300
Water management		1,533,566	151,500	104,500	2,515	19,654	52,250	(32,596)	-62%	100,500
Waste water management		1,108,542	62,100	59,340	5,034	23,147	29,670	(6,523)	-22%	63,340
Waste management		6,747	7,340	3,000	-	-	1,500	(1,500)	-100%	3,000
Other		-	-	-	-	-	-	-		-
Total Capital Expenditure - Functional Classification	3	14,585,935	611,404	571,404	20,755	129,870	285,702	(155,832)	-55%	567,405
Funded by:										
National Government		2,803,109	459,086	419,086	18,218	122,763	209,543	(86,780)	-41%	415,086
Provincial Government		(3,254)	-	-	-	-	-	-		-
District Municipality		-	-	-	-	-	-	-		-
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public		3,096	-	-	90	201	-	201	#DIV/0!	-
Transfers recognised - capital		2,802,951	459,086	419,086	18,307	122,964	209,543	(86,579)	-41%	415,086
Borrowing	6	1,622,031	125,000	125,000	-	-	62,500	(62,500)	-100%	125,000
Internally generated funds		10,160,474	27,319	27,319	2,447	6,906	13,659	(6,753)	-49%	27,319
Total Capital Funding		14,585,456	611,404	571,404	20,755	129,870	285,702	(155,832)	-55%	567,405

References

- Municipalities may choose to appropriate for capital expenditure for three years or for one year (if one year appropriation projected expenditure required for yr2 and yr3).
- Include capital component of PPP unitary payment
- Capital expenditure by functional classification must reconcile to the total of multi-year and single year appropriations
- Include expenditure on investment property, intangible and biological assets
- Include finance leases and PPP capital funding component of unitary payment - total borrowing/repayments to reconcile to changes in Table SA17

RUSTENBURG WATER SERVICES TRUST



**MID YEAR PERFORMANCE REPORT
1 JULY TO 25 DECEMBER 2020**

Prepared for:



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PERFORMANCE REPORT FOR RUSTENBURG LOCAL MUNICIPALITY ON THE RUSTENBURG WATER SERVICES TRUST FOR THE PERIOD 1 JULY 2020 TO 25 DECEMBER 2020.

1. TERMS OF REFERENCE FOR THE RUSTENBURG WATER SERVICES TRUST (RWST).

The following report is the result of a performance assessment of the Rustenburg Water Services Trust, for the 6-month period from 1 July 2020 to 25 December 2020. The report takes into account Treasury Guidelines dated May 2007 (ISBN: - 978-0-621-37152-9) entitled, "Framework for Managing Programme Performance Information." The Trust is committed to adhering to these guidelines.

The five purposes/objectives of the Trust is captured in the Business Plan, the Strategic plan and Trust Deed and as such is as follows:

1. To procure the design for the required plant extension;
2. To procure the construction and oversee implementation;
3. To Operate and Maintain the following treatment plants:
 - Rustenburg waste water treatment works,
 - Boitekong waste water treatment works,
 - Monakato waste water treatment works,
 - Lethabong waste water treatment works,
 - Bospoort water treatment works,
 - Kloof water treatment works,

In the most cost effective manner and for the purposes of maximizing the Trust Income to be distributed to the Beneficiary;

4. To provide potable water to RLM in accordance with the Water Services Agreement; and
5. To Supply treated water to the industrial water off-takers in terms of the Off Take agreements.

AGENDA: VIRTUAL SPECIAL COUNCIL: 23 FEBRUARY 2021



2. PERFORMANCE PLAN SCORECARD FOR THE RWST

2.1 Key Performance Area (KPA 5): Basic Services and Infrastructure Development

Key Focus Area/Goal	Strategies	Area/Ward Served	KPI No:	IDP Ref	Weight	Key Performance Indicator (KPI)	Baseline 2020/21	Portfolio of Evidence	2020 / 21 Annual Target	Annual Budget 2020 / 21 R'000	Period	Target	Performance	Score	Reasons for Variance (if any)	Remedial Measures
1. MUNICIPAL STRATEGIC PRIORITY: Develop and sustain a spatial, natural and built environment																
1.1. Municipal Strategic Objective: Accelerated delivery and maintenance of quality basic and essential services to all Communities																
WATER SERVICES																
Service Delivery; Sustainable Livelihoods and resilient Infrastructure	Sewer Purification	14, 15, 16, 20, 21, 25, 27, 28	1	OBJ 3	5	Number of functional sewer purification plants operated in terms of Trust Deed	4	4 x log sheets of volumes of purification plants for Boitekong, Lethabong, Rustenburg and Monakato.	4	R74.2	Q1	4	4	3	N/A	N/A
											Q2	4	4	3	N/A	N/A
											Mid-Year	4	4	3	N/A	N/A
											Q3					
											Q4					
Service Delivery; Sustainable Livelihoods and resilient Infrastructure	Sewer Purification	14, 15, 16, 20, 21, 25, 27, 28	2.1	OBJ 3	5	Number of sewer purification plants maintained in terms of the Trust Deed	4	Maintenance history for Boitekong, Lethabong, Rustenburg and Monakato.	4	R13.3	Q1	4	4	3	N/A	N/A
											Q2	4	4	3	N/A	N/A
											Mid-Year	4	4	3	N/A	N/A
											Q3					
											Q4					
Service Delivery; Sustainable Livelihoods and resilient Infrastructure	Sewer Purification	14, 15, 16, 20, 21, 25, 27, 28	2.2	OBJ 3	5	Plant availability of sewer purification plants maintained in terms of agreed standards	85%	Reports of 4 plants, assessing 10 selected items	85%	R13.3	Q1	85%	96.2%	3	N/A	N/A
											Q2	85%	96.9%	3	N/A	N/A
											Mid-Year	85%	96.5%	3	N/A	N/A
											Q3					
											Q4					
Service Delivery; Sustainable Livelihoods and resilient Infrastructure	Sewer Purification	20, 21	3	OBJ 2	10	Boitekong upgrade, completed 2019/2020	100% completed 2019/2020	Engineer's Completion Certificate	N/A - 100% completed 2019/2020	-	Q1	N/A	N/A	N/A	Project completed 2019/2020	N/A
											Q2	N/A	N/A	N/A	Project completed 2019/2020	N/A
											Mid-Year	N/A	N/A	N/A	Project completed 2019/2020	N/A
											Q3					
											Q4					

AGENDA: VIRTUAL SPECIAL COUNCIL: 23 FEBRUARY 2021



Key Focus Area/Goal	Strategies	Area/Ward Serviced	KPI No:	IDP Ref	Weight	Key Performance Indicator (KPI)	Baseline 2020/21	Portfolio of Evidence	2020 / 21 Annual Target	Annual Budget 2020 / 21 R'000	Period	Target	Performance	Score	Reasons for Variance (if any)	Remedial Measures
Service Delivery: Sustainable Livelihoods and resilient Infrastructure	Waste Water Supply	14,15,16	4	OBJ 5	10	Volume of treated waste water supplied to the industrial water off-takers in terms of the Off-take Agreement	Average 25Ml/day	Anglo & Impala log sheets	Average 25Ml/day	R66.2	Q1	25 Ml/day	23.84 Ml/d	3	N/A	N/A
											Q2	25 Ml/day	24.46 Ml/d	3	N/A	N/A
											Mid-Year	25 Ml/day	24.15 Ml/d	3	N/A	N/A
											Q3					
											Q4					
Service Delivery: Sustainable Livelihoods and resilient Infrastructure	Waste Water Supply	All	5	OBJ 3	10	Percentage compliance in the treatment of sewerage at Waste Water Treatment Works in terms of Anglo/DWS license agreement	90%	4 tables on water quality + lab certificates	90%	R61.5	Q1	90%	76.9%	2	Operational challenges	Improved Operations and management
											Q2	90%	71.3%	2	Operational challenges	Improved Operations and management
											Mid-Year	90%	73.2%	2	Operational challenges	Improved Operations and management
											Q3					
											Q4					
Service Delivery: Sustainable Livelihoods and resilient Infrastructure	Water Purification	All	6	OBJ 3 + 4	5	Number of water treatment works operated	2	2 x log sheets of volumes for Bospoort and Kloof	2	R43.5	Q1	2	2	3	N/A	N/A
											Q2	2	2	3	N/A	N/A
											Mid-Year	2	2	3	N/A	N/A
											Q3					
											Q4					
Service Delivery: Sustainable Livelihoods and resilient Infrastructure	Water Purification	All	7.1	OBJ 3 + 4	5	Plant availability: Number of water treatment works maintained	85%	2 reports for Bospoort and Kloof assessing 10 selected items	85%	R13.3	Q1	85%	100%	3	N/A	N/A
											Q2	85%	95.0%	3	N/A	N/A
											Mid-Year	85%	97.5%	3	N/A	N/A
											Q3					
											Q4					
Service Delivery: Sustainable Livelihoods and resilient Infrastructure	Water Purification	All	7.2	OBJ 3 + 4	5	Plant maintenance of water treatment works maintained	2	Maintenance history for Bospoort and Kloof	2	R13.3	Q1	2	2	3	N/A	N/A
											Q2	2	2	3	N/A	N/A
											Mid-Year	2	2	3	N/A	N/A
											Q3					
											Q4					

AGENDA: VIRTUAL SPECIAL COUNCIL: 23 FEBRUARY 2021



Key Focus Area/Goal	Strategies	Area/Ward Serviced	KPI No:	IDP Ref	Weight	Key Performance Indicator (KPI)	Baseline 2020/21	Portfolio of Evidence	2020 / 21 Annual Target	Annual Budget 2020 / 21 R'000	Period	Target	Performance	Score	Reasons for Variance (if any)	Remedial Measures
Service Delivery; Sustainable Livelihoods and resilient Infrastructure	Water Purification	All	8	OBJ 2	10	Percentage completion of water treatment plants - civil works upgrading project (Bospoort)	100%	Engineers take over certificate	Target is remaining 3% to completion.	R7.7	Q1	3%	0%	0	Covid-19 related, labour issues	N/A
											Q2	3%	3%	3	Covid-19 related, labour issues	N/A
											Mid-Year	3%	1.5%,	1,5	Covid-19 related, labour issues	N/A
											Q3					
											Q4					
Service Delivery; Sustainable Livelihoods and resilient Infrastructure	Water Supply	All	9	OBJ 4	10	Volume of potable water supplied to RLM in accordance with the Water Supply Agreement	Average 12.6 Ml/day	2 x log sheets for Bospoort and Kloof	Average 12.6 Ml/day	R43.5	Q1	Average 12.6 Ml/day	Average 11.29 Ml/day	3	No production at Kloof due to no water in supply dam	N/A
											Q2	Average 12.6 Ml/day	Average 11.43 Ml/day	3	No production at Kloof due to power supply issues	N/A
											Mid-Year	Average 12.6 Ml/day	Average 11.36 Ml/day	3	No production at Kloof due to power supply issues	N/A
											Q3					
											Q4					
Service Delivery; Sustainable Livelihoods and resilient Infrastructure	Water Supply	All	10	OBJ 4	10	Percentage compliance in the treatment of water at Water Treatment Works in terms of SANS standards	95%	2 x water quality reports and lab certificates	95%	R18.4	Q1	95%	97.2%	3	N/A	N/A
											Q2	95%	98.6%	3	N/A	N/A
											Mid-Year	95%	98.9%	3	N/A	N/A
											Q3					
											Q4					
Financial	Financial	All	11	OBJ 3	10	Maintain a debt service ratio covenant - to ensure cost effectiveness.	1.5	Quarterly financial statement, refer to DSCR	1,5 times	1,5 times	Q1	>1,5	>1,5	3	N/A	N/A
											Q2	>1,5	>1,5	3	N/A	N/A
											Mid-Year	>1,5	>1,5	3	N/A	N/A
											Q3					
											Q4					
TOTAL					100						Q1			32		
											Q2			35		
											Mid-Year			33.5		
											Q3					
											Q4					

AGENDA: VIRTUAL SPECIAL COUNCIL: 23 FEBRUARY 2021



Key Performance Areas (KPA's)	KPI No.	KPA Weightings	KPI Score	Assess Weightings	Weighted Score	Panel Score
Number of functional sewer purification plants operated in terms of Trust Deed	1	3	3/3	100%	3	
Number of sewer purification plants maintained in terms of agreed standards	2.1	3	3/3	100%	3	
Plant availability of sewer purification plants maintained in terms of agreed standards	2.2	3	3/3	96.5%	3	
Percentage completion of sewer purification plants upgrading projects (Boitekong). Project completed 2019 / 2020.	3	N/A	N/A	N/A	N/A	
Volume of treated waste water supplied to the industrial water off-takers in terms of the Off-take Agreement	4	3	3/3	96.6%	3	
Percentage compliance in the treatment of sewerage at Waste Water Treatment Works in terms of DWS license agreement	5	3	2/3	73.2%	2	
Number of water treatment works operated in terms of agreed standards	6	3	3/3	100%	3	
Plant availability: Number of water treatment works maintained	7.1	3	3/3	97.5%	3	
Plant maintenance of water treatment works maintained	7.2	3	3/3	100%	3	
Percentage completion of water treatment plants - civil works upgrading project (Bospoort)	8	3	1.5/3	50%	1.5	
Volume of potable water supplied to RLM in accordance with the Water Supply Agreement	9	3	3/3	90.2%	3	
Percentage compliance in the treatment of water at Water Treatment Works in terms of DWS license	10	3	3/3	98.9%	3	
Debt Service Cover Ratio >1,5 times	11	3	3/3	100%	3	
Total KPA		36	33.5/36	92.7/100	33.5	

Signatures

SIGNED AND ACCEPTED ON BEHALF OF COUNCIL	SIGNED AND ACCEPTED BY THE TRUST ACCOUNTING OFFICER
NAME: MR EDWARD KOMANE	NAME: MR PETER MAAS
SIGNATURE:	SIGNATURE:
DATE:	DATE:

2.2 KPI 1: NUMBER OF SEWER PURIFICATION PLANTS OPERATED IN TERMS OF AGREED STANDARDS.

RWST is responsible for the operation and management of the four waste water treatment works, namely -

Rustenburg Waste Water Treatment Works	(42 Ml/d design capacity)
Boitekong Waste Water Treatment Works	(24 Ml/d design capacity)
Monakato Waste Water Treatment Works	(1 Ml/d design capacity)
Lethabong Waste Water Treatment Works	(2 Ml/d design capacity)

Water and Sanitation Services South Africa (Pty) Ltd, trading as Water Solutions Southern Africa (WSSA) has been contracted by the Rustenburg Water Services Trust (RWST) for the operation these plants.

The volumes treated by each plant for the period under review are captured below:

Table: 1 Waste Water Volumes Treated

PLANT	CAPACITY	JULY - DEC 2020
Rustenburg WWTW	42 Ml/d	43.56 Ml/d
Boitekong WWTW	24 Ml/d	12.98 Ml/d
Monakato WWTW	1 Ml/d	2.165 Ml/d
Lethabong WWTW	2 Ml/d	0.502 Ml/d

Performance review

All four plants have been operated in terms of the agreement.

2.3 KPI 2: PLANT AVAILABILITY: NUMBER OF SEWER PURIFICATION PLANTS MAINTAINED IN TERMS OF AGREED STANDARDS.

There are 4 (four) waste water treatment works maintained in terms of agreed standards, namely: Rustenburg, Boitekong, Monakato, Lethabong Waste Water Treatment Works.

The successful operation of a Waste Water Treatment Works is largely dependent on the installed machinery and equipment to ensure that the waste water can be treated according to the process the plant was designed for.

It is thus vital that all machinery and equipment be kept in good working condition and available for use when required.

Regular servicing and preventative maintenance however requires that equipment be taken out of service for a certain period. It will thus not always be possible to obtain a 100% of all equipment availability and the target of 85% availability is set.

RWST has contracted WSSA to operate and maintain the four waste water treatment plants under its control.

WSSA is required to complete a daily availability report, reporting on all the major mechanical items on the plant. From this, a monthly availability report is compiled.

Regular spot checks are performed by RWST to verify the accuracy. The availability of the four waste water treatment works is indicated below:

Table: 2 Plant availability

PLANT	CAPACITY	AVAILABILITY	
		Target	JUL - DEC 2020
Rustenburg WWTW	42 Ml/d	85%	94.4%
Boitekong WWTW	24 Ml/d*	85%	100%
Monakato WWTW	1 Ml/d	85%	98.4%
Lethabong WWTW	2 Ml/d	85%	93.3%
Overall plant availability			96.5%

Performance review

All 4 plants exceeded the target availability of 85%.

2.4 KPI 3: PERCENTAGE COMPLETION OF SEWER PURIFICATION PLANTS UPGRADING PROJECTS (BOITEKONG).

Boitekong WWTW was the only Waste Water Treatment Works that recently underwent upgrading under the contract of the RWST. The plant was upgraded from 8 Ml/d to 24 Ml/d.

The work was completed during the 2019 / 2020 financial year and as such, there is no progress to report during this period.

Table 3: Boitekong Construction Progress

BOITEKONG WWTW CONSTRUCTION PROGRESS			
CONTRACT	PROGRESS		PROGRESS FOR PERIOD
	26 September 2020	25 December 2020	
Civil	100%	100%	-
M&E	100%	100%	-
Overall	100%	100%	-

2.5 KPI 4: VOLUME OF TREATED WASTE WATER SUPPLIED TO THE INDUSTRIAL WATER OFF-TAKERS IN TERMS OF THE OFF-TAKE AGREEMENT.

As per off-take agreement between the RWST and the mines, a total of 25 Mℓ/d treated effluent water from the Rustenburg WWTW is to be made available for use as processed water. Of this 10 Mℓ/d is allocated to Impala and 15 Mℓ/d to Anglo Platinum.

The average supplied volume is detailed in the table below.

Table 4: Average daily supply of treated effluent

Mine Name	Average for the period
Anglo Platinum	14.613 Mℓ/d
Impala	9.538 Mℓ/d
Total	24.151 Mℓ/d

2.6 KPI 5: PERCENTAGE COMPLIANCE IN THE TREATMENT OF SEWERAGE AT WASTE WATER TREATMENT WORKS IN TERMS OF DWS LICENSE AGREEMENT.

Water discharged from the waste water treatment works needs to comply with the Department of Water and Sanitation (DWS) Water Use License required of the specific plant.

2.6.1 BOITEKONG WASTE WATER TREATMENT WORKS

Table 5: DWS License conditions for Boitekong WWTW

Determinant	Performance standard
pH	6.5 - 8.5
Elec. Conductivity	< 150 mS/m
COD	< 75 mg/l
Ammonia	< 1 mg/l
Nitrate	< 15 mg/l
Suspended Solids	< 25 mg/l
Faecal Coliform	< 0/100 ml
Free Chlorine	< 0.25 mg/l
Ortho-phosphate	< 1.0 mg/l

Table 6: Quality performance of Boitekong WWTW for the period under review.

Determinant	Performance standard (DWS)	Previous Performance 01 July – 25 September 2020		Current Performance 26 September – 25 December 2020	
		Performance achieved	% Compliance	Performance achieved	% Compliance
pH	6.5 - 8.5	6.62 - 7.95	100%	7.53 - 7.75	100%
Elec. Conductivity	< 150 mS/m	105 - 118 mS/m	100%	113 - 158 mS/m	67%
COD	< 75 mg/l	15 - 27 mg/l	100%	15 - 61 mg/l	100%
Ammonia	< 1 mg/l	0.10 - 0.10 mg/l	100%	0.10 - 27.2 mg/l	33%
Nitrate	< 15 mg/l	4.01 - 6.54 mg/l	100%	0.10 - 9.99 mg/l	100%
Suspended Solids	< 25 mg/l	2 - 12 mg/l	100%	2 - 2 mg/l	100%
Faecal Coliform	< 0 / 100 ml	0 - 72 / 100 ml	67%	0 - 84 / 100 ml	33%
Free Chlorine	< 0.25 mg/l	0.24 - 0.40 mg/l	33%	0.24 - 0.30 mg/l	33%
Ortho-Phosphate	< 1.0 mg/l	0.42 - 1.41 mg/l	67%	0.78 - 3.40 mg/l	33%
OVERALL COMPLIANCE			77.8%		66.7%

2.6.2 LETHABONG SEWAGE TREATMENT PLANT

Table 7: DWS License conditions for Lethabong WWTW

Determinant	Performance standard
pH	6.5 - 8.5
Elec. Conductivity	< 150 mS/m
COD	< 75 mg/l
Ammonia	< 1 mg/l
Nitrate	< 15 mg/l
Suspended Solids	< 25 mg/l
Faecal Coliform	< 0 / 100 ml
Free Chlorine	< 0.25 mg/l
Ortho-phosphate	< 1.0 mg/l

Table 8: Quality performance of Lethabong WWTW for the period under review.

Determinant	Performance standard (DWS)	Previous Performance 01 July – 25 September 2020		Current Performance 26 September – 25 December 2020	
		Performance achieved	% Compliance	Performance achieved	% Compliance
pH	6.5 - 8.5	7.85 – 7.97	100%	7.97 – 8.16	100%
Elec. Conductivity	< 150 mS/m	89 - 90 mS/m	100%	95 - 97 mS/m	100%
COD	< 75 mg/l	14.6 - 15.0 mg/l	100%	15.0 - 15.0 mg/l	100%
Ammonia	< 1 mg/l	0.10 - 1.48 mg/l	67%	0.10 - 0.11 mg/l	100%
Nitrate	< 15 mg/l	7.51 - 8.90 mg/l	100%	7.30 – 11.1 mg/l	100%
Suspended Solids	< 25 mg/l	2 - 19 mg/l	100%	2 - 12 mg/l	100%
Faecal Coliform	< 0 / 100 ml	0 - 0 / 100 ml	100%	0 - 29 / 100 ml	67%
Free Chlorine	< 0.25 mg/l	0.22 - 0.30 mg/l	33%	0.08 - 0.25 mg/l	100%
Ortho-Phosphate	< 1.0 mg/l	1.23 - 1.92 mg/l	Non-Compliant	1.82 – 2.36 mg/l	Non-Compliant
OVERALL COMPLIANCE			77.8%		85.2%

2.6.3 MONAKATO SEWAGE TREATMENT PLANT

Table 9: DWS License conditions for Monakato WWTW

Determinant	Performance standard
pH	6.5 - 8.5
Elec. Conductivity	< 150 mS/m
COD	< 75 mg/l
Ammonia	< 1 mg/l
Nitrate	< 15 mg/l
Suspended Solids	< 25 mg/l
Faecal Coliform	< 0 / 100 ml
Free Chlorine	< 0.25 mg/l
Ortho-phosphate	< 1.0 mg/l

Table 10: Quality performance of Monakato WWTW for the period of review.

Determinant	Performance standard (DWS)	Previous Performance 01 July – 25 September 2020		Current Performance 26 September – 25 December 2020	
		Performance achieved	% Compliance	Performance achieved	% Compliance
pH	6.5 - 8.5	8.32 - 8.45	100%	8.10 - 8.36	100%
Elec. Conductivity	< 150 mS/m	113 - 117 mS/m	100%	103 - 132 mS/m	100%
COD	< 75 mg/l	97 - 119 mg/l	Non-Compliant	70 - 114 mg/l	33%
Ammonia	< 1 mg/l	24.4 - 24.8 mg/l	Non-Compliant	13.3 - 22.0 mg/l	Non-Compliant
Nitrate	< 15 mg/l	0.5 - 1.35 mg/l	100%	0.17 - 2.51 mg/l	100%
Suspended Solids	< 25 mg/l	3 - 30 mg/l	67%	4 - 21 mg/l	100%
Faecal Coliform	< 0 / 100 ml	0 - 0 / 100 ml	100%	0 - 0 / 100 ml	100%
Free Chlorine	< 0.25 mg/l	0.2 - 0.4 mg/l	33%	0.26 - 0.33 mg/l	Non-Compliant
Ortho-Phosphate	< 1.0 mg/l	2.52 - 2.86 mg/l	Non-Compliant	2.79 - 3.51 mg/l	Non-Compliant
OVERALL COMPLIANCE			55.6%		59.2%

2.6.4 RUSTENBURG SEWAGE TREATMENT PLANT

Table 11: DWS License conditions for Rustenburg WWTW

Determinant	Performance standard
pH	6.5 - 8.5
Elec. Conductivity	< 150 mS/m
COD	< 75 mg/l
Ammonia	< 1 mg/l
Nitrate	< 6 mg/l
Suspended Solids	< 10 mg/l
Faecal Coliform	< 0 / 100 mℓ
Free Chlorine	< 0.20 mg/l
Ortho-phosphate	< 1.0 mg/l

Table 12: Quality performance of Rustenburg WWTW for the period of review

Determinant	Performance standard	Previous Performance 01 July – 25 September 2020		Current Performance 26 September – 25 December 2020	
		Performance achieved	% Compliance	Performance achieved	% Compliance
pH	6.5 - 8.5	7.49 - 8.07	100%	7.62 - 7.82	100%
Elec. Conductivity	< 150 mS/m	86.1 - 100.0 mS/m	100%	87.1 - 108.0 mS/m	100%
COD	< 75 mg/l	31.0 - 43.0 mg/l	100%	36.0 - 49.0 mg/l	100%
Ammonia	< 1 mg/l	0.1 - 0.1 mg/l	100%	0.1 - 12.7 mg/l	67%
Nitrate	< 6 mg/l	1.05 - 4.73 mg/l	100%	2.53 - 6.31 mg/l	67%
Suspended Solids	< 10 mg/l	3 - 8 mg/l	100%	4 - 14 mg/l	67%
Faecal Coliform	< 0 / 100 mℓ	0 - 85 / 100 mℓ	67%	0 - 7 / 100 mℓ	33%
Free Chlorine	< 0.20 mg/l	0.01 - 0.04 mg/l	100%	0.04 - 0.2 mg/l	100%
Ortho-Phosphate	< 1.0 mg/l	0.76 - 2.62 mg/l	33%	0.78 - 3.26 mg/l	33%
OVERALL COMPLIANCE			88.9%		74.1%

Table 13: Summary of the quality performance achieved by the 4 WWTW for the period of review, is tabled below

PLANT	CAPACITY	PERFORMANCE	
		TARGET	JUL - DEC 2020
Rustenburg WWTW	42 Mℓ/d	90%	81.5%
Boitekong WWTW	24 Mℓ/d	90%	72.3%
Monakato WWTW	1 Mℓ/d	90%	57.4%
Lethabong WWTW	2 Mℓ/d	90%	81.5%
Overall performance			73.2%

2.6.5 Effluent Quality (Anglo Platinum standards)

In terms of an amended agreement with the Anglo Platinum, the 15 Ml/d treated effluent supplied is further treated in the dissolved air flotation (DAF) unit to meet the following standards:

Table 14: Anglo Platinum Quality Standards

PARAMETER	UNIT	CONTRACTED QUALITY	
		MAXIMUM	REJECT
pH	pH Units	7.5 Min - 7.8 Max	6.8 Min - 8.2 Max
TOC	mg/l	20	> 25
COD	mg/l	60	> 75
TSS	mg/l	8	> 10
Alkalinity	mg/l	300	> 350
Ammonia	mg/l	5	> 10
Nitrate	mg/l	10	> 15
O-Phosphate	mg/l	9	> 10
Fats	mg/l	4	> 5
TDS	mg/l	1800 (150 µS/m)	> 2000 (200 µS/m)
Ca	mg/l	350	> 400
Mg	mg/l	75	> 100
Na	mg/l	150	> 400
SO ₄	mg/l	200	> 300
Cl	mg/l	450	> 500
Turbidity	NTU	10	> 15
E. coli	CFU/100ml	0	> 1000
Total Plate Count	CFU/100ml	1000	> 10000

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The water quality is monitored on a daily basis.

Table 14 below gives an indication of the performance of the DAF plant during the period under review, 26 September to 25 December 2020, and includes the performance of the previous period.

Table 15: Quality Measurement at Rustenburg Waste Water Treatment Works (Anglo Standards)

Determinant	Performance standard (ANGLO)	Previous Performance 01 July – 25 September 2020		Current Performance 26 September – 25 December 2020	
		Performance achieved	% Compliance	Performance achieved	% Compliance
pH	7.5 Min - 7.8 Max	7.35 – 7.97 pH-Units	76.7% ¹	7.17 - 7.97 pH-Units	50.6% ¹
TOC	20 mg/l	12.0 – 19.4 mg/l	100%	5.9 - 24.2 mg/l	92.3%
COD	60 mg/l	20.0 - 74.0 mg/l	98.8%	14.6 - 87.0 mg/l	94.5%
TSS	8 mg/l	2.0 – 20.0 mg/l	87.2%	2.0 - 30.0 mg/l	85.7%
Alkalinity	300 mg/l	100 - 198 mg/l	100% ¹	112 - 292 mg/l	100% ¹
Ammonia	5 mg/l	0.43 – 7.8 mg/l	94.2%	0.38 - 46.0 mg/l	59.3%
Nitrate	10 mg/l	3.0 – 15.8 mg/l	53.5%	1.1 - 10.8 mg/l	98.9%
O-Phosphate	9 mg/l	0.9 – 6.3 mg/l	100%	0.5 – 7.8 mg/l	100%
Fats	4 mg/l	0.5 – 7.1 mg/l	92.3%	0.5 - 0.5 mg/l	100%
TDS	1800 (150 µS/m)	585 – 627 (100 µS/m)	100% ¹	383 - 915 (100 µS/m)	100% ¹
Ca	350 mg/l	28.9 - 37.0 mg/l	100% ¹	28.5 - 40.7 mg/l	100% ¹
Mg	75 mg/l	21.9 – 25.7 mg/l	100% ¹	22.0 - 26.3 mg/l	100% ¹
Na	150 mg/l	76.7 – 87.4 mg/l	100% ¹	84.8 - 96.6 mg/l	100% ¹
SO ₄	200 mg/l	89.4 – 119.0 mg/l	100% ¹	82.7 - 114.0 mg/l	100% ¹
Cl	450 mg/l	111.0 – 128.0 mg/l	100%	100.0 - 135.0 mg/l	100%
Turbidity	10 NTU	1.38 – 7.05 NTU	100%	0.97 - 14.5 NTU	96.7%
E. coli	0 CFU/100ml	0 – 264.0 CFU/100ml	84.6%	0 - 27.0 CFU/100ml	69.2%
Total Plate Count	1000 CFU/100ml	0 - 1000 CFU/100ml	100%	0 - 1000 CFU/100ml	100%
Flow (Average)	15Ml/d (Min)	7.96 – 16.33 Ml/d (14.58) Ml/d	51.7% ²	6.61 - 29.13 Ml/d (24.46) Ml/d	70.3% ²
OVERALL COMPLIANCE			91.53%		85.13%

Notes:

1. The current plant is not equipped to make adjustments to these parameters.
2. Average flow is currently not in the Business Plan but will be included in the future.

2.7 KPI 6: NUMBER OF WATER TREATMENT WORKS OPERATED

RWST is responsible for the operation and maintenance of the following two water treatment plants:

Kloof Water Treatment Works (2 Mℓ/d design capacity)
Bospoort Water Treatment Works (12 Mℓ/d design capacity)

Water and Sanitation Services South Africa (Pty) Ltd, trading as Water Solutions Southern Africa (WSSA) has been contracted by the Rustenburg Water Services Trust (RWST) for the operation these plants.

The volumes treated by each plant for the period under review are captured below.

Table 16: Volumes treated by each plant for the period under review are captured below:

PLANT	CAPACITY	JULY - DEC 2020
Bospoort WTW	12 Mℓ/d	10.480 Mℓ/d
Kloof WTW	2 Mℓ/d	0.884 Mℓ/d

2.8 KPI 7: NUMBER OF WATER TREATMENT WORKS MAINTAINED

There are 2 (two) water purification plants maintained in terms of agreed standards, namely Bospoort and Kloof Water Purification Works.

The successful operation of a Water Treatment Works is largely dependent on the installed machinery and equipment to ensure that the water can be treated according to the process the plant was designed for.

It is thus vital that all machinery and equipment be kept in good working condition and available for use when required.

Regular servicing and preventative maintenance however requires that equipment be taken out of services for a certain period. It will thus not always be possible to obtain a 100% of all equipment availability and the target of 85% availability is set.

RWST has contracted WSSA to operate and maintain the two water treatment plants under its control.

WSSA is required to complete a daily availability report, reporting on all the major mechanical items on the plant. From this, a monthly availability report is compiled. Regular spot checks are performed by RWST to verify the accuracy.

Table 17: Availability of the 2 Water Treatment Plants

PLANT	CAPACITY	AVAILABILITY	
		TARGET	JUL - DEC 2020
Bospoort WTW	12 Mℓ/d	85%	96.7%
Kloof WTW	2 Mℓ/d	85%	98.4%

2.9 KPI 8: PERCENTAGE COMPLETION OF WATER TREATMENT PLANTS - CIVIL WORKS UPGRADING PROJECT (BOSPOORT WTW)

Bospoort Water Treatment Works is the only Water Treatment Works undergoing upgrading under the contract of the RWST. The plant is being upgraded from 12 Ml/d to 24 Ml/d.

The Civil component of the work was to be completed in January 2019 but was delayed mainly due to community unrest and the recent lockdown due to Covid-19 and subsequent labour issues emanating from Covid-19 lockdown. This has resulted in a revised completion date of the end of December 2020.

The Civil portion of the works therefore remained at 97% complete with no progress occurring during the period under review.

Table 18: Bospoort WTW Construction Progress

BOSPOORT WTW CONSTRUCTION PROGRESS			
CONTRACT	PROGRESS		PROGRESS FOR PERIOD
	26 September 2020	25 December 2020	
Civil	97%	100%	3%
M&E	-	-	-
OVERALL CONSTRUCTION PROGRESS	-	-	3%

The Mechanical and Electrical component of the work has not yet been procured.

2.10 KPI 9: VOLUME OF POTABLE WATER SUPPLIED TO RLM IN ACCORDANCE WITH THE WATER SUPPLY AGREEMENT

Bospoort Water Treatment Works has a design capacity of 12 Ml/d and Kloof Water Treatment Works a capacity of 2 Ml/d. WSSA has been contracted by the RWST for the operation of the these plants.

The average volumes of water supplied to RLM is in accordance with the water supply agreement for the period under review, is table below.

Table 19: Average volumes of water supplied to RLM

PLANT	CAPACITY	PERFORMANCE	
		Target @ 90% capacity	JUL - DEC 2020
Bospoort WTW	12 Ml/d	10.8 Ml/d	10.480 Ml/d (87.3%)
Kloof WTW	2 Ml/d	1.8 Ml/d	0.884 Ml/d (44.2%)

2.11 KPI 10: PERCENTAGE COMPLIANCE IN THE TREATMENT OF WATER FOR POTABLE USE IN TERMS OF DWS STANDARDS

The required standard for both Bospoort Water Treatment Works as well as Kloof Water Treatment Works is regulated by SANS 241.

In accordance with the water supply agreement, RWST must supply potable water to RLM which is fully compliant with SANS 241 as in table 20 below from the Bospoort and Kloof Water Treatment Works.

Table 20: SANS 241 Standards

SANS 241 Determinant	Performance standard
Colour Pt-Co	< 15
Treated Conductivity (mS/m)	< 170 mS/m
TDS	< 1200 mg/l
pH	> 5.0 < 9.7 pH Units
Turbidity NTU	< 1 NTU
Calcium (mg/l)	< 150 mg/l
Faecal Coliform	< 0 /100ml
Chloride (mg/l)	< 300 mg/l
Fluoride (mg/l)	< 1.5 mg/l
Magnesium (mg/l)	< 70 mg/l
Sulphate (mg/l)	< 250 mg/l
Heterotrophic Plate Count cfu/ml	< 1000 /ml
Total Coliform cfu/100ml	< 10 cfu/100ml
Free Chlorine (mg/l)	< 5 mg/l

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Table 21: The quality performance achieved by Bospoort WTW for the period of review is tabled below.

Determinant	Performance standard (SANS 241)	Previous Performance 01 July – 25 September 2020		Current Performance 26 September – 25 December 2020	
		Performance achieved	% Compliance	Performance achieved	% Compliance
Colour Pt-Co	< 15	10-10	100%	10 -10	100%
Treated Conductivity (mS/m)	< 170 mS/m	115.8 - 128 mS/m	100%	119.8 - 134.4 mS/m	100%
TDS	< 1200 mg/l	799 - 841 mg/l	100%	825 - 886 mg/l	100%
pH (pH units)	> 5.0 < 9.7 pH units	7.42 - 7.95 pH units	100%	7.16 - 7.97 pH units	100%
Turbidity NTU	< 1 NTU	0.21 - 0.52 mg/l	100%	0.31 - 0.54 mg/l	100%
Calcium (mg/l)	< 150 mg/l	74.0 – 84.7 mg/l	100%	80.0 - 104 mg/l	100%
Faecal Coliform	< 0 cfu/100ml	0 - 0 cfu/100ml	100%	0 - 0 cfu/100ml	100%
Chloride (mg/l)	< 300 mg/l	196 - 206 mg/l	100%	208 - 229 mg/l	100%
Fluoride (mg/l)	< 1.5 mg/l	0.15 - 0.22 mg/l	100%	0.2 - 0.25 mg/l	100%
Magnesium (mg/l)	< 70 mg/l	33.0 - 40.4 mg/l	100%	38.1 - 47.1 mg/l	100%
Sulphate (mg/l)	< 250 mg/l	144 - 154 mg/l	100%	132 - 144 mg/l	100%
Heterotrophic Plate Count cfu/ml	< 1000 /ml	0 - 16 cfu/ml	100%	0 - 87 cfu/ml	100%
Total Coliform cfu/100ml	< 10 cfu/100ml	0 - 0 cfu/100ml	100%	0 - 0 cfu/100ml	100%
Free Chlorine (mg/l)	< 5 mg/l	0.57 – 2.2 mg/l	100%	0.16 - 1.9 mg/l	100%
WATER QUALITY OVERALL COMPLIANCE:			100.0%		100%
PLANT CAPACITY = 12 Mℓ/d: PRODUCTION PERFORMANCE TARGET > 90% of plant capacity					

Performance review

The plant exceeded its performance target of 95%.

KLOOF WTW

The Kloof Water Treatment Works is a small, very old facility that used to be one of the first sources of potable water to Rustenburg. It is fed from the Dorpspruit, which originates in the Magalies mountain range from springs, and the water quality is normally of a very high standard. Average production for the period under review is at 0.691 Ml/d.

Table 22: The quality performance achieved by Kloof WTW for the period of review is tabled below.

Determinant	Performance standard (SANS 241)	Previous Performance 01 July – 25 September 2020		Current Performance 26 September – 25 December 2020	
		Performance achieved	% Compliance	Performance achieved	% Compliance
Colour Pt-Co	< 15	10 - 10	100%	10 - 10	100%
Treated Conductivity (mS/m)	< 170 mS/m	6.61 - 10.9 mS/m	100%	7.89 - 14.5 mS/m	100%
TDS	< 1200 mg/l	44.0 – 73.0 mg/l	100%	53.0 - 97.0 mg/l	100%
pH (pH units)	> 5.0 < 9.7 pH units	7.14 - 7.75 pH Units	100%	6.68 - 7.55 pH Units	100%
Turbidity NTU	< 1 NTU	0.50 - 1.59 mg/l	82%	0.50 - 2.05 mg/l	60%
Calcium (mg/l)	< 150 mg/l	3.76 - 7.43 mg/l	100%	4.62 - 8.04 mg/l	100%
Faecal Coliform	< 0 cfu/100ml	0 - 0 cfu/100ml	100%	0 - 0 cfu/100ml	100%
Chloride (mg/l)	< 300 mg/l	5.13 - 15.5 mg/l	100%	6.24 - 21.5 mg/l	100%
Fluoride (mg/l)	< 1.5 mg/l	0.05 - 0.17 mg/l	100%	0.05 - 0.12 mg/l	100%
Magnesium (mg/l)	< 70 mg/l	2.46 - 3.92 mg/l	100%	3.05 - 4.11 mg/l	100%
Sulphate (mg/l)	< 250 mg/l	1.86 - 3.24 mg/l	100%	0.6 - 5.08 mg/l	100%
Heterotrophic Plate Count cfu/ml	< 1000 /ml	0 - 26 cfu/ml	100%	0 - 78 cfu/ml	100%
Total Coliform cfu/100ml	< 10 cfu/100ml	0 - 0 cfu/ml	100%	0 - 0 cfu/ml	100%
Free Chlorine (mg/l)	< 5 mg/l	0.3 - 0.9 mg/l	100%	0.25 - 0.9 mg/l	100%
WATER QUALITY OVERALL COMPLIANCE:			98.7%		97.1%
PLANT CAPACITY = 2 Ml/d. PRODUCTION PERFORMANCE TARGET > 90% of plant capacity					

Performance review

The plant exceeded its performance target of 95%.

Table 23: Summary of the quality performance achieved by the 2 WTW for the period of review, is tabled below.

PLANT	CAPACITY	PERFORMANCE	
		Target @ 90% capacity	JUL - DEC 2020
Bospoort WTW	12 Ml/d	95%	100%
Kloof WTW	2 Ml/d	95%	97.9%
Overall performance			98.9%

3. FINANCIAL PERFORMANCE

In terms of the loan agreement entered with the financiers, the financial health of the RWST is enforced through a KPI called a "debt service ratio covenant".

This is a criterion that is well defined in the agreement, is easily measurable, and measures the profitability and the ability to repay all outstanding long-term debt.

The ratio is defined in terms of the loan agreement as "earnings before interest, tax and depreciation + cash reserves, expressed as a percentage of annual debt repayment".

The ratio is set at 1.5 times and achieved 6,84 times including cash and excluding cash, achieved 1,90 times for the period ending 25 December 2020. This essentially means that the Trust is in a healthy financial position with earnings of 1,90 times higher than the annual commitments. No provision for bad debts has been made to date and there are none currently under consideration. The bad debt provision would drastically weaken the financial position as stated.

Attached is the financial statement for the period ending 25 December 2020.



QUARTERLY FINANCIAL STATEMENTS

31 DECEMBER 2020

AGENDA: VIRTUAL SPECIAL COUNCIL: 23 FEBRUARY 2021

Rustenburg Water Services Trust

QUARTERLY FINANCIAL STATEMENTS
For the period ended 31 December 2020



TRUST INFORMATION

TRUST REFERENCE NUMBER : IT 6155/03

TRUSTEES

	Date of appointment	Date of retirement
TJ Ehlers - active	1 Dec 2009	
BI Mpete	12 Dec 2019	
V Dicsook	12 Dec 2019	
WK Kumbe	12 Dec 2019	
J Kruger	12 Dec 2019	

TRUST ADMINISTRATOR Batseta Holdings

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Rustenburg
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Rustenburg
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AUDITORS Office of the Auditor-General
124 Kock Street
Rustenburg
0300

BANKERS ABSA Business Bank
91 Church Street
Klerksdorp
5271

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AGENDA: VIRTUAL SPECIAL COUNCIL: 23 FEBRUARY 2021

RUSTENBURG WATER SERVICES TRUST ADMINISTRATOR'S REPORT FOR THE PERIOD ENDING DECEMBER 2020

2.1 Trust Administration Agreement

2.1.1 Rustenburg Local Municipality

Supply period: 2020/11/25 to 2020/12/25 (30days)

The Trust rendered invoices for the period ended December '20

At Boitekong Sewage treated was 607,254 kl for the supply period.

This gives a daily average for Boitekong of 20,242 kl per day for the period.

At Rustenburg Sewage treated was 1,644,792 kl for the supply period.

This gives a daily average for Rustenburg of 54,826 kl per day for the period.

At Bospoort Treatment plant 307,840 kl was treated for the supply period.

This gives a daily average for Bospoort of 10,261 kl per day for the period.

At Kloof Treatment plant 25,270 kl was treated for the supply period.

This gives a daily average for Kloof of ,842 kl per day for the period.

Monakato and Lethabong are operated and reports on a monthly basis to the Operators Meeting

Off Take Agreements

RPM were invoiced the full 15 MI per day for 30 days.

Impala were invoiced the full 10 MI per day for 30 days.

RLM were invoiced the full 4 MI per day for 30 days.

2.1.2 Debtors:

Total Debtors at end of December 2020 was R 260,835,774

Customer Age Analysis for Monthly Customers as at December 20

Name	90 Days +	60 Days	30 Days	Current	Total Due
Agrim (Pty) Ltd	-	-	-	-	-
Impala Platinum Mines Ltd	-	-	2 885 007.07	2 801 723.04	5 686 730.11
Rustenburg Local Municipality	193 370 909.62	12 836 728.03	15 611 416.32	16 578 212.13	238 397 266.10
Rustenburg Municipality - EOH Rec	2 172 655.57	-	-	-	2 172 655.57
Rustenburg Local Municipality - MIG	3 066 962.47	-	-	-	3 066 962.47
Rustenburg Platinum Mines Ltd	-	3 913 211.89	3 870 480.92	3 717 539.89	11 501 232.70
WSSA	-	10 927.43	-	-	10 927.43
Totals :	198 610 527.66	16 760 867.35	22 366 904.31	23 097 475.06	260 835 774.38
%	76%	6%	9%	9%	100%

2.1.3 Earnings:

For the month, the Earnings was R 7,408,066 against a budget of R 3,907,416

The difference is a positive or (negative variance) of R 3,500,650

For the 6 months , the Earnings was R 22,566,191 against a budget of R 22,066,565

The difference is a positive or (negative variance) of R ,499,626

See year to date column in Income Statement for comparisson with adjusted budget.

2.1.4 Accumulated Fund:

EBIT and depreciation for the year to date is R 39,151,027 vs a budget of R 40,425,714

The difference is a positive or (negative) variance of R -1,274,687

2.1.5 Fixed Assets:

Project costs incurred to date, have been reported under fixed assets and construction in progress.

The following amount was depreciated for the month: R 2 719 457.10

2.1.6 Interest received for the month was: R 161 034.37

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RUSTENBURG WATER SERVICES TRUST ADMINISTRATOR'S REPORT FOR THE PERIOD ENDING DECEMBER 2020

2.2 Water Service Agreement

2.2.1 The following insurance cover was arranged for the Rustenburg Water Services Trust.

Policy Name	Policy number	Renewal date
Assets All Risk Rustenburg Sewerage	SACOM4491632	2020/07/31

2.2.2 WSSA's performance guarantee was issued by Lombard Insurance Company C201869189 2021/01/31

2.3 Asset Lease Agreement

2.3.1 The Fixed Asset Register has been completed and includes all componentised assets at all the plants.

2.4 Loan and Underwriting Agreement

2.4.1 The funds of the Trust are invested in the following accounts.
The interest rate is under consideration at the bank.

2.4.2 Bank Accounts and interest rates:

	Amount	Interest %
Distribution Reserve Account	24 275 026.20	1.18%
Distribution Call Account	6 692 985.04	2.28%
Industrial Reserve Account	1 052.37	3.43%
Contingency Reserve Account	1 052.37	3.43%
Debt Service Reserve Account	70 573 009.73	3.43%
	<u>101 543 125.71</u>	

2.4.3 **Debt Service Cover Ratio** Months expired Month YTD
Per loan agreement, the Debt Service Cover Ratio set by ABSA is 1,5 times, calculated on EBIT + Cash Reserves

DSCR excl cash reserves:			
EBIT and depreciation		10 571 339	39 152 027
Avg Installment	20 572 962	6	<u>3 428 827</u>
			<u>3.08</u>

DSCR incl cash reserves:			
EBIT and depreciation		10 571 339	39 152 027
Cash		<u>101 543 126</u>	<u>101 543 126</u>
		112 114 465	140 695 153
Installment	20 572 962	6	<u>3 428 827</u>
			<u>32.70</u>

Required Reserve Levels:

	Current Level	Required Level	Positive Diff
Debt Service Reserve	70 573 010	41 141 521	29 431 489
Contingency Reserve	1 052	1 000	52
Industrial Reserve	1 052	1 000	52
	<u>70 575 114</u>	<u>41 143 521</u>	<u>29 431 594</u>

2.5 Capital projects

	CURRENT ESTIMATES	YTD ACTUALS
2.5.1 Bospoort pipe		
Construction	150 000 000.00	
Professional fees	15 000 000.00	9 463 586.03
2.5.2 Bospoort WTW plant extension		
Construction	114 782 608.70	36 214 222.19
Professional fees	17 217 391.30	20 300 110.73
2.5.3 Boitekong WWTW plant extension		
Construction	129 268 604.19	127 123 466.49
Professional fees	24 072 443.81	29 857 250.55
TOTAL COSTS	<u>461 451 048.00</u>	<u>223 363 985.29</u>

2.6 Issues

2.6.1 RLM overdue debtors account, agreement has been reached on 2 July 2019. RLM subsequently defaulted on this agreement. This poses a possible going concern issue for the Trust. A new agreement has been reached whereby R 218mil will be repaid over 4 years, 3 payments per year. Current portion to remain on 30 days.

2.6.2 Construction of Bospoort Plant Civil Project in progress. M&E contract in process of termination, by RLM.

2.6.3 Bospoort Bulk Infrastructure Project re-submitted to MIG. BSC to be planned.

2.6.4 Trust Admin and O&M contracts extended on a month to month basis. In process of termination. CEO in person to be appointed.

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STATEMENT OF FINANCIAL POSITION At 31 DECEMBER 2020

	NOTES	6 Months 31/12/2020 R	- 12 Months 30/06/2020 R
LIABILITIES			
Non-Current Liabilities			
Long term liabilities	3	1 448 476	21 054 582
Current liabilities			
Trade and other payables (exchange transactions)		10 879 982	25 201 906
Short Term Portion of Liabilities	3	37 947 689	35 540 593
VAT payable		1 732 231	0
		<u>50 559 903</u>	<u>60 742 499</u>
Total Liabilities		<u><u>52 008 379</u></u>	<u><u>81 797 081</u></u>
ASSETS			
Non-current Assets			
Lease Hold Improvements	1	581 494 260	599 206 842
Financial assets		104 517 632	104 517 632
		<u>686 011 892</u>	<u>703 724 474</u>
Current assets			
Trade receivables (exchange transactions)	4	151 529 672	167 616 142
Trade receivables (non-exchange transactions)	4	5 239 618	10 154 200
VAT receivable		-	20 291
Cash and cash equivalents	5	101 543 126	70 030 714
		<u>258 312 416</u>	<u>247 821 347</u>
Total Assets		<u><u>944 324 308</u></u>	<u><u>951 545 821</u></u>
NET ASSETS			
Statutory funds		1 000	1 000
Revaluation Surplus		265 353 339	265 353 339
Distributable reserves	2	626 961 590	604 394 401
TOTAL NET ASSETS		<u><u>892 315 929</u></u>	<u><u>869 748 740</u></u>

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STATEMENT OF COMPREHENSIVE INCOME For the period ended 31 December 2020

	6 Months 31/12/2020 R	12 Months 30/06/2020 R
REVENUE - From exchange transactions		
Sales - water	101 841 412	203 442 551
COST OF SALES		
Rustenburg WWTW	26 130 958	52 150 744
Boitekong WWTW	10 940 318	11 109 808
Bospoort WTW	8 359 717	15 163 549
Kloof WTW	885 654	1 743 441
Monakato WWTW	536 576	1 041 263
Lethabong WWTW	1 295 802	2 576 424
Effluent monitoring	483 309	703 232
Operator overheads		
Day works and provisional sums	465 137	903 792
Management and general staff	2 645 671	5 039 624
	51 743 142	90 431 877
GROSS MARGIN	50 098 270	113 010 674
	49%	56%
OTHER INCOME - From exchange transactions		
Tender documents	-	-
Profit on disposal of fixed assets	9 502	6 406
	9 502	6 406
OTHER INCOME - From non-exchange transactions		
MIG grant funding	1 695 616	15 783 165
Recovery of EOH expenses	-	-
	1 695 616	15 783 165
	51 803 388.42	128 800 245.00
EXPENSES		
Auditors Remuneration	204 767	946 517
Bank charges	3 161	13 239
Consulting fees	-	-
Depreciation	16 248 697	32 508 454
Insurance	322 248	842 214
Impairment loss	-	264 836
Legal Fees	99 954	186 869
O & M Supervision	1 590 716	2 788 601
Repairs	7 165 314	6 772 988
Trust administrator's Remuneration	1 337 682	2 818 670
Trustees Remuneration	130 468	141 083
GRAP compliance	-	-
DWS Compliance	-	212 131
	27 103 008	47 495 603
Surplus from operations	24 700 381	81 304 642
Finance costs		
Interest received (from non exchange transactions)	1 462 079	6 358 089
Interest paid (from non exchange transactions)	(3 595 269)	(10 176 604)
Surplus for the year	22 567 191	77 486 127

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STATEMENT OF COMPARISON OF ACTUAL VS BUDGET For the period ended 31 December 2020

	Actual 31/12/2020 R	Budget 31/12/2020 R	% Variance 31/12/2020 R
REVENUE			
Sales: RLM	70 881 620	65 765 981	7.78%
Sales: Mines	30 959 792	39 274 752	-21.17%
TOTAL REVENUE	101 841 412	105 040 732	-3.05%
COST OF SALES	51 743 142	46 523 632	-11.22%
GROSS MARGIN	50 098 270	58 517 101	14.39%
OTHER INCOME			
Profit on disposal of fixed assets	9 502	-	
MIG grant funding	1 695 616	-	
	1 705 118	-	
EXPENSES	Actual	Budget	
Auditors Remuneration	204 767.00	477 469	57.11%
Bank charges	3 161	7 157	55.83%
Consulting and Ad Hoc services	-	-	
Depreciation	16 248 697	19 019 840	14.57%
Impairment loss	-	-	
DWS Compliance	-	-	
Insurance	322 248	471 097	31.60%
Legal Fees	99 954	141 778	29.50%
Repairs	7 165 314	6 874 428	-4.23%
Trust administrator's remuneration	1 337 682	1 742 214	23.22%
Trustees Remuneration	130 468.04	172 076.00	24.18%
O&M Supervision	1 590 716	1 448 851	-9.79%
Other costs	-	1 500 000	100.00%
Leasing Charges	101 434.91	153 967.00	34.12%
Master Plan - IMQS - GLS	-	-	
	27 204 443	32 008 876	
Surplus from operations	24 598 946	26 508 225	
Finance costs - net			
Interest received	1 462 079	3 543 299	-58.74%
Interest paid	(3 493 834)	(3 493 834)	0.00%
Surplus for the period	22 567 191	26 557 690	
DSCR:			
EBIT & Depreciation	39 152 027	45 528 065	
Reserves	101 543 126	101 543 126	
Bank repayments	20 572 962	20 572 962	
Including reserves	6.84	7.15	
Excluding reserves	1.90	2.21	

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STATEMENT OF CHANGES IN EQUITY At 31 DECEMBER 2020

	Note	Statutory funds R	Retained Earnings R	Revaluation Surplus R	Total R
Balance at 30 June 2012		1 000	78 935 878	124 187 680	203 124 558
Surplus for the year			21 105 656		21 105 656
Impairment adjustment for the year				(700 759)	(700 759)
Balance at 30 June 2013		1 000	100 041 534	123 486 921	223 529 455
Surplus for the year			34 331 616		34 331 616
Impairment adjustment for the year				(588 134)	(588 134)
Balance at 30 June 2014		1 000	134 373 150	122 898 787	257 272 937
Surplus for the year			64 976 931		64 976 931
Impairment adjustment for the year				(121 282)	(121 282)
Balance at 30 June 2015		1 000	199 350 081	122 777 505	322 128 586
Opening retained income correction			(834 712)	(1 674 952)	(2 509 664)
Surplus for the year			85 502 931		85 502 931
Impairment adjustment for the year				(546 934)	(546 934)
Revaluation surplus transferred			20 018	(20 018)	-
Balance at 30 June 2016		1 000	284 038 318	120 535 601	404 574 919
Surplus for the year			98 668 445		98 668 445
Impairment adjustment for the year				(1 715 197)	(1 715 197)
Distribution to beneficiary			(650 000)		(650 000)
Revaluation surplus transferred			13 857	(13 857)	-
2017 Revaluation surplus for the year				147 676 158	147 676 158
Balance at 30 June 2017		1 000	382 070 620	266 482 705	648 554 325
Surplus for the year			74 758 803		74 758 803
Impairment adjustment for the year				(128 724)	(128 724)
Revaluation surplus transferred			14 960	(14 960)	-
Balance at 30 June 2018		1 000	456 844 383	266 339 021	723 184 404
Surplus for the year			69 730 088		69 730 088
Impairment adjustment for the year				(175 075)	(175 075)
Revaluation surplus transferred			26 390	(26 390)	-
Balance at 30 June 2019		1 000	526 600 862	266 137 555	792 739 417
Surplus for the period			77 486 127		77 486 127
Impairment adjustment for the period				(476 805)	(476 805)
Revaluation surplus transferred			307 412	(307 412)	-
Balance at 30 June 2020		1 000	604 394 401	265 353 338	869 748 739
Surplus for the period			22 567 191		22 567 191
Impairment adjustment for the period					-
Revaluation surplus transferred					-
Balance at 31 December 2020		1 000	626 961 592	265 353 338	892 315 930

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STATEMENT OF CASH FLOWS At 31 DECEMBER 2020

	NOTES	6 Months 31/12/2020 R	- 12 Months 30/06/2020 R
Cash flows from operating activities			
Cash receipts from operating activities		124 558 371	142 437 193
Cash paid to suppliers		75 187 144	98 702 987
Cash generated from operations	7	49 371 227	43 734 206
Interest paid		(3 595 269)	(10 176 604)
Interest received		1 462 079	6 358 089
Net cash flow from operating activities		47 238 037	39 915 691
Cash flows from investing activities			
Proceeds on disposal of property, plant and equipment		9 502	6 406
Acquisition of property, plant and equipment		1 463 885	(27 271 823)
Net cash flow from investing activities		1 473 387	(27 265 417)
Cash flow from financing activities			
Long term Liabilities	3	-17 199 010	(31 396 027)
Net cash flow from financing activities		(17 199 010)	(31 396 027)
Net decrease in cash and cash equivalents		31 512 414	(18 745 753)
Cash and cash equivalents at beginning of period		70 030 714	88 776 467
Cash and Cash equivalents at end of period	5	101 543 128	70 030 714

AGENDA: VIRTUAL SPECIAL COUNCIL: 23 FEBRUARY 2021

ACCOUNTING POLICIES

For the period ended 31 December 2020

The principal accounting policies adopted in the preparation of these financial statements are set out below:

1 BASIS OF PREPARATION

The financial statements comply with standards of GRAP. Financial statements are prepared on the accrual basis of accounting, using the historical cost as measurement basis, except for assets which are revalued. The financial statements have been prepared on a going concern basis and the accounting policies have been applied consistently throughout the period.

Where a Standard of GRAP is approved as effective, it replaces the equivalent Statement of IPSAS, IFRS or SA GAAP. Where a standard of GRAP has been issued, but not yet in effect, an entity may select to apply the principles established in that standard in developing an appropriate accounting policy dealing with a particular section or event before applying paragraph .12 of the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors.

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the RWST:

GRAP 32, Service Concession Arrangements: Grantor

GRAP 108, Statutory Receivables

GRAP 20, Related Party Disclosures (Revised)

2 TRADE RECEIVABLES

All receivables constitutes receivables from both exchange transactions and non-exchange transactions. Trade receivables are initially recognised at cost. Consumer debtors are carried at anticipated realisable value. An estimate is made for doubtful receivables based on a review of all outstanding amounts at the year-end. Bad debts are written off during the year in which they are identified.

3 TRADE PAYABLES

Trade payables are initially recognised at cost. Trade payables are measured and carried at fair value.

4 CASH AND CASH EQUIVALENTS

Cash and cash equivalents are initially recognised at cost. Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held at call with banks, other short-term highly liquid with original maturities of 12 months or less, and bank overdrafts. In the balance sheet, bank overdrafts are included in borrowings in current liabilities, when applicable.

5 BORROWINGS AND BORROWING COST

Borrowings are recognised initially at the fair value of proceeds received, net of transaction cost incurred, when they become party to the contractual provisions. Borrowings are subsequently stated at amortised cost using the effective interest rate method; any difference between proceeds (net of transaction cost) and the redemption value is recognised in the income statement over the period of the borrowings as interest. Initial borrowing cost were capitalised until the assets became productive.

AGENDA: VIRTUAL SPECIAL COUNCIL: 23 FEBRUARY 2021

ACCOUNTING POLICIES (Continued) For the period ended 31 December 2020

6 LEASEHOLD IMPROVEMENTS

Leases of fixed assets where the Trust assumes substantially all the benefits and risks of ownership are classified as finance leases. Finance leases are capitalized at the net present value of the total lease payments at the commencement of the lease. Each lease payment is allocated between the liability and finance charges to achieve a constant rate on the finance balance outstanding. The corresponding lease obligation, net of finance charges, are included in other long-term liabilities. The interest element of the finance charge is charged to the income statement over the lease period.

Property, plant and equipment (PPE) are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services and are expected to be used during more than one period.

Property, plant and equipment is stated at Fair Value where it was previously stated at cost less accumulated depreciation. This was a change in accounting policy in 2012. Subsequent expenditure is capitalised when the recognition and measurement criteria of an asset is met. Land is not depreciated as it is deemed to have infinite life.

The cost of an item of PPE is the purchase price and other cost attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost. Cost also includes initial estimates of the cost of dismantling and removing the asset and restoring the site on which it is located.

Where an asset is acquired at no cost, or for an nominal cost, its cost is its fair value as at the date of acquisition. Property plant and equipment are only depreciated once commissioned.

The Trust maintains and acquires assets to provide a social service to the community, as well as to sell water to the surrounding mines. The useful lives and economic useful lives of these assets are equal. After the loan have been paid up, all assets will revert back to the parent municipality.

Depreciation is recorded by a charge to the income statement computed on a straight-line method to write off the cost of the assets over their remaining useful lives or the remaining period of the lease, to their residual values. The expected useful lives are as follows:

Land and Buildings	0 - 60 years
Plant & Equipment	1 - 80 years
Movable assets	1 - 5 years

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. Revaluation of the assets occur every 5 years.

At the end of each reporting period, the trust reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

The cost of major renovations are included in the carrying amount of the asset when it is probable that the future economic benefits associated with the renovation will flow to the entity and its costs can be reliably measured.

Borrowing Directly attributable to the acquisition, construction and production of qualifying assets, which are assets necessarily taking a substantial amount of time to get ready for its intended use or sale, are added to the cost of those assets until such time that the assets are ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

The Trust depreciate separately each part of an item of PPE that has a cost that is significant in relation to the total cost of the item. Cost of replacing part are capitalised and the existing parts being replaced are derecognised.

7 REVALUATION AND IMPAIRMENT

Impairment loss on revalued assets shall first be used to reduce the revaluation surplus on that asset, the balance shall then be recognised in the surplus or deficit. When assets are revalued the cost price as well as the accumulated depreciation is restated. Any revaluation surplus recognised on an item of PPE included in net assets shall be transferred directly to the surplus or deficit upon derecognition in the period of the derecognition.

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ACCOUNTING POLICIES (Continued) For the period ended 31 December 2020

8 PROVISIONS

Provisions are recognised when the Trust has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount of the obligation can be made.

9 REVENUE RECOGNITION

Revenue comprise of exchange transactions as well as non-exchange transactions. Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Trust's activities. Revenue is shown net of value added tax. The Trust recognises revenue when the amount of revenue can be reliably measured, it is possible that future economic benefits will flow to the Trust and specific criteria have been met for each of the Trust's activities described below.

(a) Sale of goods

The entity purifies water at its plants and sells the purified water to its customer, Rustenburg Local Municipality. Sale of water is recognised when the entity has delivered the water to the customer.

(b) Interest income

Interest income is recognised on a time proportion basis using the effective interest rate method unless collectability is in doubt.

(c) Contributions received

Contributions received for refurbishment of infrastructure are recognised in the year it is received and as the costs of the projects incurred.

(d) MIG Grants received

Contributions received for refurbishment of infrastructure are recognised in the year it is received and as the costs of the projects incurred.

10 RESERVE ACCOUNTS

Contingency Reserve Account

Means the contingency reserve created by the borrower and to be held in the contingency reserve account. If the required level is exceeded the excess will be deposited into the Distribution Reserve Account. The amount in the account will be utilised for paying the costs of maintenance work, which falls outside the ambit of the Operating & Maintenance Agreement.

Debt Service Reserve Account

Means the debt service reserve created by the borrower and to be held in the debt service reserve account. If the required level is exceeded the excess can be deposited in the Distribution account. The amount in the account will be utilised for purpose of the repayment of the Term Loan.

Industrial Contingency Reserve account

Means the industrial contingency reserve created by the borrower and to be held in the industrial contingency reserve account. If the required level is exceeded the excess will be deposited into the Distribution Reserve Account. The amount in the account will be utilised for undisputed claims of the Industrial Off-Takers in accordance with the Industrial Off-Take Agreements.

11 FINANCIAL INSTRUMENTS

Financial instruments recognised in the balance sheet include loans, trade and other receivables, trade and other payables and cash and cash equivalents.

Financial assets and financial liabilities are recognised on the Trust's balance sheet when the Trust becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially recognised at the fair value of the consideration given (in the case of an asset) or received (in the case of a liability) for it. Cash flows relating to current receivables are generally not discounted, unless significant.

Financial instruments are subsequently measured in terms of GRAP 104.45. Cash & cash equivalents, receivables and trade payables are subsequently measured at fair value, whilst long term liabilities are subsequently measured at amortised cost.

Financial assets and liabilities are offset and the net amount reported in the balance sheet only when there is a legal right to set-off the recognised amounts, and the Trust intends to settle on a net basis or to realise the asset and the liability simultaneously.

Financial assets or a portion of the financial assets are de-recognised when the Trust loses control of the contractual rights that comprise the financial asset. The Trust loses such control if it releases the rights to benefit from the contract, the rights are surrendered. Financial liabilities are de-recognised when they are extinguished - that is, when the obligation specified in the contract is discharged, cancelled or expires.

AGENDA: VIRTUAL SPECIAL COUNCIL: 23 FEBRUARY 2021

ACCOUNTING POLICIES (Continued) **For the period ended 31 December 2020**

12 GOING CONCERN

The financial statements are prepared using the Going Concern basis, which assumes that the Trust will be able to meet the mandatory payments on a day to day basis. If for any reason the Trust is unable to continue as a going concern, it could have an impact on the Trust's ability to realise assets at their recognised values and to extinguish liabilities in the normal course of business at the amounts stated in the financial statements.

13 ROUNDING

The numbers presented in the financial statements are rounded to the nearest rand.

AGENDA: VIRTUAL SPECIAL COUNCIL: 23 FEBRUARY 2021

NOTES TO THE QUARTERLY FINANCIAL STATEMENTS For the period ended 31 December 2020

1. LEASE HOLD IMPROVEMENTS

	31 December 2020			30 June 2020		
	Cost / Valuation	Accumulated depreciation and impairment	Carrying value	Cost / Valuation	Accumulated depreciation and impairment	Carrying value
Land & Buildings	38 611 043	(15 000 477)	23 610 566	38 611 043	(14 563 280)	24 047 763
Plant & Equipment	977 972 368	(643 512 872)	334 459 496	977 972 368	(627 751 381)	350 220 987
Moveable's	1 779 211	(1 718 999)	60 213	1 779 211	(1 668 989)	110 222
Work in Progress	223 363 985	-	223 363 985	224 827 869	-	224 827 869
Total	1 241 726 608	-660 232 347	581 494 260	1 243 190 491	-643 983 650	599 206 841

Reconciliation of property, plant and equipment - 31 December 2020

	Opening balance	Additions / Asset Allocations	Disposals / Asset Allocations	Depreciation and impairment	Carrying value
Land & Buildings	24 047 763			(437 197)	23 610 567
Plant & Equipment	350 220 987			(15 761 491)	334 459 496
Moveable's	110 222			(50 010)	60 212
Work in Progress	224 827 869	-1 463 885		-	223 363 984
Total	599 206 841	(1 463 885)	-	(16 248 697)	581 494 260

Reconciliation of property, plant and equipment - 30 June 2020

	Opening balance	Additions / Asset Allocations	Disposals / Asset Allocations	Depreciation and impairment	Carrying value
Land & Buildings	24 896 122	51 985	-	(900 344)	24 047 763
Plant & Equipment	378 603 727	3 869 308	-	(32 252 048)	350 220 987
Moveable's	104 826	103 100	-	(97 704)	110 222
Work in Progress	201 580 440	23 247 429	-	-	224 827 869
Total	605 185 115	27 271 821	-	-33 250 095	599 206 841

Assets consist Portion 4 of the farm Tweedepoort 283JQ, commonly known as Bospoort Treatment Plant; a portion of portion 1 of Town and town lands of Rustenburg 272JQ, commonly known as Rustenburg Sewage Treatment Plant; and portions of the farms PTN 54, PTN 23, PTN 76, PTN 22, PTN 21& PTN 41 commonly known as Boitekong Sewage Treatment Plant.

The assets are encumbered by a general notarial bond, as security for the loan facility referred to in note 5.

The assets were revalued and re-classified in the 2017 financial year, the depreciated replacement cost method was used to revalue.

WIP to the value of R 53,917,639 on the expansion of the Bospoort Water Treatment Works consist of civil work. Following the civil work the mechanical and electrical work will follow. The expansion project completion is significantly delayed. The reason for the time delay is slow progress on the procurement process of the mechanical and electrical contract.

The Rustenburg Water Services Trust decided not to impair the WIP at this stage as it mainly consists of concrete structures of which the expected useful life is in the region of 80 years.

AGENDA: VIRTUAL SPECIAL COUNCIL: 23 FEBRUARY 2021

NOTES TO THE QUARTERLY FINANCIAL STATEMENTS (Continued) For the period ended 31 December 2020

	6 Months 31/12/2020 R	- 12 Months 30/06/2020 R
2. DISTRIBUTABLE RESERVES		
At beginning of period	604 394 401	526 600 862
Profit for the period	22 567 191	77 486 127
	626 961 592	604 086 989
Revaluation reserve transferred	-	307 412
Balance at end of year	626 961 592	604 394 401
3. LONG TERM LIABILITIES		
Non-current		
3.1 Bank borrowings		
ABSA Bank Limited	37 671 536	54 750 904
The loan is secured by:		
• a general notarial bond over the movable assets of the Trust with a carrying value of	60 213	110 222
• cession of the Rustenburg Lease Agreement		
• the Debt Service Reserve Account, the Contingency Reserve Account and the Industrial Contingency Reserve Account.		
The loan bears interest at a fixed rate of 12.34% NACM. The loan is repayable over a period of 15 years.		
Initial borrowing costs were capitalised		
Less: short term portion	(37 671 536)	(35 289 315)
	-	19 461 589
3.2 Finance lease liabilities		
Rustenburg Local Municipality	1 724 629	1 844 271
Lease liabilities are effectively secured as the rights to the leased assets revert to the lessor in the event of default, subject to the cession of the lease agreement as security for the bank borrowings. The interest rate implicit in the lease is 11%		
Less: short term portion	(276 153)	(251 278)
	1 448 476	21 054 582

AGENDA: VIRTUAL SPECIAL COUNCIL: 23 FEBRUARY 2021

NOTES TO THE QUARTERLY FINANCIAL STATEMENTS (Continued) For the period ended 31 December 2020

	6 Months 31/12/2020 R	12 Months 30/06/2020 R
4. TRADE AND OTHER RECEIVABLES (from exchange transactions)		
Debtors' ageing		
Current	23 097 475	23 035 612
30 days	22 366 904	20 428 745
60 days	16 760 867	17 922 880
90 days +	193 370 910	210 746 536
	255 596 156	272 133 774
Insurance - Prepayments	451 147	-
	256 047 304	272 133 774
Transferred to non-current financial assets	-104 517 632	-104 517 632
	151 529 672	167 616 142

An agreement was reached on 2 July 2019 whereby RLM would repay the non-current portion of their debt over a 36 month period without any interest accruing. The first date of repayment was 31 July 2019. RLM breached the agreement on 31 August 2019. The Trust decided not to impair the RLM debtor at this point because RLM made a payment on 12 November 2019. RLM remain in breach, however they made further commitments to pay. The Trust will continue to assess the situation.

TRADE AND OTHER RECEIVABLES (from non-exchange transactions)

Debtors' ageing		
Current	-	7 364 568
30 days	-	-
60 days	-	-
90 days +	5 239 618	2 789 632
	5 239 618	10 154 200

	31 December 2020 Balances		30 June 2020 Balances	
	Opening	Closing	Opening	Closing
5. CASH AND CASH EQUIVALENTS				
ABSA Bank Limited				
Distribution Reserve Account	5 916 641	24 275 026	52 430	5 916 641
Distribution Call Account	8 854 903	6 692 985	47 689	8 854 903
Contingency Reserve Account - Current	-	-	6 190	-
Industrial Reserve account - Current	-	-	539	-
Debt Service Reserve Account - Current	-	-	34 846	-
Contingency Reserve Account - Investment	1 032	1 052	9 006 050	1 032
Industrial Reserve account - Investment	1 032	1 052	3 443 127	1 032
Debt Service Reserve Account - Investment	55 257 106	70 573 010	76 185 594	55 257 106
	70 030 714	101 543 126	88 776 465	70 030 714

The contents of the Contingency Reserve, the Industrial and Debt Service Reserve Accounts are ceded to the bank in terms of note 5.

For the purpose of the cash flow statement, the year-end cash and cash equivalents comprise the following:

Cash resources	101 543 126	70 030 714
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There are no 'undrawn facilities' available at any financial institution for the Trust. Interest accrued and received on the 1st of July of the following year are included in the balances of the bank accounts.

6. FINANCE COSTS - NET

Interest received		
Current Account	1 462 079	6 358 089
Interest paid		
Current and Long Term Loans	(3 493 834)	(9 956 443)
Finance Lease	(101 435)	(220 161)
	(2 133 190)	(3 818 515)

AGENDA: VIRTUAL SPECIAL COUNCIL: 23 FEBRUARY 2021

NOTES TO THE QUARTERLY FINANCIAL STATEMENTS (Continued) For the period ended 31 December 2020

	6 Months 31/12/2020 R	12 Months 30/06/2020 R
7. CASH GENERATED FROM OPERATIONS		
Surplus before tax	22 567 191	77 486 127
Adjustments for:		
Interest paid	3 595 269	10 176 604
Interest received	(1 462 079)	(6 358 089)
Depreciation	16 248 697	32 508 454
Net profit on disposal of fixed assets	-9 502	-6 406
Impairment	-	264 836
	40 939 576	114 071 527
Changes in working capital		
Trade and other receivables	21 021 343	(76 788 523)
Payables	(12 589 692)	6 451 202
Cash generated from operations	49 371 227	43 734 206

AGENDA: VIRTUAL SPECIAL COUNCIL: 23 FEBRUARY 2021

Rustenburg Water Services Trust

APPENDICES TO THE FINANCIAL STATEMENTS For the period ended 31 December 2020

PERFORMANCE REPORT		Actual 31/12/2020 R	Budget 31/12/2020 R	% Variance 2021 R
REVENUE				
Sales: RLM		70 881 620	65 765 981	7.78%
Sales: Mines		30 959 792	39 274 752	-21.17%
TOTAL REVENUE		101 841 412	105 040 732	-3.05%
COST OF SALES		51 743 142	46 523 632	-11.22%
GROSS MARGIN		50 098 270	58 517 101	-14.39%
OTHER INCOME				
Tender deposits received		-	-	
Profit on disposal of fixed assets		9 502.11	-	
MIG grant funding		1 695 616	-	
		1 705 118	-	
EXPENSES				
Administrator's remuneration & GRAP compliance		1 337 682	1 742 214	23.22%
Auditors Remuneration		204 767	477 469	57.11%
Bank charges		3 161	7 157	55.83%
Consulting and Ad Hoc services		0	0	
Depreciation		16 248 697	19 019 840	14.57%
Impairment loss		0	0	
DWS Compliance		0	0	
Insurance		322 248	471 097	31.60%
Legal Fees		99 954	141 778	29.50%
Repairs		7 165 314	6 874 428	-4.23%
Trustees Remuneration		130 468	172 076	24.18%
O&M Supervision		1 590 716	1 448 851	-9.79%
Other Costs		0	1 500 000	100.00%
Leasing Charges		101 435	153 967	34.12%
		27 204 443	32 008 876	15.01%
Surplus from operations		24 598 946	26 508 225	
Finance costs - net				
Interest received		1 462 079	3 543 299	-58.74%
Interest paid		(3 493 834)	(3 493 834)	0.00%
Surplus for the period		22 567 191	26 557 690	
Debt Service Cover Ratio:				
EBIT & Depreciation		39 152 027	45 528 065	
Reserves		101 543 126	101 543 126	
Bank repayments		10 286 601	10 286 601	
Including reserves		13.68	14.30	
Excluding reserves		3.81	4.43	