



LOCAL MUNICIPALITY

# **2017/18 ORGANIZATIONAL MID-YEAR PERFORMANCE AND BUDGET REPORT**



City of Rustenburg Local Municipality: Mid-Year Budget and Performance Report, 2017/18

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## ANNEXURES

### 1. REPORT OF THE RUSTENBURG WATER SERVICES TRUST



## ACRONYMS AND TERMS

The report contains information which is at times presented in abbreviations and terms, therefore for the purpose of this report the terms and acronyms below bears the following meaning:

MFMA	Municipal Finance Management Act No 56 of 2003
MSA	Municipal System Act No 32 of 2000
SDBIP	Service Delivery and Budget Implementation Plan
IDP	Integrated Development Plan
PMS	Performance Management System
KPA	Key Performance Areas
KPI	Key Performance Indicators
LED	Local Economic Development
VIP	Ventilated Improved Pit
SDF	Spatial Development Framework
AG	Auditor General
MPAC	Municipal Public Account Committee
AFS	Annual Financial Statements
CoGTA	Cooperative Governance and Traditional Affairs
LGSETA	Local Government Sector Education Training Authority
WSP	Workplace Skills Plan
HRM	Human Resource Management
HRD	Human Resource Development
RLM	Rustenburg Local Municipality
SPLUMA	Spatial Planning and Land Use Management Act No16 of 2013
OHS	Occupational Health Safety
LFF	Local Labour Forum
IGR	Intergovernmental Relations
ICT	Information Communication Technology
IT	Information Technology
MIG	Municipal Infrastructure Grant
MWIG	Municipal Water Infrastructure Grant
TB	Tuberculosis
HIV/AIDS	Human Immunodeficiency Virus/ Acquired Immunodeficiency Syndrome
FY	Financial Year
INEP	Integrated National Electrification Programme
WCDM	Water Conversation Demand Management



## CHAPTER ONE: 2017/18 MID-YEAR PERFORMANCE ASSESSMENT

### 1.1. INTRODUCTION

As required by Section 34 of the Local Government Municipal Systems Act (MSA) the Municipality approved the 2017-2022 Integrated Development Plan (IDP), approved the 2017/2018 Annual Budget and the Service Delivery and Budget Implementation Plan (SDBIP) in terms of Section 53 of the Local Government Municipal Finance Management Act (MFMA). The purpose of the aforementioned documents is to provide strategic guidance on the objectives to be implemented by the municipality during the financial year. The documents also present the budget available for the implementation of the said objectives, and set out the targets on when the implementation will take place. As part of regular reporting the Administration is expected to compile reports on the performance of the municipality.

Furthermore, Section 52 (d) of the Local Government Municipal Finance Management Act, (MFMA) No 56 of 2003 requires the Mayor of the Municipality to submit a report to the Municipal Council on the implementation of the budget and the financial state of affairs of the municipality within 30 days of the end of the quarter. Section 72 of the MFMA further requires the Municipal Manager to

- a) *assess the performance of the municipality during the first half of the financial year taking into account the following:*
  - i. *the monthly statements referred to in Section 71 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 set in the service delivery and budget implementation plan*
  - iii. -----
  - iv. -----and
- b) *submit a report on such assessment to*
  - i. *the Mayor of the municipality*
  - ii. *the National Treasury*
  - iii. *the relevant Provincial Treasury*





Therefore, in order to comply with the above legislative requirements, the municipality compiled the report reflecting the actual performance of the municipality as measured against the performance indicators and targets set out in its 2017/2022 Integrated Development Plan (IDP), Annual Budget and Service Delivery and Budget Implementation Plan (SDBIP) from the 1<sup>st</sup> of July to 31 December 2017 which makes the first half of the 2017/2018 Financial Year.

The performance reflected in the report is in terms of the five (6) National Government's Strategic key Performance Areas for local government, which are as follows:

- Basic Service Delivery;
- Local Economic Development;
- Municipal Institutional Transformation and Development;
- Municipal Financial Viability and Management,
- Good Governance and Public Participation, and
- Spatial Rationale

The report will further reflect the performance of the municipality on the implementation of the Key Projects/Programmes as reflected in the approved 2017/2018 IDP and SDBIP.

#### 1.2. LEGISLATIVE IMPERATIVE

This 2017/2018 Second Quarter Performance Report has been compiled in compliance with the requirements of Section 52 (d) of the Local Government: Municipal Finance Management Act No 56 of 2003; which stipulates as follows:

*(1) The Mayor of a Municipality must:*

*(a) -----*

*(b) -----*

*(c) must take all reasonable steps to ensure that the Municipality performance its constitutional and statutory functions within the limits of the Municipality's approved budget*

*(d) must, within 30 days of the end of each quarter submit a report to Council on the implementation of the approved budget and the financial state of affairs of the Municipality.*



In addition, Regulation 7 (1) of the Local Government: Municipal Planning and Performance Management Regulations, 2001 states that "A Municipality's Performance Management System entails a framework that describes and represents how the municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organized and managed, including determining the roles of the different role players." It is therefore in pursuance of this provisions that the Rustenburg Local Municipality compiled the 2017/2018 Second Quarter Top Layer/Organizational Performance Report.

### 1.3. THE SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN

The Organizational Performance is evaluated by means of a Municipal Scorecard (Top Layer SDBIP) at Organizational level and through the Service Delivery Budget Implementation Plan (SDBIP) at departmental levels.

The SDBIP is a plan that converts the IDP and Annual Budget into measurable operational targets on how, where and when the strategies, objectives and normal business process of the municipality is implemented. It also allocates responsibility to respective Directorates and/or Business Units therein, mandated to deliver specific services in terms of the approved IDP and Budget:

The MFMA Circular No.13 on Service Delivery and Budget Implementation Plan (SDBIP) prescribes that:

- The IDP and budget must be aligned;
- The budget must address the strategic priorities;
- The SDBIP should indicate what the municipality is going to do during next 12 months; and
- The SDBIP should form the basis for measuring the performance against goals set during the Budget /IDP processes.

The SDBIP was prepared as described in the paragraphs below and duly approved by the Executive Mayor. The overall assessment of actual performance against predetermined targets set for the Key Performance Indicators as documented in the SDBIP is illustrated in terms of the assessment methodology as depicted in **Table 1** below:



Table 1: KPI Assessment Methodology

Performance Rating	Category	% Target Achieved		Explanation
		Low	High	
Not Applicable (N/A)	KPI Not Yet Measured	N/A	N/A	KPIs with no Targets or Actual results for the selected period
Zero Weighted	KPI Withdrawn	N/A	N/A	KPI withdrawn for whatsoever reason
Unsatisfactory	KPI Not Met	0.0%	74%	Actual vs Target Less than 75%
Below Average	KPI Almost Met	75%	99%	Actual vs Target between 75% and 100%
Achieved Target	KPI Met	100%	100%	Actual vs Target 100% Achieved
Achieved/Exceeded Target	KPI Met Well	101%	149%	Actual vs Target More Than 100% and Less Than 150% Achieved
Outstanding Performance	KPI Extremely Met Well	150%	+150%	Actual vs Target More Than 150%

#### 1.4. PLANNED TARGETS VERSUS THE 2017/2018 FIRST AND SECOND QUARTER ACTUAL PERFORMANCE AS ALIGNED TO THE NATIONAL KEY PERFORMANCE AREAS

This section of the 2017/2018 First and Second Quarter Performance Report will report on the Municipality's actual performance against the planned targets as derived from the Municipality's IDP. Since the Municipality has aligned its KPAs to the Six (6) National KPA's the Rustenburg Local Municipality will report as such.

#### 1.5. PERFORMANCE BY THE RESPECTIVE DIRECTORATES

The Accounting Officer conducted performance review sessions with all directors to assess the performance in line with commitment contained in the 2017/2018 SDBIP per Directorate. Reliability of the Portfolio of Evidence (POE) in relation to the level of actual performance indicated was duly audited internally, by the Internal Audit Unit in terms of section 45 (a) of the municipal systems act and Directorates advised about the findings and areas of correction and/or improvements.

Table 2: 2017/18 Mid-term Performance per Directorate

Department	TOTAL Number of KPI's	KPI's Overachieved	KPI's Achieved	KPI's not achieved	KPI's Not Applicable	Performance in Percentages
1. Office of the Municipal Manager	8			3	5	0%
2. Budget & Treasury	12		4	3	5	57%
3. Corporate Services	9	1	4	2	2	71%
4. Local Economic Development	10	1	2	1	6	75%
5. Technical & Infrastructure Services	9			6	3	0%
6. Planning & Human Settlements	3				3	N/A
7. Roads and Transport	2	1		1		50%
8. Community Development	2	1			1	100%
9. Public Safety	3	1			2	100%
<b>TOTAL</b>	<b>58</b>	<b>5</b>	<b>13</b>	<b>13</b>	<b>27</b>	<b>57%</b>





It is also important to take note that, whilst respective Directorates might be having an extensive number of Operational KPIs and Targets to enhance their optimal performance on their individual Strategic KPIs, only the Strategic Targets from each Directorate finds expression in the Organizational Performance.

#### 1.6. EXPLANATION ON CALCULATING OF THE 2017/2018 ACTUAL PERFORMANCE

The calculations are the accumulation of the performance of the following eight (8) Directorates within the Municipality, viz:

- a) Office of the Municipal Manager;
  - Rustenburg Community Centres (RCCs)
  - Strategy and Planning
  - Internal Audit Unit;
  - Risk Management Unit and
  - Legal and Valuation
- b) Budget and Treasury; Office;
- c) Corporate Support Services;
- d) Community Development;
- e) Local Economic Development
- f) Planning and Human Settlements;
- g) Roads and Transport;
  - Rustenburg Rapid Transport
- h) Public Safety and
- i) Technical and Infrastructure Services
  - Rustenburg Water Services Trust

All the percentages under the column on 2017/2018 actual performance were added together per KPA and divided by the number of indicator planned to be performed under the respective KPAs.

In instances where the 2017/2018 2<sup>nd</sup> Quarter Target was any figure other than 100%, the figure indicated as achievement under the column for Actual Performance was then divided by that under the 2017/2018 First Quarter Target Column and the multiplied by 100 to get the actual percentage achieved, which is indicated in a bracket in most instances.





The totals from all the KPAs were then averaged to arrive at the Organizational Score, which in essence becomes the performance of the Municipal Manager for the Second Quarter.



## 1.7. ORGANIZATIONAL PERFORMANCE PER KEY PERFORMANCE AREA (KPA)

## 1.7.1. PLAN 1: BASIC SERVICE DELIVERY

KPI No	Key Performance Indicator (KPI) as per the Performance Agreement (PA)	Ref.	Portfolio of Evidence (POE) Required	2017/2018 Annual Target as per PA	2017/18 Mid-Year Target	Actual Performance by 31 December 2017			Reasons for Variation if any	Corrective Measure	Internal Audit Review
						Quarter 1 Performance	Quarter 2 Performance	Mid-Year Performance			
STRATEGIC PRIORITY 1: DEVELOP AND SUSTAIN A SPATIAL, NATURAL AND BUILT ENVIRONMENT											
OBJECTIVE 1.2: IMPROVED SERVICE DELIVERY THROUGH PROVISION OF HIGH QUALITY, RELIABLE AND COST EFFECTIVE INFRASTRUCTURE BASED ON INTEGRATED SPATIAL PLANNING											
1	Number of portions of state land acquired for human settlement	DPHS 1	Progress Report; Council Resolution	2	N/A	N/A	N/A	N/A			
2	Percentage Review of Spatial Development Framework	DPHS 4	Progress Report; Council Resolution	100%	N/A	N/A	N/A	N/A			
3	Number of houses constructed as part of Integrated Residential Development Programme	DPHS 5	Signed Happy Letters	500	N/A	N/A	N/A	N/A			
OBJECTIVE 1.5: IMPROVED PUBLIC TRANSPORT INFRASTRUCTURE											
4	Percentage completion of Road and Transport (RRT) projects	RRT 5	Completion Certificate	100% R65m	69% R14 800 000	140%	91%	115%			
OBJECTIVE 1.5: IMPROVED PUBLIC TRANSPORT INFRASTRUCTURE											
5	Percentage completion of water infrastructure grant (WSIG) projects	DTIS 2	Completion Certificate	100% R 55 859 628	20% R14 800 000	N/A	0%	0%			
6	Percentage completion of AC pipes replacement projects	DTIS 3	Completion Certificate	100% R17 132 909	10% R1 713 290	N/A	0%	0%			
7	Percentage construction of Reservoir and Bulk Pipeline	DTIS 4	Completion Certificate	100%	10%	N/A	0%	0%			



KPI No	Key Performance Indicator (KPI) as per	Ref.	Portfolio of	2017/2018 Annual Target	2017/18 Mid-Year Target	Actual Performance by 31 December 2017			Reasons for Variation if	Corrective Measures	Internal Audit Review
				R17 132 909	R1 713 290						
8	Percentage upgrade of Bospoort WTW, New Bospoort North Reservoir and Bulk pipeline	DTIS 5	Completion Certificate	100% R41 386 918	25% R10 346 729	N/A	0%	0%			
9	Percentage completion of sewer reticulation projects	DTIS 6	Completion Certificate	100% R15 512 816	20% R2 600 000	N/A	0%	0%			
10	Percentage completion of electrical services projects	DTIS 7	Completion Certificate	100% R31 626 801	14% R4 480 464	N/A	0%	0%			
11	Percentage completion of roads and storm water projects.	RRT 8	Completion Certificate	100% R393 487 779	N/A	N/A	N/A	N/A			
12	Percentage completion of Boitekong Cemetery Construction (Ref. PMU)	PMU 1	Completion Certificate	100% R15 140 369	N/A	N/A	N/A	N/A			
13	Percentage completion of Rustenburg Flea Market Construction (Ref. PMU)	PMU 2	Completion Certificate	100% R15 842 808	N/A	N/A	N/A	N/A			
	<b>TOTAL</b>							16.4%			





## 1.7.2. PLAN 2: LOCAL ECONOMIC DEVELOPMENT

KPI No	Key Performance Indicator (KPI) as per the Performance Agreement (PA)	Ref.	Portfolio of Evidence (POE) Required	2017/2018 Annual Target (as per PA)	2017/18 Mid-Year Target	Actual Performance by 31 December 2017			Reasons for Variation if any	Corrective Measure	Internal Audit Review
						Quarter 1 Performance	Quarter 2 Performance	Mid-Year Performance			
STRATEGI PRIORITY 2: DRIVE A VIBRANT DIVERSIFIED ECONOMIC GROWTH AND JOB CREATION											
OBJECTIVE 2.2: BUILD AND SUPPORT BROAD-BASED BLACK ECONOMIC EMPOWERMENT AND SUSTAINABLE SMALL, MEDIUM AND MICRO ENTREPRISES (SMMES) BUSINESS DEVELOPMENT											
14	Number of jobs created through local economic development initiatives including capital projects	LED 1	List of appointees with ID Numbers	2280	1500	112.6%	110%	111.3%			
15	Number of SMMES assisted with market development	LED 2	Event Reports/ Attendance Registers / Business Confirmations / Lease / Service Level Agreement	480 (30 per sector)	120	70%	80%	75%			
16	Number of SMMES getting technical and management training	LED 3	Event Reports/ Attendance Registers / Business Confirmations / Lease / Service Level Agreement	480 (30 per sector)	120	14%	121%	68%			
17	Number of cooperatives provided with business support services	LED 4	Workshops reports / Training Reports / Certificates / Attendance Registers	90	45	0%	253%	127%			
18	Percentage completion of the contractor development programme.	LED 5	Contractor Development Policy / Council Item / Minutes / Resolution	100%	75%	N/A	N/A	N/A			
19	Percentage completion of Investment Policy	LED 6	Investment Incentives Policy Guidelines / Council Item / Minutes / Resolution	100%	N/A	N/A	N/A	N/A			
TOTAL								95%			





## 1.7.3. PLAN 3: MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT

KPI No	Key Performance Indicator (KPI) as per the Performance Agreement (PA)	Ref.	Portfolio of Evidence (POE) Required	2017/2018 Annual Target as per PA	2017/18 Mid-Year Target	Actual Performance by 31 December 2017			Reasons for Variation if any	Corrective Measure	Internal Audit Review
						Quarter 1 Performance	Quarter 2 Performance	Mid-Year Performance			
STRATEGIC PRIORITY 3: ENSURE SUSTAINABLE MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT											
OBJECTIVE 3.1 DEVELOP AND IMPLEMENT INTEGRATED FINANCIAL MANAGEMENT SYSTEM TO SUPPORT MUNICIPAL PROGRAMMES AND ENSURE INTERNAL FINANCIAL SUSTAINABILITY											
OBJECTIVE 3.2 IMPLEMENT REVENUE MANAGEMENT STRATEGY TO ENHANCE FINANCIAL MANAGEMENT AND COMPLIANCE CONTROLS											
OBJECTIVE 3.3: IMPLEMENT SOUND AND SUSTAINABLE FINANCIAL MANAGEMENT AND COMPLIANCE CONTROLS											
20	Number of expression of interests advertised for the master plan projects.	LED 7	Expression of Interest Issued/ Proposals Received/ Business Case	7		N/A	N/A	N/A			
21	Number of legal outdoor advertising sites generating consistent and sustainable income for the municipality annually	LED 8	Bid reports / Appointment letters / Service Level Agreement	50	n/a	N/A	N/A	N/A			
				R10 800 000	n/a	N/A	N/A	N/A			
22	Percentage completion of neighbourhood development projects	SPM 1	Business Plan; Completion Certificate	100%	n/a	N/A	N/A	N/A			
23	Percentage increase of households earning less than R3 500 per month with access to free basic services	CFO 1	Indigent Register; Monthly Report	20%	10%	0%	167%	84%			
				R263 072 809	R26 307 281						
24	Percentage of the municipality's capital budget spent on capital projects identified for a particular financial year in terms of the municipality's integrated development plan	CFO 2	Expenditure Report, Extract of expenditure per capital project as per the approved SDBIP	95%	40%	130%	108.33%	119.16%			
		CFO 3		R581 218 000	R232 487 200						
25	Percentage expenditure on the approved operational budget	CFO 4	Expenditure Report. An extract of the operational projects	95%	25%	44%	140%	92%			



KPI No.	Key Performance Indicator	Ref.	Portfolio of Evidence	2017/2018 Annual Target as per PA	2017/18 Mid-Year Target	Actual Performance by 31 December 2017			Reasons for Variation if	Corrective Measure	Internal Audit Review
			as per the approved integrated development plan and the SDBIP	R4 627 538 000	R2 313 769 000						
26	Percentage increase in revenue collection	CFO5	Billing Report Debtors Age Analysis	7%	2%		91%	82%			
				R3 600 000 000	R144 000 000						
27	Percentage of revenue collected set aside for building reserves	CFO 6	Billing Report Bank Statements	1.67%	0,835%		6.00%	3%			
				R60 000 000	R30 000 000						
28	Percentage achievement of positive financial ratios (Debt Coverage: 45%; Current Ratio: 1:2; Collection Rate: 82%; Cost Coverage: 1 month)	CFO 7 A,B,C	Monthly/Quarterly Reports	100%	100%		10%	25%	12.5%		
29	Percentage expenditure on allocated grants	CFO 8	Expenditure Report	95%	40%		90%	100%	95%		
				R1 163 483 000	R465 393 200						
30	Obtaining unqualified audit report	CFO 9	Audit Report 2017	100%	Not Applicable		N/A	N/A	N/A		
31	% of 2018/2019 Budget compiled and approved by Council by 30th May 2018	CFO 10	Budget Document	100%	25%		N/A	N/A	N/A		
32	Percentage reduction in water distribution losses	DTIS 1	Section 71 Report	10%	4%		71%	0%	36%		
33	% completion of revision of all Finance related Policies	CFO 1	Q3: - Revised Policy and Council minutes from tabling of Policies Q4: - Approved Policy	100%	60% Draft policy by 31 March 2018		N/A	N/A	N/A		



KPI No.	Key Performance Indicator	Ref.	Portfolio of Evidence and Council Minutes	2017/2018 Annual Target as per B4	2017/18 Mid- Year Target	Actual Performance by 31 December 2017			Reasons for Variation if Measure	Corrective Measure	Internal Audit Review
34	Number of Supplementary Rolls released	CFO 11	Supplementary Roll	1	Not Applicable	N/A	N/A	N/A			
<b>TOTAL</b>								66%			





## 1.7.4. PLAN 4: SAFE AND HEALTHY ENVIRONMENT

KPI No	Key Performance Indicator (KPI) as per the Performance Agreement (PA)	Ref.	Portfolio of Evidence (POE) Required	2017/2018 Annual Target as per PA	2017/18 Mid-Year Target	Actual Performance by 31 December 2017			Reasons for Variation if any	Corrective Measure	Internal Audit Review
						Quarter 1 Performance	Quarter 2 Performance	Mid-Year Performance			
STRATEGIC PRIORITY 4: MAINTAIN SAFE; HEALTHY AND SOCIALLY COHESIVE ENVIRONMENT FOR ALL											
OBJECTIVE 4.1 IMPLEMENT QUALITY AND IMPROVED HEALTH AND SOCIAL SERVICES TO COMMUNITIES											
OBJECTIVE 4.2: EXPLORE AND IMPLEMENT ALTERNATIVE ECO-FRIENDLY AND CONSERVATION INTERVENTIONS TO PRESERVE THE ENVIRONMENT											
35	Percentage increase in households provided with a weekly solid waste removal service	DCD 1	Percentage increase in households provided with a weekly solid waste removal service	2% R21 800 000	1% R10 900 00	N/A	170%	85%			
36	Percentage review of the Environmental Management Framework	DCD 2	Percentage review of the Environmental Management Framework	100%	n/a	N/A	N/A	N/A			
37	Percentage implementation of an Integrated Disaster Management Plan	DPS 3	Percentage implementation of an Integrated Disaster Management Plan	100%	50%	0%	120%	60%			
38	Percentage completion of Fire Brigade By- Laws review	DPS 4	Percentage completion of Fire Brigade By- Laws review	100%	n/a	N/A	N/A	N/A			
	Percentage extension of municipal court to Tlhabane Magisterial District		Percentage extension of municipal court to Tlhabane Magisterial District	100%	n/a	N/A	N/A	N/A			
39		DPS 20									
TOTAL									73%		

N.B. The rating of this Portion forms part of the Basic Service Delivery and Infrastructure Development KPA.



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## 1.7.5. PLAN 5: RURAL DEVELOPMENT

KPI No	Key Performance Indicator (KPI) as per the Performance Agreement (PA)	Ref.	Portfolio of Evidence (POE) Required	2017/2018 Annual Target as per PA	2017/18 Mid-Year Target	Actual Performance by 31 December 2017			Reasons for Variation if any	Corrective Measure	Internal Audit Review
						Quarter 1 Performance	Quarter 2 Performance	Mid-Year Performance			
STRATEGIC PRIORITY 5: TRANSFORM AND MAINTAIN A VIBRANT AND SUSTAINABLE RURAL DEVELOPMENT											
OBJECTIVE 5.2: PROVIDE CONDUCTIVE ENVIRONMENT FOR RURAL ECONOMIC DEVELOPMENT THROUGH SUSTAINABLE SMMEs MENTORING											
40	Number of pig production units completed	LED 9	Completion Certificate	2	N/A	N/A	N/A	N/A			
41	Number of urban-agriculture projects completed	LED 10	Project progress report and pictures	7	N/A	N/A	N/A	N/A			
<b>TOTAL</b>						N/A					

N.B. The rating of this Portion forms part of the Local Economic Development KPA.



## 1.7.6. PLAN 6: GOOD GOVERNANCE AND PUBLIC PARTICIPATION

KPI No	Key Performance Indicator (KPI) as per the Performance Agreement (PA)	Ref.	Portfolio of Evidence (POE) Required	2017/2018 Annual Target as per PA	2017/18 Mid-Year Target	Actual Performance by 31 December 2017			Reasons for Variation if any	Corrective Measure	Internal Audit Review
						Quarter 1 Performance	Quarter 2 Performance	Mid-Year Performance			
STRATEGIC PRIORITY: UPHOLD GOOD GOVERNANCE AND PUBLIC PARTICIPATION PRINCIPLES											
OBJECTIVE 6.1: DRIVE GOOD GOVERNANCE AND LEGISLATIVE COMPLIANCE IN ALL MUNICIPAL PROCESSES											
	Percentage completion of the review/amendment of a 5-year Integrated Development Plan(IDP)	SPM2	IDP Document	100%	n/a	N/A	N/A	N/A			
42	Number of partnerships and collaborations established	SPM3	For a meetings Registers	8	4	0%	0%	0%			
44	Percentage completion of the Top layer Service Delivery and Budget Implementation Plan (SDBIP) 2018/2019	SPM 4	Top Layer SDBIP; Proof of submission to the EM	100%	n/a	N/A	N/A	N/A			
45	Percentage completion of reviewed Performance Management Systems Framework	SPM 5	PMS Framework; Council Resolution	100%	n/a	N/A	N/A	N/A			
46	Percentage implementation of Performance Management	SPM 6	Performance Agreements; Minutes of Assessments; Attendance Registers	100%	100%	100%	75%	88%			
47	Percentage Tabling of budget 2018/2019 for approval	SPM 7	Budget Document	100%	Not applicable	N/A	N/A	N/A			
48	Percentage implementation of Risk	SPM 8	Risk Register; Risk Mitigation Plan; Risk	100%	100%	100%	0%	50%			



KPI No.	Key Performance Indicator	Ref.	Portfolio of Evidence	2017/2018 Annual Target	2017/18 Mid-Year Target	Actual Performance by 31 December 2017			Reasons for Variation if	Corrective Measures	Internal Audit Position
	Management processes		Assessment Attendance Registers								
49	Percentage of External audit queries responded to within the set timeframe of 2 working days	ALL	Audit Action Plan; Proof of submission to external Audit	100%	100%	N/A	100%	50%			
50	Percentage of Internal Audit queries responded to within the set timeframe 5 working days	ALL	Proof of submission to internal Audit	100%	100%	100%	0%	50%			
<b>TOTAL</b>								48%			





### 1.7.7. PLAN 7: INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION

KPI No	Key Performance Indicator (KPI) as per the Performance Agreement (PA)	Ref.	Portfolio of Evidence (POE) Required	2017/2018 Annual Target as per PA	2017/18 Mid-Year Target	Actual Performance by 31 December 2017			Reasons for Variation if any	Corrective Measure	Internal Audit Review
						Quarter 1 Performance	Quarter 2 Performance	Mid-Year Performance			
STRATEGIC PRIORITY 7: DRIVE OPTIMAL MUNICIPAL INSTITUTIONAL DEVELOPMENT, TRANSFORMATION AND CAPACITY BUILDING											
OBJECTIVE 7.1 DEVELOP AND IMPLEMENT INTEGRATED INTERNAL SYSTEMS AND PROCESSES											
51	Percentage of people from employment equity target groups employed in the three highest levels of management in compliance with a municipality's approved employment equity plan (Disabled 2% and Female 50%)	DCS 3	RLM Equity Plan	1%  20%	0.5%  10%	N/A	N/A	N/A			
52	Percentage of the municipality's budget spent on implementing the workplace skills plan		Expenditure Report from BT0	95%  R2 769 000	50%  R1 384 500	0.85%	0.42%	0.64			
53	Percentage completion of the Workplace Skills Plan	DCS 13	Workplace Skills Plan	100%	100%	N/A	100%	50%			
54	Number of career and vocational guidance programmes implemented	DCS 14	List of employees on vocational training	4	2	100%	100%	100%			
55	Percentage completion of organisational restructuring	DCS 5  DCS 1	Workplace Skills Plan	100%	n/a	N/A	100%	50%			





KPI No.	Key Performance Indicator (KPI) as	Ref.	Portfolio of	2017/2018 Annual Target	2017/18 Mid-Year Target	Actual Performance by 31 December 2017			Reasons for Variation if	Corrective Measure	Internal Audit Review
56	Percentage achievement of talent management and succession planning project plan	DCS	Project Plan	100%	n/a	N/A	N/A	N/A			
57	Number of Health and Safety Programmes implemented		Programme; Attendance Registers	4	2	100%	200%	150%			
58	Number of wellness programmes implemented	DCS 8	Programme; Attendance Registers	4	2	100%	100%	100%			
59	Percentage completion of the development and review of HR Policies	DCS 7	Reviewed Policies	100%	75%	N/A	0%	0%			
TOTAL		DCS 6						64.37			



## 1.8. Analysis of Organizational Performance

Table 4: Mid-Year Performance of the Organization

LOCAL GOVERNMENT KPAS	LEVEL OF PERFORMANCE PER KPI						KPA SCORE
	KPI Not Yet Measured	KPI Not Met	KPI Almost Met	KPI Met	KPI Met Above Target	KPI Met Extremely Far Above Target	
Basic Service Delivery and Infrastructure Development	11	6	2		1	0	89.4%
Good Governance and Public Participation	4	4	1		0	0	48%
Local Economic Development	2		2		2	0	95%
Municipal Financial Viability and Management	7	3	4		1	0	65.4%
Municipal Transformation and Institutional Development	2	4	0	2	0	1	64.4%
Spatial Rationale	3	N/A	N/A	N/A	N/A	N/A	N/A
<b>TOTAL ORGANIZATIONAL SCORE</b>	<b>26</b>	<b>17</b>	<b>9</b>	<b>2</b>	<b>4</b>	<b>1</b>	<b>60.4%</b>

During the Mid-term of 2017/18 financial year, the Municipality had **59 KPI's**. Out of the **59 KPIs** for the quarter **7 KPIs** were achieved, **26 KPIs** were not achieved, and 26 KPIs were not due for implementation (not applicable) for the period under review. To this end the actual performance for the Organization on KPI's during the Mid-Year is **72.4%**.

For the Municipality to be able to realize, and/or even supersede its performance on all its predetermined targets, performance for each of the four (4) must be at 100% or more per Quarter.

The first Quarter's actual performance for the Organization was **69.2%**, which was 30.8% adrift 100% target for the Quarter. During the Second Quarter of the 2017/18 Financial Year, the Municipality's performance was at 83%, which was 17% adrift target for the Quarter under review. The 100%. The performance of the Municipality therefore increased by 14%. Between the two Quarters.



## 1.8. Analysis of Organizational Performance

Table 4: Mid-Year Performance of the Organization

LOCAL GOVERNMENT KPAS	LEVEL OF PERFORMANCE PER KPI						KPA SCORE
	KPI Not Yet Measured	KPI Not Met	KPI Almost Met	KPI Met	KPI Met Above Target	KPI Met Extremely Far Above Target	
Basic Service Delivery and Infrastructure Development	8	6	2		1	0	89.4%
Good Governance and Public Participation	4	4	1		0	0	48%
Local Economic Development	2		2		2	0	95%
Municipal Financial Viability and Management	7	3	4		1	0	65.4%
Municipal Transformation and Institutional Development	2	4	0	2	0	1	64.4%
Spatial Rationale	3	N/A	N/A	N/A	N/A	N/A	N/A
<b>TOTAL ORGANIZATIONAL SCORE</b>	<b>26</b>	<b>17</b>	<b>9</b>	<b>2</b>	<b>4</b>	<b>1</b>	<b>60.4%</b>

During the Mid-term of 2017/18 financial year, the Municipality had 59 KPI's. Out of the 59 KPIs for the quarter 7 KPIs were achieved, 26 KPIs were not achieved, and 26 KPIs were not due for implementation (not applicable) for the period under review. To this end the actual performance for the Organization on KPI's during the Mid-Year is **60.4%**.

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the performance of their respective Directorates as indicated herein, with the primary aim of ensuring sustained improvements per Quarter, which will ultimately culminate into higher Directorates and Organizational Performance annually.

In accordance with the Audit Action Plan, and other incidental factors, the Service Delivery and Budget Implementation Plan of the Municipality will be duly amended as part of the Budget Adjustment processes as well



## CHAPTER TWO: 2017/18 MID-YEAR BUDGET ASSESSMENT

### 2.1. DISCUSSION

The operating billed revenue result for the first six months ending 31 December 2017 is R1 865 million. The billed revenue realized for half yearly results is at **40%** and is below the projected revenue by **10%**.

The operating expenditure result for the first six months ending 31 December 2017 is at **40%** and it is below the projection by **10%**. The year to date expenditure for Capital Acquisition is at 40% (monetary value is **R230 million**).

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. **(Table C4)** to the report is a monthly budget statement (Financial Performance – Revenue).

**(Table C4)** to the report is a monthly budget statement (Financial Performance – Expenditure) for the first six months ending the 31<sup>st</sup> December 2017. The actual results are compared to the budget and contain the percentage for year to date budget revenue and revenue received (billed) as at 31 December 2017. The annexure also have the projected figures for the full year forecast.

**(Table C5)** contains the list of Capital Budget per standard classification and trend. The Capital Expenditure for the first six months of the 2017/2018 financial year is which ended at the 31<sup>st</sup> December 2017 is standing 40% which in monetary value is at **R230 million**. The mentioned expenditure of R230million does not include shadow cost (cost committed such as orders already placed but not yet paid).

**(Table SC)** to the report is a monthly budget statement (Aged Debtors) for the first six months ending the 31<sup>st</sup> December 2017.

**(Table C4)** to the report is a monthly budget statement (Aged Creditors) for the first six months ending the 31<sup>st</sup> December 2017.

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

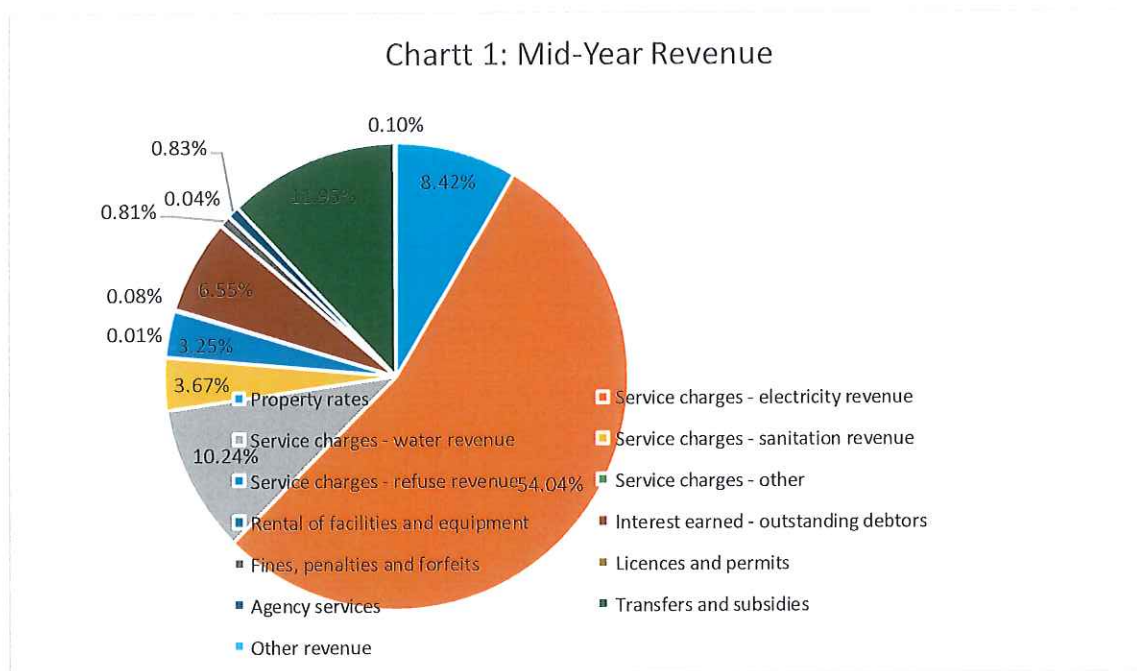


## 2.2. OPERATING BUDGET RESULTS

### 2.2.1. OPERATIONAL REVENUE

The actual revenue received or billed is standing at 40% of the budget and it could be regarded as a negative position in terms of performance. One of the important matter that should be taken into consideration when assessing the current performance is the system challenges that the Municipality has experienced during the implementation of the mSCOA client system in the first half of the financial year. The reporting module is not fully functional and as a result most of the data is incorporated manually into the annexures and tables.

Rustenburg Local Municipality has three major revenue sources namely: Service Charges (Water, electricity, sanitation, refuse removal), Property rates and Government Grants. The chart below depicts revenue earned in the first six month of the financial year.



The highest revenue source is Electricity sales at 54% followed by Government grants at 12% and Water sales at 10%. The sources of revenue that contribute lower percentage are: Sundry income, Licenses and permits, Rental of facilities and Fines, penalties and forfeits.





NW373 Rustenburg - Table C4 Monthly Budget Statement - Financial Performance (revenue) - M06 December

Description	Ref	2016/17	Budget Year 2017/18							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
R thousands									%	
<b>Revenue By Source</b>										
Property rates		306 995	319 434	–	26 607	157 005	319 434	(162 430)	49%	319 434
Service charges - electricity revenue		2 032 113	2 471 460	–	152 321	1 008 182	2 471 460	(1 463 278)	41%	2 471 460
Service charges - water revenue		341 497	546 355	–	29 431	191 014	546 355	(355 341)	35%	546 355
Service charges - sanitation revenue		118 305	300 692	–	11 162	68 524	300 692	(232 168)	23%	300 692
Service charges - refuse revenue		114 755	135 076	–	10 111	60 617	135 076	(74 459)	45%	135 076
Service charges - other		–	239	–	–	159	239	(80)	66%	239
Rental of facilities and equipment		9 320	10 697	–	559	1 473	10 697	(9 224)	14%	10 697
Interest earned - external investments		15 227	16 114	–	–	–	16 114	(16 114)	0%	16 114
Interest earned - outstanding debtors		211 829	208 006	–	32 610	122 194	208 006	(85 812)	59%	208 006
Dividends received		–	–	–	–	–	–	–	–	–
Fines, penalties and forfeits		5 811	1 713	–	–	15 033	1 713	13 320	878%	1 713
Licences and permits		10 584	9 115	–	4	836	9 115	(8 280)	9%	9 115
Agency services		18 975	20 453	–	–	15 562	20 453	(4 891)	76%	20 453
Transfers and subsidies		804 681	651 265	–	–	222 996	651 265	(428 269)	34%	651 265
Other revenue		66 171	25 719	–	1 594	1 921	25 719	(23 799)	7%	25 719
Gains on disposal of PPE		4 042	1 441	–	–	–	1 441	(1 441)	0%	1 441
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>4 060 304</b>	<b>4 717 778</b>	<b>–</b>	<b>264 398</b>	<b>1 865 514</b>	<b>4 717 778</b>	<b>(2 852 264)</b>	<b>40%</b>	<b>4 717 778</b>

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

### Assessment Rates

The assessment rates performance is at 49% by the end of December 2017 which is below the pro rata by 1%. A projection, which includes potential additions of properties in Rustenburg Local Municipality, should be done in order to assess whether the current allocated budget will have to be adjusted or not. Because of this projections on the assessment rates, adjustment will be expected to be done to reduce items that are projected will not realize budgeted revenue and those that are projected to collect more than the budgeted amount.

### Service Charges

Billed amounts on trading services did not perform very well on Service Charges in the first half of the 2017/2018 financial year that ended 31<sup>st</sup> December 2017 with 40% to the budgeted amount. The trading revenue of electricity, water, sanitation, refuse and other is at 41%, 35%, 23%, 45% and 76% respectively.

With summarized analysis, the municipality is anticipating to adjust the budget of all the Service Charges (both increase and reduction) as per the individual performance of each service.



Introduction of the new financial management system led the municipality in experiencing challenges with the billing component and that affected a lot of households and businesses municipal accounts. The disputes on the accounts led to under collection of revenue.

Meter reading has been a challenge in the first half of the financial year. The Municipality's long term strategy is to introduce smart metering system which is proven to produce more accurate meter readings.

### **Rental of Facilities**

The rental of facilities and equipment shows a huge under performance when compared to the pro rata of 50% by the end of December 2017. The revenue for rental of facilities will need to be reduced during the adjustment budget.

On other services charges, the budget must be increased as these services have by midterm already accrued more than 100% of the original budget. The Service delivery Directors have been urged to monitor the performance of their respective revenue streams to maximize performance in terms of generating income and protecting revenue base in line with the planned targets.

### **Interest Received**

Based on the projection for 2017/2018 financial year, it is expected that the interest on investment will have to be adjusted as the municipality cash availability is below the initial anticipated rate.

Interest earned on debtors increased as a result of the increase in outstanding debtors. In the 2017/18 financial year, interest was budgeted at R208 million and with the municipality having appointed debt collectors, it is anticipated that more of the outstanding debts will be collected and that will result in reduction in interest from outstanding accounts. Interest from consumer debtors will not be adjusted.

### **Fines**

Revenue from fines is at 37% and is below the pro rata budget by 13%. Fines: Transgression of By Laws, Summons Fees Recovered and Illegal Dumping on Empty Stands is at 0% and Fines Settlement is at 40% and must be reduced and other services that have collected above 50% must be adjusted. The Municipality has procured a computerized traffic management system in



the second quarter of the financial year, the system will assist the Municipality in electronic capturing of traffic fines and a number of speed trap cameras will also be installed. This will result in improvement on traffic fines revenue performance.

#### **License and Permits**

By the end of December 2017, revenue collected from Licenses and Permits was performing below the expected collection rate when compared to 50% pro rata. The material interruptions experienced during the first quarter of the financial year have resulted in lower number of customers utilizing the Municipality's facilities to apply for licenses and permits.

#### **Income for Agency Services**

Collection on agency services for the first six month of the 2017/2018 financial year is performing well when compared to expected collection rate 50%. It must also be noted that 80% portion of what the municipality collects is paid to the Provincial Government for vehicle testing and licenses and the municipality only keeps 20% as its own revenue.

#### **Operating Grants and Subsidies**

Operating grants and subsidies is performing accordingly. The equitable share is split between the respective service departments based on the provision for doubtful debts. To this date, two trenches (in July and November 2017) have been received by the municipality. Also the Financial Management Grant has been received and the Extended Public Works Programme allocation are also been allocated accordingly as per the payment schedule.

Municipality will utilize the grants received timeously to avoid making an application for the roll over's. All unspent conditional grants revert back to National Revenue Fund if are not utilised on time.

#### **Other Revenue**

The anticipated collection rate for the first half of 2017/2018 financial year is 50% and therefore, collection of sundry revenue item is below the anticipated rate.

#### **Surplus on disposal of assets**

With the budget of R1.4 million for surplus on sale of assets, to this date (31<sup>st</sup> December 2017), the records show no movement of incoming revenue on this Item which translates to 0% collection rate. Council has resolved in November 2017 that all old fleet should be auctioned,

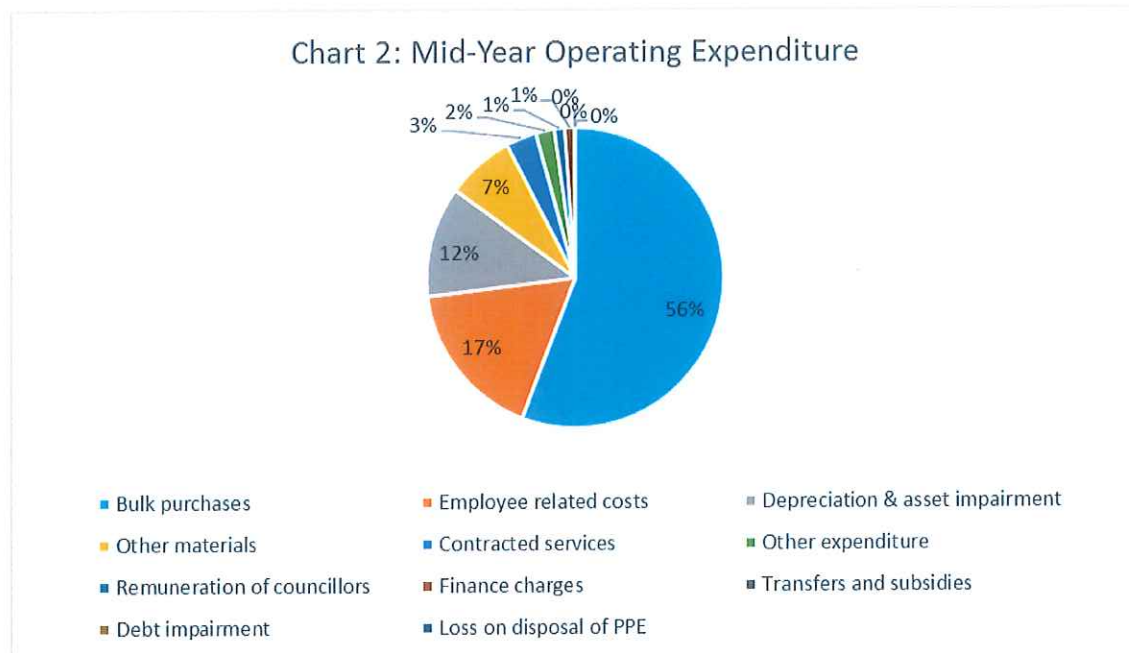




this will result in increase in surplus on disposal of assets. Budget will be adjusted upwards to accommodate the increase in revenue.

### 2.2.2. OPERATIONAL EXPENDITURE

The chart below depicts the proportion of expenditure in the first half of the financial year.



Bulk purchases is the highest expenditure item at 56% followed by employee cost at 17% and Non-cash depreciation at 12%.

The total actual expenditure as at 31 December 2017 is 40% of the budget and is below the pro rata calculations with 10%.



NW373 Rustenburg - Table C4 Monthly Budget Statement - Financial Performance (expenditure) - M06 December

Description	Ref	2016/17	Budget Year 2017/18						
		Audited Outcome	Original Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
R thousands								%	
<b>Expenditure By Type</b>									
Employee related costs		600 721	633 813	51 408	318 073	633 813	(328 270)	50%	633 813
Remuneration of councillors		31 420	34 000	3 360	20 988	34 000	(15 136)	62%	34 000
Debt impairment		3 095	677 534	—	—	677 534	(677 534)	0%	677 534
Depreciation & asset impairment		772 787	440 291	36 691	220 145	440 291	(440 291)	50%	440 291
Finance charges		51 108	61 565	—	20 455	61 565	(41 110)	33%	61 565
Bulk purchases		2 138 677	2 145 936	130 402	1 033 883	2 145 936	(1 112 052)	48%	2 145 936
Other materials		—	146 281	3 100	136 510	146 281	(9 771)	93%	146 281
Contracted services		180 075	241 982	21 099	61 926	241 982	(180 056)	26%	241 982
Transfers and subsidies		50 699	16 021	—	439	16 021	(15 582)	3%	16 021
Other expenditure		237 710	230 116	5 947	37 406	230 116	(192 709)	16%	230 116
Loss on disposal of PPE		—	—	—	—	—	—		—
<b>Total Expenditure</b>		<b>4 066 291</b>	<b>4 627 538</b>	<b>252 007</b>	<b>1 849 826</b>	<b>4 627 538</b>	<b>(3 012 512)</b>	<b>40%</b>	<b>4 627 538</b>

The following matters should be taken into account:

### Councilors and Staff Benefits

Wages and salaries item is at 50% with the expenditure of R318 million by the end of December 2017 for the 2017/2018 financial year. In general, there seem to be an average performance on all the Staff Benefits as budgeted for.

A thorough assessment will be performed during adjustment budget processes in order to determine which directorates or units have already depleted or over spent above the 50% pro rata and also to project others which will deplete their budget before year end.

In whichever scenario, an adjustment will have to be done on votes these items to reduce where there's under expenditure and increase where projections shows there'll be over expenditure.

As at the end of December 2017, the performance was at 62%. Minister of local Government has approved the determination of upper limits of Councilors which will result in R3.4 million budget shortfall. Remuneration of Councilors will have to be adjusted upwards.

The cost to company includes all the earnings plus any company contributions paid by the municipality. The following table illustrates the total cost to company for the 6 months period ending 31 December 2017 for all permanent staff, contract staff and councilors:



EMPLOYEE EARNINGS	July	August	September	October	November	December
1-BASIC AMOUNT	32 039 335.60	32 312 642.45	32 284 684.36	32 197 006.11	32 386 921.58	32 581 762.35
2-ANNUAL BONUS	2 906 076.61	3 356 713.94	2 255 589.88	2 631 669.98	1 526 966.63	1 553 046.92
3-OVERTIME	2 258 590.66	2 520 573.91	2 408 981.52	2 593 423.90	2 687 731.20	2 419 508.09
5-LEAVE PAID	1 594 702.79	137 934.81	475 661.10	919 265.50	55 967.97	527 978.97
6-TRAVEL ALLOWANCE	1 698 472.88	1 700 349.28	1 754 021.40	1 756 522.05	1 761 355.30	1 789 122.03
7-STANDBY	299 102.42	360 194.39	327 917.98	356 978.74	360 400.19	351 526.39
8-HOUSING SUBSIDY	163 070.36	163 327.33	162 530.72	160 140.89	159 344.28	159 302.28
9-PUBLIC HOLIDAY	209 062.16	21 043.18	214 159.20	323 506.45		
A-UNPAID LEAVE	77 611.64	69 094.44	72 700.70	121 974.11	110 303.44	389 572.46
C-SHIFT ALLOWANCE	443 464.63	443 464.63	443 632.28	443 209.16	434 966.34	432 883.93
E-LONG SERVICE	294 367.44	311 930.92	478 892.02	131 620.55	269 707.41	51 759.77
21-CELL PHONE	6 200.00	6 200.00	6 200.00	5 850.00	5 500.00	5 500.00
22-BACKPAY	807 110.17	383 800.55	532 061.53	266 012.48	3 330.12	24 705.53
24-ACTING ALLOWANCE	361 585.47	483 363.12	376 017.78	415 795.93	328 201.47	372 661.91
25-SCARCE SKILLS	61 894.35	71 009.95	84 455.75	89 289.10	72 211.15	73 953.65
26-PERSONAL ALLO	40 205.78	-	23 772.37			
28-SHIFT ALLOWANCE	161 040.12	161 040.12	206 755.05	159 079.20	161 351.76	161 351.76
29-TELEPHONE	335 924.05	182 419.35	170 100.00	170 100.00	170 100.00	170 100.00
2A-MEETING ALLOWANC	394 000.00	382 000.00	384 000.00	362 000.00	388 000.00	498 000.00
2B-SPECIAL ALLOW	2 833.23	2 833.23	2 833.23	2 833.23	2 833.23	2 833.23
2C-DATA BUNDLES	318 138.98	28 645.16	26 700.00	26 700.00	26 700.00	26 700.00
2D-HALF SICK	2 176.70	5 804.52	4 179.26	899.70	17 565.15	3 322.60
2E-SUNDAY TIME	582 647.28	790 708.27	561 887.03	626 029.41	764 201.10	658 272.29
32-TRAVEL NO TAX	3 460.43	-	8 452.70	3 191.57	8 658.24	15 296.54
33-S & T NO TAX	7 327.95	-	9 882.00	6 344.00	9 760.00	18 666.00
36-TRAVEL TAX	5 916.55	-	7 267.94	10 284.95	18 207.40	30 404.01
<b>TOTAL EARNINGS</b>	<b>44 914 741.57</b>	<b>43 745 295.63</b>	<b>43 137 934.40</b>	<b>43 535 778.79</b>	<b>41 474 546.78</b>	<b>41 539 085.79</b>

COMPANY CONTRIBUTIONS						
G-U.I.F.	252 439.82	255 220.17	252 200.19	255 300.50	253 501.17	254 963.37
H-MEDICAL AID	3 108 914.38	3 114 000.00	3 133 451.57	3 123 520.60	3 110 913.66	3 091 939.49
I-PENSION	6 184 323.35	6 119 002.97	6 213 473.64	6 085 731.41	6 076 219.96	6 072 136.24
S-PROVIDENT FUND	20 706.48	20 706.48	20 706.48	20 706.48	20 407.82	21 961.94
T-IND COUNCIL	14 495.25	14 495.25	14 610.75	14 701.50	14 709.75	14 792.25
Z-SKILLS LEVY	429 273.15	432 707.88	431 742.00	432 554.45	416 435.34	412 923.51
<b>TOTAL CC</b>	<b>10 010 152.43</b>	<b>9 956 132.75</b>	<b>10 066 184.63</b>	<b>9 932 514.94</b>	<b>9 892 187.70</b>	<b>9 868 716.80</b>
<b>TOTAL SALARY COST</b>	<b>54 924 894.00</b>	<b>53 701 428.38</b>	<b>53 204 119.03</b>	<b>53 468 293.73</b>	<b>51 366 734.48</b>	<b>51 407 802.59</b>

The travel allowance line item is for transport bearing positions. The meeting allowance is an allowance that ward committee members receive when attending meetings.

The below table illustrates the total cost to company for Remuneration to Councilors for the first half of the financial year until the end of December 2017 only:





COUNCILLORS EARNINGS	July	August	September	October	November	December
1-BASIC AMOUNT	2 045 271.85	2 120 163.94	2 120 459.75	2 120 459.75	2 120 104.35	2 119 594.19
6-TRAVEL ALLOWANCE	210 528.00	210 528.00	222 106.00	222 106.00	222 106.00	222 106.00
29-TELEPHONE	335 924.05	182 419.35	170 100.00	170 100.00	170 100.00	170 100.00
2A-MEETING ALLOWANC	394 000.00	382 000.00	384 000.00	362 000.00	388 000.00	498 000.00
2C-DATA BUNDLES	318 138.98	28 645.16	26 700.00	26 700.00	26 700.00	26 700.00
32-TRAVEL NO TAX	662.05		642.45			1 168.51
33-S & T NO TAX	122.00		1 586.00		610.00	854.00
36-TRAVEL TAX			1 675.15			2 984.72
22-BACKPAY	774 867.79	156 152.17	14 760.98			
27-BACKPAY BASIC	40 205.78					
<b>TOTAL EARNINGS</b>	<b>4 119 720.50</b>	<b>3 079 908.62</b>	<b>2 942 030.33</b>	<b>2 901 365.75</b>	<b>2 927 620.35</b>	<b>3 041 507.42</b>
<b>COMPANY CONTRIB.</b>						
G-U.I.F.						60.00
H-MEDICAL AID	68 785.40	70 476.82	75 289.73	75 289.73	75 698.42	75 698.42
I-PENSION	285 597.35	218 336.87	216 411.13	216 411.13	216 357.84	216 281.31
Z-SKILLS LEVY	33 120.46	26 262.92	26 276.43	26 003.03	26 234.05	26 853.53
<b>TOTAL COMPANY CONTR</b>	<b>387 503.21</b>	<b>315 076.61</b>	<b>317 977.29</b>	<b>317 703.89</b>	<b>318 290.31</b>	<b>318 893.26</b>
<b>TOTAL SALARY COST</b>	<b>4 507 223.71</b>	<b>3 394 985.23</b>	<b>3 260 007.62</b>	<b>3 219 069.64</b>	<b>3 245 910.66</b>	<b>3 360 400.68</b>

### Debt Impairment

The municipality has appointed few service providers to assist with debt collection. The outstanding debtors are standing at R3.7 billion as at 31 December 2017. An adjustment should be done based on the adjustment that will be done on Service Charges an increase of outstanding debtors.

### Depreciation

Depreciation is estimated to be in line with the budget since there are no material variances incurred on the acquisition or major impairment of fixed assets. It is not necessary to make adjustment on depreciation and assets impairment.

### Repairs and Maintenance

This Item of expenditure is one of the most important components. This gives an indication of the service delivery activities and with the performance above the pro rata; it means the lifespan of the municipal assets is expanded. Adjustments will have to be done on this item of expenditure. The expenditure increases on the infrastructure assets is due to the higher repairs requirements on the aging municipal assets. Adjustment will have to be done to increase services on which are performing above 50% and to reduce on those that are under performing or spending below the pro rata.



### **Bulk purchases**

Bulk Purchases is performing relatively well at the moment with 48% by the end of December 2017 but other issues will have to be considered when assessing this Item. With the winter season approaching, an adjustment will be done to accommodate higher electricity consumption period.

### **Contracted Services**

Contracted services are spending is relatively low average of 26%. Again this will mean that there will be need for adjusting the budgeted amounts on this Item of expenditure by the end of December 2017. Additional allocation will have to be done on few services such as Professional Fees, Security Services, Management of Landfill Site, Cleaning: New Incorporated Areas, Water Supply new areas, Water Service Trust and few more others that their performance is ahead of the 50% pro rate. The expenditure services that have performed below the pro rata will also have to be reduces through the adjustment budget.

### **General Expenditure**

Spending by the end of December 2017 is manually calculated at 16% when compared to the expected rate of 50%. Adjustment will 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. Vote that have not spent in the first quarter of the financial year will be reconsidered for moving the budget to other line items where there may be a need for additional budget.

### **2.3. CAPITAL BUDGET RESULTS**

Detail results per unit are contained in **Table C5 Monthly Budget Statement – Capital Expenditure**. The expenditure of Capital budget is at 40% (R230 million). A capital budget to the amount of R581 million was approved by Council on the 02<sup>nd</sup> June 2017 per item 192.



NW373 Rustenburg - Table A5 Consolidated Budgeted Capital Expenditure by vote, standard classification and funding - M06										
	Ref	2016/17	Budget Year 2017/18							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
R thousands	1								%	
<b>Capital Expenditure - Functional Classification</b>										
<i>Governance and administration</i>		11 040	10 000	–	–	–	4 167	(4 167)	-100%	–
Executive and council		–	10 000	–	–	–	4 167	(4 167)	-100%	–
Finance and administration		–	–	–	–	–	–	–		–
Internal audit		11 040	–	–	–	–	–	–		–
<i>Community and public safety</i>		12 863	9 153	–	–	–	3 814	(3 814)	-100%	–
Community and social services		4 997	9 153	–	–	–	3 814	(3 814)	-100%	–
Sport and recreation		7 866	–	–	–	–	–	–		–
Public safety		–	–	–	–	–	–	–		–
Housing		–	–	–	–	–	–	–		–
Health		–	–	–	–	–	–	–		–
<i>Economic and environmental services</i>		335 242	286 815	–	4 650	201 854	119 506	82 348	69%	484 450
Planning and development		–	–	–	–	–	–	–		–
Road transport		335 242	286 815	–	4 650	201 854	119 506	82 348	69%	484 450
Environmental protection		–	–	–	–	–	–	–		–
<i>Trading services</i>		277 108	206 250	–	12 364	28 272	85 938	(57 666)	-67%	67 852
Energysources		76 944	21 700	–	99	2 080	9 042	(6 962)	-77%	4 992
Water management		128 884	170 986	–	7 679	21 606	71 244	(49 638)	-70%	51 854
Waste water management		71 279	13 564	–	4 586	4 586	5 652	(1 066)	-19%	11 006
Waste management		–	–	–	–	–	–	–		–
<i>Other</i>		10 000	69 000	–	–	–	28 750	(28 750)	-100%	–
<b>Total Capital Expenditure - Functional Classification</b>	<b>3</b>	<b>646 252</b>	<b>581 218</b>	<b>–</b>	<b>17 014</b>	<b>230 126</b>	<b>242 174</b>	<b>(12 048)</b>	<b>40%</b>	<b>552 302</b>

There are no internally funded capital projects in the current financial year. Only project that are funded from Grant (national and Provincial) are budgeted. Performance on capital expenditure is below by 10% to the pro rata of 50%

Focus and pressure is being put on all the Directorates to improve performance on capital projects. Service delivery directorates have been tasked to spend on capital projects in order to avoid applying for roll-over next financial year and positioning the Municipality in a position to get additional allocation during DORA adjustment process.

National Treasury has approved the 2016/2017 Conditional Grants Roll Over application and that has to be incorporated into the budget.

A panel of transactional advisers have been appointed to assist the Municipality in sourcing funds for the funding of capital projects and infrastructure development in town.





## 2.4. DEBTORS AGE ANALYSIS

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. **Table SC3 Monthly Budget Statement – Aged Debtors** is debtor's age analysis as at the end of December 2017 for the 2017/2018 financial year. The outstanding consumer debtors as at 31 December 2017 are R3 751 billion.

NW373 Rustenburg - Supporting Table SC3 Monthly Budget Statement - aged debtors - M06 December										
Description	NT Code	Budget Year 2017/18								
		0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total
R thousands										Total over 90 days
<b>Debtors Age Analysis By Income Source</b>										
Trade and Other Receivables from Exchange Transactions - Water	1200	–	–	–	–	–	–	–	–	–
Trade and Other Receivables from Exchange Transactions - Electricity	1300	–	–	–	–	–	–	–	–	–
Receivables from Non-exchange Transactions - Property Rates	1400	–	–	–	–	–	–	–	–	–
Receivables from Exchange Transactions - Waste Water Management	1500	–	–	–	–	–	–	–	–	–
Receivables from Exchange Transactions - Waste Management	1600	–	–	–	–	–	–	–	–	–
Receivables from Exchange Transactions - Property Rental Debtors	1700	–	–	–	–	–	–	–	–	–
Interest on Arrear Debtor Accounts	1810	–	–	–	–	–	–	–	–	–
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	–	–	–	–	–	–	–	–	–
Other	1900	14 052	278 576	134 897	116 171	3 207 503	–	–	–	3 751 199
<b>Total By Income Source</b>	<b>2000</b>	<b>14 052</b>	<b>278 576</b>	<b>134 897</b>	<b>116 171</b>	<b>3 207 503</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>3 751 199</b>
<b>2016/17 - totals only</b>										
<b>Debtors Age Analysis By Customer Group</b>										
Organs of State	2200	–	–	–	–	–	–	–	–	–
Commercial	2300	–	–	–	–	–	–	–	–	–
Households	2400	–	–	–	–	–	–	–	–	–
Other	2500	14 052	278 576	134 897	116 171	3 207 503	–	–	–	3 751 199
<b>Total By Customer Group</b>	<b>2600</b>	<b>14 052</b>	<b>278 576</b>	<b>134 897</b>	<b>116 171</b>	<b>3 207 503</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>3 751 199</b>

In the second quarter of the financial year the Municipality has intensified credit control measures to improve debt collection. External debt collectors have also been appointed to assist the Municipality in collecting on outstanding debtors.

## 2.5. CREDITORS AGE ANALYSIS

**Table SC4 Monthly Budget Statement – Age Creditors** is a creditor's age analysis for the municipality as at the end of December 2017. The amount that the municipality owes to suppliers on 30 days is R67 215 million and over 30 days amounts to R82 300 million and that resulted in the total outstanding amount of R149 516 million.



Item	Detail	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
0100	Bulk Electricity	0	0	0	0	0	0	0	0	0
0200	Bulk Water	0	0	0	0	0	0	0	0	0
0300	PAYE deductions	0	0	0	0	0	0	0	0	0
0400	VAT (output less input)	0	0	0	0	0	0	0	0	0
0500	Pensions / Retirement deductions	0	0	0	0	0	0	0	0	0
0600	Loan repayments	0	0	0	0	0	0	0	0	0
0700	Trade Creditors	67 215 345	30 868 622	40 318 475	9 918 134	1 183 397	5 850	6 019	0	149 515 842
0800	Auditor General	0	0	0	0	0	0	0	0	0
0900	Other	0	0	0	0	0	0	0	0	0
1000	Total	67 215 345	30 868 622	40 318 475	9 918 134	1 183 397	5 850	6 019	0	149 515 842

## 2.6. INVESTMENT REGISTER

INVESTMENTS PORTFOLIO DECEMBER 2017						
Institution	Balance 2017/12/01	New Investment	Interest Received/ Capitalised	Investment Withdrawn	Terms	Closing Balance
<b>ABSA (550/813, 550/823)</b>						
1220000458 (5004)	0.00	0.00	521 134.60	0.00		0.00
9063930063 (5008)	590 000.00	0.00	1 285.07	-1 285.07	31 Days @ 2.9%	590 000.00
2076427525	4 211 937.71	0.00	36 404.98	0.00	90 Days @ 7.05%	4 248 342.69
2072931992	170 000.00	0.00	13 896.73	-13 896.73	30 Days @ 8.13%	170 000.00
2076763430	346 281.38	0.00	5 341.05	0.00	180 Days @ 6.18%	351 622.43
	5 318 219.09	0.00	578 062.43	-15 181.80		5 359 965.12
STANDARD BANK CALL ACCOUNT	511 496.28	0.00	2 501.41	0.00		513 997.69
SANLAM (550/812, 550/827)	6 957 288.58	0.00	0.00	0.00		6 957 288.58
KAGISO ASSET MANAGEMENT (550/827)	5 435 594.82	0.00	0.00	0.00		5 435 594.82
<b>SUB TOTAL</b>	<b>18 222 598.77</b>	<b>0.00</b>	<b>580 563.84</b>	<b>-15 181.80</b>	<b>0.00</b>	<b>18 266 846.21</b>
HOUSING: CURRENT ACCOUNT	14 921 674.14		48 978.56			14 970 652.70
CALL ACCOUNT (4078503088)	743.15	0.00	21 373.36	0.00		22 116.51
ABSA CURRENT ACCOUNT	32 792 717.74					23 106 118.54
SANLAM SHARES	850 960.80					850 960.80
<b>TOTAL</b>	<b>66 788 694.60</b>	<b>0.00</b>	<b>650 915.76</b>			<b>57 216 694.76</b>

As can be seen from the attached Investment Portfolio Register for the month ended 31<sup>st</sup> December 2017, the municipality was at R57.2 million and that included R14.9 million of Housing Current Account.

The Municipality is in the process of liquidating Sanlam shares in order to avoid non-compliance with the Municipal Financial Management Act.



## 2.7. LOANS REGISTER REPORT

LOAN REPAYMENTS JULY 2017 TO JUNE 2018				
LOAN DETAILS	REPAYMENT DATE	CAPITAL	INTEREST	TOTAL REPAYMENT
INCA(Rand Merchant Bank) (R50m)	2017/08/31	1 551 396.03	2 450 672.86	4 002 068.89
INCA(Rand Merchant Bank) (R50m)	2018/02/28			-
ABSA(3017982317) (R20m)	2017/11/30	911 183.66	544 322.47	1 455 506.13
ABSA(3017981971) (R20m)	2017/11/30	1 021 756.54	425 835.73	1 447 592.27
ABSA(3022362516) (R20m)	2017/11/30	811 090.98	653 928.98	1 465 019.96
ABSA(3017982317) (R20m)	31/05/2017			1 455 506.13
ABSA(3017981971) (R20m)	31/05/2017			1 447 592.27
ABSA(3022362515) (R20m)	31/05/2017			1 465 019.96
DBSA (R308m)	2017/12/30	6 032 432.23	13 532 868.25	19 565 300.48
DBSA (R308m)	2018/06/30			-
DBSA (R150m)	2017/12/30	2 734 991.10	6 922 012.80	9 657 003.90
DBSA (R150m)	2018/06/30			-
		13 062 850.54	24 529 641.09	41 960 609.99

This is an indication of the 2017/2018 Loan Repayment Register for both the Capital and Interest portion.

Below is the Interest portion only that has been paid in the first half of the financial year:

INTEREST BUDGET AND EXPENSE												
Dept	Item	Vote	Vote Desc	Budget	Apportionment	Jul	Aug	Sep	Oct	Nov	Dec	Total
01410	100	6 574	INTEREST EXPENSE - EXTERNAL LOANS	14 071 664	31%	-	768 728	-	-	509 444	6 416 297	7 694 470
01320	500	5 290	INTEREST EXPENSE - EXTERNAL LOANS	5 228 687	12%	-	285 641	-	-	189 297	2 384 139	2 859 077
01420	200	5 370	INTEREST EXPENSE - EXTERNAL LOANS	14 579 270	32%	-	796 459	-	-	527 822	6 647 752	7 972 032
01430	200	3 793	INTEREST EXPENSE - EXTERNAL LOANS	5 751 555	13%	-	314 205	-	-	208 227	2 622 553	3 144 985
01440	300	2 016	INTEREST EXPENSE - EXTERNAL LOANS	5 228 687	12%	-	285 641	-	-	189 297	2 384 139	2 859 077
				44 859 863	100%	-	2 450 673	-	-	1 624 087	20 454 881	24 529 641
							INCA			ABSA		





## 2.8. SUPPLY CHAIN MANAGEMENT

The approved total number of deviations for the month of December 2017 is standing at seven (7) amounting to **R 1 863 985.13** see the attached **annexure A** for detailed line items.

Below is the spending per directorate:

Corporate Support	R 132 903.04
Community Development	R 390 144.99
Technical & Infrastructure Services	<u>R1 340 936.20</u>
	<u><b>R1 863 985.13</b></u>

NO	REASON FOR DEVIATION	VENUE/AREA WHERE SERVICE WAS RENDERED	ROOT CAUSE	DESCRIPTION FOR SERVICE PROVIDED	SUPPLIER	DIRECTORATE	AMOUNT (VAT incl)	DATE
47	Produced or available from a single provider only	Missionary Mpheni house (records Office)	Export of data from old system of Dr Doc to the new system	Dr Doc System data	Delta link Consulting	DCS – Support services	R132 903.94	29/11/2017
48	Emergency (Not as result of poor planning).	Missionary Mpheni House	Maintenance and upgrade	Maintenance and upgrade of galvanized pipes for storm water pipes.	Drain Surgeon	DCD – Civil Facilities	R347 044.99	06/12/2017
49	Exceptional case where it is impractical or impossible to follow the Supply Chain Management Policy	Vehicle workshop	Repair of jet cleaner for engineering conversion & reinstatement of vacuum system	Re-instate high pressure jetting system	K & D Mine Suppliers (PTY) Ltd	DTIS – Vehicle workshop	R928 103.31	08/12/2017
51	Emergency (Not as result of poor planning).	Civic Centre	Sound Audio	Installation & repair of audio visual	Mafika Productions (PTY) Ltd	DCD: Civic Centre	R43 100.00	06/12/2017
52	Emergency (Not as result of poor planning).	Half a million Reservoir	Servicing of a control Valve	Servicing 200MM altitude level valve	J & S Valves & plant cc	DTIS – Water	R102 628.04	18/12/2017
53	Emergency (Not as result of poor planning).	Marikana & Bokamoso Reservoir	Servicing of a control Valve	Servicing 150MM altitude level valve	J & S Valves & plant cc	DTIS – Water	R310 204.85	21/12/2017

Suitable Planning has to improve from the Directorates to avoid unnecessary deviations as this reflects unfavorably to the Municipality with regard to compliance with the SCM policy.

**BIDS AWARDED****SEVEN DAYS QUOTATIONS**

Below are the number and the value of orders approved for the month of July, August, September, October, November and December 2017 through 7 days Quotation process:

- There were no orders approved for July 2017
- Three (03) orders were approved for August 2017 with the total value of R447 698,19
- Only one (01) order was approved for September 2017 with the total value of R108 000,00
- Two orders were approved for October 2017 with the total value of R142 985,00
- Only one order (01) order was approved for November 2017 with the total value of R149 640,00
- There were no orders approved for December 2017



### ORDERS BELOW R30 000.00

Below are the number and the value of orders approved under R30 000.00 for the month of July, August, September, October, November and December 2017:

- Fifteen (15) orders were approved for **July 2017** with the total value of R 65 700,06
- Two Hundred and Twenty Two (220) orders were approved for **August 2017** with the total value of R1 824 137.95
- One Hundred and Sixty Four (164) orders were approved for **September 2017** with the total value of R1 100 977,43
- One Hundred and Seven Four (174) were approved for **October 2017** with the total value of R1 180 221,64
- One Hundred and Forty-One (141) orders were approved for **November 2017** with the total value of R1 269 170.13
- Nine Two (92) Orders were approved for **December 2017** with the total value of with the total value of R558 061.96

### 2.9. CONCLUSION

Considering the above financial assessment and forecasting figures on the annual budget on the first six month ended 31<sup>st</sup> December 2017 of the 2017/2018 financial year, it is recommended that an adjustment budget for 2017/2018 is required to cater for the shift of funds between votes. The adjusted budget will be submitted to Council by the end of February 2018.



## CHAPTER THREE: MUNICIPAL MANAGER'S QUALITY CERTIFICATION AND APPROVAL PROTOCOLS

### 3.1. QUALITY CERTIFICATION

*I, **NQOBILE S SITHOLE**, in my capacity as the Municipal Manager of Rustenburg Local Municipality, hereby certify that the Municipal Manager's Report on the Mid-Year Budget and Performance Assessment Report as at 31 December 2017 has been prepared in accordance with the Local Government: Municipal Finance Management Act, Act 58 of 2003 and the incidental Regulations thereto.*

Signature: .....

Date: .....

### 3.2. APPROVAL PROTOCOLS

.....

**Ms. NS SITHOLE**  
**MUNICIPAL MANAGER**

25/01/2018  
.....  
**DATE**

.....  
**CLLR M KHUNOU**  
**EXECUTIMAYOR**

25/01/2018  
.....  
**DATE**







RUSTENBURG WATER SERVICES TRUST  
6 MONTH MANAGEMENT ACCOUNTS  
FOR THE PERIOD ENDING DECEMBER 2017

Prepared by:  
Batseta Holdings  
Administrator:  
Pet Maas  
083 445 7287

RUSTENBURG WATER SERVICES TRUST  
MANAGEMENT ACCOUNTS  
FOR THE PERIOD ENDING DECEMBER 2017

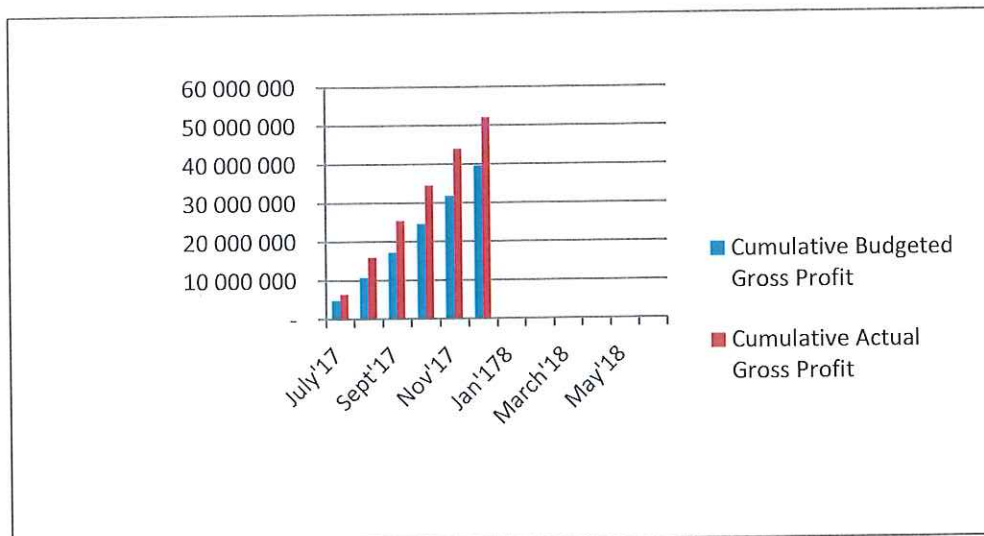
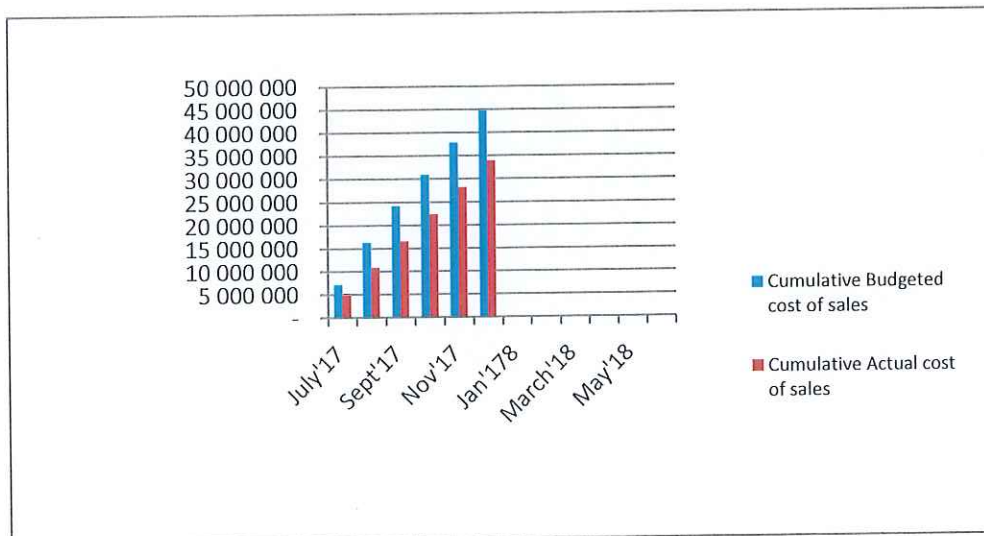
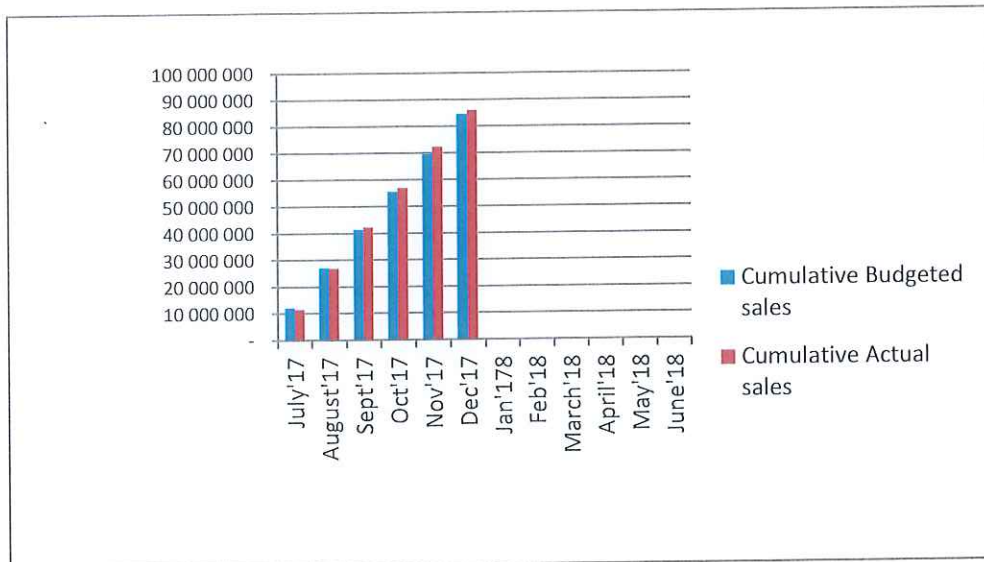
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- 3.1      Income statements
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- 3.3      Notes to the management accounts
  
4.        PROJECTIONS
- 4.1      Operating budget - Revised

# RUSTENBURG WATER SERVICES TRUST GRAPHS FOR THE PERIOD ENDING DECEMBER 2017



## 1. Graphs





RUSTENBURG WATER SERVICES TRUST  
ADMINISTRATOR'S REPORT  
FOR THE PERIOD ENDING DECEMBER 2017



2.1 Trust Administration Agreement

2.1.1 **Rustenburg Local Municipality**  
Supply period: 2017/11/25 to 2017/12/25 (30days)

The Trust rendered invoices for the period ended December '17

At Boitekong Sewage treated was 242,357 kl for the supply period.

This gives a daily average for Boitekong of 8,079 kl per day for the period.

At Rustenburg Sewage treated was 1,080,117 kl for the supply period.

This gives a daily average for Rustenburg of 36,004 kl per day for the period.

At Bospoort Treatment plant 300,792 kl was treated for the supply period.

This gives a daily average for Bospoort of 10,026 kl per day for the period.

At Kloof Treatment plant 21,330 kl was treated for the supply period.

This gives a daily average for Kloof of 711 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 Ml per day for 30 days.

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

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

2.1.2 **Debtors:**

Total Debtors at end of December 2017 was R 108,045,341

Customer Age Analysis for Monthly Customers as at December 17

Name	90 Days +	60 Days	30 Days	Current	Total Due
Impala Platinum Ltd	-	-	2 813 955.81	2 303 939.75	5 117 895.56
Rustenburg Local Municipality	52 465 052.47	11 316 088.70	11 729 108.76	10 303 127.47	85 813 377.40
RLM - EOH Recovery	7 610 910.18	-	660 045.18	248 113.02	8 519 068.38
RLM - MIG Funding	-	-	1 862 053.20	-	1 862 053.20
Rustenburg Platinum Mines Ltd	-	-	3 503 420.70	3 229 525.85	6 732 946.55
<b>Totals :</b>	<b>60 075 962.65</b>	<b>11 316 088.70</b>	<b>20 568 583.65</b>	<b>16 084 706.09</b>	<b>108 045 341.09</b>
<b>%</b>	<b>56%</b>	<b>10%</b>	<b>19%</b>	<b>15%</b>	<b>100%</b>

2.1.3 **Earnings:**

For the month, the Earnings was R 4,830,296 against a budget of R 3,892,863

The difference is a positive or (negative variance) of R ,937,433

For the 6 months , the Earnings was R 29,143,525 against a budget of R 16,051,008

The difference is a positive or (negative variance) of R 13,092,518

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 20,985,359 vs a budget of R 33,543,852

The difference is a positive or (negative) variance of R -12,558,494

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 1 401 780.50

2.1.6 Interest received for the month was: R 899 424.90

**RUSTENBURG WATER SERVICES TRUST  
ADMINISTRATOR'S REPORT  
FOR THE PERIOD ENDING DECEMBER 2017**



**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
Professional Indemnity	P00970	2017/01/31
Assets All Risk Rustenburg Sewerage	SACOM4491632	2016/08/31

2.2.2	WSSA's performance guarantee was issued by Lombard Insurance Company	C201452315	Renewal date 2017/09/30
-------	--	------------	----------------------------

**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	7 850 110.14	4.50%
Distribution Call Account	36 429 719.55	5.60%
Industrial Reserve Account	3 097 694.83	7.12%
Contingency Reserve Account	15 301 972.33	7.12%
Debt Service Reserve Account	68 553 279.47	7.12%
	<u>131 232 776.32</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			6 842 092	41 481 593
Avg Installment	20 572 962	6	<u>3 428 827</u>	<u>20 572 962</u>
			2.00	2.02

**DSCR incl cash reserves:**

EBIT and depreciation			6 842 092	41 481 593
Cash			<u>131 232 776</u>	<u>131 232 776</u>
			138 074 869	172 714 369
Installment	20 572 962	6	<u>3 428 827</u>	<u>20 572 962</u>
			40.27	8.40

**Required Reserve Levels:**

	Current Level	Required Level	Positive Diff
Debt Service Reserve	68 553 279	41 141 521	27 411 759
Contingency Reserve	15 301 972	10 000 000	5 301 972
Industrial Reserve	3 097 695	2 000 000	1 097 695
	<u>86 952 947</u>	<u>53 141 521</u>	<u>33 811 426</u>

**2.5 Capital projects**

	CURRENT ESTIMATES	YTD ACTUALS
2.5.1 Anglo DAF unit		
Construction **	42 000 000.00	40 162 613.10
Professional fees	10 000 000.00	8 886 912.56
2.5.2 Monakato WWTW inlet works		
Construction	10 000 000.00	
Professional fees	1 000 000.00	316 539.50
2.5.3 Bospoort pipe		
Construction **	150 000 000.00	
Professional fees	15 000 000.00	2 768 173.28
2.5.4 Bospoort WTW plant extension		
Construction	90 000 000.00	8 078 822.57
Professional fees	9 000 000.00	8 950 034.50
2.5.5 Boitekong WWTW plant extension		
Construction	139 000 000.00	99 004 783.30
Professional fees	13 900 000.00	19 881 075.25
2.5.6 Kloof WTW alternatives		
Construction	100 000.00	
Professional fees	10 000.00	16 362.50
<b>TOTAL COSTS</b>	<b>480 010 000.00</b>	<b>188 065 316.56</b>

**2.6 Issues**

- 2.6.1 Recoverability of RLM debt??
- 2.6.2 MSCOA implementation
- 2.6.3 Construction of Bospoort Plant Project
- 2.6.4 Management of the M&E construction contract - Alula
- 2.6.5 Trust admin and O&M contractors tenders - delayed!
- 2.6.6 2018/19 budget preparation

RUSTENBURG WATER SERVICES TRUST  
INCOME STATEMENT  
FOR THE PERIOD ENDING DECEMBER 2017



Consolidated

	Notes	CURRENT MONTH			YEAR TO DATE		
		Budget	Actual	Variance	Budget	Actual	Variance
				%			%
Water sales - MI		1 960 121	1 644 695	-16%	10 863 955	10 723 673	-1%
<b>Revenue</b>	9	14 722 790	13 632 066	-7%	83 994 208	85 617 176	2%
<b>Income</b>							
<b>Cost of sales</b>							
Direct expenses	10	-	-	0%	-	-	0%
Production overheads - fixed	11	3 018 961	2 062 439	32%	18 176 647	12 303 332	32%
Production overheads - variable	12	3 503 100	3 134 907	11%	23 657 529	18 858 008	20%
<b>Total cost of sales</b>		6 522 061	5 197 346	20%	41 834 176	31 161 340	26%
<b>Gross margin</b>		8 200 729	8 434 720	3%	42 160 032	54 455 835	29%
<b>Income</b>		8 200 729	8 434 720	3%	42 160 032	54 455 835	29%
Gross margin		606 354	899 425	48%	3 490 423	4 780 577	37%
Interest received	14	56 731	14 815	-74%	340 389	918 641	170%
Other income & expenses	15						
		8 863 814	9 348 960	5%	45 990 843	60 155 054	31%
<b>Expenditure</b>							
Administrators' Fee & Grap Compliance	16	170 482	115 941	32%	1 022 894	1 941 377	-90%
Auditors' Fee	17	127 083	-	100%	412 276	370 476	10%
Council levies	18	-	-	0%	-	-	0%
Insurance	19	-	66 105	-100%	-	396 966	-100%
Leases	21	195 380	129 161	34%	195 380	129 161	34%
Other expenses	22	354 476	199 675	44%	3 829 169	2 312 363	40%
Other WSSA overheads	13	1 164 545	1 096 561	6%	6 987 271	8 742 542	-25%
		2 011 966	1 607 443	20%	12 446 990	13 892 884	-12%
<b>Earnings before Interest, Depreciation &amp; Amortisation (EBITDA)</b>		6 851 849	7 741 517	13%	33 543 852	46 262 170	38%
Interest paid	23	(1 508 986)	(1 509 441)	0%	(8 792 845)	(8 795 478)	0%
Depreciation	24	(1 450 000)	(1 401 781)	3%	(8 700 000)	(8 277 167)	5%
MIG Grant Funding Received	15	-	4 071 057	100%	-	25 230 812	100%
<b>NET INCOME - before and after taxation</b>		3 892 863	8 901 353	129%	16 051 008	54 420 337	239%
Income distributions		-	-	0%	-	-	0%
<b>RETAINED INCOME - for the period</b>		3 892 863	8 901 353	129%	16 051 008	54 420 337	239%
<b>RETAINED INCOME - at beginning of year</b>						382 720 620	
<b>RETAINED INCOME - at end of period</b>						437 140 958	



RUSTENBURG WATER SERVICES TRUST  
INCOME STATEMENT  
FOR THE PERIOD ENDING DECEMBER 2017



Boitekong

	Notes	Budget	Actual		Budget	Actual	
		R	R	%	R	R	%
Water sales - MI		440 640	242 357	-45%	2 090 164	2 334 601	12%
Revenue							
STC Income	9	1 675 753	921 684	-45%	7 948 896	8 878 488	12%
Cost of sales							
Direct expenses	10	-	-	0%	-	-	0%
Production overheads - fixed	11	400 392	377 562	6%	2 426 390	2 218 289	9%
Production overheads - variable	12	608 220	297 997	51%	2 923 852	2 870 575	2%
		1 008 613	675 559	33%	5 350 242	5 088 864	5%
Gross margin		667 140	246 125	-63%	2 598 654	3 789 623	46%

Rustenburg

	Notes	Budget	Actual		Budget	Actual	
		R	R	%	R	R	%
Water sales - MI		1 201 757	1 080 117	-10%	6 779 766	6 373 727	-6%
Revenue							
STC Income	9	4 570 282	4 107 685	-10%	25 783 451	24 239 284	-6%
Irrigation Pipeline Revenue	10	-	-	0%	-	-	0%
RLM Sales - Off take	10	751 027	726 840	-3%	4 312 346	4 312 584	0%
Impala Sales - Off take	10	1 838 668	1 901 713	3%	10 557 512	11 132 618	5%
RPM Sales - Off take	9	2 758 002	2 763 982	0%	15 836 267	17 120 405	8%
		9 917 978	9 500 219	-4%	56 489 576	56 804 891	1%
Cost of sales							
Direct expenses	10	-	-	0%	-	-	0%
Production overheads - fixed	11	1 668 280	929 880	44%	10 026 673	5 604 404	44%
Production overheads - variable	12	1 992 604	2 025 001	-2%	15 062 397	11 260 043	25%
		3 660 883	2 954 881	19%	25 089 070	16 864 447	33%
Gross margin		6 257 095	6 545 339	5%	31 400 506	39 940 444	27%

RUSTENBURG WATER SERVICES TRUST  
INCOME STATEMENT  
FOR THE PERIOD ENDING DECEMBER 2017



Bospoort

	Notes	Budget R	Actual R	%	Budget R	Actual R	%
Water sales - MI		291 378	300 792	3%	1 836 424	1 832 703	0%
<b>Revenue</b>							
Bospoort Pipeline Revenue	9	270 981	279 737	3%	1 707 874	1 704 414	0%
Water Sales	9	2 324 261	2 435 817	5%	14 648 788	14 830 677	1%
		2 595 242	2 715 553	5%	16 356 662	16 535 091	1%
<b>Cost of sales</b>							
Direct expenses	10	-	-	0.0	-	-	0.0
Production overheads - fixed	11	485 901	339 188	30%	2 927 548	2 023 409	31%
Production overheads - variable	12	890 958	797 387	11%	5 615 314	4 647 745	17%
		1 376 859	1 136 576	17%	8 542 862	6 671 153	22%
<b>Gross margin</b>		<b>1 218 382</b>	<b>1 578 977</b>	<b>30%</b>	<b>7 813 800</b>	<b>9 863 938</b>	<b>26%</b>

Kloof

	Notes	Budget R	Actual R	%	Budget R	Actual R	%
Water sales - MI		26 347	21 429	-19%	157 600	182 642	16%
<b>Revenue</b>							
Kloof Potable Water Sales	10	210 036	170 829	-19%	1 256 391	1 456 023	16%
		210 036	170 829	-19%	1 256 391	1 456 023	16%
<b>Cost of sales</b>							
Production overheads - fixed	12	133 665	138 721	-4%	804 417	811 410	-1%
Production overheads - variable	13	6 671	6 142	8%	39 905	51 822	-30%
		140 336	144 863	-3%	844 322	863 232	-2%
<b>Gross margin</b>		<b>69 700</b>	<b>25 967</b>	<b>-63%</b>	<b>412 069</b>	<b>592 790</b>	<b>44%</b>

Monakato and Lethabong and other

	Notes	Budget R	Actual R	%	Budget R	Actual R	%
Water sales - MI		-	-	0%	-	-	0%
<b>Revenue</b>							
Monakato and Lethabong Treatment Charge	10	323 781	323 781	0%	1 942 683	1 942 683	0%
		323 781	323 781	0%	1 942 683	1 942 683	0%
<b>Cost of sales</b>							
Production overheads - fixed	12	330 723	277 088	16%	1 991 619	1 645 820	17%
Production overheads - variable	13	4 647	8 380	-80%	16 061	27 823	-73%
Effluent Charges	16						
		335 370	285 468	15%	2 007 680	1 673 644	17%
<b>Gross margin</b>		<b>(11 589)</b>	<b>38 313</b>	<b>431%</b>	<b>(64 997)</b>	<b>269 040</b>	<b>514%</b>

**RUSTENBURG WATER SERVICES TRUST**  
**BALANCE SHEET**  
**FOR THE PERIOD ENDING DECEMBER 2017**



	Notes	BUDGET R	ACTUAL R
<b>CAPITAL EMPLOYED</b>			
<i>Statutory Funds</i>	1	1 000	1 000
<i>Distribution to Beneficiary</i>		(650 000)	(650 000)
<i>Reserves</i>		266 482 706	266 482 706
<i>Accumulated Funds</i>	2	398 771 628	437 140 958
<i>Long term Liabilities</i>	3	128 505 921	128 505 921
		<b>793 111 255</b>	<b>831 480 585</b>
<b>EMPLOYMENT OF CAPITAL</b>			
<i>Property, plant and equipment</i> Owned	4	607 814 531	607 814 531
		<b>607 814 531</b>	<b>607 814 531</b>
<i>Current assets</i>			
Trade & other receivables	5	-	108 045 341
Cash resources	6	184 926 842	131 232 776
Other debtors	7	369 882	369 882
		<b>185 296 725</b>	<b>239 648 000</b>
<i>Current liabilities</i>			
Trade & other payables	8	-	15 981 945
Current portion of borrowings	3	-	-
		-	15 981 945
		<b>185 296 725</b>	<b>223 666 055</b>
<i>Net current assets</i>		<b>793 111 256</b>	<b>831 480 586</b>
			<b>1</b>



RUSTENBURG WATER SERVICES TRUST  
NOTES TO THE MANAGEMENT ACCOUNTS: Balance Sheet  
FOR THE PERIOD ENDING DECEMBER 2017



	BUDGET R	ACTUAL R
<b>1 STATUTORY FUNDS</b>		
Asset financing fund		
Balance at beginning of year	1 000	1 000
Contributions from revenue	-	-
Net profit on disposal of property, plant and equipment	-	-
Interest earned on external investments	-	-
	1 000	1 000
Assets financed	-	-
	1 000	1 000
<b>2 ACCUMULATED FUNDS</b>		
Balance at beginning of period	382 720 620	382 720 620
Net profit/(loss) for the period - Per Income statement	16 051 008	54 420 337
Transferred to non-distributable reserves		
Balance at end of period	398 771 628	437 140 958
<b>3. LONG TERM LIABILITIES</b>		
Bank borrowings		
ABSA Bank limited	126 219 334	126 219 334
ABSA + Capitalised Interest		-
DWAF Loan		
Finance lease liabilities	2 286 587	2 286 587
Rustenburg Local Municipality		
Closing Balance	128 505 921	128 505 921
<b>4. PROPERTY, PLANT AND EQUIPMENT</b>		
Owned assets O/B		
Infrastructure assets - As per introduction page	607 814 531	607 814 531
Other assets - Capitalised Interest		-
	607 814 531	607 814 531
<b>5. TRADE &amp; OTHER RECEIVABLES</b>		
Total (refer to Admin report 1.1.1.2 for breakdown)	-	108 045 341
Debtors' ageing		
Current	-	16 084 706
30 days	-	20 568 584
60 days	-	11 316 089
90 days	-	60 075 963
120 - 365 days	-	-
+365 days	-	-
	-	108 045 341

RUSTENBURG WATER SERVICES TRUST  
NOTES TO THE MANAGEMENT ACCOUNTS: Balance Sheet  
FOR THE PERIOD ENDING DECEMBER 2017



	BUDGET R	ACTUAL R
<b>6. CASH RESOURCES</b>		
ABSA Bank Limited		
<i>Distribution Reserve Account</i>		
Opening Balance	163 850 351	31 272 518
Transfers (in/out)		
Movement	21 076 491	(23 422 408)
Interest		
Payments		
Balance at end of period	184 926 842	7 850 110
<i>Distribution Call Account</i>		
Balance at beginning of period	-	46 180 660
Transfers (in/out)		
Movement		(9 750 941)
Payments		
Balance at end of period	-	36 429 720
<i>Industrial Reserve Account</i>		
Balance at beginning of period	-	3 077 974
Transfers (in/out)		
Movement		19 721
Payments		
Balance at end of period	-	3 097 695
<i>Debt Service Reserve Account</i>		
Balance at beginning of period	-	68 114 990
Transfers (in/out)		
Movement		438 290
Payments		
Balance at end of period	-	68 553 279
<i>Contingency Reserve Account</i>		
Balance at beginning of period	-	15 204 209
Transfers (in/out)		
Movement		97 763
Payments		
Balance at end of period	-	15 301 972
	184 926 842	131 232 776

Investments

The funds of the Trust are invested in the following accounts.  
Money will be transferred as per the Cash Management Plan.  
ABSA will give detailed feedback on interest earned on these accounts.

	Effective Rate %	Amount
Distribution Reserve Account	4.50%	7 850 110
Distribution Call Account	5.60%	36 429 720
Debt Reserve Account	7.12%	68 553 279
Contingency Reserve Account	7.12%	15 301 972
Industrial reserve Account	7.12%	3 097 695
Other Cheque Account		131 232 776

<b>7. OTHER DEBTORS</b>		
Prepaid expense	369 882	369 882
	369 882	369 882
<b>8. TRADE &amp; OTHER PAYABLES</b>		
Trade creditors		14 591 000
ABSA accrued Interest	-	-
SARS - VAT	-	1 390 945
Tender Deposit	-	-
Magalies - Eskom Control		-
Unknown Deposit		-
Balance at end of period	-	15 981 945

RUSTENBURG WATER SERVICES TRUST  
 NOTES TO THE MANAGEMENT ACCOUNTS: Fixed Assets  
 FOR THE PERIOD ENDING DECEMBER 2017



OWNED ASSETS		
	Property, plant & equipment	Capital projects
		Total
4		
4.1	As at December 2017	
	Cost	967 798 232
	Accumulated depreciation	(548 049 018)
	Carrying amount	419 749 214
		188 065 317
		607 814 531



RUSTENBURG WATER SERVICES TRUST  
NOTES TO THE MANAGEMENT ACCOUNTS: Income Statement  
FOR THE PERIOD ENDING DECEMBER 2017



			CURRENT MONTH			YEAR TO DATE		
			Budget	Actual	Variance %	Budget	Actual	Variance %
Water Treatment - Ml								
	Boitekong		440 640	242 357	-45%	2 090 164	2 334 601	12%
	Rustenburg		1 201 757	1 080 117	-10%	6 779 766	6 373 727	-6%
	Impala		327 398	338 624	3%	1 879 899	1 982 304	5%
	Rustenburg Platinum Mines		491 097	492 162	0%	2 819 848	3 048 505	8%
	RLM Off Take		123 993	120 000	-3%	711 961	712 000	0%
	Rustenburg - Irrigation Pipeline Revenue		-	-	0%	-	-	0%
	Bospoort Potable Water		291 553	305 546	5%	1 837 530	1 860 346	1%
	Bospoort Pipeline		291 378	300 792	3%	1 836 424	1 832 703	0%
	Kloof Potable Water		26 347	21 429	-19%	157 600	182 642	16%
			3 194 163	2 901 027	9%	18 113 193	18 326 828	-1%
9.	INCOME							
9.1	Boitekong - Sewage Treatment Charge		1 675 753	921 684	-45%	7 948 896	8 878 488	12%
9.2	Rustenburg - Sewage Treatment Charge		4 570 282	4 107 685	-10%	25 783 451	24 239 284	-6%
9.3	Impala Off Take		1 838 668	1 901 713	3%	10 557 512	11 132 618	5%
9.4	RPM - Off Take		2 758 002	2 763 982	0%	15 836 267	17 120 405	8%
9.5	RLM Off Take		751 027	726 840	-3%	4 312 346	4 312 584	0%
9.6	Rustenburg - Irrigation Pipeline Revenue		-	-	0%	-	-	0%
9.7	Bospoort Potable Water		2 324 261	2 435 817	5%	14 648 788	14 830 677	1%
9.8	Bospoort Pipeline		270 981	279 737	3%	1 707 874	1 704 414	0%
9.9	Kloof		210 036	170 829	-19%	1 256 391	1 456 023	16%
8.10	Monakato and Lethabong		323 781	323 781	0%	1 942 683	1 942 683	0%
			14 722 790	13 632 066	-7%	83 994 208	85 617 176	2%
11.	PRODUCTION OVERHEADS - FIXED							
11.1	Boitekong - Routine maintenance		157 066	12 235	92%	862 902	73 411	91%
	- Labour		198 824	172 556	13%	1 203 218	1 035 333	14%
	- Overheads		44 502	192 771	-333%	360 270	1 109 545	-208%
			400 392	377 562	6%	2 426 390	2 218 289	9%
11.2	Rustenburg - Routine maintenance		463 302	36 034	92%	2 796 805	216 205	92%
	- Labour		722 319	620 725	14%	4 333 914	3 724 348	14%
	- Overheads		482 659	273 121	43%	2 895 954	1 663 851	43%
			1 668 280	929 880	44%	10 026 673	5 604 404	44%
11.3	Bospoort - Routine maintenance		122 244	27 780	77%	745 605	166 679	78%
	- Labour		312 286	257 569	18%	1 873 716	1 545 416	18%
	- Overheads		51 371	53 839	-5%	308 227	311 314	-1%
			485 901	339 188	30%	2 927 548	2 023 409	31%
11.4	Kloof - Routine maintenance		15 377	2 712	82%	94 691	16 273	83%
	- Labour		50 238	54 864	-9%	301 427	329 183	-9%
	- Overheads		68 050	81 145	-19%	408 299	465 954	-14%
			133 665	138 721	-4%	804 417	811 410	-1%
11.5	Monakato and Lethabong - Routine maintenance		25 668	9 598	63%	161 294	57 585	64%
	- Labour		235 231	193 904	18%	1 411 385	1 163 425	18%
	- Overheads		69 823	73 586	-5%	418 940	424 810	-1%
			330 723	277 088	16%	1 991 619	1 645 820	17%
			3 018 961	2 062 439	32%	18 176 647	12 303 332	32%

RUSTENBURG WATER SERVICES TRUST  
NOTES TO THE MANAGEMENT ACCOUNTS: Income Statement  
FOR THE PERIOD ENDING DECEMBER 2017



CURRENT MONTH			YEAR TO DATE		
Budget	Actual	Variance %	Budget	Actual	Variance %
<b>12. PRODUCTION OVERHEADS - VARIABLE</b>					
<b>12.1 Boitekong</b>					
608 220	282 460	51%	2 923 852	2 720 906	2%
12.1.1 Variable : Electrical	15 537			149 668	
12.1.2 Variable : Chemicals					
608 220	297 997	51%	2 923 852	2 870 575	2%
<b>12.2 Rustenburg</b>					
1 992 604	1 817 029	-2%	15 062 397	10 103 613	25%
12.2.1 Variable : Electrical	207 972			1 156 430	
12.2.2 Variable : Chemicals					
13.2.3 Rustenburg - Irrigation Pipeline		0%	-		0%
1 992 604	2 025 001	-2%	15 062 397	11 260 043	25%
<b>12.3 Bospoort</b>					
460 120	271 740	28%	2 899 935	1 655 694	31%
12.3.1 Variable : Electrical	58 570			356 860	
12.3.2 Variable : Chemicals					
12.3.3 Raw Water Cost	430 838	-8%	2 715 379	2 635 191	3%
890 958	797 387	11%	5 615 314	4 647 745	17%
<b>12.4 Kloof</b>					
6 671	6 142	8%	39 905	51 822	-30%
12.4.1 Variable : Chemicals & Electrical					
6 671	6 142	8%	39 905	51 822	-30%
<b>12.5 Monakato and Lethabong</b>					
4 647	8 380	-80%	16 061	27 823	-73%
12.5.1 Variable : Chemicals & Electrical					
4 647	8 380	-80%	16 061	27 823	-73%
3 503 100	3 134 907	11%	23 657 529	18 858 008	20%
<b>13. OTHER WSSA OVERHEADS</b>					
-	64 653		-	387 920	
14.1 Day works + Prov Sums					
735 170	693 532	16%	4 411 017	6 324 369	-68%
14.2 Repairs & maintenance					
429 376	338 375		2 576 254	2 030 252	
14.2 Management + General staff					
1 164 545	1 096 561	6%	6 987 271	8 742 542	-25%
<b>14. INTEREST RECEIVED</b>					
606 354	899 425	48%	3 490 423	4 780 577	37%
<b>15. OTHER INCOME &amp; EXPENSES</b>					
<b>15.1 Boitekong Rustenburg &amp; Bospoort</b>					
4 071 057		100%	-	25 230 812	100%
15.1.1 Grants Received					
15.1.2 Profit/(loss) on disposal of fixed assets	-	0%	-	-	0%
15.1.3 Sundry income	-	0%	-	46 000	100%
15.1.4 Effluent Income RLM - Fixed	100 477	74 076	602 863	509 562	-15%
15.1.5 Operator Cost - Effluent	(80 382)	(59 261)	(482 290)	(407 650)	15%
16.1.6 Bulk Sewer Pipe Cleaning - Income	457 950		2 747 700		-100%
16.1.7 Bulk Sewer Pipe Cleaning - Expense	(421 314)		(2 527 884)		-100%
16.1.7 IMQS income	665 625	217 643	3 993 750	2 336 902	-41%
16.1.7 IMQS Cost	(665 625)	(217 643)	(3 993 750)	(1 566 173)	-61%
16.1.7 RW Water Pressure - Income	-		-		0%
16.1.7 RW Water Pressure - Expenses	-		-		0%
56 731	4 085 872	7102%	340 389	26 149 453	7582%
<b>16. ADMINISTRATORS' FEE &amp; GRAP COMPLIANCE</b>					
<b>16.1 Fees</b>					
-	-	0%	-	-	0%
16.1.1 Set-up costs					
170 482	115 941	32%	1 022 894	1 063 649	-4%
16.1.2 Monthly costs					
-	-	0%		877 728	-100%
16.1.3 GRAP 17 Compliance					
170 482	115 941	32%	1 022 894	1 941 377	-90%
<b>17. AUDITORS' FEE</b>					
<b>17.1 Fees</b>					
127 083	-	100%	254 165	370 476	-46%
17.1.2 Fees for external audit					
-	-	0%	158 111	-	100%
17.1.1 Fees for internal audit					
-	-	0%	-	-	0%
17.1.3 For other services					
127 083	-	100%	412 276	370 476	10%



RUSTENBURG WATER SERVICES TRUST  
NOTES TO THE MANAGEMENT ACCOUNTS: Income Statement  
FOR THE PERIOD ENDING DECEMBER 2017



			CURRENT MONTH			YEAR TO DATE		
			Budget	Actual	Variance %	Budget	Actual	Variance %
19.	INSURANCE							
19.1	All Plants							
19.1.1	Asset replacement		-	60 755	-100%	-	364 532	-100%
19.1.2	Other			5 350	-100%	-	32 433	-100%
			-	66 105	-100%	-	396 966	-100%
20.	LEASES							
20.1	Boitekong Rustenburg & Bospoort		195 380	129 161	34%	195 380	129 161	34%
20.1.1	Details				0%	-		0%
20.1.2	Details		-					
	Adjustment budget - Volumes at Rustenburg - Done		195 380	129 161	34%	195 380	129 161	34%
21.	OTHER EXPENSES							
21.1	Boitekong Rustenburg & Bospoort							
21.1.1	Reimbursement of RLM Trustees		-	-	0%	102 919	113 720	-10%
21.1.2	Impairment		-	-	0%	-	-	0%
21.1.3	Restatement of Asset Values		-	-	0%	-	-	0%
21.1.4	RCC Ad Hoc fees		-	-	0%	185 627	-	100%
21.1.5	Legal Fees		148 216	-	100%	148 216	20 922	86%
21.1.6	Master Plan - IMQS - GLS				0%	820 635	770 549	6%
21.1.7	Bank Charges		6 354	708	89%	38 125	3 305	91%
21.1.8	Learnerships		-	-	0%	-	-	0%
21.1.9	DWA Licence		-	-	0%	535 462	175 104	67%
21.1.10	Telemetry		-	-	0%	798 750	-	100%
21.1.11	Water Transformation		-	-	0%	-	-	0%
21.1.12	Strategic Planning		-	-	0%	-	-	0%
21.1.13	O&M Supervision		199 906	198 967	0%	1 199 435	1 228 763	-2%
			354 476	199 675	44%	3 829 169	2 312 363	40%
22.	INTEREST PAID							
22.1	Boitekong, Rustenburg & Bospoort							
22.1.1	Absa		1 508 986	1 509 441	0%	8 792 845	8 795 478	0%
22.1.2	Excess Facility		-	-	0%	-	-	0%
			1 508 986	1 509 441	0%	8 792 845	8 795 478	0%
23.	DEPRECIATION							
23.2	Rustenburg							
23.2.1	Details		1 450 000	1 401 781	3%	8 700 000	8 277 167	5%
23.2.2	Details		-	-	0%	-	-	0%
			1 450 000	1 401 781	3%	8 700 000	8 277 167	5%
			1 450 000	1 401 781	3%	8 700 000	8 277 167	5%



**Rustenburg Water Services Trust**  
**Income/Expense Budget**  
**2007/18**  
**Adj Budget Ver 1.3**  
 Approved by the Board 26 May'17

Issues for 2017/18 adj budget  
 CPI Increase on 6.5%

1.065

CAPEX



	July'17	Augus't17	Sept'17	Oct'17	Nov'17	Dec'17	Jan'18	Feb'18	March'18	April'18	May'18	June'18	Total 2017/18	Total 2016/17
<b>Revenue:</b>														
<b>Rustenburg:</b>														
R.M. - sTC Income	3 621 064.93	4 457 718.89	4 321 050.29	4 328 891.43	4 482 443.64	4 570 283.32	4 410 588.14	4 410 588.14	5 111 664.92	4 330 666.28	4 287 771.45	5 135 227.06	53 808 786.08	50 422 803.83
R.M. - sTC Income	1 487 796.57	1 838 667.75	1 779 355.69	1 838 667.75	1 779 355.69	1 838 667.75	1 838 667.75	1 838 667.75	1 838 667.75	1 779 355.69	1 779 355.69	1 779 355.69	21 848 829.84	20 427 539.85
RPM Off Take	2 224 194.86	2 599 001.62	2 541 994.60	2 490 223.69	2 702 987.95	2 439 995.58	2 571 920.34	2 571 920.34	2 272 997.18	2 000 000.00	2 000 000.00	2 000 000.00	30 491 309.78	30 491 309.78
RPM Off Take	605 665.37	751 026.54	720 738.66	751 026.54	726 759.88	751 026.54	751 026.54	751 026.54	751 026.54	720 738.66	751 026.54	872 150.89	8 842 731.85	8 300 034.60
R.M. - Irrigation Pipeline Revenue	7 933 722.92	9 807 414.80	9 496 239.88	9 676 587.34	9 657 633.23	9 917 978.23	9 917 978.23	9 245 746.10	10 459 350.83	9 507 555.85	9 615 487.36	11 535 208.00	116 771 592.79	109 644 889.55
<b>Total Revenue - Rustenburg</b>	12 448 357.85	15 610 461.76	15 215 515.61	15 610 461.76	15 610 461.76	15 610 461.76	15 610 461.76	15 610 461.76	15 610 461.76	15 610 461.76	15 610 461.76	15 610 461.76	185 848 948.84	178 848 948.84
<b>Less:</b>														
Variable Chemical + Electrical	480 256.80	463 301.62	453 621.61	463 301.62	463 301.62	463 301.62	463 301.62	463 301.62	463 301.62	463 301.62	463 301.62	463 301.62	5 318 000.00	5 318 000.00
Routine Maintenance	209 387.50	198 824.14	198 824.14	198 824.14	198 824.14	198 824.14	198 824.14	198 824.14	198 824.14	198 824.14	198 824.14	198 824.14	2 396 163.13	2 396 163.13
Labour	137 759.07	137 759.07	137 759.07	137 759.07	137 759.07	137 759.07	137 759.07	137 759.07	137 759.07	137 759.07	137 759.07	137 759.07	1 657 107.28	1 657 107.28
Overheads	916 514.38	984 915.01	843 615.50	916 514.38	916 514.38	916 514.38	916 514.38	916 514.38	916 514.38	916 514.38	916 514.38	916 514.38	10 967 360.59	10 967 360.59
<b>Total Production Cost - Rustenburg</b>	1 733 918.65	1 746 196.43	1 694 820.32	1 746 196.43	1 746 196.43	1 746 196.43	1 746 196.43	1 746 196.43	1 746 196.43	1 746 196.43	1 746 196.43	1 746 196.43	21 178 285.00	21 178 285.00
<b>Total Revenue - Rustenburg</b>	12 448 357.85	15 610 461.76	15 215 515.61	15 610 461.76	15 610 461.76	15 610 461.76	15 610 461.76	15 610 461.76	15 610 461.76	15 610 461.76	15 610 461.76	15 610 461.76	185 848 948.84	178 848 948.84
<b>Total Production Cost - Rustenburg</b>	1 733 918.65	1 746 196.43	1 694 820.32	1 746 196.43	1 746 196.43	1 746 196.43	1 746 196.43	1 746 196.43	1 746 196.43	1 746 196.43	1 746 196.43	1 746 196.43	21 178 285.00	21 178 285.00
<b>Rustenburg Gross Profit</b>	10 714 439.20	13 864 265.33	13 520 695.29	13 864 265.33	13 864 265.33	13 864 265.33	13 864 265.33	13 864 265.33	13 864 265.33	13 864 265.33	13 864 265.33	13 864 265.33	164 670 663.84	157 670 663.84
<b>Botlekong:</b>														
sTC Income	1 248 857.70	1 610 461.76	1 221 156.94	1 221 156.94	1 221 156.94	1 221 156.94	1 221 156.94	1 221 156.94	1 221 156.94	1 221 156.94	1 221 156.94	1 221 156.94	15 808 132.26	15 760 405.88
Total Revenue - Botlekong	1 248 857.70	1 610 461.76	1 221 156.94	1 221 156.94	1 221 156.94	1 221 156.94	1 221 156.94	1 221 156.94	1 221 156.94	1 221 156.94	1 221 156.94	1 221 156.94	15 808 132.26	15 760 405.88
<b>Less:</b>														
Variable Chemical + Electrical	480 256.80	463 301.62	453 621.61	463 301.62	463 301.62	463 301.62	463 301.62	463 301.62	463 301.62	463 301.62	463 301.62	463 301.62	5 318 000.00	5 318 000.00
Routine Maintenance	209 387.50	198 824.14	198 824.14	198 824.14	198 824.14	198 824.14	198 824.14	198 824.14	198 824.14	198 824.14	198 824.14	198 824.14	2 396 163.13	2 396 163.13
Labour	137 759.07	137 759.07	137 759.07	137 759.07	137 759.07	137 759.07	137 759.07	137 759.07	137 759.07	137 759.07	137 759.07	137 759.07	1 657 107.28	1 657 107.28
Overheads	916 514.38	984 915.01	843 615.50	916 514.38	916 514.38	916 514.38	916 514.38	916 514.38	916 514.38	916 514.38	916 514.38	916 514.38	10 967 360.59	10 967 360.59
<b>Total Production Cost - Botlekong</b>	1 733 918.65	1 746 196.43	1 694 820.32	1 746 196.43	1 746 196.43	1 746 196.43	1 746 196.43	1 746 196.43	1 746 196.43	1 746 196.43	1 746 196.43	1 746 196.43	21 178 285.00	21 178 285.00
<b>Total Revenue - Botlekong</b>	1 248 857.70	1 610 461.76	1 221 156.94	1 221 156.94	1 221 156.94	1 221 156.94	1 221 156.94	1 221 156.94	1 221 156.94	1 221 156.94	1 221 156.94	1 221 156.94	15 808 132.26	15 760 405.88
<b>Total Production Cost - Botlekong</b>	1 733 918.65	1 746 196.43	1 694 820.32	1 746 196.43	1 746 196.43	1 746 196.43	1 746 196.43	1 746 196.43	1 746 196.43	1 746 196.43	1 746 196.43	1 746 196.43	21 178 285.00	21 178 285.00
<b>Botlekong Gross Profit/Loss</b>	(485 060.95)	(135 734.67)	(472 663.38)	(524 039.49)	(524 039.49)	(524 039.49)	(524 039.49)	(524 039.49)	(524 039.49)	(524 039.49)	(524 039.49)	(524 039.49)	(5 369 152.74)	(5 369 152.74)
<b>Bospoort:</b>														
Potable Water Revenue	2 132 662.48	2 548 140.68	2 612 906.50	2 579 456.03	2 460 320.16	2 324 260.65	2 885 331.52	2 359 560.71	2 635 345.45	2 697 746.80	2 747 545.38	3 029 144.54	31 003 850.89	29 111 597.08
Bospoort Pipeline Revenue	2 345 645.58	2 897 033.95	3 034 634.06	2 999 684.61	2 986 544.08	2 770 981.15	3 336 395.35	2 751 142.19	3 077 349.94	3 114 225.08	3 114 225.08	3 114 225.08	35 614 860.35	33 904 065.08
<b>Total Revenue - Bospoort</b>	4 478 308.06	5 445 174.63	5 647 540.56	5 579 140.64	5 446 864.24	5 095 241.80	6 221 726.87	5 110 702.90	5 712 695.39	5 811 971.88	5 861 770.46	6 143 369.62	66 618 711.24	63 015 662.16
<b>Less:</b>														
Variable Chemical + Electrical	422 196.74	504 442.38	517 262.31	508 853.24	487 055.28	460 130.37	571 182.31	467 385.73	521 170.42	534 051.06	543 915.59	599 652.14	6 137 652.20	5 763 653.71
Routine Maintenance	134 383.78	122 244.18	122 244.18	122 244.18	122 244.18	122 244.18	122 244.18	122 244.18	122 244.18	122 244.18	122 244.18	122 244.18	1 479 968.79	1 479 968.79
Labour	312 286.00	312 286.00	312 286.00	312 286.00	312 286.00	312 286.00	312 286.00	312 286.00	312 286.00	312 286.00	312 286.00	312 286.00	3 747 432.05	3 747 432.05
Overheads	51 371.24	51 371.24	51 371.24	51 371.24	51 371.24	51 371.24	51 371.24	51 371.24	51 371.24	51 371.24	51 371.24	51 371.24	616 454.86	578 830.86
<b>Total Production Cost - Bospoort</b>	1 399 997.80	1 460 346.80	1 460 346.80	1 460 346.80	1 460 346.80	1 460 346.80	1 460 346.80	1 460 346.80	1 460 346.80	1 460 346.80	1 460 346.80	1 460 346.80	17 871 042.27	16 569 288.42
<b>Total Revenue - Bospoort</b>	4 478 308.06	5 445 174.63	5 647 540.56	5 579 140.64	5 446 864.24	5 095 241.80	6 221 726.87	5 110 702.90	5 712 695.39	5 811 971.88	5 861 770.46	6 143 369.62	66 618 711.24	63 015 662.16
<b>Total Production Cost - Bospoort</b>	1 399 997.80	1 460 346.80	1 460 346.80	1 460 346.80	1 460 346.80	1 460 346.80	1 460 346.80	1 460 346.80	1 460 346.80	1 460 346.80	1 460 346.80	1 460 346.80	17 871 042.27	16 569 288.42
<b>Bospoort Gross Profit</b>	3 078 310.26	4 004 827.83	4 187 193.76	4 118 793.84	4 006 517.44	3 634 895.00	4 761 380.07	3 650 356.10	4 252 348.59	4 351 625.08	4 401 423.66	4 683 022.82	48 747 668.97	46 446 373.74
<b>Kloof:</b>														
Potable Water Revenue	223 885.48	239 565.19	287 573.60	229 557.22	75 673.20	210 036.21	81 124.63	117 560.88	299 698.72	434 050.25	414 800.91	487 949.21	3 101 694.49	2 912 389.19
<b>Less:</b>														
Variable Chemical + Electrical	7 114.18	9 133.85	7 291.15	2 693.52	2 693.52	6 671.13	2 759.84	3 734.23	9 518.97	13 786.53	15 174.82	15 815.76	98 515.39	92 502.71
Routine Maintenance	17 805.55	15 371.12	15 371.12	15 371.12	15 371.12	15 371.12	15 371.12	15 371.12	15 371.12	15 371.12	15 371.12	15 371.12	186 953.89	175 543.56
Labour	50 237.84	50 237.84	50 237.84	50 237.84	50 237.84	50 237.84	50 237.84	50 237.84	50 237.84	50 237.84	50 237.84	50 237.84	602 854.03	566 060.12
Overheads	68 049.79	68 049.79	68 049.79	68 049.79	68 049.79	68 049.79	68 049.79	68 049.79	68 049.79	68 049.79	68 049.79	68 049.79	816 997.51	766 758.23
<b>Total Production Cost - Kloof</b>	133 007.36	142 664.65	133 007.36	133 007.3										

	July'17	Augu't17	Sept'17	Oct'17	Nov'17	Dec'17	Jan'18	Feb'18	March'18	April'18	May'18	June'18	Total 2017's	Total 2016/17
IMQS Cost	865 625.00	865 625.00	865 625.00	865 625.00	865 625.00	865 625.00	865 625.00	865 625.00	865 625.00	865 625.00	865 625.00	865 625.00	7 987 500.00	4 933 333.33
RW Water Pressure - Income														
RW Water Pressure - Expenses														
Effluent + Network K GP														
Nett Gross Profit	56 731.44	56 731.44	56 731.44	56 731.44	56 731.44	56 731.44	56 731.44	56 731.44	56 731.44	56 731.44	56 731.44	56 731.44	680 777.24	14 520 772.54
	4 255 289.44	5 177 227.44	5 697 149.95	6 710 364.51	6 880 205.60	7 092 915.05	6 706 438.83	5 473 975.68	7 732 035.65	6 931 371.21	7 307 046.82	9 165 776.42	78 829 785.50	68 058 577.94
RLM Sales	8 953 201.45	10 778 213.72	10 356 330.98	9 991 564.78	10 177 115.44	10 684 547.72	11 164 702.61	9 951 150.03	11 656 610.95	10 524 155.29	10 800 535.96	12 615 210.55	107 769 368.42	114 804 685.10
Sales to Mines	3 706 991.23	4 448 889.37	4 448 389.71	4 596 669.37	4 448 389.71	4 596 669.37	4 596 669.37	4 596 669.37	4 596 669.37	4 596 669.37	4 596 669.37	4 596 669.37	54 129 074.95	50 818 849.63
	12 670 212.68	15 377 883.09	14 804 720.70	14 588 234.15	14 625 505.15	15 281 217.09	15 761 371.98	14 102 919.43	16 253 280.32	15 020 314.58	15 397 205.33	17 211 880.92	181 884 443.27	165 623 534.81
Total Costs	(8 414 923.43)	(10 197 655.64)	(9 107 570.75)	(7 877 865.64)	(8 045 300.56)	(8 188 302.04)	(9 554 933.15)	(8 629 014.75)	(8 590 254.71)	(9 881 173.75)	(8 150 157.51)	(8 387 501.79)	(103 054 657.77)	(86 764 936.88)
	4 255 289.44	5 177 227.44	5 697 149.95	6 710 364.51	6 880 205.60	7 092 915.05	6 706 438.83	5 473 975.68	7 732 035.65	6 931 371.21	7 307 046.82	9 165 776.42	78 829 785.50	68 058 577.94
Nett Gross Profit														
Overheads														
External Audit Fee														
Internal Audit Fee														
Trustee Remuneration														
Ad hoc professional tasks														
Leases														
Licences														
Legal Assistance														
Master Plan - IMQS - GLS														
Telemetrie														
DWA Compliance														
OAM Supervision														
Sec 78 - Water Transformation														
Trust Admin - Grap 17 Compliance														
Bank Charges														
	820 634.69													
	788 750.00													
	199 905.90													
	170 482.41													
	6 354.13													
	2 030 433.42	376 742.44	411 048.73	376 742.44	1 417 331.44	847 420.69	1 481 389.91	378 742.44	411 048.73	1 031 543.03	1 151 033.32	2 026 386.44	11 937 887.05	11 209 283.62
	2 224 856.03	4 800 485.00	5 286 101.21	6 333 622.07	5 162 871.16	6 248 494.36	5 225 048.91	5 097 233.24	7 320 976.82	6 899 824.18	6 155 995.50	7 139 389.97	66 891 898.45	57 649 294.32
Earnings before Interest & Tax														
Depreciation														
Accumulated Funds														
Interest received														
Balance														
	132 884 893.29	138 218 737.93	144 046 883.10	150 944 111.18	156 692 003.88	142 970 550.88	148 743 422.69	154 407 888.41	162 318 611.39	188 833 148.03	175 629 481.59	162 854 983.78	162 854 983.78	153 178 467.20
Bank Payment Interest Accrued Capital														
Bank Payment (new) Capital (new)														
Cash Balance														
Earnings														
Cumulative Earnings														
Debt Service Cover ratio:														
Earnings														
	98 397 637.00	99 386 940.05	101 810 033.82	104 759 738.39	108 715 940.35	111 555 781.65	115 448 544.53	118 449 285.70	121 456 755.21	126 589 142.04	130 314 870.37	134 281 613.51	138 253 886.47	138 253 886.47
1st 6 month Debt Service Cover ratio:														
Earnings														
Depreciation														
Interest Paid														
2nd 6 month Debt Service Cover ratio:														
Earnings														
Depreciation														
Interest Paid														
Debt Repayment														
Ratio														
12 month Debt Service Cover ratio:														
Earnings														
Depreciation														
Interest Paid														
Debt Repayment														
Ratio														