

**RUSTENBURG LOCAL
MUNICIPALITY**



"A WORLD CLASS CITY WHERE ALL COMMUNITIES ENJOY THE HIGH QUALITY OF LIFE"

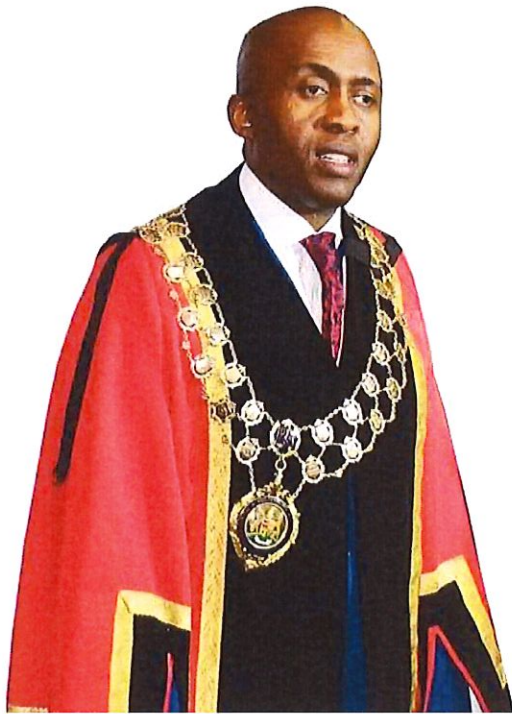
2018/19 TO 2020/21

FINAL MEDIUM-TERM REVENUE & EXPENDITURE FRAMEWORK

12th JUNE 2018

Compiled in terms of Section 16 of the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003) (MFMA) and Schedule A (In-Year Reports of Municipalities) of the Municipal Budget and Reporting Regulations.

**BUDGET SPEECH DELIVERED BY CLLR MPHO KHUNOU, THE EXECUTIVE
MAYOR OF RUSTENBURG LOCAL MUNICIPALITY, ON THE 12th JUNE 2018 AT
THE RUSTENBURG CIVIC CENTRE, COUNCIL CHAMBER:**



Madam Speaker, I am humbled by the opportunity to once more present the Medium-Term Revenue and Expenditure Framework (MTREF). The presentation of the 2018/19 MTREF takes place during an important year in our country. It takes place not long after the country celebrated the attainment of 24 years of freedom and democracy.

We are greatly moved by the legacy of our founding President Nelson Mandela and the revered matriarch Albertina Sisulu whose centenary anniversaries continue to illuminate this year. Their

selflessness, commitment and unwavering dedication to our country should inspire all South Africans to work tirelessly towards building a truly prosperous, democratic, non-racial and non-sexist country as espoused in the Freedom Charter.

During the course of 2018 we lost a number of eminent South Africans. We continue to pay tribute to Mama Winnie-Madikizela Nomzamo Mandela for her contributions to the liberation of this country. We also recognise the contribution in our region of stalwarts and veterans such as Nancy Khunou who served as a Councillor and in the National Council of Provinces, John Pilane and Mr. Shimane Bopalamo.

We have recently laid to rest, the first democratic Mayor of Rustenburg Transitional Local Council Mr Dawid J. Davids. During his prime time Mr Davids played several

roles in the community as a leader, sportsman and a teacher. He was a well-loved community leader, whose dedication and hard work uplifted the lives of others. He was a dedicated cadre, a veteran of the African National Congress, South African National Civic Organisation and South African Communist Party, a selfless leader and revolutionary, who served with dedication and excellency to the end.

May their souls rest in eternal peace.

The only way of truly honouring their immense contribution to freedom and democracy is to remain steadfast in improving the quality of the lives of our residents particularly in the rural areas.

In his speech, during the tabling of the 2018 COGTA vote, Minister Dr. Zweli Mkhize stated that *“Local government is an important sphere of government because it is closest to the people. Everything happens in a municipality and in a ward. It is where our people live, work and play. The municipalities also have a key role to play in nation building and social cohesion. They must lead in the reversal of apartheid spatial planning and coordinate an integrated response of all stakeholders and give local communities a voice and respond to their service delivery needs”*.

“Municipalities need to ensure good governance for effective use of public resources and create conditions for investment promotion, economic growth, job creation, the elimination of poverty and inequality and to achieve citizen satisfaction as well as to create attractive conditions for investment flows” close quote.

Madam Speaker, we share the sentiments and support the goals expressed by the Minister of COGTA in his budget speech. The 2018/19 MTREF presents an unambiguous statement of our determination to achieve these goals.

Madam Speaker, as we near the end of current financial year, it is necessary to reflect on some of the key achievements of the Municipality and challenges in our journey of becoming a truly *“World Class City where all communities can enjoy a high quality of Life and Diversity”*.

Madam Speaker, the plight of poverty of our people demands of government to heed the call to accelerate programmes and projects to bring about significant improvement in the quality of their lives.

The City is actively working towards mitigating these challenges through various employment and business opportunities. These include the established Panel of emerging Contractors (Grade 1 to Grade 4), the panel of contractors grade 5 upwards (aimed at being 100% local over the MTREF), the establishment of ward based co-operatives anticipated to deliver over 450 job opportunities and 90 co-operatives that will be tasked with grass cutting, cleaning, waste collection, EPWP work opportunities through the EPWP grant, Panel of event organisers (which currently is 90% local event organisers) to highlight a few. The budget will become a strategic tool focused on creating opportunities for the local SMMEs. The Framework on Transformational Leadership together with the preferential procurement policies remain the key resources aimed at addressing the imbalances of the past.

Implementation of Legacy Projects including other strategic projects identified through the 2040 LED Masterplan and approved Precinct Plans is currently underway. Expressions of Interest have been issued and some already appointed for the following Legacy Projects and precincts:

- Fresh produce market
- Education Hub
- Phatsima Precinct
- Lethabong Precinct
- Monnakato Precinct
- Boitekong Precinct
- Tlhabane Precinct

Additional Legacy projects under way include the facilitation of Township Establishment for the Farm Town and Townlands 272 JQ, which has been identified for industrial development and will include Logistics and Mining Supplier Park. Municipality is making progress in the development of green economy through waste to energy project from the rehabilitation of Townlands landfill site, development of the Tourism Gateway Convention Centre and Hotel, development of the Rustenburg

Airport and the establishment of a University/Education precinct through partnerships with interested public and private sector stakeholders.

Monitoring of the implementation of approved private sector developments is being conducted on the following projects:

- Tlhabane Mall Development by PIC worth about R1.4 billion
- Safari Investment Mixed-use Development worth about R3 billion
- Bellevue Mixed-use Development worth about R600 million
- Rustenburg Extension 30 Mixed-use Development

The municipality has also issued Request for Proposals for the Revitalization of the Showgrounds targeting private sector investment on a long-term lease basis.

Catalytic Projects Fast-Tracking Committee has been established to deal with accelerating local economic development through a transparent and organized process. We have also crafted the Incentive policy and the bulk contributions policy aimed at promoting trade and investment in Rustenburg.

The municipality has interacted with more than 1000 Small Medium and Micro Enterprises through various platforms as part of a new more aggressive approach of promoting sustainable growth of the sector. Additional informal trading spaces have been identified. The municipality is also involved in the capacitation of co-operatives across all the wards. This initiative is done in conjunction with Absa Bank.

Additional Programmes underway includes Vuk'uphile programme which is aimed at developing up to 20 local contractors to obtain higher CIDB grading. This is to enable them to graduate and favourably compete with established contractors. In addition, the municipality is empowering up to 45 cooperatives through community development facilities maintenance and waste management programme.

The municipality has made noteworthy progress in implementing 30% Local Content policy. We are also pleased to report that we facilitated the appointment of local contractors for sub-contracting opportunities in projects including RRT Construction. A Draft Contractor Development Policy has been developed to enable sustainable and consistent implementation of this policy. Additional Programmes are under way

which includes collaborating with private sector to identify sub-contracting opportunities for local businesses. A panel of local businesses will be established for supply of consumable commodities supply such as electricity supplies.

A programme to track job creation opportunities through the Municipality's capital projects and other initiatives has been created with a specific focus on the following:

- RRT Construction
- Roads capital projects and maintenance
- Human Settlements construction projects
- Technical infrastructure capital projects (electricity, water and sanitation)
- Waste Removal
- Facilities Maintenance
- Open spaces projects
- Flea market development
- Rustenburg Showgrounds revitalization
- Informal trading stalls construction
- Catalytic projects implementation

Plans are also being finalized to implement an Agricultural support programme to revitalize the sector in Rustenburg.

TECHNICAL AND INFRASTRUCTURE SERVICES

Madam Speaker, we remain committed to the provision of quality basic services to all residents in the City. In order to achieve this goal, we have taken decisive steps towards implementation of the Water and Sanitation Master Plan. In line with the approved Masterplans the following projects are provided for in the 2018/19 MTREF:

- ✓ The upgrading of Bospoort Water Treatment Plant from 12 ML/day to 24 ML/day to assist with the water shortage and improve water provision at Boitekong, Meriting, Paardekraal, Sunrise View, Freedom Park, Seraleng, Sondela.

- ✓ Construction of storage tanks at Rankelenyane, Maumong, Lekgalong and Mathopestad to improve water supply to communities of Rankelenyane, Maumong, Lekgalong and Mathopestad
- ✓ The implementation of the Water Conservation and Water Demand Management project is in progress. The project is aimed at reducing water losses by prioritising pressure reducing control and management by installing and servicing
PRV's, installation of telemetry system to automatically monitor reservoir levels, installation of bulk meters to enable the municipality to do water balancing, replacing of old infrastructure pipelines and Water Quality.

SANITATION SERVICES

We are pleased to announce that the municipality completed construction of 2850 units through Macharora VIP toilets project in April 2018. The upgrading of the Boitekong WWTW is in progress while the upgrading of the Monakato WWTW has recently started. The municipality has improved on Green Drop Assessment scoring medium to low average risk rating.

ELECTRICAL SERVICES

Madam Speaker, we have recently completed and energised the Waterkloof substation which will relieve the current overloading at Industries substation. In ensuring that our electricity supply network remain stable and sustainable and to avoid regular electrical outages, three 33/11kV Substations have been refurbished and upgraded, namely Noord, Donkerhoek and Boschdal substations together with refurbishment of part of the 33Kv and 11Kv network. These upgrades are aimed at catering for the increasing demand and for the protection of the network.

PLANNING AND HUMAN SETTLEMENTS

The municipality is also currently reviewing the Spatial Development Framework through funding from the HDA. This is critical as it provides for the spatial planning for the entire City. In support of the BRT project, there are plans in place to build rental

housing developments along the BRT route. There is a huge demand for rental stock in the City and we believe that through this initiative with SHRA and private sector we can support the success of the BRT project.

FINANCIAL VIABILITY

Madam Speaker, with regards to improving the financial health of the municipality and to ensure that there is sustainable provision of services, it worth noting that we are making significant progress in replenishing the capital replacement reserve (CRR).

Building on the progress we have made this year, we expect to improve our liquidity ratio to a more acceptable level over the 2018/19 MTREF.

A number of important steps have been taken this year as part of the drive to improve the financial standing of the municipality. These include the appointment of a panel of debt collectors, more aggressive implementation of credit control and incentives scheme on arrears. In order to address some of the challenges in our billing, we have initiated steps to modernise the system. These steps include the anticipated electronic billing presentment system and the roll out smart metering solutions.

As part of revenue enhancement strategy, the following plans will be implemented: complete outdoor advertising audit to deal with illegal advertising and the development of systems and processes to effectively manage the outdoor advertising. Draft Outdoor Advertising by-laws have been developed and await approval.

Madam Speaker, we continue to be concerned about some areas of wastage in the institution, which has the potential to undermine many of our current revenue enhancement initiatives. Most notably is the continued abuse of municipal vehicles which has a detrimental impact on the provision of services to the community. Management is tasked with putting plans in place to curb the abuse of vehicles over the 2018/19 MTREF.

The latest audit outcomes which has remained the same as previous financial year, remains an area of great concern. It is however worth noting that the number of

material findings have reduced from the previous financial year. The audit outcome indicates that a lot still needs to be done, in our pursuit of a clean audit outcome. Intensive work has been done at the moment, in terms of irregular expenditure so that action can be taken against officials implicated. It is extremely pleasing to note that a lot of work has been done in terms of the Post Audit Action Plan. For the 15/16 financial year 100% of management report findings have been addressed. With regards to the 16/17 financial year at least 65 % of management report findings have been addressed with the remainder being in progress.

Madam Speaker, we continue to remain committed to ridding the municipality of the scourge of fraud and corruption. At times this entails officials utilising municipal resources intended for the community for their own personal gain. This commitment is affirmed through the appointments of forensic investigators sourced from the National Treasury database over the 2017/18 financial year. To date there are 10 (ten) officials that are undergoing disciplinary processes based on the outcomes of the forensic investigations concluded.

PUBLIC SAFETY

Madam Speaker, a lot work has been in Public Safety in the area of drug trafficking, human trafficking and traffic enforcement.

We need to constantly be reminded of the untimely death of a community member, Gareth Roberts, who was fatally shot when he was fighting off robbers in defense of the victims of hijacking by the same suspects. It is also important to also pay our respects to all victims of crime and affected families. It is also important to commend the tremendous work done by Public Safety, Planning and Human settlement, Community development, Infrastructure and Technical Services as well as SAPS in reducing crime levels.

Through this collaboration the following successes were realised:

- ✓ Sixty-Nine (69) houses have been identified as problematic and not complying with the Municipal By -Laws and Building Regulations. These houses are being

monitored and subjected to weekly joint operations. Some of these houses were closed and fines meted out against the owners.

- ✓ About Thirty-seven (37) Guest Houses were also used for drugs and human trafficking and some were operating without approval from Planning and Human Settlement. Most of these houses have been closed.
- ✓ School searches were conducted in about eleven (11) schools since September 2017 to minimise drug abuse and violence in schools. Schools that are affected are, amongst others, Rauwane High School, President Mangope Technical High School, Thabiso Secondary School, and Tlhabane Technical High School.
- ✓ Furthermore, eleven (11) Educational Institutions were visited to check their legality in so far as their accreditation is concerned. Since September 2017 until April 2018, the Municipality staged more than seven (7) marches against social ills such as drug and human trafficking. Faith based organisation, community-based organisations, and other government departments took part in these marches.
- ✓ Visible progress has been realised in the establishment of Boitekong Contact Point. This contact point was established after the community of Boitekong complained that the police station is distant. Since September 2017 to April 2018, the following services were provided;
 - Number of Complaints/Incidents attended; Fifteen (15)
 - Affidavits: Three Hundred and Forty-Four (340)
 - Certified copies: Three Thousand Five Hundred and Sixteen (3516)
 - Joint Operations: Fourteen (14)

Contact Points are established to create a strong basis for decentralisation and Regionalisation of Public Safety services.

EXCHANGE PROGRAMMES

Consequential to similar dynamics with the Mogale City Local Municipality, an exchange programme was entered into between the two cities. This was promoted by the proximity of the two cities and the experience of violent uproar that took place in these areas over the recent past. The main objective of this exchange programmes was to strength co-operation and intergovernmental relations with specific focus on Operation Fiela.

MUNICIPAL COURT

The Municipal Court is fully functional and covers two magisterial districts of Rustenburg and Bafokeng. Since July 2017 to April 2018;

- Total Court roll: 13520
- Total warrants: 9236
- Total cases struck of the roll: 4277
- Total admission of Guilt: 362

LICENSING AND TESTING

Madam Speaker, the Municipality has just completed the renovations of Marikana Licensing and testing station with the purpose of decentralising Public Safety Services. The engagement with the Provincial Department of Community Safety and Transport Management to provide IT equipment's and to operationalise the centre in July 2018 will soon bear fruits. Since January 2018 to April 2018, one Thousand Seven hundred and One (1701) Learners licenses and three thousand four hundred and thirty-five (3435) driving licenses were issued. Ten thousand seven hundred and seventy-eight (10778) vehicles were registered and thirty thousand eight hundred and fifty eight (30858) were licensed at the registering Authority.

TRAFFIC SERVICES

The Traffic Infringement Management System has been procured and this will improve the performance of Traffic Services. The directorate will be able to use electronic system to recoup the outstanding traffic fines. About Forty (40) Point duty officers have been appointed to alleviate traffic congestion during peak hours on the routes that are affected by road construction in the CBD. Thirty-four (34) schools were registered for Learners Licence Project. The intention of the project is to encourage learners to apply for learners and driving license so that we realise the reduction of driving without a licence and accidents on the road. Seventeen (17) schools are registered for scholar patrol to take road safety education to our schools.

The Municipality is in a process of upgrading our weighbridge so that Traffic Unit can be able to track and crackdown on those trucks that are overloaded.

EMERGENCY SERVICES AND DISASTER MANAGEMENT

Madam Speaker, recently our Fire Training Academy was accredited. One (1) Fire instructor and three (3) Fire safety inspectors have been appointed. Disaster Management Plan and Fire Service Brigade By-law have been reviewed. The Directorate is in the process of procuring fire trucks for Phatsima Firehouse through a grant from the Provincial Government.

SECURITY CHALLENGES FACING THE MUNICIPALITY

Madam Speaker, it is important to note some of the key challenges we face are mainly land invasion and illegal occupation of Municipal properties.

The Municipality has established a Conflict Resolution Committee to address all these challenges that affect the stability of the City. This committee has been sanctioned by Council and it is important that it gets the support it deserves from all Councillors. The Directorate is in the process of formalising the establishment of the Land Invasion Team.

ROADS AND TRANSPORT

Madam Speaker, we would like to thank all residents and business owners for their patience as we approach the completion of the construction phase of the RRT project. About 40 SMMEs benefited during construction to the tune of R130 million rand. About 437 jobs were created in the project in the last financial year.

KEY STAKEHOLDER ENGAGEMENTS

Madam Speaker, the Municipality is currently working on the Mining Engagement Framework which will improve engagement with mines and other stakeholders. At this point we are in a process of consulting with the relevant stakeholders for comments and

recommendation. The statutory alignment of this framework is aimed at providing a platform for investment opportunities, economic growth, poverty reduction and infrastructure development. We are currently engaging with the mines on discussion beyond SLPs.

Our relationship with the Traditional Authorities of Rustenburg is stable. The Municipality has managed to build strong relations with four tribal authorities significant progress has been made over the short period of the current municipal Council.

THE MACRO ECONOMIC ENVIRONMENT

Madam Speaker,

The Vision of Rustenburg still remains to be “*World Class City where all communities can enjoy a high quality of Life and Diversity*” and continues to define the chosen development path of the City. In preparing the 2018/19 MTREF it was critical that there was alignment between this Vision, the strategic goals as enshrined in the revised IDP and supported by a credible and funded 2018/19 MTREF budget. The 2018/19 revised IDP marks the second year of the 2016/21 municipal Council term.

In balancing the 2018/19 MTREF it was critical that we ensure that the effects and impact of the global environment are factored in the preparation of a credible and realistic budget aimed at alleviating the pressures that are experienced by our people. At a macro level, the global economic recovery provides a supportive environment for

South Africa to expand trade and investment, but domestic constraints that have reduced business confidence stand in the way of accelerated growth.

The improved outlook for the world economy, premised on a concurrent rise in economic activity in both advanced and emerging economies, is expected to sustain robust growth in global import volumes and to provide the basis for a solid performance by South Africa’s export sector over the short- to medium-term.

Unfortunately, the same does not apply to domestic demand conditions. Constrained household budgets and concerns over the economic climate as well as employment prospects will continue to affect the ability and willingness of South African consumers to increase spending in a meaningful manner, at least in the short-term. South Africa's GDP is expected to grow by 1.9% in 2018 and 2.0% in 2019. The country's economic outlook has improved notably since February 2018 and a credit rating downgrade by Moody's was averted. Nevertheless, the implementation of economic reforms is necessary to foster faster growth and sustain the ongoing recovery.

The economic, social and physical characteristics of Rustenburg remain largely determined by the presence of mining activities within the municipal area. Mining activities are mainly concentrated along a geological belt, known as the Bushveld Complex. Rustenburg economy contributes 21.1% to the GDP of the North-West Province and 1.28% to the GDP of South Africa which had a total GDP of R4.34 trillion in 2016. The Rustenburg local economy is expected to grow at an annual average of 3.04% over the MTREF.

Madam Speaker, the mining sector continues to make up 74.6% of the key economic sectors and contributes to 35% of employment opportunities in the City. The current unemployment rate is estimated at above 26.5% which remains a huge concern given the volatility of the mining sector. Due to persistent pressure on platinum price, Rustenburg's economy remains under severe pressure. This reality serves to reinvigorate our efforts to promote economic growth and diversification. A lot of work has been done and will be done to implement numerous projects contained in the Integrated Development Plan (IDP) together with the 2040 LED Masterplan.

A key strategic focus of the budget is to intensify this work over the 2018/19 MTREF period thereby growing the local economy with special attention on diversification.

Madam Speaker, we remain optimistic that these efforts will go a long way to ameliorate massive job losses that have ravaged the City's economy. It is for this reason, that the budget pays more attention to high quality infrastructure development such expansion of our road infrastructure, augmentation of bulk

services such as water electricity as well as sanitation. We believe that this approach is consistent with the National Development Plan, as well as other national strategic policy and legislative imperatives.

In the preparation of the 2018/19 MTREF, we remain aware of the pressure that both the global and local economy presents on the attainment of the commitments advanced over the MTREF and the pressures that such policies, and tariffs presented in the budget will have on the both the residents and the business community of Rustenburg. Marginal growth over the past 3 years on disposable income have been experienced by households and this has resulted in negative impact on the collection rates of the municipality and ultimately places risk on the financial sustainability of the municipality.

Madam Speaker, a key consideration when preparing the budget was the anticipated decline in National Treasury future allocations due to a shrinking fiscus which calls for “business unusual” over the MTREF. We are intensifying revenue enhancement strategies to boost efficiencies in the revenue value chain. The latest innovations in technology will be employed in addressing some of the challenges.

Madam Speaker, below I provide an overview of the key highlights of the 2018/19 MTREF for consideration by this August house: A consolidated budget of **R5.6 billion** has been proposed for the 2018/19 MTREF with R5.7 billion and R6.1 billion respectively for the two outer years. The anticipated surplus in year one of the budget is R0.51 billion in 2018/19, R0.50 billion and R0.57 billion in the two outer years respectively. The consolidated budget comprises of a capital budget of **R0.82 billion** in 2018/19, R0.69 billion in 2019/20 and R0.72 billion in 2020/21. This budget is achieved through levying of an average increase of 7.1% across the various service categories of the municipality and capital grants and transfers from the National Treasury fiscus.

Madam Speaker, as indicated in my earlier remarks there is a key focus on diversifying the economy and below are the main areas of improvement in terms of local economic development:

Over the 2018/19 MTREF an allocation of R200m for the upgrade of both the Industries and Voltaire substation together with the 33KV and 11KV network to ensure the sustainability of supply to both residents and the business community has been made. This is also supported by an increase in the Repairs and Maintenance allocation for the maintenance of existing infrastructure so as to ensure preventative maintenance on a continuous basis.

It should be noted that vandalism and theft remain a challenge and threat to our infrastructure. Even though the municipality has made an allocation of R14 million for securing our infrastructure over the 2018/19 MTREF, we call upon our community to assist municipality by reporting cases of theft and vandalism.

PLANNING AND HUMAN SETTLEMENTS

Madam Speaker, the land audit will be undertaken in 2018/19 to establish true ownership of the land. This will assist during planning and other spatial restructure processes. It will make it easier for the municipality to identify areas which are suitable for human settlement. This is in response to addressing human settlements backlogs that currently exist. A total allocation of R481m over the 2018/19 MTREF has been set aside through the Human Development Settlement Grant (HSDG) grant for the City to assist with the current housing backlogs. These projects are delivered through our sister department of Human Settlements and Local Government and will go a long way in alleviating the pressures from the “mushrooming” of informal settlements driven by urbanisation.

The municipality through the HSDG will be delivering BNG units in Dinnie Estates and Seraleng over the 2018/19 MTREF. These projects are geared at giving access to decent housing as well as improving tenure. There are additional new units envisaged through the Bokamoso project over the MTREF. In addition, township establishment process are currently underway for Popo Molefe and Mbeki Sun informal settlements.

Financial Viability

The leasing of fleet for use in rendering service delivery is not cost effective. Allegations of impropriety in the leasing of vehicles needs to be thoroughly investigated by MPAC as well as the Financial Disciplinary Board. We are pleased to indicate that in line with the directive given during the approval of 2017/18 adjustment budget, the process of acquiring our own fleet is at the advanced stage. Having followed due supply chain processes, a service provider has been appointed to provide 13 cabstars to be utilized for provision of services in directorates of technical infrastructural services and community development services. We expect the delivery of these vehicles over the two months.

We have also reached an agreement with the National Treasury to participate in transversal tender. This will allow us to acquire new vehicle as per the allocation of R123 million made in the 2018/19 MTREF. We expect to replace most of our aged municipal fleet through this collaboration. This will eliminate the leasing of municipal fleet, with possible exception to yellow fleet in the next two months. Advance work has been done in terms appointment of an auctioneer. This will help to dispose of our aged fleet which is currently too costly to maintain.

COMMUNITY DEVELOPMENT

Madam Speaker, as the municipality we are proud to say our Air Quality has improved, more especially in the areas closest to the mines. This effort has been realised through appropriate application of Air Quality Management System. The introduction of new landfill has improved waste management throughout the City. Taking into consideration our commitment to developing a safe and clean city, additional budget has been allocated to purchase more equipment which will assist in grass cutting.

Furthermore, the municipality has taken a resolution to introduce a new waste collection system which will be implemented in the poor communities. This initiative will create income opportunities and improvement in recycling industry. Efforts to minimize illegal dumping include appointment of co-operatives that will be responsible grass cutting, cleaning and waste collection in all wards. We will enlist

the services of about 90 co-operatives which we anticipate more than 400 job opportunities.

During the IDP/Budget review consultations, request for sports opportunities appears as one of the top 5 requests. As such the municipality will in the next financial year increase its sports grounds maintenance activities. For sporting activities, partnerships with different national and provincial sporting code federations will see increased municipal support to our local teams.

Amongst the list of improvement areas is the library services. Library services have been expanded through campaigns which have benefited not only children but elderly people. In addition, four wards that were not provided with any library services will see a mobile library service being offered in those areas. Targeted areas in this regard include Rankelenyane and Freedom Park.

CORPORATE SUPPORT SERVICE

Madam Speaker, we continue to remain concerned at some of the challenges resultant from the lack of productivity of some of our employees. Over the 2017/18 financial year it has become clear that there are deep rooted challenges relating to the human capital of the municipality which has contributed negatively to the levels of productivity of the employees. There are various factors which have been identified as contributing to the low morale of employees. In addressing some of these the following measures are being put in place:

- ✓ Disparities in job positions and grading are being addressed through the review of the organisational structure that is at an advanced stage and is intended to serve at Council before the start of the 2018/19 MTREF. Support

has been sourced from SALGA to assist with the grading of all positions within the institution.

- ✓ Job descriptions have been developed and updated. Job evaluations are scheduled to be done during September- November 2018 period.
- ✓ All HR Policies have been developed and others reviewed and will serve at Council end June 2018.
- ✓ The process of cascading of performance management agreements with Unit Managers is completed and will be followed by that of section managers, which management anticipate completing prior to close of financial year. Cascading to all staff will be completed in the third quarter of the 2018/19 MTREF. This will improve performance of the employees and will ensure that the municipal administration hold them contractually accountable.
- ✓ Turn-around time for filling of vacancies is being adhered to.
- ✓ Recruitment of Senior Management is 85% completed with only two senior positions outstanding. These positions will be filled prior to close of financial year 2018/19.

A change management process is currently underway where specialists have been sourced to assist, firstly, with organisational diagnosis in order for management to have a clear indication of factors affecting organisational performance and thereafter to provide a programme of change that will be implemented Directorate per Directorate over the 2018/19 MTREF with the objective of changing the current culture of the institution and ultimately lead to a positive contribution that will result in the attainment of the Batho Pele principles governing standards of performance in local government.

ROADS AND TRANSPORT

The process of procuring the bus fleet has commenced and we anticipate launching the first service of YARONA Bus in early 2019 and to further increase its coverage by launching full phase 1 and 2 in the next 3 years.

Madam Speaker, in conclusion, we continue to make a clarion call to all our stakeholders and residents that we all need to work together in pursuit of our vision to be a world class city. It is also important to acknowledge the various inputs that were made during public participation process, which preceded the compilation of the final IDP and Budget Document. I wish to assure you that all your inputs were taken into account and have greatly enhanced the final product.

I would like to acknowledge the mammoth effort which has gone into the entire IDP process, a special word of appreciation goes to the Municipal Manager and her team and all our Councillors. As Minister of COGTA indicated in his budget speech "Local Government is everybody's business". The pursuit of our vision to become a world class city is everybody's business in the entire city.

Madam Speaker, I think it would be appropriate to take a page from the late icon Nelson Mandela and pause on these words, "I have walked that long road to freedom. I have tried not to falter; I have made missteps along the way. But I have discovered the secret

that after climbing a great hill, one only finds that there are many more hills to climb. I have taken a moment here to rest, to steal a view of the glorious vista that surrounds me, to look back on the distance I have come. But I can only rest for a moment, for with freedom come responsibilities, and I dare not linger, for my long walk is not ended."

With these words, I hereby present the 2018/19 MTREF and I thank you.

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SA24	Summary of personnel numbers

No	Description
SA25	Budgeted monthly revenue and expenditure
SA26	Budgeted monthly revenue and expenditure by municipal vote
SA27	Consolidated budgeted monthly revenue and expenditure (functional classification)
SA28	Budgeted monthly capital expenditure by municipal vote
SA29	Budgeted monthly capital expenditure by functional classification
SA30	Consolidated budgeted monthly cash flow
SA31	Aggregated entity budget
SA32	List of external mechanisms
SA33	Contracts having future budgetary implications
SA34a	Consolidated capital expenditure on new assets by asset class
SA34b	Consolidated capital expenditure on the renewal of existing assets by asset class
SA34c	Consolidated repairs and maintenance by asset class
SA34d	Consolidated depreciation by asset class
SA35	Consolidated future financial implications of the capital budget
SA36	Consolidated detailed capital budget
SA37	Consolidated projects delayed from previous financial years
SA38	Consolidated detailed operational projects

Abbreviations and Acronyms

Acronym	Description
BSC	Budget Steering Committee
Budget Lekgotla	A planning forum aimed at identifying key spending priorities for the City for a specific planning cycle.
BPDM	Bojanala Platinum District Municipality
BRT	Bus rapid transport
CAPEX	Capital expenditure, spending on municipal assets such as land, buildings, roads, etc.
CATA	Culture, Arts and Traditional Affairs Grant
CBD	Central business district
CFO	Chief Financial Officer
CPI	Consumer Price Index
CRR	Capital Replacement Reserves
DoRA	Division of Revenue Act
EM	Executive Mayor
FBE	Free basic electricity
FBS	Free basic services
FBW	Free basic water
GRAP	Generally Recognised Accounting Practice
HDA	Housing Development Agency
HSDG	Human Settlements Development Grant
IBT	Inclining Block Tariff
ICC	International Convention Centre
IDP	Integrated Development Plan, a strategic document detailing the Municipality's medium- term plan for development.
INEP	Integrated National Electrification Program
Kl	kilolitre
Km	kilometre
KPA	Key Performance Area
KPI	Key Performance Indicator
LED	Local economic development
MBRR	Municipal Budgeting and Reporting Regulations
MFMA	Municipal Finance Management Act, Act 56 of 2003, legislation providing a framework for financial management in local government
MIG	Municipal Infrastructure Grant
MM	Municipal Manager
MMC	Member of the Mayoral Committee
MPRA	Municipal Properties Rates Act
MSA	Municipal Systems Act, Act 32 of 2000
mSCOA	Municipal Standard Chart of Accounts
MTREF	Medium- term Revenue and Expenditure Framework
NERSA	National Electricity Regulator South Africa
NGO	Non- governmental organisations

NT	National Treasury of South Africa
OPEX	Operating expenditure, spending on the day to day operational activities such as salaries and wages, repairs and maintenance, general expenses
PBO	Public benefit organisations
PIC	Public Investment Corporation
PMS	Performance Management System
PPE	Property, plant and equipment
PPP	Public- Private Partnerships
PTNG	Public Transport Network Grant
RLM	Rustenburg Local Municipality
RWST	Rustenburg Water Services Trust
SA	South Africa
SALGA	South African Local Government Association
SALGBC	South African Local Government Bargaining Council
SDBIP	Service Delivery and Budget Implementation Plan, a detailed plan containing quarterly performance targets and monthly budget estimates
SHRA	Social Housing Regulatory Authority
SMME	Small, Micro and Medium Enterprises
VOTE	Segments (Departments/Municipal Entities/Programmes) into which a budget is divided for the appropriation of funds
WSIG	Water Services Infrastructure Grant

List of Votes

VOTE	DESCRIPTION
Vote 1	EXECUTIVE MAYOR
Vote 2	MUNICIPAL MANAGER
Vote 3	CORPORATE SUPPORT SERVICES
Vote 4	BUDGET AND TREASURY
Vote 5	PUBLIC SAFETY
Vote 6	PLANNING AND HUMAN SETTLEMENT
Vote 7	LOCAL ECONOMIC DEVELOPMENT
Vote 8	COMMUNITY DEVELOPMENT
Vote 9	TECHNICAL AND INFRASTRUCTURE
Vote 10	ROADS AND TRANSPORT
Vote 11	MUNICIPAL ENTITY

Purpose

The purpose of this document is to submit the 2018/19 Medium Term Revenue and Expenditure Framework (MTREF) for approval by Council in line with section 24 of the MFMA which states the following:

- (1) The municipal Council must at least 30 days before the start of the budget year consider approval of the annual budget.
- (2) An annual budget –
 - (a) must be approved before the start of the budget year;
 - (b) is approved by the adoption by the Council of a resolution referred to in section 17(3)(a)(i); and
 - (c) must be approved together with the adoption of resolutions as may be necessary –
 - (i) imposing any municipal tax for the budget year;
 - (ii) setting any municipal tariffs for the budget year;
 - (iii) approving measurable performance objectives for revenue from each source and for each vote in the budget;
 - (iv) approving any changes to the municipality's integrated development plan; and
 - (v) approving any changes to the municipality's budget-related policies.

The Budget has been compiled within the framework of the MFMA, Municipal Budget and Reporting Regulations (MBRR), MFMA Circulars No 51, 54, 55, 59, 66, 67, 70, 74, 75, 78, 79, 86, 89 and 91.

PART 1 – ANNUAL BUDGET

1.1 EXECUTIVE SUMMARY

A consolidated budget of **R5.6 billion** has been proposed for the 2018/19 MTREF with R5.7 billion and R6.1 billion respectively for the two outer years. The 2018/19 MTREF budget is the second budget being undertaken under the current Council and Administrative team. The MTREF is a representation of the overall planning framework and includes both capital and operating projects together with programmes aimed at ensuring that the strategic objectives, as set out in the revised 5-year Integrated Development Plan (IDP), of the municipality are met.

This 2018/19 MTREF is prepared under a challenging economic climate depicted by low economic growth projections, increase in Factors of Production (Energy, water, land, labour, materials etc.), increase in CPIX and a rising unemployment rate. These combined factors place pressure on the community to meet the payment requirements on basic services and inherently places pressure on the revenue streams and its collectability. This has placed strain on the municipality to balance limited resources between key strategic priorities and the unlimited needs of the community.

As indicated in the National Budget Speech delivered by the then Minister of Finance, Minister Malusi Gigaba, the 2018/19 MTREF requires that “we all tighten our belts”, adhere to austerity measures, and align to the National Treasury Circular 82 on cost containment in order to ensure the efficient and effective delivery of services to the community in a sustainable manner. The slowdown in the projected economic growth is expected to reduce future allocations from National government. This places the responsibility on the municipality to generate and collect on anticipated revenues and places a key focus on revenue enhancement strategies and collection strategies.

The capital budget over the 2018/19 MTREF represents the municipality’s commitment to the expansion of both service and economic infrastructure investment that is critical in boosting investor confidence and delivering on the Economic Development Masterplan as various strategic economic development projects will be implemented over the MTREF. The municipality has established a long term financial strategy that looks at a funding mix that, when correctly combined, will unlock projects that contribute to diversifying the local economy, boosting both SMME and employment opportunities, reducing the social ills such as abuse of drugs and alcohol, and contributing positively towards the long term financial sustainability of both the municipality and the City. The funding mix includes engaging in PPPs, additional sources of grants through the use of the appointed transactional advisors, maximising on possible loan funding, revenue enhancing strategies to boost CRR and also leveraging key strategic partnerships with the PIC.

The 2018/19 MTREF was compiled with a key focus on affordability and sustainability. National Treasury’s MFMA Circulars were adhered to and the budget format and content incorporates the requirements of the MBRRR.

In line with Chapter four (4) of the MFMA the following **PRINCIPLES** were applied in formulating the 2018/19 MTREF:

- (i) Realistic and achievable revenue streams and collection rates.
- (ii) Cost reflective tariffs that are realistic and affordable.
- (iii) Sustainable, affordable, realistic and balanced budget.
- (iv) Budget that contributes to achieving strategic objectives set out in the IDP.
- (v) Loans to be sustainable, affordable and utilised for capital projects only.
- (vi) Balancing capital expenditure for social and economic rehabilitation.
- (vii) Anticipation of the growth of the rates base to ensure sustainability of free basic services

- (viii) Income/ revenue driven budget: affordability i.e. if funds do not materialise, reduce expenditure

The main **CHALLENGES** experienced during the compilation of the 2018/19 MTREF are as follows:

- (i) Economic slowdown and unemployment that impacts negatively on collection rates.
- (ii) National Treasury austerity measures with minimal growth in grant allocations.
- (iii) Impact of increased spending in repairs and maintenance and capital on tariff increases.
- (iv) Limited resources and minimal growth in the rates base and the costs to unblock development.
- (v) Increase in informal settlements and the related pressure on the provision of free basic services.

KEY ISSUES taken into consideration during the 2017/18 financial year and in compiling the 2018/19 MTREF are as follows:

Water Losses: It was critical that due care and consideration be taken in setting cost reflective water tariffs so as to ensure that the consumer does not pay for deficiencies in the water infrastructure network of the municipality which yields high water losses. In the second half of the 2017/18 financial year the municipality embarked on rolling out the Water Conservation and Water Demand Management Project aimed at reducing the 43% water losses reported in the previous audited financial year. The objective of the project is to reduce the water losses from 43% to the NT norm of below 30% over the 2018/19 MTREF.

Various activities are in place such as follows:

- (i) the leak detection and repair strategy
- (ii) the installation of pressure reducing valves
- (iii) the installation of consumer water meters
- (iv) the installation of bulk meters to informal settlements
- (v) the regularisation and registration of water connections
- (vi) installation and upgrading of industrial, commercial and institutional meters

A/C pipe replacement projects have also been prioritised to address aged infrastructure together with an increase in the repairs and maintenance budget giving effect to planned maintenance on infrastructure. In addition, the installation of smart meters, valve control training and resizing of meters is still to commence while the replacement of aged meters is to be intensified under the **SMARTCITY** Project. Prioritisation on metering informal settlements through community stand points will also be prioritised through both the projects. An allocation has also been made towards the Tierkloof Reservoir which is a key strategic project.

Electricity Losses: The electricity losses of the municipality still continue to fall within the NT norms of 7% - 10%, however the “mushrooming” of informal settlements driven by urbanisation continues to place great pressure on the municipality due to continuous illegal connections that result in distribution losses. The municipality has allocated capital funding to initiate efforts around the electrification of informal settlements and is currently looking at various alternative technologies that are cost effective and also strategic partnerships that can assist the municipality with the electrification of informal settlements at a scale that will have a positive impact throughout the informal areas. In compiling cost reflective electricity tariffs an engineering cost of supply study was commissioned which established that the residential tariffs were above the NERSA norms whilst the industrial tariffs were below the approved norms. This has been addressed accordingly in the

2018/19 tariffs by providing much needed relief to the residential consumers whilst addressing the under-recovery through increased industrial tariffs.

For the longer term and in line with supporting the strategic objective of boosting the local economy, investments are being made towards the upgrading of the Industries and Voltaire sub-stations, upgrading both the 33KV and 11KV networks, together with priority being given in addressing the aged infrastructure that has contributed negatively to the reliability of supply in the Plot areas.

The following are some of the **AUSTERITY MEASURES** that have been applied to the 2018/19 medium term:

- (i) National Treasury cost containment guidelines.
- (ii) Provision for the procurement of fleet in order to reduce dependency on hiring costs and continuous costly repairs and maintenance of the existing municipal fleet.
- (iii) An analysis into the cost/benefit of procurement of yellow fleet vs. internal yellow fleet.
- (iv) Investing in a fleet management solution that will enable the municipality to track the movement of vehicles together with the utilisation of the fuel.
- (v) Disposal of aged fleet.
- (vi) Implementation of Bio-metrics to manage the salaries and wages cost together with the monitoring the productivity of employees supported by change management workshops aimed at boosting the morale of the employees.
- (vii) Fuel, overtime, catering, and consultants are some of the costs that are closely monitored.
- (viii) Amendment of fleet management policy.
- (ix) Amendment of Travel Policy so as to ensure that austerity measures are adhered to (e.g. no payment for travel of candidates who attend interviews and sharing of pool vehicles when municipal employees travel to same meetings outside the municipal jurisdiction).

The past 2017/18 financial year was spent stabilising the municipality but ensuring that the strategic administration vacancies of section 56 managers are filled, thereafter implementing the revenue enhancement strategies with the objective of settling creditors/entering into arrangements with creditors that are over 30 days as prescribed by section 65(2)(e) of the MFMA, ensuring internal controls are in place, rebuilding the employer/employee relationship together with activities aimed at re-instating the trust between the municipality and the community. The 2018/19 will build on the year past and ensure that the capital projects implemented address the backlogs that are currently facing the municipality across human settlements, service delivery (electrical, water and sanitation infrastructure) and the maintenance of existing infrastructure together with the various social facilities of the municipality.

In line with the LED Masterplan (2040) there is a key focus on LED to prioritise the City Regeneration Programme for Rustenburg that will unlock key developments in the CBD together through strategic partnerships with the HDA and SHRA to look at accelerating both infrastructure and investment in the development of rental stock along the BRT route that is envisaged to launch in the third quarter of the 2018/19 financial year. This is supported by various Legacy Projects aimed at being game changers and include (not limited to) the establishment of a University, commercialising the Airport, developing the Mining Supplier Park, delivering the four precinct projects (Monnakato, Boitekong, Phatsima and Lethabong), finalising the ICC Tourism Gateway that will see the establishment of an ICC, two Hotels, an upgrade to the Visitors Information Centre (VIC) and the Bellevue x 10 mixed use development. These are projects that the municipality is directly investing in through the alienation of land. In addition, there are two major developments which are envisaged through stakeholders

such as the PIC being the Tlhabane Mall development and the Safari investments development over the 2018/19 MTREF.

An investment in the **SMARTCITY** Project will see the municipality enhancing its revenue collection through the roll-out of smart meters, improved collection rates through implementing the Electronic Bill Presentment and Payment Solution to enable easy access and payment of services, the delivery of a Safer City through the roll-out of CCTV cameras throughout the City, efficient use of energy by ensuring smart street lighting and energy efficient buildings and also the roll-out of an Integrated Transport System to support the launch of the BRT project.

Through Community Development we are envisaging the establishment of at least 100 co-operatives that will assist with the maintenance and up-keeping of the various facilities and across the 45 wards which the municipality services. In addition, there are opportunities for waste to energy projects that will also be ward based and delivered through co-operatives model. This will contribute towards the general keeping and cleanliness of the City, ensure creation of much needed job opportunities and energise the green economy initiatives. A substantial investment has been made towards the establishment of mini waste transfer stations across the four regions of the City. In addition, there is a proposal of a waste-to-energy project done through the rehabilitation of the Townlands landfill site.

The municipality is also making a contribution towards the establishment of a Municipal Precinct that will see the Upgrade/Refurbishment of Missionary Mpheni House, BPDM offices (which are municipal owned properties), Old Town Hall together with potential new office buildings that can cater for parking opposite the ABSA building (all subject to available budget or funding model through strategic partnerships which will need to be approved by Council). Procurement of new fleet has also been prioritised to ensure the timely delivery of quality services to the communities.

The 2018/19 MTREF therefore continues the implementation of the key IDP priorities of this government in pursuit of achieving the following strategic goals:

- (i) Efficient provision of quality Basic Services and Infrastructure within a well-planned Spatial Structure.
- (ii) Drive Diversified Economic growth and Job Creation.
- (iii) Ensure Municipal Financial Viability and Management.
- (iv) Maintain Clean, Green, Safe and Healthy Municipal Environment for all.
- (v) Transform and maintain a vibrant and sustainable rural development.
- (vi) Uphold Good Governance and Public Participation Principles.
- (vii) Drive Optimal Institutional Development, Transformation and Capacity Building.

In line with most municipalities (both metro and secondary Cities) and together with the guidance given by the NT Circulars the 2018/19 budget is centralised around three core principles:

- (i) Strengthening the existing revenue capacity and fiscal efforts by improving the culture of payment, ownership of revenue activities, efficiency of customer service and improving meter reading/accuracy in billing performance throughout the City;
- (ii) Managing the cost of governance in relation to the implementation of programmes and intensifying austerity measures in both the operating and capital budget planning processes;
- (iii) Improving the capacity to spend on all allocated grants.

The allocations below therefore respond to the strategic priorities as set out in the revised IDP and supported by the 2018/19 MTREF within the available resources.

1.2 OPERATING BUDGET FRAMEWORK

The proposed operating revenue budget (exclusive of transfers and subsidies) is approximately R4.78 billion and the operating expenditure budget is totalling R4.77 billion for the 2018/19 financial year. Revenue is decreasing by 0.18% and expenditure by 0.15% over the 2017/18 financial year.

The main cost drivers of the operating budget are as follows:

- Cost of bulk purchases - water and electricity
- Repairs and maintenance of infrastructure
- Cost of addressing service delivery backlogs
- Impact of capital spending on operating expenditure
- Remuneration of Councillors and Employees as a result of filling of vacancies and provision for salary increase.

The table below sets out the Medium –Term Revenue and Expenditure Budget for the 2018/19 – 2020/21 financial years, within the available limited resources:

	Adjusted Budget 2017/18	Budget 2018/19	%	Estimate 2019/20	Estimate 2020/21
	R'000	R'000		R'000	R'000
Revenue	4 787 919	4 779 287	-0.18%	5 062 815	5 397 151
Expenditure	4 779 643	4 772 532	-0.15%	5 028 718	5 330 419
Surplus/(Deficit)	8 276	6 755	-18.38%	34 097	66 732
Capital transfers and contributions	526 208	506 885		470 684	498 769
Surplus/(Deficit) - After capital transfers and contributions	534 483	513 640		504 781	565 501

Rustenburg Local Municipality is budgeting for a surplus before capital transfers and contributions of R6.8 million and R513.6 million after capital transfers and contributions which will be utilised towards funding the capital investment, building of reserves as well as the working capital of the Municipality.

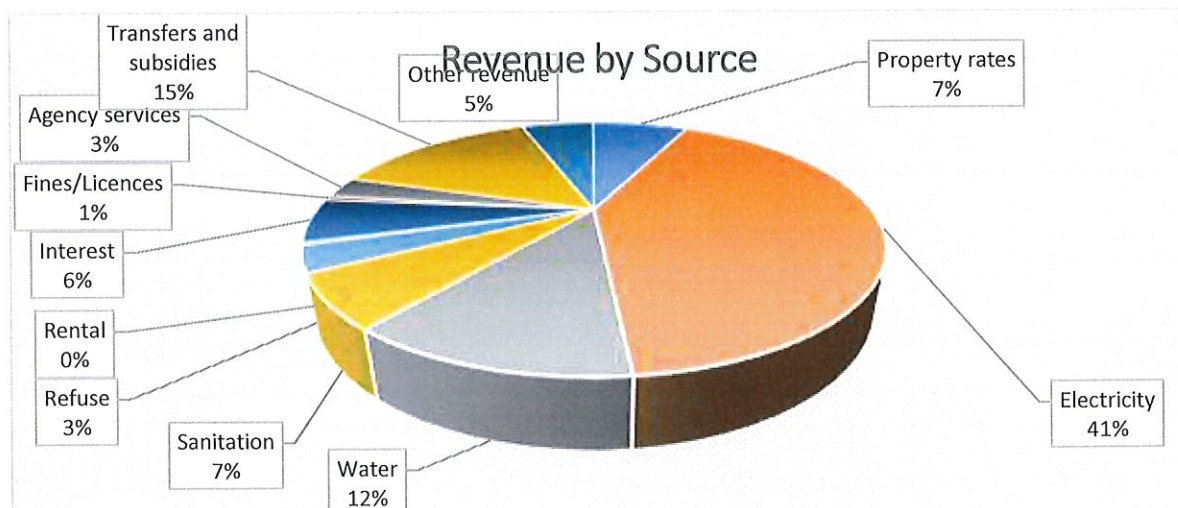
Revenue Analysis

In 2017/18, the direct revenues were budgeted at R4.79 billion with revenue estimated to be R4.78 billion in 2018/19.

		2018/19 Medium Term Revenue & Expenditure Framework			
Description	Adjusted Budget	Budget Year 2018/19	%	Budget Year +1 2019/20	Budget Year +2 2020/21
Revenue By Source	R'000	R'000		R'000	R'000
Property rates	319 434	340 075	6.46%	362 089	382 004
Service charges - electricity revenue	2 471 460	1 976 897	-20.01%	2 105 406	2 246 488
Service charges - water revenue	546 355	581 946	6.51%	619 817	661 424
Service charges - sanitation revenue	300 693	314 414	4.56%	334 764	354 717
Service charges - refuse revenue	135 076	157 730	16.77%	166 232	175 375
Service charges - other	239	254	6.10%	269	284
Rental of facilities and equipment	10 333	16 581	60.46%	17 515	18 478
Interest earned - external investments	16 114	19 569	21.44%	20 774	21 916
Interest earned - outstanding debtors	208 006	250 278	20.32%	261 054	275 412
Fines, penalties and forfeits	1 713	17 748	936.39%	18 708	19 737
Licences and permits	9 115	9 653	5.90%	10 213	10 775
Agency services	20 453	131 944	545.12%	131 249	146 577
Transfers and subsidies	651 265	703 274	7.99%	770 012	867 114
Other revenue	92 665	141 845	53.07%	145 714	147 849
Gains on disposal of PPE	5 000	117 080	2241.60%	99 000	69 000
Total Revenue (excluding capital transfers and contributions)	4 787 919	4 779 287	-0.18%	5 062 815	5 397 151

The overall reduction of 0.18% in total revenue is mainly driven by the 20.01% reduction in the electricity revenue. The reduction in electricity revenue emanates from the efforts by the Municipality to align the 2018/19 tariffs with NERSA approved tariffs. This is offset by an average increase in property rates (6.4%), increase in water (6.5%), increase in sanitation (4.6%), increase in refuse (16.8%), increase in transfers and subsidies (8%) and increases in other revenue.

The chart below depicts the percentages per revenue category of the total revenue of Rustenburg Local Municipality:



The 2018/19 budget for property rates, electricity, water, sanitation and refuse represents approximately **70.5 %** of the total budgeted revenue of **R4.78 billion**.

The Table below sets out the average tariff increases for 2018/19 – 2020/21 financial years:

Service	Budget Year 2018/2019	Budget Year +1 2019/20	Budget Year +2 2020/21
Property Rates	6.4%	6.4%	6.4%
Water - Basic	11.6%	6.5%	6.7%
Water - Consumption	15.5%	16.6%	17.8%
Electricity - Residential	6.6%	6.6%	6.6%
Electricity - Commercial	2.3%	2.3%	2.9%
Electricity - Government	0.0%	0.0%	0.0%
Electricity - Agricultural	3.7%	3.7%	3.7%
Electricity - Industrial	4.8%	4.3%	4.3%
Electricity - Time of Use	5.4%	5.4%	5.4%
Sanitation	15.0%	6.7%	6.7%
Waste Removal	9.2%	5.2%	5.2%

The tariff increases in the table above are averages; i.e. some customers may pay more and others less than the average.

Property Rates: The property rates revenue is projected to increase by 6.4% on the adjustment budget of R20,6 million in the 2018/19. The increase in the two outer years is at 6.4% and 6.4% respectively. The new Valuation Roll will only be effected on the 1st July 2019. The property rates revenue is at 7.1%, 7.2% and 7.1% respectively of the total revenue over the 2018/19 MTREF.

Service Charges - Electricity revenue is at R1, 98 billion in the 2018/19 financial year with a decrease of 20% when compared to the 2017/18 adjusted budget. For the two outer years the increase is at 7% respectively. The tariffs are subject to NERSA approval.

The increase is based on a proposed average tariff increase for electricity of 4.65% in the 2018/19 financial year and the and the strategic drive to reduce total electricity losses to below the acceptable NT norm of between 7%-10% in the 2018/19 financial year. The bulk purchase price increase is assumed at 7.32%.

Service charges - Projected water charges are estimated at R0.581 billion or, approximately 6.51% increase from the 2017/18 adjusted budget. The increase is based on an average tariff increase of 15.5%. In addition, the proposed average bulk tariff increases are 12%, 11% and 12% by Rand Water, Magalies Water and RWST respectively.

Sewerage: Projected sewerage charges are estimated at R0.314 billion, approximately 4.6% increase from the 2017/18 financial year. For the two outer years, a projected R0.334 billion and R0.354 billion respectively. The increases by 4.6% in 2018/19 financial year when compared to the adjusted budget. There is an increase of 6.5% and 6% respectively in the outer years.

The major growth is from anticipated revenues from the entity (RWST) of R0.198 billion, R0.211 billion and R0.223 billion in 2018/19, 2019/20 and 2020/21 respectively.

Service charges – refuse: The projected revenue for waste management is at R0.157 billion, R0.166 billion and R0.175 billion over the 2018/19 MTREF. Waste management revenue increases by R0.023 billion in the 2018/19 financial year when compared to the adjusted budget. For the two outer years it increases by R0.008 billion and R0.009 billion. The increase in the 2018/19 financial year of around 16.8% is to accommodate the full operationalization of the Waterval landfill sites and re-establishment of collection through rental skips. There is an anticipated increase in the proposed revenue in the outer years of 5.4% and 5.5% respectively.

Rental of facilities: An anticipated increase of approximately by 60.45% and is mainly driven by increase in rental housing unit and the increase in revenues on commercial leases and renewals of all social leases. The proposed revenue on rental of facilities for the outer years is at R0.018 billion and R0.018 billion respectively. Anticipated revenue is mainly on the following facilities: Rental of Sports Facilities, Kloof Holiday Resort, Community Halls and Housing Provision for Municipal Houses and Flats.

It is envisaged that the municipal parks will generate revenue in the coming financial year, hence the 60.5% increase of revenue in 2018/19 when compared to the adjusted budget. The increase in the outer years is at 5.6% and 5.5% respectively.

Interest earned – External Investment Performance: An anticipated increase of 21.4% or R3,5million in the 2018/19 financial year when compared to the 2017/18 adjusted budgeted. There is an anticipated growth in the collection of revenue due to the revenue enhancement strategies that the municipality is embarking on currently, that will allow for additional revenue to be invested. It is projected that the interest from investments will grow by 6.2% and 5.5% respectively in the outer years.

Interest on outstanding debtors: This is the interest charged on accounts in arrears. The credit control and debt collection policy has a provision to write off outstanding interest if the whole amount owed is settled by the debtor.

The proposed increase in 2018/19 is at R42,3 million or 20.3% when compared to the adjusted budget. The increase in the outer years is projected at 6.2% and 5.5% respectively.

Income from **finest, penalties and forfeits** increased with an amount of R16 million from the 2017/18 financial year. It increases by 5.4% and 5.5% respectively in the outer years. The estimated increase is due to the implementation of the traffic management solution and expectation of revenue to be collected from fines. The proposed revenue on fines, penalties and forfeits is at R17,7 million in the 2018/19 financial year, R18,7 million in the 2019/20 financial year and R19,7 million in the 2020/21 financial year.

Licences and Permits- The proposed revenue on licences and permits increases by R538 000 when compared to the 2017/18 adjustment budget.

The **income for Agency Services** is for Vehicle Testing and Licenses which is a function done by the municipality on behalf of the Provincial Government. It is important to note that a portion of this revenue is payable to Provincial Government under the 80/20 agreement and the municipality retains 20% before VAT of the revenue on vehicle testing and licenses.

Operating grants revenue increases by R52 million or 8% in the 2018/19 financial year. The increase mainly relates to increased allocations for the Equitable Share and Public Transport Network (PTNG) grant funding.

Other revenue reflects an increase of 53%, 0.4% and 1.34% respectively over the MTREF.

The tariffs for minor services will mainly increase in line with estimated inflation of 5.3% and 5.4% over the 2018/19 MTREF.

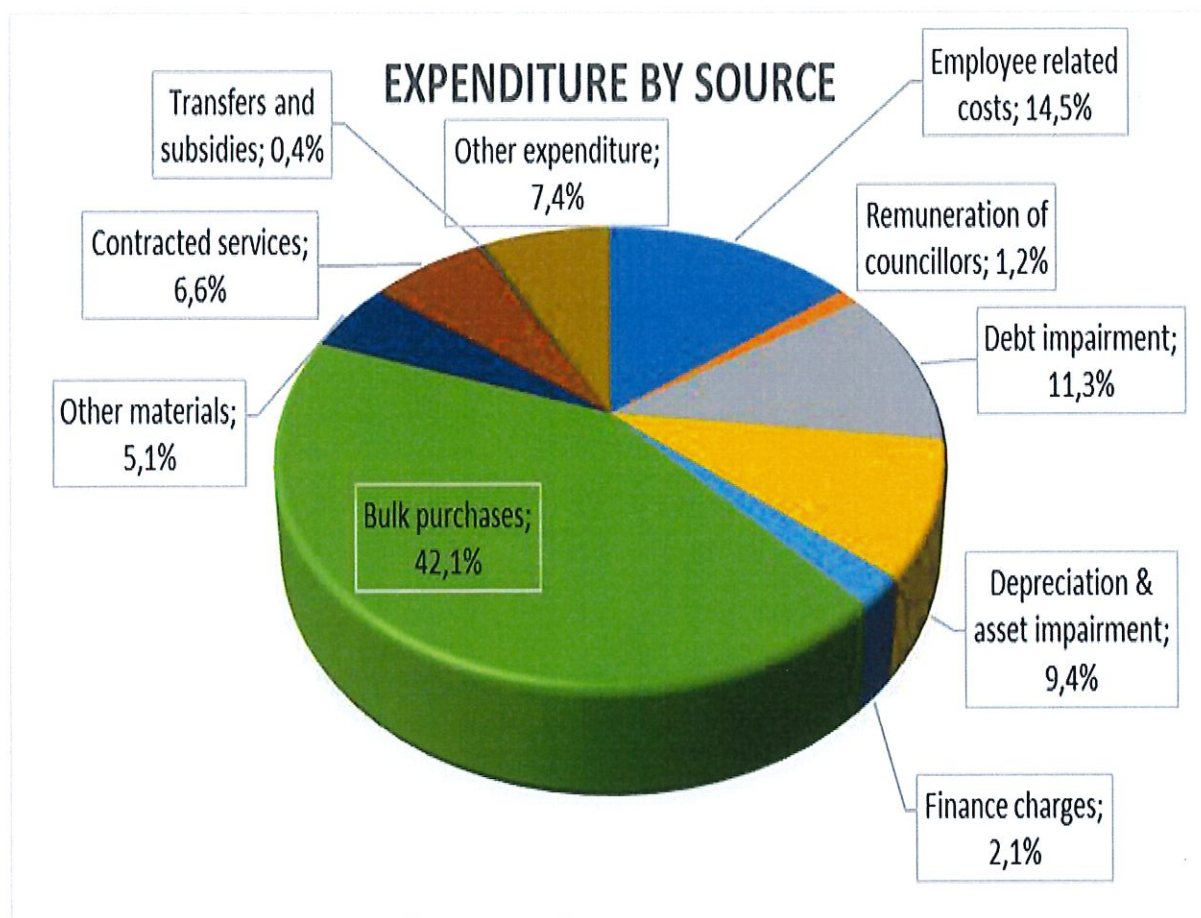
Expenditure analysis

The Council adopted the 2017/18 Adjusted Operating Budget of R4.78 billion. 2018/19 Presents a budget of R4.77 billion, a decrease of 0.1% from the 2017/18 adjusted budget.

Expenditure By Type		2018/19 Medium Term Revenue & Expenditure Framework			
R thousand	2017/18 Adjusted Budget	Budget Year 2018/19	%	Budget Year +1 2019/20	Budget Year +2 2020/21
Employee related costs	638 077	689 646	8.1%	736 127	776 430
Remuneration of councillors	35 000	56 614	61.8%	58 721	61 309
Debt impairment	677 534	539 436	-20.4%	500 638	495 770
Depreciation & asset impairment	440 297	446 984	1.5%	478 974	501 794
Finance charges	61 565	100 026	62.5%	106 212	115 261
Bulk purchases	2 152 371	2 008 835	-6.7%	2 141 320	2 312 784
Other materials	163 944	244 627	49.2%	283 758	295 814
Contracted services	317 457	315 325	-0.7%	325 474	348 734
Transfers and subsidies	16 021	16 938	5.7%	17 892	18 876
Other expenditure	277 376	354 102	27.7%	379 603	403 647
Total Expenditure	4 779 643	4 772 532	-0.1%	5 028 718	5 330 419

The decrease of 0.1% in total expenditure is mainly driven by the reduction in bulk purchases (Eskom, Randwater, Magalies Water, RWST) of 6.7% and a reduction in debt impairment of 20.4%. This reduction is offset by an increase in employee related costs (8.1%), an increase in remuneration of Councillors (61.8%) and an increase in other materials (49.2%) which consists of repairs and maintenance as well as consumables.

The chart below reflects the percentages per expenditure category of the total expenditure of Rustenburg Local Municipality:



Repairs and maintenance

Within the limited resources that are available, Rustenburg Local Municipality aims to prioritise the maintenance of its current infrastructure. In line with National Treasury norms, municipalities are required to allocate a repairs and maintenance budget of 8% as a percentage of total PPE. For the 2018/19 financial year the budgeted repairs and maintenance amounts to only 2.4% of total PPE and 5.1% of total expenditure. Although this improved from the 2017/18 financial year (1.7% of total PPE), this is still below the NT requirements. Over the 2018/19 MTREF the Municipality has placed great emphasis and accompanying budget on capital replacement projects (electrical infrastructure and A/C pipe replacement projects for water and sewer) to supplement the deficit of the repairs and maintenance budget.

The following table is a consolidation of all the expenditures associated with repairs and maintenance:

Description	2014/15	2015/16	2016/17	Current Year 2017/18		2018/19 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Repairs and maintenance expenditure by Asset Class/Sub-class								
Roads Infrastructure	18 843	11 565	10 900	14 536	14 536	25 899	27 341	28 845
Electrical Infrastructure	16 269	11 990	14 207	16 081	17 335	62 931	68 165	71 694
Water Supply Infrastructure	40 238	11 118	14 745	17 644	20 944	26 424	34 769	36 681
Sanitation Infrastructure	36 035	20 013	4 004	65 309	65 309	78 059	104 632	113 441
Solid Waste Infrastructure	6 226	3 568	4 000	8 679	8 529	10 191	10 724	11 314
Community Assets	6 973	6 268	2 618	2 386	2 019	9 111	9 667	10 198
Investment properties	3 100	3 265	729	-	-	22 818	18 828	14 038
Other assets	2 816	13 249	47 612	21 645	35 272	2 842	2 940	2 542
Heritage assets	4 693	-	-	-	-	-	-	-
Computer Equipment	-	985	-	-	-	6 353	6 693	7 061
Machinery and Equipment	-	2 479	-	-	-	-	-	-
Total Repairs and Maintenance	135 193	84 499	98 815	146 281	163 944	244 627	283 758	295 814

Financial Position

The table below reflects the summary of the proposed financial position:

Description		2018/19 Medium Term Revenue & Expenditure Framework		
R thousand	Adjusted Budget	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Total current assets	1 015 348	1 334 812	1 809 720	2 359 337
Total non-current assets	10 089 166	10 746 892	11 197 582	11 813 449
Total current liabilities	727 825	740 075	780 039	822 941
Total non-current liabilities	730 189	944 402	834 438	848 432
Community wealth/equity	9 646 499	10 397 227	11 392 825	12 501 412

The projected current ratio over the 2018/19 MTREF is above 1:1. The Municipality has a sound financial recovery plan in place to improve on the current ratio and to ensure that it is within the norms set by NT of 1.5-2:1.

Cash flow

The table below reflects the summary of the proposed cashflow:

Description		2018/19 Medium Term Revenue & Expenditure Framework		
R thousand	Adjusted Budget 2017/18	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
NET CASH FROM/(USED) OPERATING ACTIVITIES	920 122	1 001 282	1 062 791	1 193 066
NET CASH FROM/(USED) INVESTING ACTIVITIES	- 550 208	- 712 412	- 598 068	- 653 216
NET CASH FROM/(USED) FINANCING ACTIVITIES	- 50 560	- 3 240	- 26 115	- 29 201
NET INCREASE/ (DECREASE) IN CASH HELD	319 354	285 630	438 608	510 649
Cash/cash equivalents at the year begin:	57 614	376 968	662 599	1 142 207
Cash/cash equivalents at the yearend:	376 968	662 599	1 142 207	1 611 856

The net increase in cash held of Rustenburg Local Municipality is projected to be approximately R285.6 million for the 2018/19 financial year. It will be approximately R438.6 million in the 2019/20 financial year and R510.6 million in the 2020/21 financial year. Cash reserves are applied towards capital infrastructure spending.

To achieve financial stabilisation and long-term sustainability the Municipality has a set of parameters within which financial planning should be aligned. These key financial indicators are included in the table below:

Description of financial indicator	Benchmark	2016/17	2017/18	2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Adjusted Budget	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Current Ratio	1.5-2:1	0.9	1.4	1.8	2.3	2.9
Remuneration as a % of Total Operating Expenditure ratio	Below 30%	16%	14%	16%	16%	16%
Capital Charges to Operating Expenditure	Between 10%-20%	4.6%	2.4%	3.9%	3.9%	3.9%
Cost coverage (months)	1-3 Months	0.6	1.1	2.3	3.4	4.5
R&M as a % of PPE	8%	1.1%	1.7%	2.4%	2.6%	2.6%

R&M as % Operating Expenditure	N/A	2.4%	3.4%	5.1%	5.9%	5.9%
Solvency Ratio	2:1	5.3	7.6	7.2	8.1	8.5

1.3 CAPITAL EXPENDITURE

The level of capital expenditure and borrowings are based on affordability, prudential indicators and sustainability (debt ratio, current ratio, operating surplus and the impact or return of the capital investment on the operating account). The table below reflects the medium-term capital budget over the next three years.

Funding Source	Proposed 2018-2019	Proposed 2019-2020	Proposed 2019-2021
GRANTS	506 885	470 684	498 769
CRR	119 607	166 384	163 447
LOAN	203 000	60 000	60 000
TOTAL	829 492	697 068	722 216

The capital budget of Rustenburg Local Municipality projects a spending plan of approximately R2.2 billion over the next three-year period. The capital budget for the 2018/19 financial year amounts to approximately R829.5 million. This capital budget is funded by grants of R506.9 million, CRR of R119.6 million and loans of R203.0 million.

The grant funding comprises the following:

- PTNG of R212.6 million
- WSIG of R60.0 million
- MIG of R223.2 million
- CATA of R1.1 million
- INEP of R10.0 million

PROCUREMENT OF FLEET IN 2018/19 MTREF:

Excessive constraints and challenges have been experienced during the past couple of years with regards to the repairs of aged and damaged fleet as well as the rental of fleet. The availability of fleet directly impacts service delivery. The Municipality provided for the acquisition of cabsters in the 2017/18 adjustment budget to cut the costs of hiring fleet from service providers. R123 million has been provided for in the 2018/19 financial year to purchase new fleet to replace the aged fleet.

1.4 ANNUAL BUDGET TABLES

The following pages present the main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2018/19 MTREF.

Table A1: Consolidated Budget Summary

[illegible]

Capital expenditure	851 253	1 297 129	511 426	581 218	624 208	624 208	624 208	829 492	697 068	722 216
Transfers recognised - capital	657 411	934 649	390 788	512 218	526 208	526 208	526 208	506 885	470 684	498 769
Public contributions & donations	89 504	89 078	47 497	69 000	69 000	69 000	69 000	-	-	-
Borrowing	104 337	79 270	68 916	-	-	-	-	203 000	60 000	60 000
Internally generated funds	-	194 131	4 225	-	29 000	29 000	29 000	119 607	166 384	163 447
Total sources of capital funds	851 253	1 297 129	511 426	581 218	624 208	624 208	624 208	829 492	697 068	722 216
<u>Financial position</u>										
Total current assets	992 428	307 693	817 913	1 045 727	1 015 348	1 015 348	1 015 348	1 334 812	1 809 720	2 359 337
Total non current assets	8 149 124	8 589 807	8 873 815	9 663 153	10 089 166	10 089 166	10 089 166	10 746 892	11 197 582	11 813 449
Total current liabilities	1 183 455	1 101 146	941 408	727 825	727 825	727 825	727 825	740 075	780 039	822 941
Total non current liabilities	881 824	926 821	872 177	730 189	730 189	730 189	730 189	944 402	834 438	848 432
Community wealth/Equity	7 076 273	6 869 533	7 878 143	9 250 866	9 646 499	9 646 499	9 646 499	10 397 226	11 392 825	12 501 413
<u>Cash flows</u>										
Net cash from (used) operating	724 553	834 964	418 801	991 026	920 122	920 122	920 122	1 001 282	1 062 791	1 193 066
Net cash from (used) investing	(840 586)	(1 259 883)	(495 808)	(510 778)	(550 208)	(550 208)	(550 208)	(712 412)	(598 068)	(653 216)
Net cash from (used) financing	141 341	(428 858)	(109 342)	(50 560)	(50 560)	(50 560)	(50 560)	(3 240)	(26 115)	(29 201)
Cash/cash equivalents at the year end	552 403	(250 403)	158 014	587 703	376 968	376 968	376 968	662 598	1 101 207	1 611 856
<u>Cash backing/surplus reconciliation</u>										
Cash and investments available	553 283	(249 602)	158 865	588 504	377 769	377 769	377 769	663 442	1 102 096	1 612 794
Application of cash and investments	855 764	642 961	417 100	373 286	223 548	223 548	223 548	198 354	194 938	198 429
Balance - surplus (shortfall)	(302 481)	(892 563)	(258 235)	215 217	154 221	154 221	154 221	465 088	907 158	1 414 365
<u>Asset management</u>										
Asset register summary (WDV)	8 587 787	8 871 745	9 662 229	10 088 241	10 088 241	10 088 241	10 088 241	10 745 917	11 196 555	11 812 365
Depreciation	364 872	398 991	335 421	440 290	440 297	440 297	440 297	440 297	446 984	478 974
Renewal of Existing Assets	100 462	614 570	-	75 217	75 217	75 217	75 217	327 950	310 924	322 875
Repairs and Maintenance	135 193	84 499	98 815	146 281	163 944	163 944	163 944	244 627	283 758	295 814
<u>Free services</u>										
Cost of Free Basic Services provided	-	-	211 895	263 073	263 073	263 073	263 981	263 981	264 926	265 874
Revenue cost of free services provided	45 449	45 449	45 449	84 778	84 778	84 778	87 098	87 098	89 514	91 938
Households below minimum service level										
Water:	6	7	2	1	1	1	1	1	1	1
Sanitation/sewerage:	-	-	-	-	-	-	-	-	-	-
Energy:	210	247	252	262	262	262	262	262	262	262
Refuse:	46	49	61	7	7	7	7	7	7	7

Explanatory notes to MBRR Table A1 - Budget Summary

Table A1 is a budget summary and provides an overview of the Municipality's budget that includes all major financial components (i.e. operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).

1. Financial management reforms emphasise the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
 - (a) The operating surplus is positive over the medium-term;
 - (b) The capital budget to be spent is approximately R829.5 million in 2018/19 financial year, R697.1 million in the 2019/20 financial year and R722.2 million in 2020/21.
 - (c) Borrowings is incorporated in the net cash from financing on the Cash Flow Budget;
 - (d) Internally generated funds are financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years; and
 - (e) The projected cash of the Municipality is approximately R662.6 million at the end of the 2018/19 financial year. It will be approximately R1.6 billion in the outer year.
2. The Municipality's cash backing / surplus reconciliation over the 2018/19 MTREF shows a positive outcome, which is an indication that the Municipality will be able to afford its commitments over the next three years.
3. Even though the Council is placing great emphasis on securing the financial sustainability of the Municipality, this is not being done at the expense of services to the poor. The section of Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the Municipality continues to increase. In addition, the Municipality continues to make progress in addressing service delivery backlogs

Table A2: Consolidated Budgeted Financial Performance (revenue and expenditure by standard classification)

NW373 Rustenburg - Table A2 Consolidated Budgeted Financial Performance (revenue and expenditure by functional classification)											
Functional Classification Description	Ref	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework					
		2014/15	2015/16	2016/17		Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand	1										
Revenue - Functional											
Governance and administration											
Executive and Council		515 521	490 611	536 230	572 294	639 294	639 294	639 294	653 350	691 086	730 788
Finance and administration		119 742	165 776	204 704	217 991	217 991	217 991	217 991	259 912	271 244	286 159
Internal audit		395 779	324 835	331 525	354 303	421 303	421 303	421 303	393 438	419 842	444 629
Community and public safety		-	-	-	-	-	-	-	-	-	-
Community and social services		27 647	35 610	36 668	39 082	39 082	39 082	39 082	187 862	186 282	198 739
Sport and recreation		2 803	2 872	2 460	2 730	2 730	2 730	2 730	2 612	2 727	2 848
Public safety		1 536	667	1 262	1 339	1 339	1 339	1 339	1 907	2 014	2 125
Housing		20 812	27 948	28 301	30 084	30 084	30 084	30 084	178 130	176 026	187 947
Health		2 497	4 122	4 645	4 929	4 929	4 929	4 929	5 214	5 516	5 819
Economic and environmental services		-	-	-	-	-	-	-	-	-	-
Planning and development		116 591	160 621	116 083	86 172	89 313	89 313	89 313	219 266	198 859	185 439
Road transport		7 378	25 170	16 112	16 990	20 131	20 131	20 131	116 343	95 160	65 614
Environmental protection		109 210	135 450	99 971	69 182	69 182	69 182	69 182	102 924	103 699	119 825
Trading services		3	-	0	0	0	0	0	-	-	-
Energy sources		2 386 717	2 681 808	3 627 875	4 532 448	4 546 437	4 546 437	4 546 437	3 718 809	3 986 588	4 282 184
Water management		1 603 731	1 732 088	2 443 455	2 545 284	2 545 284	2 545 284	2 545 284	2 078 721	2 218 398	2 372 418
Waste water management		497 673	526 762	712 683	832 501	832 501	832 501	832 501	933 413	1 011 466	1 099 718
Waste management		139 185	252 815	285 123	936 457	950 446	950 446	950 446	397 204	426 672	457 060
Other		146 127	170 142	186 614	218 206	218 206	218 206	218 206	309 471	330 053	352 988
Total Revenue - Functional	4	640 555	607 936	-	-	-	-	-	506 885	470 684	498 769
	2	3 687 032	3 976 585	4 316 856	5 229 996	5 314 126	5 314 126	5 314 126	5 286 172	5 533 499	5 895 919
Expenditure - Functional											
Governance and administration	-										
Executive and Council		392 168	411 600	430 465	444 459	531 910	531 910	531 910	571 614	592 482	618 097
Finance and administration		140 546	114 085	110 946	119 357	130 857	130 857	130 857	160 563	169 444	178 194
Internal audit		249 256	294 201	314 847	320 108	396 059	396 059	396 059	405 710	417 326	433 877
Community and public safety		2 366	3 314	4 671	4 995	4 995	4 995	4 995	5 341	5 711	6 025
Community and social services		121 911	139 068	224 415	237 160	239 382	239 382	239 382	372 584	387 987	411 939
		25 433	26 084	51 910	55 011	55 322	55 322	55 322	70 761	71 442	72 930

The table below reflects the surplus/(deficit) of *Trading Services* accounts:

Trading Services: Summary		Current Year 2017/18					2018/19 Medium Term Revenue & Expenditure Framework		
Functional Classification Description	2014/15	2015/16	2016/17	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand									
Electricity									
Revenue (excl. capital grants)	1 603 731	1 732 088	2 443 455	2 545 284	2 545 284	2 545 284	2 078 721	2 218 398	2 372 418
Expenditure	1 746 240	1 887 714	1 925 729	2 142 261	2 145 561	2 145 561	1 969 495	2 066 223	2 227 513
Surplus/(Deficit) for the year	(142 508)	(155 625)	517 727	403 023	399 723	399 723	109 225	152 174	144 905
% Surplus/(Deficit)	-8.9%	-9.0%	21.2%	15.8%	15.7%	15.7%	5.3%	6.9%	6.1%
Water and Waste Water Management									
Revenue (excl. capital grants)	636 859	779 577	997 806	1 768 957	1 782 947	1 782 947	1 330 617	1 438 138	1 556 777
Expenditure	664 363	748 674	845 340	1 150 516	1 170 216	1 170 216	1 123 837	1 206 966	1 251 115
Surplus/(Deficit) for the year	(27 504)	30 903	152 466	618 441	612 730	612 730	206 760	231 172	305 663
% Surplus/(Deficit)	-4.3%	4.0%	15.3%	35.0%	34.4%	34.4%	15.5%	16.1%	19.6%
Waste Management									
Revenue (excl. capital grants)	146 127	170 142	186 614	218 206	218 206	218 206	309 471	330 053	352 988
Expenditure	195 780	120 940	158 854	214 454	237 156	237 156	244 245	256 513	264 301
Surplus/(Deficit) for the year	(49 653)	49 203	27 760	3 752	(18 950)	(18 950)	65 226	73 540	88 687
% Surplus/(Deficit)	-34.0%	28.9%	14.9%	1.7%	-8.7%	-8.7%	21.1%	22.3%	25.1%
Trading Services: Revenue (incl. capital grants)	3 687 032	3 976 585	4 316 856	5 229 996	5 314 126	5 314 126	5 286 172	5 533 499	5 895 919
Trading Services: Expenditure	2 606 382	2 757 327	2 929 923	3 507 232	3 552 934	3 552 934	3 337 578	3 529 702	3 742 929
Surplus/(Deficit)	1 080 650	1 219 257	1 386 934	1 722 765	1 761 193	1 761 193	1 948 594	2 003 797	2 152 990
% Surplus/(Deficit)	29.3%	30.7%	32.1%	32.9%	33.1%	33.1%	36.9%	36.2%	36.5%

- The electricity trading surplus is 5.3%, 6.9% and 6.1% over the 2018/19 MTREF
- Water and waste water management trading surplus is 15.5%, 16.1% and 19.6% over the 2018/19 MTREF
- Waste management trading surplus is 21.1%, 22.3% and 25.1% over the 2018/19 MTREF

Table A2A: Detailed Consolidated Budgeted Financial Performance (revenue and expenditure by standard classification)

NW373 Rustenburg - Table A2 Consolidated Budgeted Financial Performance (revenue and expenditure by functional classification)											
Functional Classification Description		Re f	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
R thousand		1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Revenue - Functional <i>Municipal governance and administration</i> Executive and Council <i>Mayor and Council</i> <i>Municipal Manager, Town Secretary and Chief Executive</i> Finance and administration Administrative and Corporate Support Asset Management Budget and Treasury Office Finance Fleet Management Human Resources Information Technology Legal Services Marketing, Customer Relations, Publicity and Media Co-ordination Property Services Risk Management Security Services Supply Chain Management Valuation Service			515 521	490 611	536 230	572 294	639 294	639 294	653 350	691 086	730 788
			119 742	165 776	204 704	217 991	217 991	217 991	259 912	271 244	286 159
			110 071	165 733	204 574	217 053	217 053	217 053	259 859	271 191	286 107
			9 671	43	130	938	938	938	52	52	53
			395 779	324 835	331 525	354 303	421 303	421 303	393 438	419 842	444 629
			137	2 361	1 688	1 791	1 791	1 791	17 095	18 019	19 010
			-	-	1	1	65 001	65 001	-	-	-
			393 606	318 215	329 006	351 663	353 663	353 663	371 993	397 237	420 784
			-	-	-	-	-	-	-	-	-
			1 776	4 234	414	382	382	382	388	410	432
			-	-	14	15	15	15	10	11	11
			238	17	1	1	1	1	3 000	3 162	3 336
			6	8	7	8	8	8	8	9	9
			-	-	395	419	419	419	444	470	496
			16	-	-	23	23	23	500	525	551
			-	-	-	-	-	-	-	-	-
			-	-	-	-	-	-	-	-	-
			27 647	35 610	36 668	39 082	39 082	39 082	187 862	186 282	198 739
			2 803	2 872	2 460	2 730	2 730	2 730	2 612	2 727	2 848
			954	1 066	865	918	918	918	945	996	1 051

[illegible]

Publicity and Media Co-ordination	Property Services	12 013	14 356	28 796	30 590	32 200	32 200	32 647	34 591	36 493
	Risk Management									
	Security Services	23 170	21 049	28 142	24 740	24 740	24 740	33 660	36 500	38 067
	Supply Chain Management	6 320	8 041	8 257	8 405	11 644	11 644	11 761	12 508	12 773
	Valuation Service									
	Internal audit	2 366	3 314	4 671	4 995	4 995	4 995	5 341	5 711	6 025
	Governance Function	2 366	3 314	4 671	4 995	4 995	4 995	5 341	5 711	6 025
	Community and public safety	121 911	139 068	224 415	237 160	239 382	239 382	372 584	387 987	411 939
	Community and social services	25 433	26 084	51 910	55 011	55 322	55 322	70 761	71 442	72 930
	Aged Care									
	Agricultural									
	Animal Care and Diseases									
	Cemeteries, Funeral Parlours and Crematoriums	18 749	19 670	6 835	7 225	7 642	7 642	7 929	8 462	8 927
	Child Care Facilities									
	Community Halls and Facilities									
	Consumer Protection	1 021	271	25 889	27 640	27 592	27 592	40 763	39 446	39 176
	Cultural Matters									
	Disaster Management									
	Education									
	Indigenous and Customary Law									
	Industrial Promotion									
	Language Policy									
	Libraries and Archives	5 663	6 144	19 186	20 146	20 089	20 089	22 068	23 534	24 828
Literacy Programmes										
Media Services										
Museums and Art Galleries										
Population Development										
Provincial Cultural Matters										
Theatres										
Zoo's										
Sport and recreation	46 235	49 813	90 018	94 751	94 322	94 322	101 387	107 744	113 670	
Beaches and Jetties										
Casinos, Racing, Gambling, Wagering										
Community Parks (including Nurseries)	19 857	10 768	31 889	33 171	32 694	32 694	35 596	37 964	40 052	
Recreational Facilities	20 126	31 608	16 818	17 688	17 817	17 817	19 085	20 246	21 360	
Sports Grounds and Stadiums	6 253	7 437	41 311	43 892	43 811	43 811	46 706	49 533	52 257	
Public safety	44 033	54 163	64 078	67 801	70 075	70 075	178 422	185 408	200 660	

Civil Defence	2 232	3 443	3 530	3 751	3 751	3 751	4 027	4 301	4 537
Cleansing									
Control of Public Nuisances									
Fencing and Fences									
Fire Fighting and Protection	21 215	25 875	33 064	34 719	34 719	34 719	38 710	41 272	43 542
Licensing and Control of Animals	20 585	24 845	27 484	29 332	31 606	31 606	135 685	139 835	152 580
Housing	6 210	9 007	18 408	19 597	19 662	19 662	20 851	22 163	23 382
Housing	6 210	9 007	18 408	19 597	19 662	19 662	20 851	22 163	23 382
Informal Settlements									
Health	-	-	-	-	-	-	1 163	1 230	1 298
Ambulance							-	-	
Health Services	-	-	-	-	-	-	1 163	1 230	1 298
Laboratory Services							-	-	
Food Control							-	-	
Health Surveillance and									
Prevention of Communicable Diseases							-	-	
including immunizations							-	-	
Vector Control							-	-	
Chemical Safety									
Economic and environmental services	366 645	449 534	455 287	438 687	455 417	455 417	490 756	518 548	557 453
Planning and development	41 180	40 979	51 728	47 266	59 016	59 016	83 113	85 940	89 630
Billboards									
Corporate Wide Strategic									
Planning (IDPs, LEDs)									
Central City Improvement District									
Development Facilitation	1 959	2 343	2 303	2 461	2 466	2 466	2 630	2 810	2 965
Economic Development/Planning	10 145	9 980	8 945	9 444	16 064	16 064	35 910	38 589	40 216
Regional Planning and									
Development									
Town Planning, Building									
Regulations and Enforcement, and City									
Engineer	15 826	20 244	30 254	24 626	29 751	29 751	34 173	37 685	39 593
Project Management Unit	13 251	8 412	10 226	10 735	10 735	10 735	10 401	6 856	6 856
Provincial Planning									
Support to Local Municipalities									
Road transport	319 212	400 858	399 051	386 688	391 688	391 688	402 526	427 160	462 076
Police Forces, Traffic and Street									
Parking Control									
Pounds									
Public Transport	41 684	110 673	98 594	67 341	67 341	67 341	85 652	85 489	100 613
Road and Traffic Regulation	62 251	54 142	66 060	70 338	75 338	75 338	81 957	86 405	91 157
Roads	215 297	236 043	234 397	249 009	249 009	249 009	234 917	255 265	270 305

Table A4: Consolidated Budgeted Financial Performance (revenue and expenditure)

NW373 Rustenburg - Table A4 Consolidated Budgeted Financial Performance (revenue and expenditure)

NW3/3 Kustenburg - Table A4 Consolidated Budgeted Financial Performance (Revenue and Expenditure)														
Description	Ref	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework								
		Audited Outcome	2014/15	Audited Outcome	2015/16	2016/17	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21	
R thousand	1													
Revenue By Source														
Property rates	2		262 776		283 411		306 996		319 434		319 434		340 075	382 004
Service charges - electricity revenue	2		1 510 500		1 701 792		2 032 113		2 471 460		2 471 460		1 976 897	2 246 488
Service charges - water revenue	2		392 878		354 300		393 354		546 355		546 355		581 946	661 424
Service charges - sanitation revenue	2		77 193		99 333		114 755		300 693		300 693		314 414	354 717
Service charges - refuse revenue	2		90 786		106 919		118 305		135 076		135 076		157 730	175 375
Service charges - other									239		239		254	284
Rental of facilities and equipment			7 219		9 047		9 321		10 697		10 333		16 581	18 478
Interest earned - external investments			132 936		143 784		23 828		16 114		16 114		19 569	21 916
Interest earned - outstanding debtors			39 941		40 675		211 829		208 006		208 006		250 278	275 412
Dividends received			83 455		-		-		-		-		-	-
Fines, penalties and forfeits			8 092		25 568		5 811		1 713		1 713		17 748	19 737
Licences and permits			10 449		10 651		10 584		9 115		9 115		9 653	10 775
Agency services			20 940		18 572		18 975		20 453		20 453		131 944	146 577
Transfers and subsidies			344 378		539 859		468 809		651 265		651 265		703 274	867 114
Other revenue	2		35 063		39 588		78 800		25 719		92 665		141 845	147 849
Gains on disposal of PPE			13 015		6 367		2 771		1 441		5 000		117 080	69 000
Total Revenue (excluding capital transfers and contributions)			3 029 621		3 379 866		3 786 250		4 717 778		4 787 919		4 779 287	5 397 151
Expenditure By Type														
Employee related costs	2		560 377		614 855		605 365		633 813		638 077		689 646	776 430
Remuneration of councillors			27 592		28 318		31 420		34 000		35 000		56 614	61 309
Debt impairment	3		398 744		458 069		460 381		677 534		677 534		539 436	495 770
Depreciation & asset impairment	2		364 872		398 991		335 421		440 290		440 297		446 984	501 794
Finance charges			69 244		76 613		70 655		61 565		61 565		100 026	115 261
Bulk purchases	2		1 425 766		1 665 810		2 025 956		2 145 936		2 152 371		2 008 835	2 312 784

8	Other materials	135 193	84 499	78 815	146 281	163 944	163 944	163 944	244 627	283 758	295 814
	Contracted services	234 702	158 392	174 940	241 982	317 457	317 457	317 457	315 325	325 474	348 734
	Transfers and subsidies	492	–	3 202	16 021	16 021	16 021	16 021	16 938	17 892	18 876
	Other expenditure	270 124	256 716	242 361	230 116	277 376	277 376	277 376	354 102	379 603	403 647
	Loss on disposal of PPE		15 265	11 573							
	Total Expenditure	3 487 106	3 757 528	4 040 089	4 627 538	4 779 643	4 779 643	4 779 643	4 772 532	5 028 718	5 330 419
6	Surplus/(Deficit)										
	Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	(457 485)	(377 662)	(253 838)	90 240	8 276	8 276	8 276	6 755	34 097	66 732
	Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)	657 411	596 719	530 606	512 218	526 208	526 208	526 208	506 885	470 684	498 769
	Transfers and subsidies - capital (in-kind - all)										
	Surplus/(Deficit) after capital transfers & contributions	199 926	219 056	276 768	602 458	534 483	534 483	534 483	513 640	504 781	565 501
7	Surplus/(Deficit) after taxation										
	Taxation										
	Attributable to minorities	199 926	219 056	276 768	602 458	534 483	534 483	534 483	513 640	504 781	565 501
	Surplus/(Deficit) attributable to municipality	199 926	219 056	276 768	602 458	534 483	534 483	534 483	513 640	504 781	565 501
	Share of surplus/ (deficit) of associate										
	Surplus/(Deficit) for the year	199 926	219 056	276 768	602 458	534 483	534 483	534 483	513 640	504 781	565 501

- 1) Table A4 is a view of the budgeted financial performance in relation to the revenue and expenditure per revenue and expenditure category. Total revenue is R4.8 billion, and it represents a decrease in revenue of 0.18% in 2018/19 financial year, a growth of 5.9% and 6.6% in the outer years. Major contributing items are the projected increases in service charges.
- 2) Revenue to be generated from property rates amounts to R340million in 2018/19, R362million and R382million in 2020/21, which represents 7.1% of the operating revenue. The property rates revenue is projected to increase by 6.5%. The increase in revenue relates mainly to an increase in the property revenue base as a result of a substantial increase in the number of properties coupled with a decrease in vacant land.
- 3) Service charges relating to electricity, water, sanitation, refuse removal and service charges other constitute the biggest component of the revenue basket of the Municipality, totalling R3 billion for the 2018/19 financial year and increasing to R3.4 billion in 2020/21.

Service charges –electricity

- 4) The revenue is projected at R1.977 billion in 2018/19 financial year with a decrease of 20% when compared to the adjusted budget. The increase is based on a proposed average tariff increase for electricity of 4.65% in the 2018/19 financial year and the and the strategic drive to reduce total electricity losses to a level below the NT guideline of 7% - 10% in the 2018/19 financial year. The bulk purchase price increase is estimated at 7.32%.
- 5) The overall decrease in revenue is standing at R494,6 million or 20.01% in 2018/19 when compared to the adjusted budget. The decrease is due to aligning the electricity tariffs to NERSA benchmark tariffs as the Municipality has in the past charged variable tariffs which in some instances where higher or below the NERSA guidelines. It increases by R128,5 million or 6.5% and R141 million or 6.7% respectively in the outer years. Proposed electricity rates are subject to NERSA approval.

Service charges - water

- 6) Water charges are estimated at R581,9 million in 2018/19 or approximately 6.51% increase from the 2017/18 financial year. The increase is based on an average tariff increase of 15.5%. There is a proposed average bulk tariff increases of 12%, 11% and 12% by Rand Water, Magalies Water and Rustenburg Water Services Trust respectively.

There is an increase of 6.51% over the medium term.

Service charges - sewerage

- 7) Projected sewerage charges are estimated at R314,4million, approximately 4.6% increase from the 2017/18 financial year. For the outer years, it is standing at R334, 8 million and R354,7 million respectively. It increases by 4.6% in 2018/19 financial year when compared to the adjusted budget. There is an increase of 6.5% and 6% respectively in the outer years.
- 8) The major growth is due to the inclusion of the Rustenburg Water Services Trust revenue of R198,6 million, R211,5 million and R223 million in 2018/19, 2019/20 and 2020/21 respectively.

Service charges – refuse

- 9) The projected revenue for waste management is at R157,7million, R166,2million and R175,3million over the 2018/19 MTREF. Waste management revenue increases by R22,7 million in the 2018/19 financial year when compared to the adjusted budget. For the two outer years it

increases by R8.5 million and R9.1 million respectively. The increase in the 2018/19 financial year of around 16.8% is to accommodate the full operationalization of the Waterval landfill sites, resuscitation of collection through rental skips. There is an increase in the proposed revenue in the outer years of 5.4% and 5.5% respectively.

Transfers recognised

- 10) Operating grants revenue increases by R52 million or 8% in the 2018/19 financial year. The increase mainly relates to increased allocations for the Equitable Share, and Public Transport Integrated Network (PTNG) grant funding.

Bulk purchases

- 11) The bulk purchases have decreased in 2018/19 in line with the reduction in electricity revenue. Bulk purchases are directly informed by the purchase of electricity from Eskom, water from Rand Water, Magalies Water and bulk purchase of purified water from the Rustenburg Water Services Trust. The decrease in bulk purchases is due to an anticipated reduction in demand by the Municipality's largest consumer, namely, Xstrata. Both internal and external legal has been tasked with reviewing, negotiating, or setting aside the contract within the legislated requirements. There is an increase of 6.6% and 8% respectively in the outer years. The bulk purchases for electricity is based on a bulk tariff increase for municipalities of 7.32% and the cost structure of aligning the tariffs charged to consumers to the NERSA benchmark. NERSA approved 6.84% electricity tariff increase for municipalities in the 2018/19 financial year.
- 12) Electricity purchases proposed budget is at R1, 639 billion or 81.6% of the total bulk purchases in 2018/19 financial year. For the two outer years it is standing at R1,732 billion and R1,881 billion or 80.9% and 81.4% respectively.
- 13) Bulk water purchase is standing at 18.4% of the proposed 2018/19 bulk purchases and in the two outer years is at 19.1% and 18.7% respectively.
- 14) Bulk purchases proposals in this regard are R2 billion in 2018/19 financial year and equates to 42.1% of the total operating expenditure. It is at 42.6% and 43.4% for the outer years respectively.

Employee-Related Costs

- 15) The line item employee related costs refers to salaries and benefits of all the municipal staff.
- 16) Salary increases: The SALGBC signed a multi- year collective agreement on salaries and wages that will come to an end as at 30 June 2018. In terms of the agreement, for 2018/19 financial year salary increase will be based on the average CPI plus one percent. The agreement further stipulates that in the event that the average CPI percentage for the period mentioned is less than five percent, the average CPI will be deemed to be five percent. Salary increases of 8.1% for 2018/19, 6.7% for 2019/20 and 5.5% for 2020/21 respectively have been budgeted for. It increases by R51,6 million when compared to the 2017/18 adjustment budget.
- 17) The proposed budget for employee related costs for the 2018/19 financial year is at R689,6 million inclusive of filling of vacancies and temporary workers, which equals 14.5% of the total operating expenditure in 2018/19, as well as 14.6% and 14.6% respectively in the outer years. It should be noted that the salary component is based on the actual head count received from the salary office taking into account temporary workers and additional requests from directorates for filling of new positions. The increase is higher than the wage agreement with the SALGBC of

CPI plus 1% (5.3 % + 1) by 1.7%. The increase is as a result of the allocation set aside to cover the cost of filling of critical vacancies as identified.

18) Changes effected post public participation

- Employee related costs increased by 5,2million to cater for additional positions that were not catered for.
- Protective clothing increased by R80 000 to address request from trading services directorates
- The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). Total increase is at 61.8% in 2018/19 financial year when compared to the adjusted budget. The increase is in line with the Council resolution to remunerate the councillors at a grade 6 municipality thus addressing the shortfall as per the December 2017 gazette. The most recent proclamation has not been received. Remuneration of councillors equates to 1.2% of the total operating budget over the MTREF.

Debt impairment

19) The provision of debt impairment was determined based on the projected average collection rate of 84 %. The municipality is being mindful of its local economic conditions, downturn in the global economy and the high rate of unemployment. Through the continuous data cleansing the municipality is confident that it will reach the 84% collection rate. The past performance of the municipality as audited indicates cash receipts as a percentage of ratepayers and other revenue to be at 99%, 97.2% and 90.6% respectively in 2014/15, 2015/16 and 2016/17 financial years.

20) Audited debt impairment expense as a % of total billable revenue is at 17.1%, 18% and 15.5% from 2014/15 to 2016/17 financial year. This indicates a growth in the collection rate in 2016/17 financial year of 2.5% giving a collection rate of 84.5% in 2016/17 financial year. Debt impairment is at 11.3% of the total expenditure for the 2018/19 budget year and is at 10% and 9.30% for the two outer years respectively.

21) The decrease in 2018/19 financial year is at R139million or 20.38% when compared to the adjusted budget. The municipality has appointed a panel of debt collectors to collect all outstanding debts standing at sixty days and older. It decreases by R38,8million and R4,9million respectively in the outer years.

22) The provision is declining as there is the revenue enhancement committee that is tracking performance of the trading services that will inform accurate billing and likely reduction in the debtors' book through data cleansing that will inform write offs of all debts that is not collectable.

23) Changes effected post public participation:

- The debt impairment was increased by R54million and the projected non- collection rate is at 16%.
- Based on the past six months (as at 31 December 2017) collection rate of 82%, National Treasury advised the municipality to revise the projected collection rate to 84%.

Depreciation

- 24) Provision for depreciation and asset impairment has been informed by the Municipality's Property, plant and equipment accounting policy. Depreciation is widely considered a proxy for the measurement of asset rate of consumption. Through the implementation of mSCOA, the municipality will be able to accurately track the performance of its assets monthly and reduce the unauthorised expenditure that happens at year end due to inadequate provision.
- 25) The proposed depreciation provision for the 2018/19 financial year is R447 million and is at 9.4% of total operational expenditure. The outer year's provision for depreciation is at 9.5% and 9.4% of total outer year's expenditure respectively.
- 26) Depreciation increases by 1.5% for 2018/19 financial year and the outer years increases by 7.2% and 4.8% respectively.

Finance charges

- 27) Finance charges consist primarily of the repayment of interest on long-term borrowing (cost of capital). Finance charges make up 2.1% (per cent) or R100 million of the operating expenditure and increases by 61.5% in 2018/19 financial year when compared to the adjusted budget and by 6.2% and 8.5% in the outer years.

Repairs and maintenance

- 28) Repairs and maintenance comprise of amongst others the materials for maintenance. In terms of mSCOA municipal budgeting for maintenance must be at project level. Other material is appropriated at R244,6million or 5.1% of the 2018/19 total operating budget and is at 5.6% and 5.5% of the proposed budget for the outer year respectively. The increases are at 49.2%, 16% and 4.3% respectively over the 2017/18MTREF.
- 29) Repairs and maintenance as a percentage of property plant and equipment is standing at 2.4% and whilst renewal and upgrading of assets in conjunction with repairs and maintenance as a % of property plant and equipment is at 5% over the 2018/19MTREF. The projected spending is to reduce water losses through leaks and to cater for roads maintenance.
- 30) The projected spending has decreased by R7.9 million that was re-allocated to contracted services subsequent to public participation.

Contracted services

- 31) A contracted services spending has been appropriated at R315,3million in 2018/19 financial year and is at 6.6% of the total operating budget. For the outer years it is standing at R325,5 million or 6.5% and R348,7million or 6.5% respectively of the total budget. Contracted services expenditure has decreased by R2,1 million or 0.67% when compared to the adjusted budget. The Technical and Infrastructure Services Directorate previously had several number of service providers assisting with the rendering of maintenance services in the water and sanitation units on an ad-hoc basis.
- 32) The proposed new structure for water and sanitation units according to the Directorate Technical and Infrastructure Services report, will limit the incurrence of maintenance services expenditure on service providers except for services requiring specialised skills and machinery.

33) The municipality had in the past placed excessive reliance on contractors through leasing of vehicles and has taken a decision to procure cabsters in the 2017/18 financial year. The rest of the required fleet will be procured in the 2018/19 financial year in accordance with the capital budget. This contributed to the decrease of contracted services.

34) Contracted services proposes a budget increase of 3.2% and an increase of 7.2% respectively in the outer years.

Other expenditure

35) Other expenditure comprises of various line items relating to the daily operations of the municipality. This service is mainly on (Advertising, Travelling, Stationery, Rentals, Copy Charges, Financial Management activities, Materials and Stock, Departmental Charges, Transport, etc.)

36) mSCOA budgeting will require the unbundling of all expenditure items to be part of operational projects related to municipal running costs and typical work streams, linked to the expenditure items.

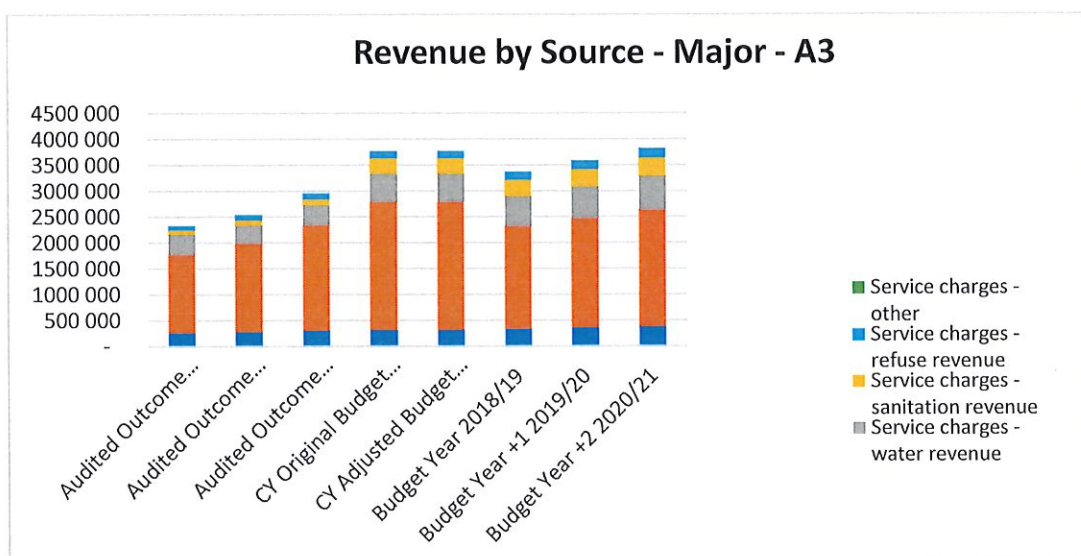
37) There is a proposed increase of 27.7% or R76,7 million in 2018/19 budget year when compared to the adjusted budget. For the two outer years, proposed spending increases by R25,5million or 7.2% and R24million or 6.3 % respectively. It is at 7.4% of total proposed expenditure in the 2018/19 financial year and is at 7.5% for the two outer years.

38) The projected spending has decreased by R10 million that was re-allocated to finance charges subsequent to public participation.

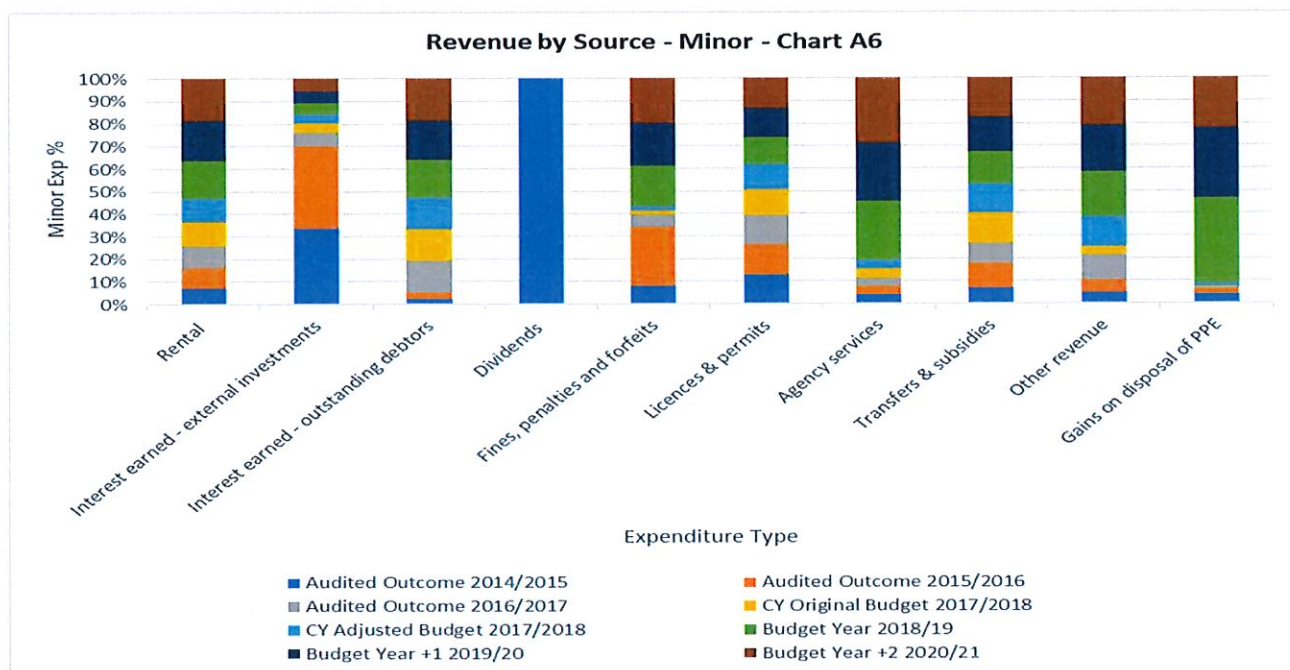
Surplus

39) The municipality is budgeting for a surplus (before taxation and capital transfers of) R6,8million, R34,1million and R66,7million over the medium term.

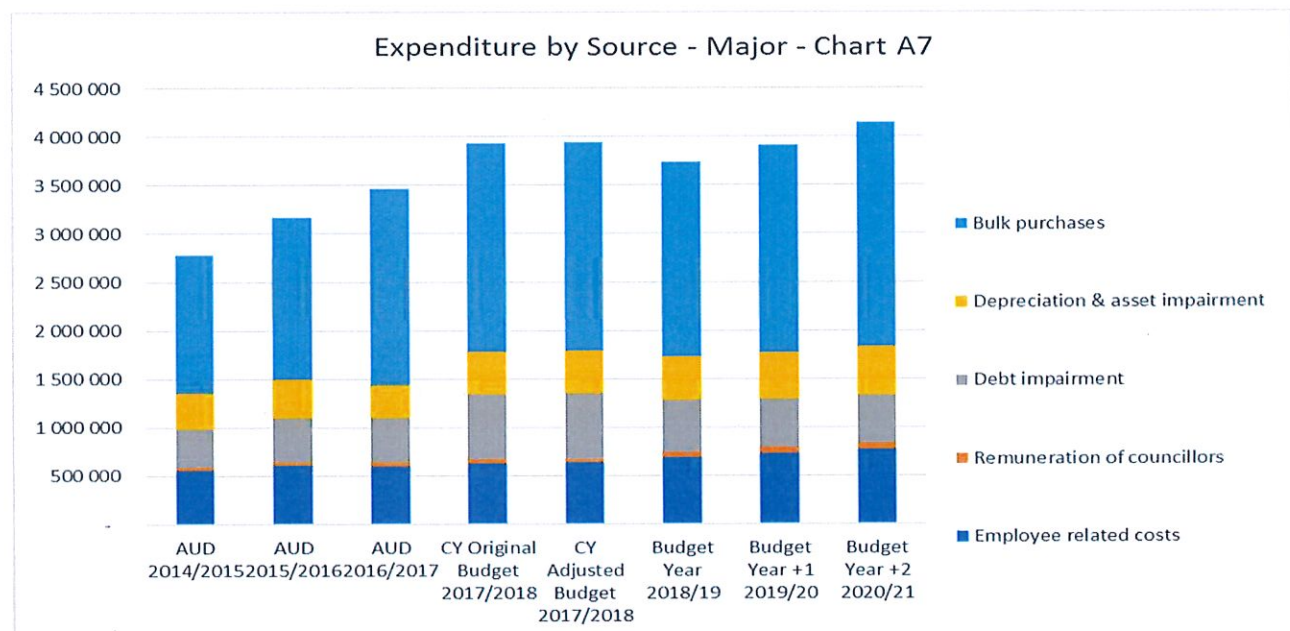
Graph: Revenue by source – Major



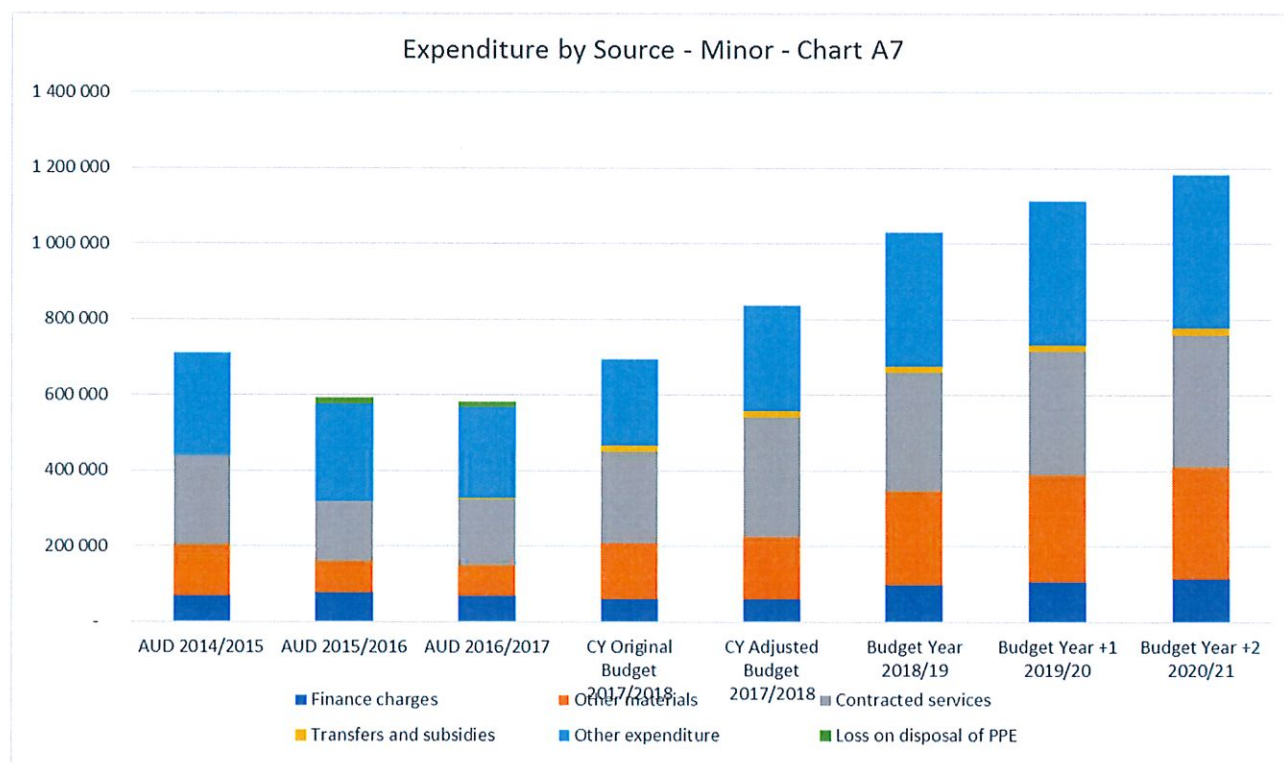
Graph: Revenue by source – Minor



Graph: Expenditure by type – Major



Graph: Expenditure by type – Minor



Provincial Government	3 615	913	518	1 453	3 664	3 664	3 664	1 057	1 810	1 450
District Municipality										
Other transfers and grants										
Transfers recognised - capital	4	657 411	934 649	390 788	512 218	526 208	526 208	506 885	470 684	498 769
Public contributions & donations	5	89 504	89 078	47 497	69 000	69 000	69 000			
Borrowing	6	104 337	79 270	68 916				203 000	60 000	60 000
Internally generated funds		–	194 131	4 225		29 000	29 000	119 607	166 384	163 447
Total Capital Funding	7	851 253	1 297 129	511 426	581 218	624 208	624 208	829 492	697 068	722 216

The proposed capital budget for the 2018/19 financial year is at R829,5million. It is standing at R697,1million and R722,2million in the outer years. There is an increase of R205,3million or 32.9% in 2018/19 when compared to the 2017/18 adjustment budget.

The capital budget decreases by R132,4million or 16% in the 2019/20 financial year. This is due to once off implementation of some of the projects allocated in 2018/19 financial year as well as the acquisition of fleet that will take place in the 2018/19 financial year and which will not be repeated in the 2019/20 or 2020/21 financial years. There is an increase of R25,1million or 3.6% allocated spending in the 2020/21 financial year.

The substantial increase in the 2018/19 capital budget allocation is to ensure that there is adequate resources channelled to infrastructure investment and service delivery so as to contribute positively to financial recovery for the Rustenburg Local Municipality which will enhance the cash backed reserves over the following years.

The loan funded projects totals R203 million in the 2018/19 financial year of which R80 million will be for infrastructure related capital spending and the remaining 123 million will be for the acquisition of new fleet. R60 million is projected for each of the outer years. Loan funded projects are at 24.5%, 8.6% and 8.3% of the total capital budget over the MTREF. The aging infrastructure that require upgrading and refurbishment has necessitated the municipality to take up additional loans to ensure that water losses are controlled to the acceptable levels.

It is anticipated that additional loans will be taken from DBSA in line with the plan to invest in trading services infrastructure to support a financial recovery plan.

The municipality will be spending R119,6 million, R166,4million and R163,4million over the 2018/19MTREF funded by own revenue to assist in operation efficiency and augment resource capacity. The internally generated funds are at 14.4%, 23.9% and 22.6% over the 2018/19MTREF of the capital budget.

The total grant spending for the municipality as allocated per DORA is R506,9 million, 470,7million and R498,8million over the 2018/19 MTREF. Grant funded projects is standing at 61.1%, 67.5% and 69.1% respectively over the 2018/19 MTREF.

The 2018/19 Medium Term Revenue and Expenditure Framework (MTREF) will be tabled with two projects that are earmarked to be financed through a long-term borrowing. The upgrading of substations (industries and Voltaire to the tune of R30million and R60million over the 2018/19MTREF and the replacement of water ac pipes to the tune of R50million in 2018/19 financial year. The remainder of R123 million will be for the acquisition of fleet during the 2018/19 financial year.

The long-term borrowing is regulated by section 46 of the Municipal Finance Management Act (MFMA). Which states:

46. Long-term debt.—(1) A municipality may incur long-term debt only in accordance with and subject to any applicable provisions of this Act, including section 19, and only for the purpose of—

(a) capital expenditure on property, plant or equipment to be used for the purpose of achieving the objects of local government as set out in section 152 of the Constitution, including costs referred to in subsection (4); or

(b) R re-financing existing long-term debt subject to subsection (5).

(2) A municipality may incur long-term debt only if—

(a) a resolution of the municipal Council, signed by the mayor, has approved the debt agreement; and

(b) the accounting officer has signed the agreement or other document which creates or acknowledges the debt.

(3) A municipality may incur long-term debt only if the accounting officer of the municipality—

(a) has, in accordance with section 21A of the Municipal Systems Act—

i. at least 21 days prior to the meeting of the Council at which approval for the debt is to be considered, made public an information statement setting out particulars of the proposed debt, including the amount of the proposed debt, the purposes for which the debt is to be incurred and particulars of any security to be provided; and

ii. invited the public, the National Treasury and the relevant provincial treasury to submit written comments or representations to the Council in respect of the proposed debt; and

(b) has submitted a copy of the information statement to the municipal Council at least 21 days prior to the meeting of the council, together with particulars of—

i. the essential repayment terms, including the anticipated debt repayment schedule; and

ii. the anticipated total cost in connection with such debt over the repayment period.

(4) financing costs, including—

- (a) capitalized interest for a reasonable initial period;*
- (b) costs associated with security arrangements in accordance with section 48;*
- (c) discounts and fees in connection with the financing;*
- (d) fees for legal, financial, advisory, trustee, credit rating and other services directly connected to the financing; and*
- (e) costs connected to the sale or placement of debt, and costs for printing and publication directly connected to the financing*
- (f) costs of professional services directly related to the capital expenditure; and*
- (g) such other costs as may be prescribed.*

(5) A municipality may borrow money for the purpose of re-financing existing long-term debt, provided that—

- (a) the existing long-term debt was lawfully incurred;*
- (b) the re-financing does not extend the term of the debt beyond the useful life of the property, plant or (c) equipment for which the money was originally borrowed;*
- (d) the net present value of projected future payments (including principal and interest payments) after (e) re-financing is less than the net present value of projected future payments before re-financing; and*
- (f) the discount rate used in projecting net present value referred to in paragraph (c), and any assumptions in connection with the calculations, must be reasonable and in accordance with criteria set out in a framework that may be prescribed.*

(6) A municipality's long-term debt must be consistent with its capital budget referred to in section 17

The Municipality has been budgeting for below the norm on repairs and maintenance of electrical infrastructure in the previous financial years as a result of limited financial resources. A number of power interruptions are experienced during the unfavourable weather conditions. This is as a result of aged electricity infrastructure with limited capacity.

The Industry substation has aged and cannot sustain the supply of electricity in a long run, without refurbishment. Rustenburg Local Municipality is experiencing huge percentage of water losses due to aged water infrastructure, The Department of Water Affairs (DWA) grant mainly fund projects in the rural areas and areas where most of the residents are indigents.

The Municipality intends to fund the refurbishment of the Industries and Voltaire substations and the AC replacement pipes projects through loans as the grants (MIG and WSIG) cannot be utilised for the areas in which the projects are taking place.

The Municipal procurement processes will be followed to secure the most economical long-term borrowing facility through fair competitive bidding process.

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

- Table A5 is a breakdown of the capital Programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
- The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations.
- The capital programmes are funded from national, provincial grants and transfers, public contributions and donations, loans and internally generated funds.

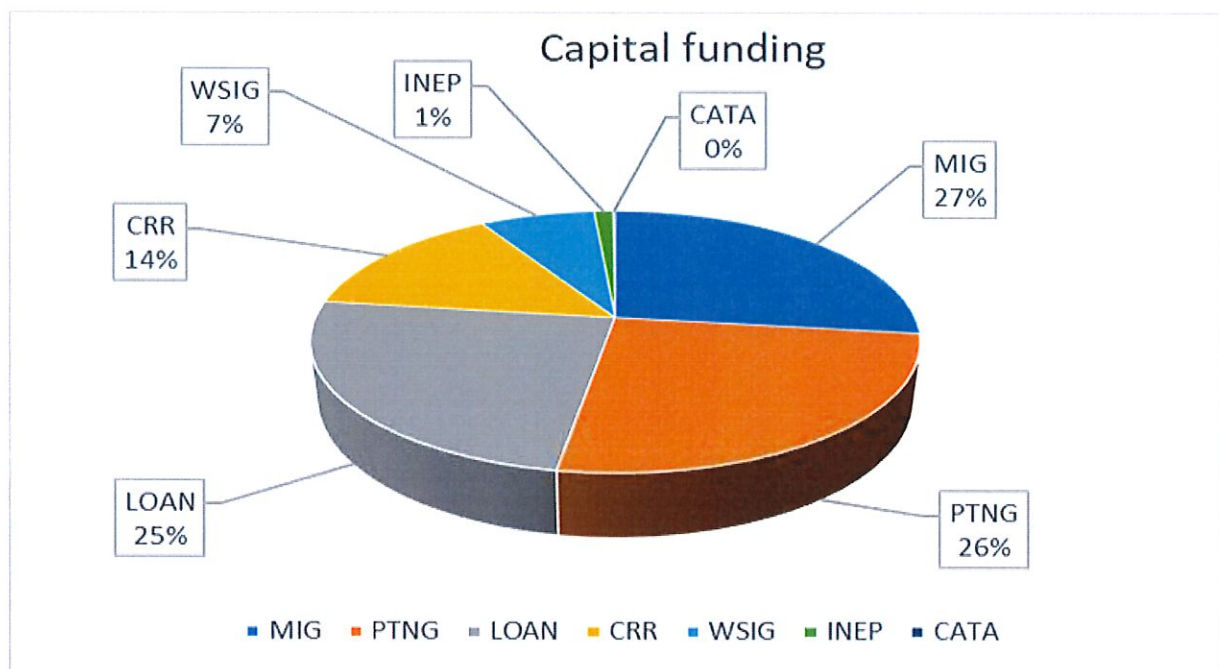
Funding source % for 2018/19

- R505,8 million of capital will be funded from National Government
- R119,6 million of capital will be funded through cash surpluses
- R203,0 million of capital will be funded from loans
- R1,1 million will be funded from provincial government (libraries)

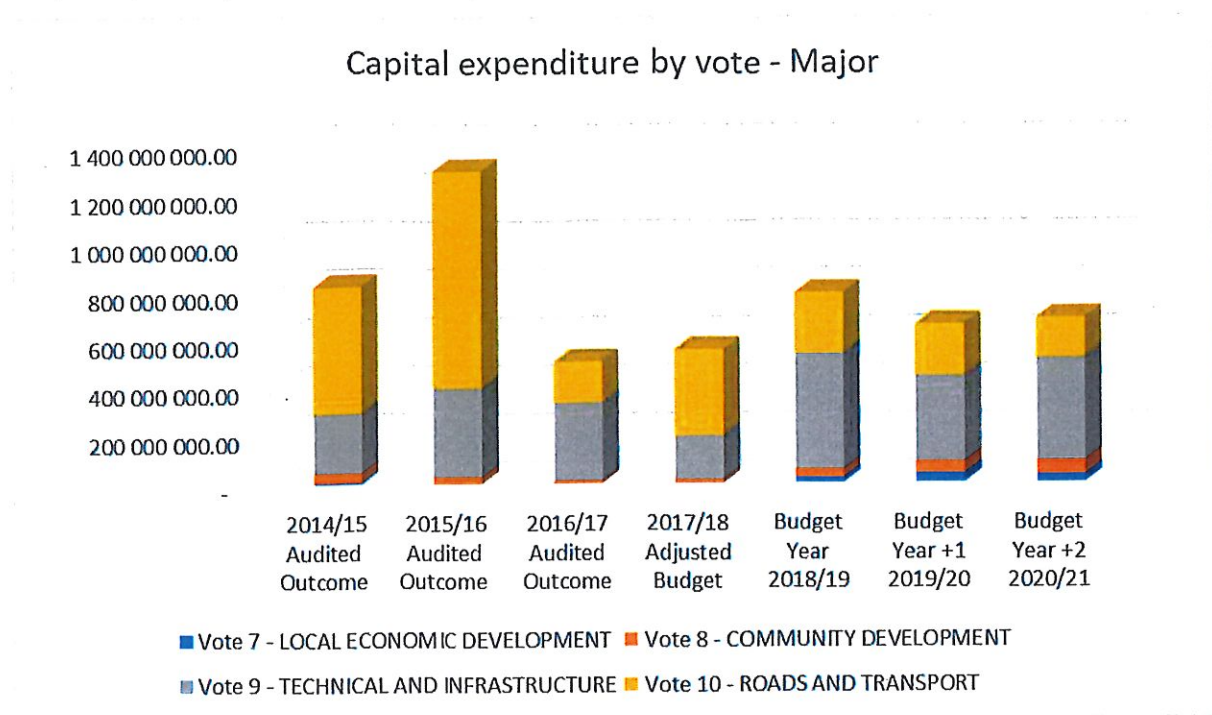
The capital budget spending is mainly funded from the following:

Description	2018/19 R'000	2019/20 R'000	2020/21 R'000
MIG	223 230	228 251	242 139
PTNG	212 560	133 423	130 340
LOAN	203 000	60 000	60 000
CRR	119 607	166 384	163 447
WSIG	60 000	88 000	92 840
INEP	10 038	19 200	32 000
CATA	1 057	1 810	1 450
TOTAL	829 492	697 068	722 216

The following pie chart illustrates the capital expenditure by funding type:



Graph: Capital expenditure by Municipal Vote – Major



Graph: Capital expenditure by Municipal Vote – Minor

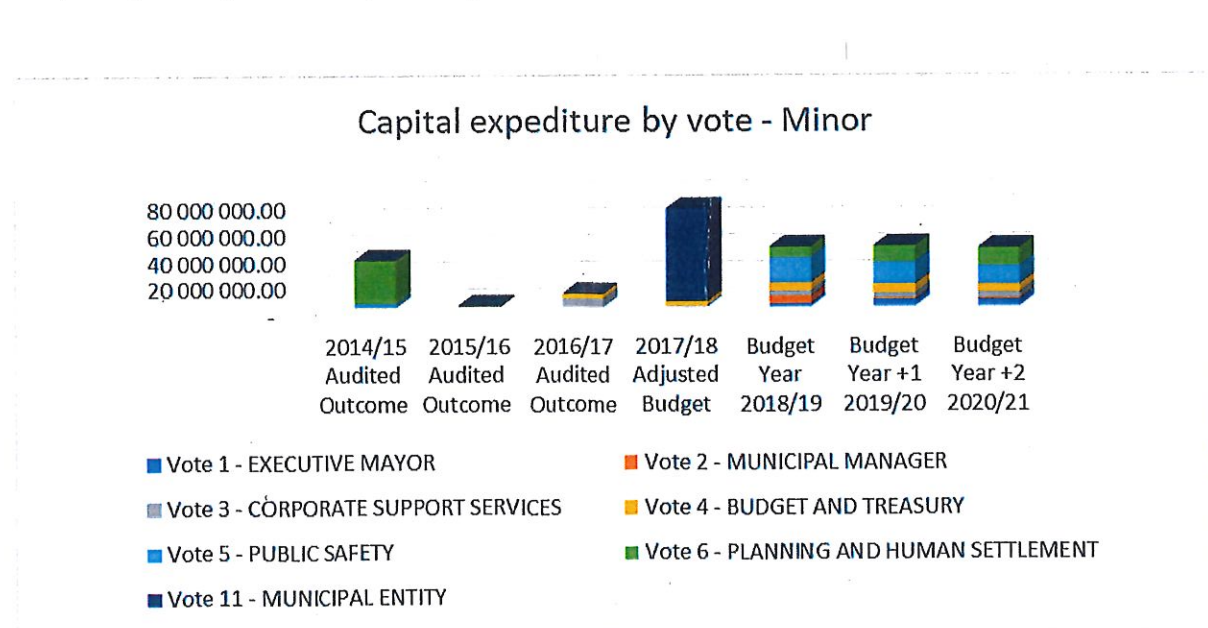


Table A6: Consolidated Budgeted Financial Position

NW373 Rustenburg - Table A6 Consolidated Budgeted Financial Position

Description	Ref	2014/15		2015/16		2016/17		Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework			
		Audited Outcome		Audited Outcome		Audited Outcome		Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21	
R thousand															
ASSETS															
Current assets															
Cash		196 049		344 363		173 136		201 432	201 432	201 432	201 432	212 108	223 561	235 857	
Call investment deposits	1	358 354		(594 766)		(15 122)		386 271	175 537	175 537	175 537	450 491	877 645	1 375 999	
Consumer debtors	1	346 887		394 694		437 249		345 964	526 318	526 318	526 318	554 213	584 141	616 269	
Other debtors		75 620		24 519		80 190		93 500	93 500	93 500	93 500	98 455	103 772	109 479	
Current portion of long-term receivables		221		202		169		887	887	887	887	934	984	1 038	
Inventory	2	17 297		138 681		142 291		17 674	17 674	17 674	17 674	18 611	19 616	20 695	
Total current assets		992 428		307 693		817 913		1 045 727	1 015 348	1 015 348	1 015 348	1 334 812	1 809 720	2 359 337	
Non current assets															
Long-term receivables		880		801		851		801	801	801	801	843	889	938	
Investments		314 509		207 254		198 018		327 089	327 089	327 089	327 089	344 425	363 024	382 990	
Investment property		—		—		—		—	—	—	—	—	—	—	
Investment in Associate	3	7 832 910		8 379 925		8 673 197		9 334 405	9 760 417	9 760 417	9 760 417	10 400 719	10 832 716	11 428 516	
Property, plant and equipment		—		—		—		—	—	—	—	—	—	—	
Agricultural		—		—		—		—	—	—	—	—	—	—	
Biological		706		608		530		734	734	734	734	773	815	860	
Intangible		119		1 219		1 219		124	124	124	124	131	138	145	
Other non-current assets															
Total non current assets		8 149 124		8 589 807		8 873 815		9 663 153	10 089 166	10 089 166	10 089 166	10 746 892	11 197 582	11 813 449	
TOTAL ASSETS		9 141 552		8 897 500		9 691 728		10 708 880	11 104 513	11 104 513	11 104 513	12 081 703	13 007 301	14 172 786	
LIABILITIES															
Current liabilities															
Bank overdraft	1	—		—		—		—	—	—	—	—	—	—	
Borrowing	4	40 759		45 895		51 462		51 504	51 504	51 504	51 504	54 233	57 162	60 306	
Consumer deposits		28 160		41 174		49 745		44 397	44 397	44 397	44 397	46 750	49 275	51 995	
Trade and other payables	4	1 099 479		988 514		791 011		610 170	610 170	610 170	610 170	616 184	649 458	685 178	
Provisions		15 057		45 563		49 190		21 755	21 755	21 755	21 755	22 908	24 145	25 473	

Total current liabilities		1 183 455	1 101 146	941 408	727 825	727 825	727 825	740 075	780 039	822 941
Non current liabilities										
Borrowing		666 035	613 293	561 763	500 938	500 938	500 938	703 000	580 000	580 000
Provisions		215 789	313 528	310 414	229 252	229 252	229 252	241 402	254 438	268 432
Total non current liabilities		881 824	926 821	872 177	730 189	730 189	730 189	944 402	834 438	848 432
TOTAL LIABILITIES		2 065 279	2 027 967	1 813 585	1 458 015	1 458 015	1 458 015	1 684 477	1 614 477	1 671 373
NET ASSETS	5	7 076 273	6 869 533	7 878 143	9 250 866	9 646 499	9 646 499	10 397 226	11 392 825	12 501 413
COMMUNITY WEALTH/EQUITY										
Accumulated Surplus/(Deficit)		6 953 495	6 748 997	7 611 660	9 072 821	9 468 454	9 468 454	10 109 745	11 095 220	12 192 939
Reserves	4	122 778	120 536	266 483	178 045	178 045	178 045	287 481	297 605	308 473
TOTAL COMMUNITY WEALTH/EQUITY	5	7 076 273	6 869 533	7 878 143	9 250 866	9 646 499	9 646 499	10 397 226	11 392 825	12 501 413

Explanatory notes to Table A6 - Budgeted Financial Position

- Table A6 is consistent with international standards of good financial management practice, and improves understandability for Councillors and management of the impact of the budget on the statement of financial position (balance sheet).
- This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first. Table SA6 provides a detailed analysis of the major components of a number of items, including:
 - Call investments deposits;
 - Consumer debtors;
 - Property, plant and equipment;
 - Trade and other payables;
 - Provisions non-current;
 - Changes in net assets; and
 - Reserves

The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators.

In addition, the funding compliance assessment is informed directly by forecasting the statement of financial position.

Table A7: Consolidated Budgeted Cash Flows

NW373 Rustenburg - Table A7 Consolidated Budgeted Cash Flows

Description		Ref	2014/15				2015/16				2016/17				Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework					
			Audited Outcome		Audited Outcome		Audited Outcome		Audited Outcome		Original Budget		Adjusted Budget		Full Year Forecast		Pre-audit outcome		Budget Year 2018/19		Budget Year +1 2019/20		Budget Year +2 2020/21	
R thousand																								
CASH FLOW FROM OPERATING ACTIVITIES																								
Receipts																								
Property rates																								
Service charges																								
Other revenue																								
Government - operating																								
Government - capital																								
Interest																								
Dividends																								
Payments																								
Suppliers and employees																								
Finance charges																								
Transfers and Grants																								
1																								
NET CASH FROM/(USED) OPERATING ACTIVITIES																								
CASH FLOWS FROM INVESTING ACTIVITIES																								
Receipts																								
Proceeds on disposal of PPE																								
Decrease (Increase) in non-current debtors																								
Decrease (Increase) other non-current receivables																								
Decrease (Increase) in non-current investments																								
Payments																								
Capital assets																								
NET CASH FROM/(USED) INVESTING ACTIVITIES																								
CASH FLOWS FROM FINANCING ACTIVITIES																								
Receipts																								
Short term loans																								
Borrowing long term/refinancing																								
Increase (decrease) in consumer deposits																								

Table A8: Cash Backed Reserves/Accumulated Surplus Reconciliation

NW373 Rustenburg - Table A8 Consolidated Cash backed reserves/accumulated surplus reconciliation

Description R thousand	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Cash and investments available											
Cash/cash equivalents at the year end	1	552 403	(250 403)	158 014	587 703	376 968	376 968	376 968	662 598	1 101 207	1 611 856
Other current investments > 90 days		-	-	-	-	-	-	-	-	-	-
Non current assets - Investments	1	880	801	851	801	801	801	801	843	889	938
Cash and investments available:		553 283	(249 602)	158 865	588 504	377 769	377 769	377 769	663 442	1 102 096	1 612 794
Application of cash and investments											
Unspent conditional transfers		434 448	300 498	51 742	25 000	25 000	25 000	25 000	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2	40 000	(22 860)	(14 731)	(17 010)	(17 010)	(17 010)	(17 010)	(17 912)	(18 861)	(19 860)
Other working capital requirements	3	246 566	260 376	270 557	250 387	100 649	100 649	100 649	95 266	86 266	83 742
Other provisions		80 360	19 361	20 523	62 340	62 340	62 340	62 340	65 644	69 189	72 994
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	54 390	85 586	89 009	52 569	52 569	52 569	52 569	55 355	58 345	61 554
Total Application of cash and investments:		855 764	642 961	417 100	373 286	223 548	223 548	223 548	198 354	194 938	198 429
Surplus(shortfall)		(302 481)	(892 563)	(258 235)	215 217	154 221	154 221	154 221	465 088	907 158	1 414 365

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

The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget. The table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.

The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the budget must be “funded”. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.

The Municipality reflects a surplus of R465,1 million in 2018/19 financial year.

Table A9: Consolidated Asset Management

NW373 Rustenburg - Table A9 Consolidated Asset Management

Description R thousand	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
CAPITAL EXPENDITURE										
Total New Assets	1	750 790	682 559	511 426	506 001	548 991	548 991	501 542	386 144	399 341
<i>Roads Infrastructure</i>		484 424	525 712	167 545	286 815	352 474	352 474	223 021	153 195	130 263
<i>Storm water Infrastructure</i>		–	–	–	–	–	–	–	–	–
<i>Electrical Infrastructure</i>		99 209	48 715	208 356	21 700	21 621	21 621	35 479	44 518	58 554
<i>Water Supply Infrastructure</i>		62 067	60 069	66 503	97 718	61 827	61 827	45 000	66 894	61 764
<i>Sanitation Infrastructure</i>		32 281	22 000	47 497	80 615	79 900	79 900	–	–	–
<i>Solid Waste Infrastructure</i>		69 777	5 000	–	–	5 500	5 500	5 814	–	–
<i>Rail Infrastructure</i>		–	–	–	–	–	–	–	–	–
<i>Coastal Infrastructure</i>		–	–	–	–	–	–	–	–	–
<i>Information and Communication Infrastructure</i>		–	–	–	–	–	–	–	–	–
Infrastructure		747 757	661 495	489 901	486 848	521 322	521 322	309 313	264 608	250 582
<i>Community Facilities</i>		–	10 000	–	9 153	8 669	8 669	4 318	9 254	9 314
<i>Sport and Recreation Facilities</i>		–	5 000	11 120	–	–	–	–	–	–
Community Assets		–	15 000	11 120	9 153	8 669	8 669	4 318	9 254	9 314
Heritage Assets		–	–	–	–	–	–	–	–	–
<i>Revenue Generating</i>		–	–	–	10 000	–	–	–	–	–
<i>Non-revenue Generating</i>		–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	10 000	–	–	–	–	–
<i>Operational Buildings</i>		–	–	143	–	–	–	57 679	109 111	136 275
<i>Housing</i>		–	–	–	–	–	–	–	–	–
Other Assets		–	–	143	–	–	–	57 679	109 111	136 275
Biological or Cultivated Assets		–	–	–	–	–	–	–	–	–
<i>Servitudes</i>		–	–	–	–	–	–	–	–	–
<i>Licences and Rights</i>		–	–	–	–	–	–	–	–	–
Intangible Assets		–	–	–	–	–	–	–	–	–
Computer Equipment		–	–	4 928	–	1 000	1 000	3 144	371	322
Furniture and Office Equipment		135	–	2 097	–	3 000	3 000	2 887	1 562	1 541

[illegible]

[illegible]

[illegible]

Community Assets	6 973	6 268	2 618	2 386	2 019	2 019	9 111	9 667	10 198
Heritage Assets	4 693	-	-	-	-	-	-	-	-
Revenue Generating	3 100	3 265	729	-	-	-	22 818	18 828	14 038
Non-revenue Generating	-	-	-	-	-	-	-	-	-
Investment properties	3 100	3 265	729	-	-	-	22 818	18 828	14 038
Operational Buildings	2 816	13 249	47 612	21 645	35 272	35 272	2 842	2 940	2 542
Housing	-	-	-	-	-	-	-	-	-
Other Assets	2 816	13 249	47 612	21 645	35 272	35 272	2 842	2 940	2 542
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-
Servitudes	-	-	-	-	-	-	-	-	-
Licences and Rights	-	-	-	-	-	-	-	-	-
Intangible Assets	-	-	-	-	-	-	-	-	-
Computer Equipment	-	985	-	-	-	-	6 353	6 693	7 061
Furniture and Office Equipment	-	-	-	-	-	-	-	-	-
Machinery and Equipment	-	2 479	-	-	-	-	-	-	-
Transport Assets	-	-	-	-	-	-	-	-	-
Libraries	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURE OTHER ITEMS	500 065	483 490	434 236	586 571	604 241	604 241	684 924	730 741	774 788
Renewal and upgrading of Existing Assets as % of total capex	11.8%	47.4%	0.0%	12.9%	12.0%	12.0%	39.5%	44.6%	44.7%
Renewal and upgrading of Existing Assets as % of deprecn	27.5%	154.0%	0.0%	17.1%	17.1%	17.1%	74.5%	69.6%	67.4%
R&M as a % of PPE	1.7%	1.0%	1.1%	1.6%	1.7%	1.7%	2.4%	2.6%	2.6%
Renewal and upgrading and R&M as a % of PPE	3.0%	8.0%	1.0%	2.0%	2.0%	2.0%	5.0%	5.0%	5.0%

Explanatory notes to Table A9: Asset Management

- Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
- National Treasury has recommended that municipalities should allocate at least 40 % of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 % of PPE. The Municipality does meet the 40 % (74.5%) but does not meet the 8 % of PPE over the 2018/19 to 2020/21 medium term (at 5%).

Graph: Depreciation in relation to repairs and maintenance over the medium term

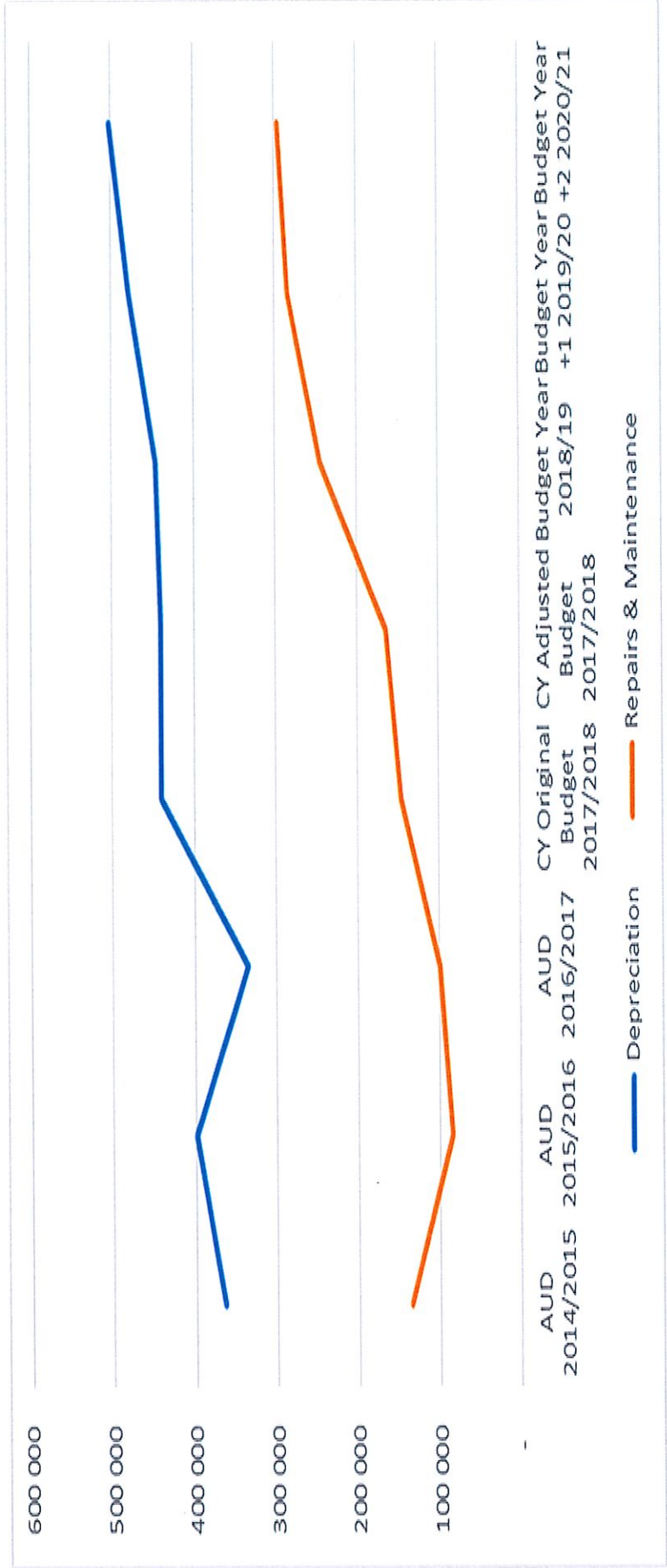


Table A10: Consolidated Basic Service Delivery Measurement

NW373 Rustenburg - Table A10 Consolidated basic service delivery measurement

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Household service targets	1									
Water:										
Piped water inside dwelling		50 564	59 205	71 662	79 007	79 007	79 007	79 007	79 007	79 007
Piped water inside yard (but not in dwelling)		5 619	6 579	3 608	3 124	3 124	3 124	3 124	3 124	3 124
Using public tap (at least min.service level)	2	4 732	5 541	510	272	272	272	272	272	272
Other water supply (at least min.service level)	4	-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		60 915	71 325	75 780	82 403	82 403	82 403	82 403	82 403	82 403
Using public tap (< min.service level)	3	-	-	-	-	-	-	-	-	-
Other water supply (< min.service level)	4	6 167	7 221	1 687	899	899	899	899	899	899
No water supply		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		6 167	7 221	1 687	899	899	899	899	899	899
Total number of households	5	67 082	78 546	77 467	83 302	83 302	83 302	83 302	83 302	83 302
Sanitation/sewerage:										
Flush toilet (connected to sewerage)		60 826	105 108	71 662	79 007	79 007	79 007	79 007	79 007	79 007
Flush toilet (with septic tank)		-	-	-	-	-	-	-	-	-
Chemical toilet		-	-	-	-	-	-	-	-	-
Pit toilet (ventilated)		9 873	11 560	14 575	16 070	16 070	16 070	16 070	16 070	16 070
Other toilet provisions (> min.service level)		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		70 699	116 668	86 237	95 077	95 077	95 077	95 077	95 077	95 077
Bucket toilet		-	-	-	-	-	-	-	-	-
Other toilet provisions (< min.service level)		-	-	-	-	-	-	-	-	-
No toilet provisions		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	70 699	116 668	86 237	95 077	95 077	95 077	95 077	95 077	95 077
Energy:										
Electricity (at least min.service level)		2 746	3 234	3 298	3 432	3 432	3 432	3 432	3 432	3 432
Electricity - prepaid (min.service level)		75	88	90	94	94	94	94	94	94
<i>Minimum Service Level and Above sub-total</i>		2 821	3 322	3 388	3 526	3 526	3 526	3 526	3 526	3 526
Electricity (< min.service level)		163 207	192 190	196 034	203 953	203 953	203 953	203 953	203 953	203 953
Electricity - prepaid (< min. service level)		46 347	54 577	55 669	57 918	57 918	57 918	57 918	57 918	57 918

[illegible]

1.5 TARIFF SETTING

The Municipality still continues to generate over 70% of revenue generated from Trading Services (Electricity, Water and Sanitation). Electricity charges remain the largest revenue source totalling 41.4% % or R1.98 billion and are projected to increase to R 2.11 billion by 2019/20. This is supplemented by contributions from both National and Provincial allocations (direct allocations: PTNG, MIG, WSIG, CATA and indirect allocations: HSDG). The 2018/19 MTREF makes provision for a loan to be utilised for upgrades of both electrical and water infrastructure and considers a proposal of pledging the 2019/20 MIG allocation in partnership with DBSA. The benefits and costs associated with any loan will first be analysed and assessed to ensure that the most beneficial option for the Municipality is recommended and submitted to Council for consideration and approval. The slowdown in economic growth and projections has placed significant pressure on the National fiscus that has resulted in the reduction in allocations made by NT and anticipated for future years. This has placed significant focus on the Municipality to ensure the revenue value chain is maximised through initiatives to grow the rates base, implementation of new Valuation Rolls, accurate and complete billing cycles, promoting payment for services and implementing sound credit control and debt collection activities that will ensure that reliance is placed on internal efficiencies and internally generated revenues and reduce the dependence on National allocations which are not sustainable under the current economic climates. Implementation of water/electrical projects and programmes such as Water Conservation Projects and Electrification of informal settlements to reduce losses whilst also enforcing austerity measures across various cost drivers are also key areas that the municipality intends to maximise on internally generated revenues and reduce expenditure as well.

The determination of cost reflective tariffs and sound tariff setting principles therefore plays a pivotal and strategic part of the compilation of the municipality's 2018/19 MTREF and is the underlying pillar for the establishment of the correct funding mix when compiling the 2018/19 Budget. The correct funding mix will enable the determination of the affordability level of the consumers, debt impairment over the MTREF and the capacity of the City to borrow funds aimed at delivering the key strategic capital programs that contribute to revenue enhancement and improvement in both service delivery and economic infrastructure. The Municipal Systems Act 32 of 2000, under section 74 of the Act, provides critical elements of a good Tariff Policy which has been taken into consideration when reviewing the Tariff Policy for the 2018/19 MTREF. The Tariff Policy sets the overarching principles.

Tariff-setting as highlighted above plays a pivotal and strategic part of the compilation of any budget. When rates, Tariff and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the municipality.

The following are general **contributory factors** for the increase in levels of rates and service charges:

- (i) The cost of bulk purchases.
- (ii) Cost of the social package to indigents.

- (iii) Provision for the filling of critical vacancies.
- (iv) Salary increase with effect from 1 July 2018.
- (v) Increased maintenance of network on infrastructure
- (vi) The impact of Capital spent on the operating budget.
- (vii) Rollout of infrastructure and the provision of basic services.

A cost of supply study was commissioned for all three main services tariffs being electricity, water and sanitation in order to determine cost reflective tariffs that inform realistically anticipated revenue streams for the 2018/19 MTREF. For the non-trading services, the tariffs were set having taken into consideration the expected recovery to be achieved against the cost of providing the services. However, not all tariffs in place for non-trading services contribute to 100% recovery of the costs incurred.

Activities are on course in relation to Directorates finding innovative forms of generating extra revenue to compensate for the changing economic environment. These proposals include the tariffs basket for consultation or be part of measures designed to strengthen fiscal efforts. Such measures include exploring areas such as outdoor advertising, traffic law enforcement, parks maintenance partnerships, extracting value on the existing debtors book, maximising benefits from both the landfill site and Public Safety weighbridges and enforcement of municipal by-laws across all Directorates. National Treasury (NT) continues to encourage municipalities to keep increases in rates and tariffs at affordable levels in order for the budget to be realistic as required by the MFMA. Municipalities are required to justify in their budget documentation all increases in excess of the 6 (six) % which is the upper boundary of the South African Reserve Bank's inflation target.

Excessive increases are likely to be counterproductive, resulting in higher levels of non-payment, and therefore a collapse of the existing revenue base. Municipalities are further encouraged to set cost-reflective tariffs especially for trading services such as water and sanitation, electricity and refuse removal. In MFMA Circular No 66, the NT notes that municipalities are increasingly under-recovering the cost associated with trading services. The percentage increases of Eskom, Magalies Water and Rand Water bulk tariffs are far beyond the mentioned inflation target. Given that these tariff increases are determined by external agencies, the impact they have on the municipality's electricity and water tariffs is largely outside the control of the municipality.

The new Valuation Roll will only be implemented in the 2019/20 MTREF and the necessary extension was sought in the 2016/2017 financial year. Implementing a new Valuation Roll results in line with the Local Government Municipal Property Rates Act, 2004, increases the rateable value. Plans are in place to appoint the Valuers who will ensure compliance with the 1st July 2019 deadline.

Within this framework the municipality has undertaken the tariff setting process relating to its major service charges as follows (Only Budget Highlights are provided below and the full Tariff Book is as per "**Annexure A**" of the item):

Property rates

Rates revenue is one of the major funding sources of the Municipality. It funds general services which include road infrastructure, parks, public safety as well as other community related services.

In order to realise the income required to finance the envisaged operational activities of the Council for the ensuing financial year, the proposed differentials for categories and application of the ratios, tariffs, and rebates are as indicated in the table below.

ASSESSMENT RATES

TARRIF DESCRIPTION	Approved Tariff 2017/18	2018/19 Increase	Proposed Tariff 2018/19	Proposed Tariff 2019/20	Proposed Tariff 2020/21
	R / C		R / C	R / C	R / C
GOVERNMENT REBATE 10%	-0,1000		-0,1000	-0,1000	-0,1000
PUBLIC SERVICE INFRASTRUCTURE - REBATE			-0,3000	-0,3000	-0,3000
PRIVATE OWNED TOWN REBATE			-0,2500	-0,0250	-0,0250
PRIVATE SCHOOLS/ CRECHES REBATE			-0,2500	-0,2500	-0,0250
RESIDENTIAL REBATE	-100 000		-100 000	-100 000	-100 000
RESIDENTIAL	0,0064	6,40	0,0068	0,0072	0,0077
BUSINESS/COMMERCIAL	0,2380	6,40	0,2532	0,2694	0,2867
INDUSTRIAL	0,2420	6,40	0,2575	0,2740	0,2915
GOVERNMENT	0,0226	6,40	0,0240	0,0256	0,0272
EDUCATIONAL	0,0217	6,40	0,0231	0,0246	0,0261
MINING	0,0255	6,40	0,0271	0,0289	0,0307
AGRICULTURAL	0,0017	6,40	0,0018	0,0019	0,0020
PRIVATE ROAD	0,0067	6,40	0,0071	0,0076	0,0081
GUEST HOUSES	0,0086	6,40	0,0092	0,0097	0,0104
PRIVATE OWED TOWN	0,0064	6,40	0,0068	0,0072	0,0077
VACANT LAND			0,0106	0,0113	0,0120
PRIVATE OPEN SPACES	0,0071	6,40	0,0076	0,0080	0,0086
PUBLIC SERVICE INFRASTRUCTURE			0,0068	0,0072	0,0077
EXCLUSIVE USE AREA			0,0068	0,0072	0,0077
SECTIONAL TITLE - GARAGES			0,0068	0,0072	0,0077

Sale of Water and Impact of Tariff Increases

The revision in the water tariff is driven by the high demand of water in relation to the municipal aging water infrastructure, the cost of maintaining the water purification plants, water networks and the cost associated with the reticulation expansion:

Water tariffs are structured to protect basic levels of service and ensure the provision of free water to the poorest of the poor (indigent); and are designed to encourage efficient and sustainable consumption.

Proposed 2018/19 Tariffs Water Tariffs

The proposed tariffs for 2018/19 were developed with the objective to provide a sound business management, to narrow the gaps identified from the 2017/18 and outer year's analysis.

- It is therefore proposed increases of between 8.9% and 16.7% on water basic charges (This will provide much better balance and will not necessarily generate significant revenue to allow improvement in terms of infrastructure upgrade and maintenance)
- The Magalies Water and Rand Water indicated increases of 11% and 12% respectively which has been integrated into the formula to determine the 2018/19 tariffs. (it must be noted that our bulk purchases contribute approximately 42% of the total running costs, is therefore impacting our tariffs significantly, more so on water sales.
- Some of the proposed percentage increment is quite aggressive, specifically on water sales. The purpose was to adjust previously under-rated tariffs and ensure that the Municipality does not carry the burden, specifically with regards to industrial and commercial tariffs but also considering that we do not place excessive strain on our clients.
- As indicated, the 2018/19 water and sanitation proposed tariffs increment are intensified, with the understanding that they will provide more balance and allow both units to be sustainable and at least operating at break-even point. This is the phased-in approach as consumers in the current year raised concerns about tariff increases. The cost of providing this service necessitated such huge increases.

The increments on 2018/19 and 2019/20 are more relaxed, with an average of only 1% top-up annually.

Water Tariff - Basic

WATER BASIC

CONSUMER	Approved Tariffs 2017/18 PER MONTH	Proposed Tariff increase 2018/19	Proposed Tariffs 2018/19 PER MONTH	Proposed Tariffs 2019/20 PER MONTH	Proposed Tariffs 2020/21 PER MONTH	Billing Method
Residential	69,41	16,7%	80,97	86,23	92,01	Per Unit
Residential Vacant	73,34	16,7%	85,59	91,15	97,26	Per Unit
INDUSTRIAL	75,45	16,0%	87,56	93,25	99,50	Per Unit
INDUSTRIAL - Vacant	76,47	15,8%	88,54	94,30	100,62	Per Unit
Agricultural	76,47	8,9%	83,28	88,69	94,63	Per Unit
BUSINESS	80,42	8,9%	87,56	93,25	99,50	Per Unit
BUSINESS - Vacant	80,42	8,9%	87,56	93,25	99,50	Per Unit
CHURCH	72,68	8,9%	79,15	84,29	89,94	
Educational	72,68	8,9%	79,15	84,29	89,94	
STATE OWNED	75,99	8,9%	82,75	88,13	94,04	
MUNICIPALITY	75,99	8,9%	82,75	88,13	94,04	

Water Tariffs _ Consumption

Proposed Domestic Water Tariff – Metered/Conventional Services

CONSUMER	Approved Tariff 2017/18	2018/19 Increase	Proposed Tariff 2018/19	Proposed Tariff 2019/20	Proposed Tariff 2020/21
DOMESTIC (Prepaid and Conventional meters) TOTAL					
Consumption 0KL to 12KL	11,65	8,6%	12,66	13,89	15,42
Consumption 13KL to 25KL	14,02	-4,5%	13,39	12,94	12,65
Consumption 26KL to 40KL	16,19	-0,7%	16,07	16,13	16,38
Consumption 41KL to 60KL	18,39	10,4%	20,30	22,63	25,50
Consumption above 60KL	19,98	15,2%	23,03	26,79	31,50

Domestic consumers with no meter Minimum charge per household per month	70,62	9,8%	77,51	85,93	96,29
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Proposed Agricultural - Domestic Water Tariffs

	Approved Tariff 2017/18	2018/19 Increase	Proposed Tariff 2018/19	Proposed Tariff 2019/20	Proposed Tariff 2020/21
AGRICULTURAL DOMESTIC TOTAL					
Consumption 0KL to 12KL	15,85	8,7%	17,23	18,92	21,01
Consumption 13KL to 25KL	16,92	11,8%	18,91	21,34	24,34
Consumption 26KL to 40KL	18,68	12,3%	20,98	23,79	27,27
Consumption 41KL to 60KL	19,34	6,8%	20,65	22,27	24,29
Consumption above 60KL	21,21	5,9%	22,47	24,05	26,02

Proposed Industrial - Water Tariffs

	Approved Tariff 2017/18	2018/19 Increase	Proposed Tariff 2018/19	Proposed Tariff 2019/20	Proposed Tariff 2020/21
INDUSTRIAL TOTAL					
Consumption 0KL to 60KL	17,01	18,5%	20,16	24,12	29,15
Consumption 61KL to 100KL	18,53	21,0%	22,42	27,36	33,73
Consumption 101KL to 150KL	20,60	14,6%	23,61	27,31	31,92
Consumption 151KL+	22,54	18,6%	26,73	32,00	38,68

Proposed Industrial – Bospoort Water Tariffs

	Approved Tariff 2017/18	2018/19 Increase	Proposed Tariff 2018/19	Proposed Tariff 2019/20	Proposed Tariff 2020/21
INDUSTRIAL: BOSPOORT TOTAL					
Consumption 0KL to 60KL	17,98	18,5%	21,32	25,50	30,82
Consumption 61KL to 100KL	19,05	21,0%	23,04	28,12	34,66
Consumption 101KL to 150KL	19,64	14,6%	22,50	26,03	30,43
Consumption 151KL+	20,62	18,6%	24,46	29,27	35,39

Proposed Commercial – Water Tariffs

	Approved Tariff 2017/18	2018/19 Increase	Proposed Tariff 2018/19	Proposed Tariff 2019/20	Proposed Tariff 2020/21
COMMERCIAL TOTAL					
Consumption 0KL to 60KL	17,24	18,5%	20,43	24,44	29,53
Consumption 61KL to 100KL		21,0%			

	18,11		21,91	26,74	32,96
Consumption 101KL to 150KL	19,81	14,6%	22,70	26,26	30,70
Consumption 151KL+	20,79	18,6%	24,65	29,50	35,67

Proposed Institutional – Government Water Tariffs

	Approved Tariff 2017/18	2018/19 Increase	Proposed Tariff 2018/19	Proposed Tariff 2019/20	Proposed Tariff 2020/21
INSTITUTIONAL:GOVERNMENT TOTAL					
Consumption 0KL to 60KL	17,03	18,5%	20,19	24,16	29,19
Consumption 61KL to 100KL	19,50	21,0%	23,59	28,79	35,49
Consumption 101KL to 150KL	19,84	14,6%	22,74	26,31	30,75
Consumption 151KL+	21,07	18,6%	24,99	29,91	36,15

Proposed Institutional – (Church) Water Tariffs

	Approved Tariff 2017/18	2018/19 Increase	Proposed Tariff 2018/19	Proposed Tariff 2019/20	Proposed Tariff 2020/21
INSTITUTIONAL: Church TOTAL					
Consumption 0KL to 60KL	16,32	18,5%	19,34	23,14	27,96
Consumption 61KL to 100KL	17,06	21,0%	20,64	25,19	31,05
Consumption 101KL to 150KL	17,21	14,6%	19,73	22,82	26,67
Consumption 151KL+	18,00	18,6%	21,35	25,55	30,89

Proposed Institutional – School Water Tariffs

	Approved Tariff 2017/18	2018/19 Increase	Proposed Tariff 2018/19	Proposed Tariff 2019/20	Proposed Tariff 2020/21
PUBLIC AND PRIVATE SCHOOLS					
Consumption 0KL to 60KL	16,74	18,5%	19,84	23,74	28,68
Consumption 61KL to 100KL	19,16	21,0%	23,18	28,29	34,87
Consumption 101KL to 150KL	19,24	14,6%	22,05	25,51	29,82
Consumption 151KL+	20,19	18,6%	23,94	28,66	34,65

Proposed Institutional – Water Tariffs (Special)

	Approved Tariff 2017/18	2018/19 Increase	Proposed Tariff 2018/19	Proposed Tariff 2019/20	Proposed Tariff 2020/21
SPECIAL					
Consumption 0KL to 60KL	18,04	18,5%	21,39	25,59	30,92
Consumption 61KL to 100KL	18,75	21,0%	22,68	27,69	34,13
Consumption 101KL to 150KL	19,08	14,6%	21,86	25,29	29,57
Consumption 151KL+	20,10	18,6%	23,84	28,54	34,50

SANITATION SERVICES

There is a proposed increase of between 14.1% to 16.6%. For residential and categories of business, government, industrial institutions based on m2 per area increases are projected at 6.5% and 6.7% respectively in the outer years.

SANITATION SERVICES

CONSUMER	Approved Tariff 2017/18	2018/19 Increase	Proposed Tariff 2018/19	Proposed Tariff 2019/20	Proposed Tariff 2020/21	Billing Method
Residential 1 TOTAL						
Up to and including 300m2	127,11	16,6%	148,27	157,91	168,49	
301m2 to 1000m2	135,35	16,1%	157,17	167,39	178,60	
1001m2 to 2000m2	146,84	15,6%	169,75	180,78	192,90	
2001m2 and Above	163,70	14,1%	186,71	198,85	212,17	
Residential 2-4 TOTAL						
Up to and including 300m2	128,26	16,6%	149,62	159,34	170,02	
301m2 to 1000m2	136,57	16,1%	158,59	168,90	180,22	
1001m2 to 2000m2	148,16	15,6%	171,28	182,41	194,63	
2001m2 and Above	163,70	14,1%	186,71	198,85	212,17	
Business/Commercial TOTAL						Sewer points
Up to and including 300m2	139,86	15,6%	161,68	172,19	183,73	
301m2 to 1000m2	155,69	15,3%	179,49	191,16	203,96	
1001m2 to 2000m2	176,76	14,8%	202,87	216,06	230,53	
2001m2 and Above	204,61	14,1%	233,38	248,55	265,20	
Industrial TOTAL						Sewer points
Up to and including 300m2	145,18	15,6%	167,84	178,74	190,72	
301m2 to 1000m2	161,61	15,3%	186,32	198,43	211,73	
1001m2 to 2000m2	183,49	14,8%	210,59	224,28	239,31	
2001m2 and Above	212,40	14,1%	242,26	258,01	275,30	

Government TOTAL						Sewer points
Up to and including 300m2	145,18	15,6%	167,84	178,74	190,72	
301m2 to 1000m2	161,61	15,3%	186,32	198,43	211,73	
1001m2 to 2000m2	183,49	14,8%	210,59	224,28	239,31	
2001m2 and Above	212,40	14,1%	242,26	258,01	275,30	
Church TOTAL						Sewer points
Up to and including 300m2	139,80	15,6%	161,62	172,13	183,66	
301m2 to 1000m2	154,92	15,3%	178,61	190,22	202,96	
1001m2 to 2000m2	175,15	14,8%	201,02	214,09	228,43	
2001m2 and Above	204,61	14,1%	233,38	248,55	265,20	
Educational TOTAL						Sewer points
Up to and including 300m2	139,80	15,6%	161,62	172,13	183,66	
301m2 to 1000m2	154,92	15,3%	178,61	190,22	202,96	
1001m2 to 2000m2	175,15	14,8%	201,02	214,09	228,43	
2001m2 and Above	204,61	14,1%	233,38	248,55	265,20	
Agri Residential TOTAL						Sewer points
Up to and including 300m2	128,26	15,6%	148,28	157,92	168,50	
301m2 to 1000m2	136,33	15,3%	157,17	167,39	178,60	
1001m2 to 2000m2	147,90	14,8%	169,74	180,78	192,89	
2001m2 and Above	163,70	14,1%	186,72	198,86	212,18	
Agri Business TOTAL						Sewer points
Up to and including 300m2	139,86	15,6%	161,68	172,19	183,73	
301m2 to 1000m2	155,69	15,3%	179,49	191,16	203,96	
1001m2 to 2000m2	176,76	14,8%	202,87	216,06	230,53	
2001m2 and Above	204,61	14,1%	233,38	248,55	265,20	
Municipal TOTAL						
Up to and including 300m2	139,86	15,6%	161,68	172,19	183,73	
301m2 to 1000m2	155,69	15,3%	179,49	191,16	203,96	
1001m2 to 2000m2	176,76	14,8%	202,87	216,06	230,53	
2001m2 and Above	204,61	14,1%	233,38	248,55	265,20	
Special TOTAL						
Up to and including 300m2	139,86	15,6%	161,68	172,19	183,73	
301m2 to 1000m2	157,11	15,3%	181,14	192,91	205,84	
1001m2 to 2000m2		14,8%				

	183,73		210,87	224,58	239,62	
2001m2 and Above	210,14	14,1%	239,69	255,27	272,37	
Vacant property TOTAL						
Up to and including 300m2	130,73	15,6%	151,13	160,95	171,74	
301m2 to 1000m2	144,19	15,3%	166,24	177,05	188,91	
1001m2 to 2000m2	162,22	14,8%	186,19	198,29	211,57	
2001m2 and Above	186,09	14,1%	212,26	226,05	241,20	

Industrial effluent monitoring

The following formula will apply for industrial effluent charges covering the conveyance, and treatment of industrial effluent.

$$Ti = C \times \frac{Qi}{Qt} \times [0,3 + 0,35 Kc + 0,25 Kn + 0,1 Kp]$$

Where:

Ti	=	charge due in R/month
C	=	total cost of the sewerage undertaking of Rustenburg Local Municipality covering both treatment and conveyance and must include fixed, semi fixed and variable charges (R/month).
Qi	=	sewage flow from the industry in m3/month
Qt	=	sum of design capacities of all the waste water treatment works of the Rustenburg Local Municipality in m3/month

$$Kc = \frac{CODi}{CODt}$$

Where: CODi = industry sewage COD

CODt = target COD as published in **Schedule A** in the Bylaws in mg/l
The ratio(Kc) is the larger of 1 or the actual ratio

$$Kn = \frac{TKNi}{TKNt}$$

Where: TKNi = the industry TKN
TKNt = target TKN as published in **Schedule A** in the Bylaws in mg/l
The ratio(Kn) is the larger of 1 or the actual ratio

$$Kp = \frac{Pi}{Pt}$$

Where: Pi = Phosphate of industry in mg/l
Pt = target Phosphate as published in **Schedule A** in these Bylaws in mg/l
The ratio(Kp) is the larger of 1 or the actual ratio.

- The factor of 0,3 represents the "fixed portion" of the costs. This is independent of the strength (or make-up of the sewage) and also deals with the conveyance costs.
- The above formula is only applicable for the treatment of compliant effluent. If any constituent (heavy metals, any toxic substances etc.) exceeds the approved values, the municipality may introduce any of the following steps:
 - Refuse to accept the effluent

- ii. Impose a fine on the industry
 - iii. Insist on pre-treatment by the industry to render the effluent compliant prior to discharge to the municipal system.
- (c) Fines for contravening the allowable limits of constituents in industrial effluents.
- (d) The municipality sells treated sewage effluent to the mines as process water. There are stringent quality criteria associated with this and the mines may refuse to accept sub-standard effluent. In this case the municipality must provide them with potable water at no incremental cost. The one major concern is fats and oils in the effluent as that impact negatively on the mines processes.
- (e) The municipality will thus, in particular, enforce the fat and oil standards rigorously.
- (f) The fines will be implemented as follows:
 - i. First written warning. No fine
 - ii. Second contravention R10 000.00 fine regardless of quantity or quality
 - iii. Subsequent contraventions:
 - Spot fines of the larger of R 10 000 or a flow related minimum fine of R5 per m3 or as per written approval
 - Refuse to accept the effluent

ELECTRICITY SERVICES

The municipality applies a step tariff structure for electricity services. The impact of that is that the higher the consumption, the higher the cost per KWh. The aim is to reduce electricity usage and to subsidise the lower consumption users (mostly the poor). Each year NERSA provides a guideline for the general tariff increases by municipalities and distributors, as well as updates to a standard set of benchmarks which are meant to guide the tariff structure development.

Sale of Electricity and Impact of Tariff Increases

The average increase in electricity tariffs is based on the Municipal tariff guideline increase and NERSA benchmarks for municipal tariff approval process for the 2018/19 financial year.

The following conclusions are drawn from the tariff benchmark analysis

- i. **Average Domestic inclining block tariffs (IBTs):** The lower block values are in line with NERSA benchmark, but the higher block values are too low. These tariff values were brought in line by increasing the values for the higher blocks.
- ii. **Average Domestic Low (IBTs):** The lower block values are in line with NERSA benchmark, but the higher block values are too low. These tariff values were brought in line by increasing the values for the higher blocks.
- iii. **Average Domestic High (IBTs):** The lower block values are in line with NERSA benchmark, but the higher block values are too low. These tariff values were brought in line by increasing the values for the higher blocks
- iv. **Commercial:** All commercial tariff values are too high compared with NERSA benchmark values hence no increases to align the tariffs to NERSA benchmark.

- v. **Agricultural:** Agricultural tariff values for lower consumption customers are in line but for higher consumption customers not.

The final tariffs will be approved by NERSA

The NERSA document proposes a 6.84 % guideline increase for municipal electricity tariffs for 2018/19. This is based on a bulk tariff increase for municipalities of 7.32 %.

Other factors include:

Consumer Price Index (CPI) – 5.3%.

Salary increase – CPI plus 1%.

Repairs and maintenance, capital charges and other costs will increase by CPI plus 1.

Registered indigents will again be granted 50 kWh per 30-day period free of charge. The fixed charge per month will vary according to the electricity consumer type. The energy rate will be on the sliding scale and will still differ according to consumer type.

The increase in the sale of electricity will not be in line with the 5.3% CPI forecasts as per MFMA circular 91 but the increase in electricity sales were based on the NERSA benchmark on our municipality' past performance.

Electricity tariffs

The electricity tariffs have been remodelled in line with the NERSA minimum and maximum tariffs benchmark.

Residential/Domestic Tariffs

Proposed tariff increases are between 3.42 to 9.39% for consumption whilst basic charge is at 5.93% including residential life line.

Commercial Tariffs

No increases were effected on business rate (conventional) as the commercial tariff values are higher compared with NERSA benchmark values, including government and institutional tariffs.

Industrial tariffs

No increases were effected on the Industrial (bulk supply Town and Rural 400v) and 33kv bulk time-of-use

Electricity – Basic & Consumption

ELECTRICITY TARIFFS

Description	Provide description of tariff structure where appropriate	Approved Tariff 2017/18	2018/19 Increase %	Proposed Tariff 2018/19	Proposed Tariff 2019/20	Proposed Tariff 2020/21
<u>DOMESTIC TARIFFS</u>						
Residential Life-line						
Residential 1(1-50 KWH)		85.8500	4.39	89.6172	93.5497	97.6548
Residential 2(51-350 KWH)		106.9800	4.39	111.6744	116.5748	121.6903
Residential 3(351-600 KWH)		134.4000	8.93	146.4045	159.4812	173.7259
Residential 4(601 + KWH)		161.7000	8.93	176.1429	191.8758	209.0139
Residential Town Conventional						
Basic Charge (R/month)		269.3700	5.93	285.3474	302.2725	320.2015
Residential 1(1-50 KWH)		85.8500	5.25	90.3607	93.4480	96.6408
Residential 2(51-350 KWH)		106.9800	5.46	112.8250	116.6799	120.6664
Residential 3(351-600 KWH)		133.1200	9.93	146.3419	159.1311	173.0380
Residential 4(601 + KWH)		161.7000	9.39	176.8794	192.3373	209.1462
Residential Town Prepaid						
Basic Charge (R/month)		192.1500	5.93	203.5472	215.6204	228.4097
Residential 1(1-50 KWH)		85.8500	3.42	88.7832	93.4480	98.3579
Residential 2(51-350 KWH)		106.9800	3.42	110.6352	116.6799	123.0548
Residential 3(351-600 KWH)		133.1200	8.74	144.7537	159.1311	174.9366
Residential 4(601 + KWH)		161.7000	8.74	175.8313	192.3373	210.3928
Residential Rural Prepaid						
Basic Charge (R/month)		293.9100	5.93	311.3400	329.8068	349.3690
Residential 1(1-50 KWH)		85.8500	4.92	90.0765	94.8093	99.7907
Residential 2(51-350 KWH)		106.9800	5.37	112.7301	118.8893	125.3849
Residential 3(351-600 KWH)		133.1200	9.93	146.3419	160.8771	176.8560
Residential 4(601 + KWH)		161.7000	9.39	176.8794	193.4838	211.6469
Residential Rural Conventional						
Basic Charge (R/month)		293.9100	5.93	311.3400	329.8068	349.3690
Residential 1(1-50 KWH)		85.8500	3.09	88.5040	91.5279	94.6551
Residential 2(51-350 KWH)		106.9800	3.42	110.6352	114.4152	118.3244
Residential 3(351-600 KWH)		133.1200	8.74	144.7537	157.4040	171.1599
Residential 4(601 + KWH)		161.7000	8.74	175.8313	191.1976	207.9069

<u>COMMERICAL TARIFFS</u>						
-						
Business Rate (Conventional) Small to Med						
Basic Charge (R/month)		815.00	0.00	815.00	815.00	815.00
Business/Commercial	Energy Rate (c/kWh) Summer	152.8200	0.00	152.8200	152.8200	152.8200
Business/Commercial	Energy Rate (c/kWh) Winter	203.7500	0.00	203.7500	203.7500	218.4293
Business Rate (Prepaid) Small to Med						
Basic Charge (R/month)		815.00	2.35	834.12	853.69	873.72
Business/Commercial	Energy Rate (c/kWh) Summer	152.8200	2.35	156.4052	160.0746	163.8300
Business/Commercial	Energy Rate (c/kWh) Winter	203.7500	2.35	208.5301	213.4223	218.4293
Business Rate (Conventional) Medium to Large						
Basic Charge (R/month)		815.00	0.00	815.00	815.00	815.00
Business/Commercial	Energy Rate (c/kWh) Summer	152.8200	0.00	152.8200	152.8200	152.8200
Business/Commercial	Energy Rate (c/kWh) Winter	203.7500	0.00	203.7500	203.7500	203.7500
Business Rate (Prepaid) Medium to Large						
Basic Charge (R/month)		815.00	6.72	869.80	928.30	990.72
Business/Commercial	Energy Rate (c/kWh) Summer	152.8200	6.72	163.0964	174.0639	185.7689
Business/Commercial	Energy Rate (c/kWh) Winter	203.7500	6.72	217.4512	232.0738	247.6797
<u>GOVERNMENT TARIFFS</u>						
-						
Business Rate (Government)						
Basic Charge (R/month)		815.00	0.00	815.00	815.00	815.00
Business/Commercial	Energy Rate (c/kWh) Summer	152.8200	0.00	152.8200	152.8200	152.8200
Business/Commercial	Energy Rate (c/kWh) Winter	203.7500	0.00	203.7500	203.7500	203.7500
Business Rate (Institutional)						
Basic Charge (R/month)		815.00	0.00	815.00	815.00	815.00
Business/Commercial	Energy Rate (c/kWh) Summer	152.8200	0.00	152.8200	152.8200	152.8200
Business/Commercial	Energy Rate (c/kWh) Winter	203.7500	0.00	203.7500	203.7500	203.7500
<u>Agricultural Tariffs</u>						
-						
Agricultural (Small - Medium)						
Basic Charge (R/month)		815.00	4.81	854.23	895.34	938.44
Business/Commercial	Energy Rate	152.8200	4.81	160.1755	167.8850	175.9656

	(c/kWh) Summer					
<i>Business/Commercial</i>	Energy Rate (c/kWh) Winter	203.7500	4.81	213.5568	223.8357	234.6093
Agricultural (Medium - Large)						
<i>Basic Charge (R/month)</i>		815.00	2.68	836.86	859.30	882.34
<i>Business/Commercial</i>	Energy Rate (c/kWh) Summer	152.8200	2.68	156.9181	161.1261	165.4470
<i>Business/Commercial</i>	Energy Rate (c/kWh) Winter	203.7500	2.68	209.2139	214.8243	220.5852
<u>INDUSTRIAL TARIFFS</u>						
-						
<i>Basic Charge (R/month)</i>		2 716.46	0.00	2 716.46	2 716.46	2 716.46
<i>Industrial (Bulk Supply Town and Rural 400 V)</i>	Energy Rate (c/kWh) Summer	101.9000	0.00	101.9000	101.9000	101.9000
<i>Industrial (Bulk Supply Town and Rural 400 V)</i>	Energy Rate (c/kWh) Winter	171.0700	0.00	171.0700	171.0700	171.0700
<i>Industrial (Bulk Supply Town and Rural 400 V)</i>	Utilised Demand Charge (R/kVA) 12 month maximum	165.5400	0.00	165.5400	165.5400	165.5400
<i>Industrial (Bulk Supply Town and Rural 400 V)</i>	Maximum Demand Charge (R/kVA)	41.3900	0.00	41.3900	41.3900	41.3900
<i>Basic Charge (R/month)</i>		2 745.76		2 913.25	2 913.25	2 913.25
<i>Agricultural (Bulk Supply Rural 400 V)</i>	Energy Rate (c/kWh) Summer	135.0270	6.10	143.2636	143.2636	143.2636
<i>Agricultural (Bulk Supply Rural 400 V)</i>	Energy Rate (c/kWh) Winter	173.1152	6.10	183.6752	183.6752	183.6752
<i>Agricultural (Bulk Supply Rural 400 V)</i>	Utilised Demand Charge (R/kVA) 12 month maximum	167.5169	6.10	177.7354	177.7354	177.7354
<i>Agricultural (Bulk Supply Rural 400 V)</i>	Maximum Demand Charge (R/kVA)	41.8792	6.10	44.4339	44.4339	44.4339
					0.0000	0.0000
<u>Basic Charge (R/month)</u>		2 346.00	8.56	2 546.86	2 764.91	3 001.63
<u>Industrial (11kV Bulk Supply Town and Rural)</u>	Energy Rate (c/kWh) Summer	100.5000	8.56	109.1045	118.4456	128.5866
<i>Industrial (11kV Bulk Supply Town and Rural)</i>	Energy Rate (c/kWh) Winter	158.0000	8.56	171.5274	186.2130	202.1560
<i>Industrial (11kV Bulk Supply Town and Rural)</i>	Utilised Demand Charge (R/kVA) 12 month maximum	161.0000	8.56	174.7843	189.7487	205.9944
<i>Industrial (11kV Bulk Supply Town and Rural)</i>	Maximum Demand Charge (R/kVA)	40.0000	8.56	43.4247	47.1425	51.1787
<u>TIME -OF-USE</u>						
<i>Basic Charge (R/month)</i>		8 800.00	8.56	9 553.43	10 371.36	11 259.32
<i>11 kV Bulk supply Time-of-use</i>	Demand Charge (R/kVA)	41.5000	8.56	45.0531	48.9104	53.0979
	Access Charge (R/kVA)	32.0000	8.56	34.7397	37.7140	40.9430

	SUMMER Peak Energy (c/kWh)	136.0000	8.56	147.6439	160.2846	174.0077
	Standard Energy (c/kWh)	92.0000	8.56	99.8767	108.4278	117.7111
	Off- peak Energy (c/kWh)	67.0000	8.56	72.7363	78.9638	85.7244
	WINTER Peak Energy (c/kWh)	425.0000	8.56	461.3871	500.8895	543.7740
	Standard Energy (c/kWh)	124.0000	8.56	134.6165	146.1419	158.6541
	Off- peak Energy (c/kWh)	74.0000	8.56	80.3356	87.2137	94.6806
	Reactive Energy (c/kVArh)	20.5000	8.56	22.2551	24.1606	26.2291
Basic Charge (R/month)		8 600.00	0.00	8 600.00	8 600.00	8 600.00
33 kV Bulk supply Time-of-use	Demand Charge (R/kVA)	39.5000	0.00	39.5000	39.5000	39.5000
	Access Charge (R/kVA)	30.0000	0.00	30.0000	30.0000	30.0000
	SUMMER Peak Energy (c/kWh)	132.0000	0.00	132.0000	132.0000	132.0000
	Standard Energy (c/kWh)	89.0000	0.00	89.0000	89.0000	89.0000
	Off- peak Energy (c/kWh)	62.5000	0.00	62.5000	62.5000	62.5000
	WINTER Peak Energy (c/kWh)	415.0000	0.00	415.0000	415.0000	415.0000
	Standard Energy (c/kWh)	120.0000	0.00	120.0000	120.0000	120.0000
	Off- peak Energy (c/kWh)	70.0000	0.00	70.0000	70.0000	70.0000
	Reactive Energy (c/kVArh)	20.5000	0.00	20.5000	20.5000	20.5000
Basic Charge (R/month)		117 443.00	7.32	126 039.83	135 265.94	145 167.41
33 kV Bulk supply NMD >150MVA	Demand Charge (R/kVA)	29.0400	7.32	31.1657	33.4471	35.8954
	Access Charge (R/kVA)	15.3300	7.32	16.4522	17.6565	18.9489
		7.6500	7.32	8.2100	8.8110	9.4559

	Transmission Energy (c/kWh)					
	Reactive Energy (c/kVArh)	13.4200	7.32	14.4023	15.4566	16.5880
	SUMMER Peak Energy (c/kWh)	104.3500	7.32	111.9884	120.1860	128.9836
	Standard Energy (c/kWh)	74.2600	7.32	79.6958	85.5296	91.7903
	Off-peak Energy (c/kWh)	49.9800	7.32	53.6385	57.5649	61.7786
	WINTER Peak Energy (c/kWh)	303.7600	7.32	325.9952	349.8581	375.4677
	Standard Energy (c/kWh)	97.4700	7.32	104.6048	112.2619	120.4794
	Off-peak Energy (c/kWh)	56.4900	7.32	60.6251	65.0628	69.8254

- Detailed breakdown of the Tariffs by service is contained in the Tariff Book ("Annexure A").

Overall Impact of Tariff increases on households: SA14 – Household bills

NW373 Rustenburg - Supporting Table SA14 Household bills

Description	Ref	2018/19 Medium Term Revenue & Expenditure Framework					Current Year 2017/18			2016/17					
		Audited Outcome	2015/16	Audited Outcome	2016/17	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19 % incr.	Budget Year 2019/20	Budget Year +2 2020/21				
Rand/cent															
1															
Monthly Account for Household - 'Middle Income Range'															
Rates and services charges:															
Property rates		275.00	275.00	292.05	310.74	310.74	310.74	310.74	6.4%	348.48	367.65				
Electricity: Basic levy		123.17	237.99	256.55	293.92	293.92	293.92	293.92	5.9%	328.17	346.22				
Electricity: Consumption		1 089.24	1 219.85	1 296.70	1 321.08	1 321.08	1 321.08	1 321.08	7.5%	1 496.99	1 579.32				
Water: Basic levy		55.84	59.19	62.74	69.41	69.41	69.41	69.41	16.7%	85.37	90.07				
Water: Consumption		330.78	340.39	360.81	403.75	403.75	403.75	403.75	5.8%	450.32	475.09				
Sanitation		104.82	124.80	132.04	146.84	146.84	146.84	146.84	15.6%	178.91	188.75				
Refuse removal		101.49	107.48	113.93	124.18	124.18	124.18	124.18	9.2%	142.93	150.79				
Other															
sub-total		2 080.34	2 364.70	2 514.82	2 669.92	2 669.92	2 669.92	2 669.92	7.7%	3 031.17	3 197.88				
VAT on Services		291.25	331.06	352.07	373.79	373.79	373.79	373.79	0.01	424.36	447.70				
Total large household bill:		2 371.59	2 695.76	2 866.89	3 043.71	3 043.71	3 043.71	3 043.71	7.7%	3 455.53	3 645.58				
% increase/-decrease			13.7%	6.3%	6.2%	6.2%	-	-		5.4%	5.5%				
2															
Monthly Account for Household - 'Affordable Range'															
Rates and services charges:															
Property rates		183.33	183.33	194.70	207.16	207.16	207.16	207.16	6.4%	232.32	245.09				
Electricity: Basic levy		123.17	237.99	256.55	293.92	293.92	293.92	293.92	5.9%	328.17	346.22				
Electricity: Consumption		473.12	528.63	561.93	572.50	572.50	572.50	572.50	7.5%	648.73	684.41				
Water: Basic levy		55.84	59.19	62.74	69.41	69.41	69.41	69.41	16.7%	85.37	90.07				
Water: Consumption		266.03	272.53	288.88	323.26	323.26	323.26	323.26	5.8%	360.54	380.37				
Sanitation		104.82	115.55	122.26	135.35	135.35	135.35	135.35	15.6%	164.91	173.98				
Refuse removal		101.49	107.48	113.93	124.18	124.18	124.18	124.18	9.2%	142.93	150.79				
Other															
sub-total		1 307.81	1 504.70	1 600.99	1 725.77	1 725.77	1 725.77	1 725.77	7.9%	1 962.97	2 070.93				
VAT on Services		183.09	210.66	224.14	241.61	241.61	241.61	241.61	0.01	274.82	289.93				
Total small household bill:		1 490.90	1 715.36	1 825.12	1 967.38	1 967.38	1 967.38	1 967.38	7.9%	2 237.79	2 360.86				
% increase/-decrease			15.1%	6.4%	7.8%	7.8%	-	-		5.4%	5.5%				

Monthly Account for Household - 'Indigent' Household receiving free basic services	3	0.57					1.00									
Rates and services charges:																
Property rates		91.67	91.67	97.35	103.58	103.58	103.58	103.58	103.58	103.58	110.21	116.17	122.55			
Electricity: Basic levy		123.17	237.99	256.55	293.92	293.92	293.92	293.92	293.92	293.92	311.35	328.17	346.22			
Electricity: Consumption		275.91	308.54	327.98	334.14	334.14	334.14	334.14	334.14	334.14	356.40	375.64	396.30			
Water: Basic levy		55.84	59.19	62.74	69.41	69.41	69.41	69.41	69.41	69.41	81.00	85.37	90.07			
Water: Consumption		90.40	154.02	163.26	182.69	182.69	182.69	182.69	182.69	182.69	193.32	203.76	214.97			
Sanitation		104.82	109.01	115.34	127.11	127.11	127.11	127.11	127.11	127.11	146.94	154.87	163.39			
Refuse removal		101.49	107.48	113.93	124.18	124.18	124.18	124.18	124.18	124.18	135.61	142.93	150.79			
Other																
sub-total		843.30	1 067.90	1 137.15	1 235.04	1 235.04	1 235.04	1 235.04	1 235.04	1 235.04	1 334.83	1 406.91	1 484.29			
VAT on Services		118.06	149.51	159.20	172.91	172.91	172.91	172.91	172.91	172.91	186.88	196.97	207.80			
Total small household bill:		961.36	1 217.41	1 296.35	1 407.94	1 407.94	1 407.94	1 407.94	1 407.94	1 407.94	1 521.71	1 603.88	1 692.09			
% increase/decrease			26.6%	6.5%	8.6%	-	-	-	-	-	8.1%	5.4%	5.5%			

160 **TABLING OF FINAL 2018/19 MEDIUM-TERM REVENUE AND EXPENDITURE
FRAMEWORK (MTREF) - CC**
(Budget and Treasury Office) MM/

PURPOSE OF THE REPORT

The purpose of this report is to table the final 2018/2019 Medium-Term Revenue and Expenditure Framework (MTREF) to Council for approval in accordance with section 24 of the Municipal Finance Management Act 56 of 2003 and the Municipal Budget Reporting Regulations (MBRR).

RESOLVED:

ACTION

1. That the multi-year annual capital and operating budget for the 2018/2019 financial year of R5.6 billion and the two outer years of (2019/20+2020/21) R5.7 billion, R6.1 billion and related policies and by-laws be ADOPTED as per the following tables as set out in A1 Schedule as Annexure A: -
 - Table A1 – Budget Summary
 - Table A2 – Budgeted Financial Performance
(Revenue and expenditure by standard classification) CC
 - Table A3 – Budgeted Financial Performance
(Revenue and expenditure by municipal vote)
 - Table A4 – Budgeted Financial Performance
(Revenue and Expenditure)
 - Table A5 – Budgeted Capital Expenditure by Vote)
(Standard classification and funding)
 - Table A6 – Budgeted Financial Position
 - Table A 7 – Budgeted Cash Flows
 - Table A8- Cash backed reserves / accumulated Surplus reconciliation
 - Table 9 – Asset Management
 - Table 10 – Basic Delivery measurement
2. That the budget as proposed including the budget for the Rustenburg Water Services Trust is adopted; CC
3. That Council note that for the 2018/19 MTREF the revenue and expenditure budget proposed has surpluses of R513.6 million, R504.8 million and R565.5 million over the 2018/19 MTREF; CC
4. That all consumptive tariffs, rates, basic charges as per “Annexure “B” be approved and implemented as from the 1st July 2018; CC

SSK

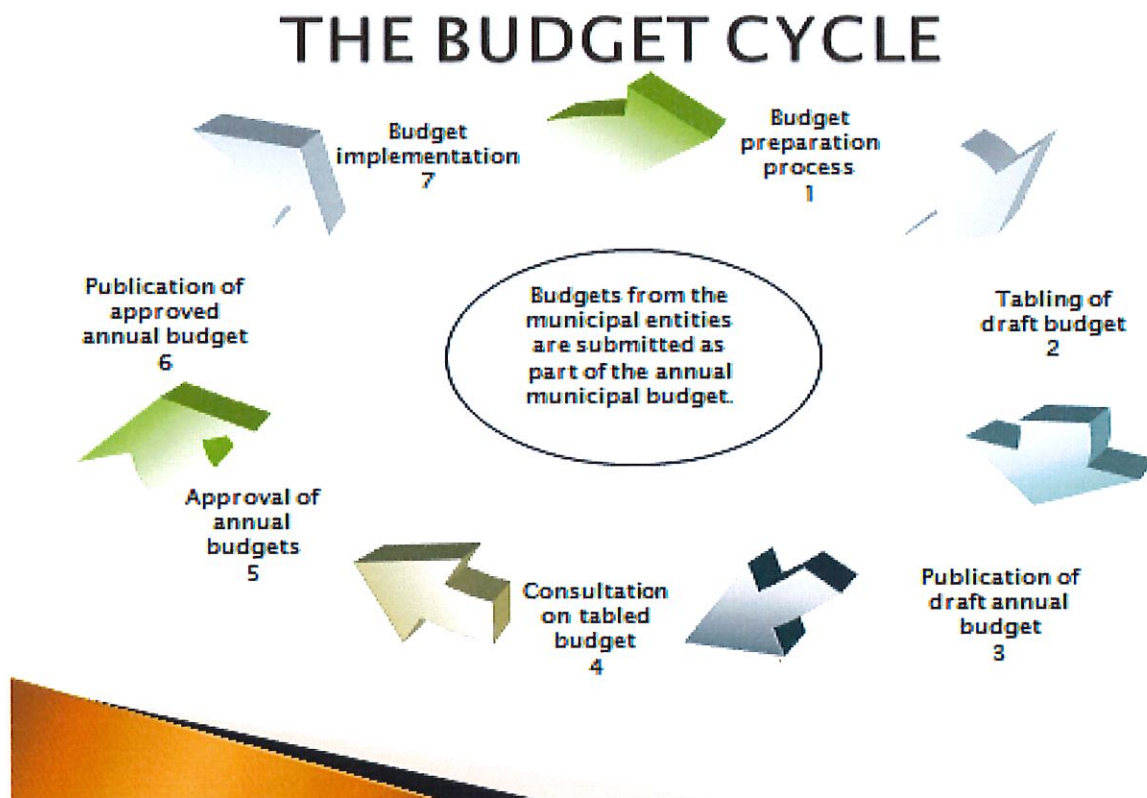
5. That all the sundry tariffs and other tariffs per *Annexure "B"* be approved and implemented as from the 1st July 2018; CC
6. That the unspent conditional grant at end of 2017/18 not be committed to expenditure until approval has been obtained from National Treasury in accordance with the directives; OMM
7. That the following proposed budget related policies with be adopted for implementation on 01 July 2018. Policies are attached as *Annexure "C"*. CC
- 7.1 Budget related policies and By-Laws with Amendments
- Property rates
 - Tariffs policy
 - Assets Management Policy
 - Budget Policy
 - Supply Chain Management Policy
 - Credit Control and Debt Collection Policy
 - Funds and Reserves Policy
 - Indigent Policy
 - Travelling and Subsistence
 - Study Aid Policy
- 7.2 Budget related policies with no amendments
- Cash Management and Investment Policy
 - Rewards, Gifts and Favour Policy
 - Framework for Accelerating Economic Transformation
 - Borrowing Policy
 - Property rates By-Law
 - Tariffs By-Law
- 7.3. The following policies have been merged with other approved policies:
- The Liquidity Policy is consolidated with the Funds and Reserve Policy
 - The Inventory Management Policy is consolidated with the Supply Chain Management Policy as Annexure 2 page 11-128.
- 7.4 New Budget related policies CC
- Commitments Policy
 - Unauthorised, Irregular and Fruitless and Wasteful Expenditure Policy
 - Cost Containment Policy
8. That Accounting Officer be authorised to initiate procurement process to acquire the long-term borrowing and that the Accounting Officer should invite the Public, the National Treasury and the relevant Provincial Treasury to submit written comments or representations to the Council in respect of the proposed debt; OMM

SSK

- | | | |
|-----|--|------------|
| 9. | That MFMA circular no 89 and 91 from National Treasury be considered as Annexure "E"; | CC |
| 10. | That the approved 2018/19 Medium Term Revenue and Expenditure (MTREF) Forecasts both in printed and electronic formats be submitted to National Treasury and Provincial Treasury; | MM |
| 11. | That the approved (MTREF) Budget together with the tariffs, budget related policies be placed on the municipal website and be published in terms of Section 21A and 21B of the Municipal Systems Act as well as the MFMA and applicable regulations; | BTO |
| 12. | That a Procurement Plan be revised in line with the Municipal Infrastructure Grant (MIG) Implementation Plan; | BTO |
| 13. | That a progress report on Key Performance Indicators contained within the Service Delivery and Budget Implementation Plan (SDBIP) be submitted at Portfolio level on a monthly basis and to Council on a bi-monthly basis; | BTO
OMM |
| 14. | That table SA23 be amended to reflect the remuneration of the Manager in the office of the Single-Whip. | BTO |
-

PART 2 – SUPPORTING DOCUMENTATION

2.1 OVERVIEW OF ANNUAL BUDGET PROCESS



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

The purpose of the Budget Steering Committee is to ensure that:

- The process followed to compile the budget complies with legislation and good budget practices;
- There is proper alignment between the policy and service delivery priorities set out in the City's IDP and the Budget, considering the need to protect the financial sustainability of the municipality;

- The municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- The various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

2.1.1 Budget Process Overview

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

The following key dates were applicable to the budgeting process:

Budget and tariff process 2017/18	Timeframe
Management Lekgotla	11 – 12 January 2018
Strategic Lekgotla	6-7 March 2018
NT Engagements (2018/19 MTREF Benchmarking)	16 April 2018
NT Engagements (Mid- year Review)	19-20 February 2018
Mayoral Committee considers tabled draft IDP, Budget, Tariffs, SDBIPs and Business Plans	15 March 2018
Tabling of the draft IDP, Budget, Tariffs, SDBIPs and Business Plans at Council	27 March 2018
Public participation on the IDP and 201	16 – 28 April 2018
Approval of IDP, Budget, Tariffs, SDBIPs and Business Plans by Mayoral Committee	15 May 2018
Council approval of final IDP, Budget, Tariffs, SDBIPs and Business Plans	29 May 2018

TIME SCHEDULE: 2018-2019 IDP REVIEW, BUDGET AND PMS

PHASE	MONTH	DATE	REFERENCE	ACTIVITY/IES	COORDINATING DEPARTMENTS
Preparation	July 2017	18	MSA57 (2)(a) (ii)	Finalization of Performance Agreements	STRATEGY AND PLANNING
		28	MFMA Circular 13	Tabling of Top Layer SDBIP to Council for noting	STRATEGY AND PLANNING
		26 - 28	MSA57(4)	4 th quarter performance assessment (final)	STRATEGY AND PLANNING
Analysis	August 2017	02	MFMA Regulation	IDP/Budget Steering Committee meeting - Confirm internal & external consultation forums (consultation itinerary)	Office of the Executive Mayor
		29	MSA 28& MFMA 21(a) (b)(i)(ii)(iii)(iv)	Tabling of the IDP, Budget and PMS Time Schedule to Council for approval	IDP/PMS/BUDGET
		31	MFMA 53 (3 (a) and (b)	Make public the SDBIP and Performance Agreements	Accounting Officer
	Sept. 2017	31	MFMA 75 (1) (d)	Place annual performance agreements on the website	Accounting Officer
		31	MSA 46	Submission of the 2016/17 annual performance report to the office of the Auditor General	Accounting Officer
		01		Circular providing guidance on compilation of staff budgets (initiate the budget process)	CFO
		07		Consultation with directorates <ul style="list-style-type: none"> Stakeholder analysis Community needs analysis from IDP Budget document and guidelines 	IDP & Budget Office
		14	MSA 34	IDP Rep Forum Meeting: presentation of process plan and TOP Layer SDBIP	Accounting Officer CFO
		15		Multi-stakeholders Consultation Meeting presentation of process plan, revision of sector plans and presentation of TOP Layer SDBIP Business; Sector Departments; District and Local Municipalities: alignment of sector specific programmes	Accounting Officer CFO
		26 Sept. to 26 Oct	MSA 34	Preparing for 2018/19 IDP and Budget review; Public participation process: Ward consultation/community participation process through Mayoral outreach	Executive Mayor Speaker IDP Steering committee CFO

The process for the 2018/19 MREF commenced with the Management Lekgotla that was held on 11-12 January 2018. The objectives of the Lekgotla were to reflect on the progress made in relation to

the service delivery imperatives, discuss the strategic direction of the new leadership and to reach an agreement on key focus areas, priorities and interventions.

2.1.2. IDP and Service Delivery and Budget Implementation Plan

The Rustenburg Local Municipality's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, and management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan.

The process plan applicable to this revision cycle included the following key IDP processes and deliverables:

- Registration of community needs;
- Compilation of departmental business plans including key performance indicators and targets;
- Financial planning and budgeting process;
- Compilation of the SDBIP; and
- The review of the performance management and monitoring processes

2.1.4 Community Consultation

As per legislative requirements, once the draft budget is tabled in Council, it must be made available for the public to comment on. The public participation process was undertaken in line with the prescripts of the MFMA, Municipal Systems Act, and other applicable legislation. The program was managed in conjunction with the Office of the Speaker. The tabling of the draft budget in March 2018 marked the commencement of community participation, encouraged discussion with all stakeholders and provided an opportunity for feedback.

The public participation process took place from 16 - 28 April 2018 with the support of the municipality's directors. The IDP, the Budget and all tariff related policies formed a package of documents for consultation.

Public participation as required by the Municipal Finance Management Act (MFMA) no 23 Of 2013(Planned/Implemented Framework)

- The Draft IDP review and the 2018/19MTREF were published in the local newspaper, posted on the municipal website, hard copies distributed to multipurpose community centres and municipal libraries.
- The IDP and the 2018/19 MTREF forecasts, in both printed and electronic formats, were submitted to National Treasury and Provincial Treasury;
- That the approved Draft IDP review and 2018/19 (MTREF) Budget together with the tariffs, budget related policies were published for comments in terms of Section 21A and B of the

Municipal Systems Act as well as the MFMA and applicable regulations in the local newspaper (Platinum Weekly) on the 6th of April 2018;

- Receipts of public comments closed on the 28th of April 2018 with the final budget to be presented to Council on the 31st May 2018.
- Meetings of stake-holder engagements went well.
- Out of 45 wards, twenty-seven (27) wards' attendance went well except for eighteen (18) wards where communities were either present and rejected the meeting or communities were not aware of the meeting.
- Ward level meetings were fully attended except for ward 8, 9, 10, 11 and 13 that requested postponement of their engagements outside the scheduled and agreed upon dates.
- Benchmarking exercise with National Treasury was held on the 16th of April 2018.

PUBLIC PARTICIPATION INPUTS

The major issues that were raised during public participation are service delivery related and there was little focus on adopting the IDP and budget as presented except at ward six (6). The community indicated that the tabled draft budget was not acceptable to them since it did not cater for their needs and thus they recommended that the budget should not be approved.

Many communities would like to be provided with a ward based budget, and feel if that is not done, these meetings should not be conducted in their respective wards. If there is no allocation for their ward within the budget, there is no need to conduct a public participation in their wards.

It should be noted that the concerns raised were mainly from informal settlements around the formalisation of their areas and not being provided with services especially electrification of their areas.

The received submission is from the National Treasury in the form of a report.

The attendance registers first pages for public participation are attached as **Annexure "F"**

Below is the highlight of some of the public inputs received and relevant to the consultation and considerations thereof:

INPUTS	CONSIDERATION
1. National Treasury: <ul style="list-style-type: none"> • Recommended a collection rate of 84% and 85% over the 2018/19 MTREF informed by the previous years achieved average collection of around 82% • Property rates increases did not factor into account the growth of the city. • Provision of services to informal settlements not accurately accounted for as part of free basic services. 	<ul style="list-style-type: none"> • 84%, 86% and 87% collection rate have been applied over the 2018/19 MTREF in line with revenue initiatives adopted by Council. • The municipality is focusing on data cleansing to ensure that all properties are reflected on the valuation roll and are billed at the right tariff going-forward. • Municipality to take an initiative of door to door count to update the no. of new shacks and households as and when the new informal settlements kicks in.

<ul style="list-style-type: none"> The municipality to ensure that the 8% of property plant and equipment is provided for repairs and maintenance. 	<ul style="list-style-type: none"> The municipality has been spending an average of 3.55 of operating budget on repairs and maintenance of the infrastructure. Repairs and maintenance as a percentage of PPE has grown from 1.7% in 2014/15 to 2.4% in 2018/19.
<p>2. Multi Stakeholder Consultative Forum (Mining sector, Businesses and Government departments):</p> <ul style="list-style-type: none"> Main concern was on yearly tariff increases that does no translate into improving service delivery. 	<ul style="list-style-type: none"> The trading services tariff increases were informed by the study conducted in ensuring that municipality charge a tariff in line with the cost incurred to render the service. The initiative to ensure that cost reflective tariffs are charged going forward.
<p>3. Residents</p> <ul style="list-style-type: none"> Incomplete budget documents concerns raised Concerns regarding the water losses Various concerns were raised regarding service delivery as well as account queries 	<ul style="list-style-type: none"> A1 Schedule Table A1 to A10 submitted with the budget. Additional budget allocated for replacement of assets as well as increased budget for repairs and maintenance.

The outcome of the public participation process on the draft budget and proposed tariffs was considered and used to refine the draft budget for Council's approval in May 2018.

2.2 OVERVIEW OF ALIGNMENT OF ANNUAL BUDGET WITH IDP

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

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

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

The aim of this revision cycle was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance.

One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the municipality's response to these requirements.

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. The RLM has seven strategic objectives for the 2018/19 MTREF and further planning refinements that have directly informed the compilation of the budget.

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

The 2018/19 MTREF has therefore been directly informed by the IDP revision process and the following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

Table SA4 is reconciliation between the IDP strategic objectives and budgeted revenue Table SA5 is reconciliation between the IDP strategic objectives and budgeted operating expenditure. Table SA7 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure.

Table SA4: Reconciliation of IDP strategic objectives and budget (revenue)

NW373 Rustenburg - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)

Strategic Objective		Goal	Goal Code	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework			
R thousand					Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21	
1. Efficient provision of quality basic service and infrastructure within a well-planned spatial structure	Accelerated delivery and maintenance of quality basic and essential services to all Communities				3 111 156	3 293 865	3 632 522	4 537 378	4 616 367	4 616 367	4 230 907	4 462 788	4 786 772	
	Improved service delivery through provision of high quality, reliable and cost effective infrastructure based on integrated spatial planning				11 564	10 196	12 001	12 629	12 629	12 629	27 943	25 343	26 357	
	Develop and implement educational/awareness programmes to obtain community in and ownership in the use and protection of community and municipal facilities				3 817	4 583	3 747	4 096	4 096	4 096	4 540	4 764	4 998	
	Implementation of a City Business Development (CBD) Regeneration Strategy				-	-	-	-	-	-	91 880	73 700	43 364	
	Improved public				28 086	123 479	98 387	67 500	67 500	67 500	85	85 667	100 802	

[illegible]

[illegible]

[illegible]

Table SA5: Reconciliation of IDP strategic objectives and budget (operating expenditure)

NW373 Rustenburg - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)

Strategic Objective	Goal	Goal Code	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand												
1. Efficient provision of quality basic service sand infrastructure within a well-planned spatial structure	Accelerated delivery and maintenance of quality basic and essential services to all Communities			2 511 979	2 764 067	2 964 152	3 530 120	3 575 638	3 574 028	3 272 151	3 487 737	3 756 506
	Improved service delivery through provision of high quality, reliable and cost-effective infrastructure based on integrated spatial planning			13 250	13 253	14 637	15 447	15 447	15 447	15 434	12 233	12 528
	Develop and implement educational/awareness programmes to obtain community in and ownership in the use and protection of community and municipal facilities			165 215	90 344	159 940	182 455	184 131	185 741	284 082	273 806	228 116

4. Maintain clean, green, safe and healthy municipal environment for all	Implement revenue management strategy to enhance municipal financial viability and sustainability	119 858	95 658	59 712	81 908	84 060	99 194	104 345	110 084
	Implement sound and sustainable financial management and compliance controls	16 251	23 977	53 037	36 376	49 615	40 508	40 695	40 636
	Develop and implement an integrated municipal core projects' funding and acquisition model aligned with funding institutions' terms and conditions	14 125	21 319	16 914	18 033	18 033	19 763	20 464	21 589
	Implement quality and improved health and social services to Communities	3 524	-	-	-	-	1 163	1 230	1 298
	Explore and implement alternative eco-friendly and conservation interventions to preserve the environment	2 969	7 697	4 507	4 733	4 713	5 117	5 448	5 748

	Implement integrated community safety and security strategy and measures	99 855	80 017	99 124	105 057	110 057	120 277	127 287	134 288
	Implement an integrated by-law enforcement programme	30 125	49 337	59 157	57 822	60 096	176 072	181 336	196 034
5. Transform and maintain a vibrant and sustainable rural development	Drive integrated rural development planning and infrastructural development	36 260	31 594	50 965	46 684	51 879	57 644	61 649	64 875
	Provide conducive environment for rural economic development through sustainable SMME's mentoring	-	-	-	-	-	-	-	-
6. Uphold good governance and public participation principles	Drive good governance and legislative compliance in all municipal processes	8 020	12 483	11 357	12 730	20 730	13 530	14 373	15 164
	Promote public participation and partnerships with stakeholders on municipal programmes	118 525	83 819	82 438	88 081	93 081	122 288	128 540	135 052

Table SA6: Reconciliation of IDP strategic objectives and budget (capital expenditure)

NW373 Rustenburg - Supporting Table SA6 Reconciliation of IDP strategic objectives and budget (capital expenditure)

Strategic Objective R thousand	Goal	Goal Code	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
1. Efficient provision of quality basic service sand infrastructure within a well-planned spatial structure	Accelerated delivery and maintenance of quality basic and essential services to all Communities			149 287	381 713	250 058	275 250	259 065	259 065	436 256	319 684	368 366
	Improved service delivery through provision of high quality, reliable and cost effective infrastructure based on integrated spatial planning			186	-	40	-	-	-	74	-	-
	Develop and implement educational/awareness programmes to obtain community in and ownership in the use and protection of community and municipal facilities			25 136	18 503	10 568	9 153	8 669	8 669	38 229	42 249	33 017
	Implementation of a City Business Development (CBD) Regeneration Strategy			-	-	-	-	-	-	-	-	-
	Improved public transport infrastructure			646 135	895 587	239 761	286 815	352 474	352 474	299 496	230 376	189 124

[illegible]

2.3 MEASURABLE PERFORMANCE OBJECTIVES AND INDICATORS

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

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

Table SA8: Performance indicators and benchmarks

NW373 Rustenburg - Supporting Table SA8 Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<u>Borrowing Management</u>											
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid/ Operating Expenditure	5.3%	10.1%	4.6%	B1 2.5%	B2 2.4%	B3 2.4%	B4 2.4%	3.9%	3.9%	3.9%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	6.9%	13.3%	5.6%	2.8%	2.8%	2.8%	2.8%	4.6%	4.5%	4.6%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	247.3%	-45.9%	9.6%	0.0%	0.0%	0.0%	0.0%	24.8%	26.5%	26.9%

<u>Safety of Capital</u> Gearing	Long Term Borrowing/ Funds & Reserves	542.5%	508.8%	210.8%	281.4%	281.4%	281.4%	281.4%	244.5%	194.9%	188.0%
<u>Liquidity</u> Current Ratio	Current assets/current liabilities	0.8	0.3	0.9	1.4	1.4	1.4	1.4	1.8	2.3	2.9
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	0.8	0.3	0.9	1.4	1.4	1.4	1.4	1.8	2.3	2.9
Liquidity Ratio	Monetary Assets/Current Liabilities	0.5	(0.2)	0.2	0.8	0.5	0.5	0.5	0.9	1.4	2.0
<u>Revenue Management</u> Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		101.4%	99.8%	97.9%	86.2%	86.2%	86.2%	86.2%	88.7%	91.0%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		101.4%	99.8%	97.9%	86.2%	86.2%	86.2%	86.2%	88.7%	91.0%	92.1%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	14.0%	12.4%	13.7%	9.3%	13.0%	13.0%	13.0%	13.7%	13.6%	13.5%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old										
<u>Creditors Management</u> Creditors System Efficiency	% of Creditors Paid Within Terms (within 'MFMA' s 65(e))	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Creditors to Cash and Investments		120.4%	-266.8%	467.9%	103.9%	162.0%	162.0%	162.0%	97.1%	61.6%	44.4%
<u>Other Indicators</u>											
	Total Volume Losses (kW)	151189609	159353848	160947386	154742326	154742326	154742326	154742326	153194903	151662954	134261824
	Total Cost of Losses (Rand '000)	74 869	78 912	79 701	127 331	127 331	127 331	127 331	126 058	124 797	120 988
Electricity Distribution Losses (2)	% Volume (units purchased and generated less units sold)/units purchased and generated	8%	7%	6%	7%	7%	7%	7%	6%	5%	4%
	Total Volume Losses (k€)	9 889	10 423	10 528	17 569	17 569	17 569	17 569	16 691	15 856	13 527
Water Distribution Losses (2)	Total Cost of Losses (Rand '000)	44048390	46427003	46891273	125469216	125469216	125469216	125469216	119195755	113235967	104342562

		56%	53%	45%	41%	41%	41%	36%	31%	27%
	% Volume (units purchased and generated less units sold)/units purchased and generated									
Employee costs	Employee costs/(Total Revenue - capital revenue)	18.5%	18.2%	16.0%	13.4%	13.3%	13.3%	14.4%	14.5%	14.4%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	18.5%	18.2%	16.1%	14.2%	13.9%	13.9%	15.6%	15.7%	15.5%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	4.5%	2.5%	2.6%	3.1%	3.4%	3.4%	5.1%	5.6%	5.5%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	14.3%	14.1%	10.7%	10.6%	10.5%	10.5%	11.4%	11.6%	11.4%
IDP regulation financial viability indicators										
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	5.5	8.1	48.3	59.1	59.1	59.1	11.0	11.0	11.6
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	18.1%	16.4%	17.4%	11.6%	16.4%	16.4%	19.3%	19.1%	18.9%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	2.4	(1.1)	0.6	1.8	1.1	1.1	2.1	3.3	4.5

Borrowing Management

Capital expenditure in local government can be funded by capital grants, own-source revenue and long-term borrowing. The ability of a municipality to raise long-term borrowings is largely dependent on its creditworthiness and financial position.

Capital charges to operating expenditure are a measure of the cost of borrowing in relation to the operating expenditure. This is expected to increase in line with funding increase that can be attributed to additional loans repayments. Capital charges to operating expenditure are a measure of the cost of borrowing in relation to the operating expenditure. It is at 3.9% over the MTREF. Capital charges to own revenue is at 3.9% in the Medium-term.

Borrowing is considered a prudent financial instrument in financing capital infrastructure development, and this indicator will have to be carefully monitored going forward.

The MFMA specifies that borrowing can only be utilised to fund capital or refinancing of borrowing in certain conditions. Borrowing will be R203 million in the 2018/19 budget year, decreasing to R60 million in the outer years.

Liquidity ratio

The liquidity ratio is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Anything below 1 indicates a shortage in cash to meet creditor obligations. The projected liquidity ratio is at 0.9, 1.4 and 2.0 respectively over the MTREF.

Revenue Management

As part of the financial sustainability strategy, the municipality continues to integrate revenue enhancement initiatives with the budget planning process. Monthly performance reports are used to track performance against revenue targets, and remedial actions are implemented through appropriate governance structures. The intention is to understand the drivers of revenue performance and how they are impacted by changing economic conditions. Revenue Enhancement meetings are held with the Senior Management as well as the Members of the Mayoral Committee of the Municipality.

Improvement of revenue collection and other revenue enhancement initiatives:

- Suspension of services on consumers who owe the Municipality
- Blocking of prepaid meters
- Restriction of water
- Utilization of debt collectors to collect long outstanding debts, to improve cash-flow and build up the reserves in the next four months
- Increase revenue base through introduction of catalytic projects
- Diversification of Municipal revenue
- Credit control will be intensified in order to improve cash flow.
- Implementing the credit control procedures holistically
- Accessing additional funding through the Transactional Advisory Panel for infrastructure projects aimed at replacing Water, Sanitation and Electricity aged infrastructure.
- Promote Rustenburg as an investment destination of choice

- Develop and implement investment and incentive policies to attract and fast track investment.
- Attract and facilitate investors and developers to identified catalytic projects and investment opportunities.
- Develop and implement investment and incentive policies.
- Diversify Rustenburg economy by attracting investment into the value-addition sectors (Green Economy / Waste-to-Energy, Mining Supplier Park.)
- Develop and promote Rustenburg Airport in partnership with Airports Company South Africa.

Creditors Management

The Municipality continues to put processes in place to ensure that creditors are settled within the legislated 30 days of invoice. While the liquidity ratio is of concern, by applying daily cash flow management the municipality targets a 100 percent compliance rate within the 2018/19 financial year. This will have a favourable impact on suppliers' perceptions of the risk of doing business with the Municipality, which is expected to benefit the Municipality in the form of more competitive pricing of tenders, as suppliers compete for the Municipality's business. The Municipality strives to reduce expenditure on non-core goods and services. An Unauthorised, Irregular and Fruitless and Wasteful Expenditure Policy has been developed to monitor and align spending to approved municipal priorities.

Cost containment measures

- Specifically focusing on reducing Water Losses (through the WCDM project) and electricity balancing through Smart City Project.
- Municipality ensures that expenditure is limited to the maximum revenue collected and not spend on money that we do not have.
- A cost containment policy has been developed to assist in driving spending to the core business of the municipality.

Indigent and FBS

For the 2018/19 financial year the Municipality will place an increased emphasis on revitalising its indigent register and make it a central instrument in contributing to revenue enhancement and poverty reduction.

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

The following are free basic services for registered indigent consumers (households) in terms of the Municipality's Indigent Policy:

- 50kwh of electricity
- 6kl water
- Refuse

➤ Sanitation

Indigent households who qualifies for free basic services will not be liable to pay for the municipal services except where they exceed the free basic services provided by Council in terms of the policy.

Providing clean water and managing waste water

The Department of Water Affairs conducts an annual performance rating of water treatment works, presenting a Blue Drop or Green Drop award respectively to potable water treatment works and waste water treatment works that meet certain criteria of excellence. The Rustenburg Local Municipality aspires to meet all requirements within the 2018/19 - 2020/21 MTREF.

The Rustenburg Local Municipality is the Water Services Authority for the entire Rustenburg area in terms of the Water Services Act, 1997 and acts as water services provider.

The following is briefly the main challenges facing the municipality in this regard:

- The infrastructure at most of the waste water treatment works is old and insufficient to treat the increased volumes of waste water to the necessary compliance standard;
- Shortage of skilled personnel makes proper operations and maintenance difficult;
- Electrical power supply to some of the plants is often interrupted which hampers the purification processes.

Water Demand Management:

Monthly water losses are a concern to the municipality and the following initiatives are earmarked to reduce non-revenue and water losses:

- Magalies water through their corporate social initiative is implementing the war on leaks and, through the on war on leaks project to ensure water conservation.
- The municipality has submitted a business plan for water conservation and water demand management in July 2017 and a budget provision of R50million over the three-year period has been made to be funded through the water services infrastructure grant. The service provider has been appointed on the 5th of February 2018.
- As part of the scope of the work of the appointed service provider, is to assist with the reservoir overflows, bulk metering, pressure management and leak detection to name a few.
- The municipality will re-zone the network and cluster the areas to be able to regulate pressures.
- Replacement of A/C pipes is an on-going activity
- The A/C pipe replacement project is being implemented in Tlhabane, Protea Park, Rustenburg North, central business district and surrounding areas as an intervention to reduce water losses.
- Replacement of domestic and bulk water meters and even relocating inaccessible meters and faulty meters is an on-going project for the water unit.

SERVICE DELIVERY STANDARDS

The following Rustenburg Local Municipality service standards have been approved by Council per item 221 of 27 June 2017:

CUSTOMER SERVICE STANDARDS

External Customers

- We expect our external customer to hold us accountable for adhering to these service standards.
- We will greet our customers in a polite and professional manner.
- We will listen effectively to our customers' requests and quickly take the necessary steps to assist them.
- We will keep our customers informed of unexpected delays and stoppage of services.
- We will inform our customers of normal process time, when they can expect completion and any delays that may arise in the process.
- We will stay in touch with our customers to inform them as to where we are with their service request.
- We will respond to all enquiries/ questions/ requests within 24 hours during normal business hours.
- We will finish our dealings with our customers in a polite and professional way.
- We will hold our customer accountable to uphold positive and constructive attitudes and behaviours at all times, in engagements with us, and even when our services are not meeting customer needs and expectations.

Internal Customers

- We will hold our employees accountable for adhering to these service standards.
- We will work with each other and together as a team and uphold positive attitudes and behaviours to service and customer.
- We will interact with each other in a polite and professional manner.
- We will inform our internal customers of normal process time, when they can expect completion and any delays that may arise in any process.
- We will stay in touch with our internal customers daily, either by e-mail or phone, or in person to inform/ update them as to where we are in any process.
- We will work to resolve issues with co-workers and other departments by discussing problems directly and working toward agreed upon solutions.

- We will be positive, considerate, reasonable, cooperative and helpful to every staff member to guarantee their positive attitude and behaviour and improved quality of services.
- We will hold ourselves and each other accountable for giving out negative comments and behaviours during and outside the service delivery process.

General

- We will make our goal to achieve the needs and expectations of all of our customer groups.
- We will anticipate the needs and expectations of communities we serve by proactively working to know and expect their needs.
- We will hold ourselves and each other accountable for our service commitment.
- We will at all times ensure that our information and communication style meets the needs and expectations of the customer (i.e.; audible voice, eye contact when speaking to someone, tone of voice) and communicate in a professional manner.
- We will make a deliberate effort to acknowledge and compliment employees when their service, attitudes and behaviour actions comply with and promote these standards.

GENERIC CUSTOMER SERVICES

CUSTOMER SERVICES	MEASURE	SERVICE STANDARD
We will provide our customer with the information he/she needs and expects, always	Access to information provided to customer always	Customer is made aware of sources and location of information and how to access.
		Municipality provides information the customer needs and expects.
Our Customer Care Centre will answer calls/enquiries quickly to customer expectations	Telephones and enquiries are attended to quickly as they are received	Telephone enquiries are answered within five (5) rings whenever possible.
		Written enquiries are acknowledged as they are received, and answers provided within 5 working days.
		Walk-in enquiries are attended to as they happen.
We will provide feedback/ report	Reports provided that meets	Reports provided to stakeholders/customers that

back on all business matters	customer needs and expectations	address customer needs and expectations.
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INFORMATION AND COMMUNICATION

INFORMATION & COMMUNICATION	MEASURE	SERVICE STANDARD
We will provide information and communication services that the customer needs and expects	Information and communication needs and expectations are agreed upon	Information and communication provided according customer agreed needs and expectations
We promise to make our Customer Service Centre (CSC) fully serve the customer to improve your access to information	Customer Service Centre provides information that customer needs	Customer has access and receives the information he/she needs, always
We shall at all times (where possible) use the language /s our customer will understand	Provide information in the common official language/s that customer understands	Information is simple to understand.

FINANCIAL SERVICES

FINANCIAL SERVICES	MEASURE	SERVICE STANDARD
We promise to consult you when we set level of annual rates & tariffs and aim to achieve fair agreement with our customer	Published annual or revised rates and tariffs	Customer is well consulted in the process of setting rates and tariffs every year or when revision is necessary.
		Tariff for a service is fair to cover the cost of providing that service
	Bills are simple, clear, and understood by customer	Bill quantities and tariffs are explained during consultations and customer understands and can read bill, and pay for service received, and pay happily.
We promise to provide to correct /accurate	Reading of meters	Meters (electricity & water) are read once every

readings of meters	is carried out monthly	month and correct figures are shown on the bill/invoice
		Real time reading on bulk meters
		The Municipality on exceptional circumstances use estimates for not more than 3 months before reverting to actual readings.
We will provide customer with accurate bill/invoice every month at the agreed date	Correct bill is delivered to customer at agreed date	Error free bill in a format that customer can read and understand by the 10 th of each month.
		Respond to account queries/ inquires within 24 hours.
		Email statement to customers on the 7 th of each month.
We promise to acknowledge enquiries & queries and give feedback on time	Enquiry acknowledgement	Acknowledgement is provided immediately upon receiving inquiry
	Response to enquiries	Answers to inquiries are provided upon receipt or within 10 working days when referred to official.
		Attending and completing financial queries with 72 hours.
We promise to pay or creditors within agreed upon timeframe	Pay the suppliers or service Providers.	Within 30 days of receipt of the invoice.
We commit to exercising credit control to retain financial sustainability of the Municipality	Issue notice to defaulting consumers.	Final demands issued 14 days after the date of the initial demand.

ELECTRICITY SERVICES

ELECTRICAL SERVICES	MEASURE	SERVICE STANDARD
We commit ourselves to standard supply and connection of electricity to our customer	Quick connection within agreed times	Provide service within 14 days after payment for normal network connections.
		Provide quotation and invoice within 21 days for

		off-network connections
We will carry out repairs to restore your supply when loss of supply happens.	Faults are repaired as soon as they happen or are reported.	Supply is restored within 3 hours
		Customer is informed where it is not possible to restore service within 3 hours
		Municipality shall carry out faulty meter replacements within 7 days.
We will inform customer when we carry out planned maintenance that will result in cut of supply	Customer of informed 2 days in advance and expected times of loss of supply	Notice of supply cut is published and provided to customer through agreed means of communication
We will ensure that occur Customer Services Centre and Pay Centres provide you with information you need and expect	Customer Service Centre is able to provide the require information and procedures	Customer Service Centre has all the information customer needs and expects

WATER SERVICES

WATER SUPPLY	MEASURE	SERVICE STANDARD
<p>Water is life.</p> <p>We will supply you with safe drinking water of high quality.</p>	Water Quality Standards	We will supply water that meet National Water Quality Standards (SANS 241 of 2006) and meet any contractual agreement with our customers.
		We will annually conduct a Water Quality rating (Blue/Green/Brown/NO drop)
	Continuity of supply	Water supplied 24 hours a day. Water tankering services are deployed where breakdowns interrupt supplies.
	Monitoring	We will monitor water quality levels monthly and make results available to you.
	Rural Areas	A minimum of 25 lcd (litres per person per day) will be supplied with standpipes allowing a maximum walking distance of 200m
	Urban Areas	A minimum of 60 lcd will be supplied from the reticulation system
	New	Within fourteen (14) days of receipt of payment.

WATER SUPPLY	MEASURE	SERVICE STANDARD
	household connections	
MAINTENANCE & REPAIRS	MEASURE	SERVICE STANDARD
We will provide you with superior customer service	Supply interruption	We will give at least 21 days' notice and expected duration of repair of any interruption to the water supply due to planned maintenance work.
	Failure/leaks, Response time	Reaction within three (12) hours after the incident was reported.
	Failure/leaks, repairs done	Repaired within two (2) days of emergency action taken, (subject to procurement processes)
STAKEHOLDER PARTICIPATION	MEASURE	SERVICE STANDARD
We will encourage stakeholder participation	Water Services Forum	Meet once every month to share industry best practices and ensure that we keep you up to speed with recent developments in water services industry.

SANITATION

SANITATION PROVISION	MEASURE	SERVICE STANDARD
Your municipality will toilet system that are suitable to different settlement situations	Out-of-urban settlement	VIP latrine or other suitable.
	Urban settlement	Water-borne system or other suitable
MAINTENANCE & REPAIRS	MEASURE	SERVICE STANDARD
We will maintain and repair sanitation facilities to ensure they are functional and meet environment standards	Sewer blockages and sewer overflows	Repair works start within 3 hours of receiving the report of the blockage
	New connections	Connection starts within 10 working days of receiving full payment
	Draining of septic tanks	Draining starts within 24 hours after a request is received.

	Waste water disposal	Waste water will be discharged according to standards of the Department of Water and Sanitation.
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REFUSE SERVICES

REFUSE SERVICES	MEASURE	SERVICE STANDARD
We will provide our household customer with four (4) colour coded plastic refuse bags to keep our households safe, clean and healthy	On weekly collection round	1 bag = food waste; 1 bag = plastic waste; 1 bag = metal cans; 1 bag = paper waste
We promise to collect household waste bags on the agreed day of the week to keep our households safe and healthy	Once a week	Waste bags are collected every week
We promise to clean the streets in town centres to keep our environment safe and clean	Daily	Streets are kept and free of litter
	Public Amenities	public areas cleaned after events 24hours
We promise to provide refuse bins in public places to keep our environment safe and clean	A bin at every junction of street	Bins are provided and emptied daily
We promise to implement an anti-littering promotion to keep our environment safe and clean	Anti-littering theme/ policy	Anti-littering awareness messages
We promise to maintain our refuse dump sites neat and well maintained to ensure safer environment	Fenced off and maintained dump sites	Fenced dump site and well managed refuse/ waste

INTEGRATED ENVIRONMENTAL MANAGEMENT

INTEGRATED ENVIRONMENTAL MANAGEMENT	MEASURE	SERVICE STANDARD
We promise to manage the environmental in a friendly manner	Monitoring of ambient air quality (Stations)	3 days in a week
	Comment on environmental impact assessment	Per application
	Time taken to resolve community complaints	7 days
	Community Capacity building - Environmental issues	bi weekly and as and when requested

COMMUNITY SERVICES

COMMUNITY FACILITIES SERVICES	MEASURE	SERVICE STANDARD
We promise to provide recreational facilities that are user-friendly	General Cleaning of facilities	Daily
	-	
	Planned Maintenance	Off season
	Swimming Pools	Pools are open from 10h00 to 17h00 (Mon-Sat) and 14h00 to 17h00 on Sunday
	Refundable deposit	Refund within 31 days
LIBRARY AND INFORMATION SERVICES	MEASURE	SERVICE STANDARD
We promise to ensure sustained accessibility to all our Libraries	Library membership for Rustenburg residents	Free of charge
	Library membership for persons residing outside Rustenburg jurisdiction	At annual approved rates
We promise to ensure sustained accessibility to all our Libraries	Number of books to be lent out and period	Four books per adult member and three per juvenile member for fourteen days
	Photocopying	At annual approved rates
	Public internet service	Free of charge
	Library operating hours	Monday to Friday 09H00-17H00. Saturdays 09H00-13H00

PARKS AND CEMETRIES

PARKS AND CEMETRIES	MEASURE	SERVICE STANDARD
We will provide dignified cemetery services	operating times for park	10H00 -18H30 Summer :10H00-17H00 Winter
	Maintenance of cemeteries (Frequency)	daily by cemetery employees based at those cemeteries. Cemeteries without permanent staff are maintained through grass cutting on bi-monthly basis
	Park Maintenance (Frequency)	daily. Currently being performed by Corporative on contractual basis
	Provision of graves	72 hrs after payment
	Provision of graves of	Monday to Thursday

	indigents	
	Responding to complaints and requests	within 72 hours after the complaint or request

HOUSING/HUMAN SETTLEMENTS

HOUSING & HUMAN SETTLEMENTS	MEASURE	SERVICE STANDARD
We commit the Department of Human Settlements to implement their mandate to deliver houses and housing services to meet expectations of community in the IDP	Housing Chapters, programmes, and projects are implemented in targeted communities and communities are informed	Information is provided on delivery programmes and projects, targets and beneficiaries
We will work with interested Private Partners to deliver houses to the community	Housing delivery partnership programmes are published, and communities are informed	Housing delivery partnership programmes and projects are implemented, and beneficiaries and backlog are known

ROADS AND STORM WATER SERVICES

ROADS AND STORM WATER	MEASURE	SERVICE STANDARD
We will repair potholes in paved streets as they appear to ensure safety and comfort of customer	Monitoring, scheduled maintenance & emergency repair works; published works programme	Maintenance according to a scheduled work programme which we will publish 3 days
		Repair a road following an open trench service crossing within 24 Hours
		Emergency repairs will be carried out on potholes as they appear and are reported with in 48HRS
		Walk ways will be repaired within 72 hours.
We will maintenance our gravel roads to ensure safety and comfort of customer	Monitoring, scheduled maintenance & emergency repair works; published works programme	Maintenance according to a scheduled work programme which we will publish every 3months.
		Emergency repairs will be carried out on potholes as they appear and are reported
We will maintain driver visibility	Grass cutting & shrubs removal	Roads will be at all times kept in a clear safe way by

on our roads at all times to ensure safety of customer		cutting grass and removal of shrubs.
We will keep our roads clear of obstacles and hazards to ensure safety	Obstacles clearing to enhance road safety	Roads will be kept free of obstacles which may cause danger to our road users. Road Signs and markings maintenance within 3 days
	Maintaining of road side fences	Road side fences will be maintained at all times with community involvement to keep livestock and animals out
We will keep all drainages free of rubbish and objects to avoid flooding	Cleaning of water drain channels	Roads side and flood drains will be kept clear of rubbish and objects at all times with community involvement within 3 days

PLANNING AND DEVELOPMENT SERVICES

PLANNING & DEVELOPMENT	MEASURE	SERVICE STANDARD
We will consider and give a decision of approve/disapprove your building plan applications within the shortest expected time within 90 days	Applications accepted, and reference and receipts are given within agreed times	Official letter of to prove application was received is provided to customer within 1 week is sent to customer
	Applications are processed within expected and agreed times	Plans smaller than 500m ² are approved/ or disapproved within thirty (30) days and decision is officially communicated.
	Applications are processed within expected and agreed times	Plans larger than 500m ² are approved/ or disapproved and decision is officially communicated within sixty (60) days
	Dealing with complaints is completed and replies are given to customers in expected and agreed time	Complaints are inspected and feedback is provided within five (5) days of receiving the complaint
	Certificates of Completion of Building are given in expected time	Certificates of completion of building are provided within ten (10) days of receiving application for the certificate

PLANNING & DEVELOPMENT	MEASURE	SERVICE STANDARD
We will consider and give a decision of land development applications within the shortest expected time	Applications are accepted, and receipts are given on expected and agreed time	Official letter of receipt and confirmation of completeness of application are made within 14 days of receipt.
	Applications will be advertised at cost of applicant	Proof of advertisements is to be provided within 14 days of receipt of application being acknowledged.
	Comments are provided to applicant	Comments provided to applicant within 14 days after closing date stipulated in advertisement.
	Submission to Council	Submission is made to Council within 30 days after receiving of response to comments.
	Informing of decision of council	Decision of Council will be given within 14 days of Council minutes being given.
	Inspection of complaints and appeals	Complaints will be inspected within 5 days of receipt.

PUBLIC SAFETY

LICENSING AND TESTING	MEASURE	SERVICE STANDARD
We will make service accessible to the communities.	Decentralisation of services.	Fully resource office.
	Extension of services to Saturdays	Availability of personnel.
We will ensure that services are provided timeously, fairly and courteously.	Learner and driver licenses applications will be processed within a minimum of week.	Client service oriented personnel.
	Driver and learners license will be issued within two working days	Compliance in accordance with rules, regulations and procedures.
	Application for registering of motor vehicle will be completed when all necessary documents are submitted.	Compliance in accordance with rules, regulations and procedures.
LAW ENFORCEMENT AND TRAFFIC SERVICES	MEASURE	SERVICE STANDARD

We undertake to ensure the prevalence of the rule of law	Enforcement of the law without any fear or favour.	Enforcement of law shall be in observance to the human rights of individuals.
We undertake to serve and protect all community and all road users.	Create a safe and secured environment.	Prevention of crime and promotion of Road Safety through prosecution, education and awareness, traffic engineering, Crime Prevention Through Environmental Design (CPTED) and involvement of communities.
We undertake to encourage community participation and involvement on issues affecting them	Building strong partnerships	<ul style="list-style-type: none"> • Discussing issues of common interest • Resolving conflicts in communities • Creating platforms or structures.
EMERGENCY SERVICES AND DISASTER MANAGEMENT	MEASURE	SERVICE STANDARD
We undertake to respond timeously to any disaster situation	All disaster situations will be addressed within three (3) days	<ul style="list-style-type: none"> • Activation of Joint Operation Committee (JOC) • Disaster Risk Management Assessment • Relief, recovery and mitigation of the situation.
We commit to enhance the weight of response to fire and rescue services	Decentralisation of fire services	<ul style="list-style-type: none"> • Operationalise fire houses • Establish ward based forums • Capacity building through training and community participation.
Licensing services	Registration of a vehicle within	Registration of a vehicle within 15 minutes
Licensing services	How long does it take to renew a	5 minutes

	vehicle license? (minutes)	
Licensing services	Issuing of a duplicate registration certificate vehicle? (minutes)	5 minutes
Licensing services	De-register a vehicle? (minutes)	15 minutes
Licensing services	Renewal of the driver's license? (minutes)	30 minutes
Licensing services	What is the average reaction time of the fire service to an incident? (minutes)	5 minutes

2.4 BUDGET RELATED POLICIES

Rustenburg Local Municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies are attached as Annexure "C". The following policies has been reviewed in order to align them to the legislative prescripts or to cut costs:

Property Rates Policy

The first Rates Policy and General Valuation Roll in terms of the Municipal Property Rates Act (MPRA) and the following five years valuation roll will be implemented from the 1st of July 2019. The other aim of the policy is to ensure that all owners of rateable properties are informed about their liability for rates. The municipality revises its Rates Policy annually as per legislative requirements.

Tariff Policy

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

A proxy for asset consumption can be considered the level of depreciation each asset incurs on an annual basis. Within the framework, the need for asset renewal was considered a priority and hence the capital programme was determined based on renewal of current assets versus new asset construction.

Budget Policy

The Budget Policy aims to empower senior managers with an efficient financial and budgetary amendment and control system to ensure optimum service delivery within the legislative framework of the MFMA and the RLM system of delegations.

The adjustments budget process is governed by various provisions in the MFMA and is aimed at instilling and establishing an increased level of discipline, responsibility and accountability in the financial management practices of municipalities. To ensure that the RLM continues to deliver on its core mandate and achieves its developmental goals, the mid-year review and adjustment budget process will be utilised to ensure that underperforming functions are identified and funds redirected to performing functions. The adopted policy in 2014/15 financial was reviewed to align it with virement policy principles highlighted in MFMA circular 51 and is still implemented in the 2017/18 financial year with changes to accommodate mSCOA reforms. The adopted and reviewed policy in 2017/18 financial year will still be implemented in 2018/19 with changes to accommodate additional mSCOA reforms highlighted in MFMA circular 89. The additions to the policy cover the following:

- Virement Process - The limitation of 5% of the aggregated expenditure per annum is increased to 10%.
- The virement within a vote shall be capped at 10% (percentage) in each financial year to accommodate the phase-in of budgeting at project level.
- Virements shall be allowed between projects at vote level, as mSCOA budgeting allows a breakdown at project level, therefore all segments must be considered when making a virement.
- The reference to "VOTE" must be aligned to the function segment and indicate the funding applicable to the item being transferred in relation to the funding segment

- Repairs and maintenance will be allowed on similar projects e.g. saving identified in planned maintenance shall be redirected to the other planned maintenance projects and not to the unplanned maintenance projects.
- Virements shall not be allowed from the repairs and maintenance projects in the project segment.
- Virements can only take place within a function or sub-function and the same source of funding.
- The creation of new projects or savings across functions can only take place through an adjustment budget to be approved by Council
- Virements between votes shall be included in the adjustment budget as part of the revised budget subsequent to the approval of the main budget in May of each year.
- Subsequent to the budget adjustment no virements will be allowed as these virements will be outside the approved and revised SDBIP after Council's approval of the budget adjustments.
- Any other expenditure that was not accommodated in the adjustment budget must be approved by Council prior to spending.
- The above recommended paragraphs are additions and replacement of the bolded paragraphs in page 16 of the reviewed policy.

Supply Chain Management Policy

The following amendments/inclusions were effected on the SCM Policy:

- A process to appoint from a panel of service providers
- A section that speaks to support be given to community cooperatives in a form of development program
- Petty cash should be at R2000.00
- Reiterating the centralization of SCM processes
- Included the structure according to the MFMA

Fixed Assets Management Policy

The policy was reviewed in order to align it to the requirements of Section 62 (1) (a) of MFMA

Credit control and debt collection policy

The following amendments/inclusions were effected:

- As soon as the client enters into an arrangement, the interest on the account will not be levied as long as the consumer honors the arrangement.
- Once a customer has been approved as indigent, their debt will be written off.
- Beneficiaries of RDP can open accounts with the municipality while the transfer process has not been finalized so the municipality can start billing for the services that are rendered to these beneficiaries.

2.4 OVERVIEW OF BUDGET ASSUMPTIONS

Key factors that have been taken into consideration in the compilation of the 2018/19 MTREF include:

- National Government macro-economic targets;
- The general inflationary outlook and the impact on Rustenburg Local Municipality's residents and businesses;
- The impact of municipal cost drivers;
- The increase in prices for bulk electricity and water; and
- The increase in the cost of remuneration.
- External factors: The global economic outlook remains gloomy due to the downward spiral in developing economies spurred by the lower commodity prices and an uneven and moderate recovery in developed economies.

General inflation outlook and its impact on the municipal activities

Inflation, as measured by the CPI, has been on a downward trajectory in recent months and has remained within the target range of the South African Reserve Bank. Inflation decreased from 5.1 per cent in September 2017 to 4.7 percent in December 2017.

In its Monetary Policy Statement of January 2018, the South African Reserve Bank (SARB) posted a positive outlook to inflation, noting the continued increases in international oil prices. The bank has thus adjusted downwards its inflation forecast to 4.6 % in 2018 and 5.1 % in 2019 from 5.1 % and 5.3 % respectively.

Inflation increases the cost of living of households and thereby increases the vulnerability of low and middle-income groups and negatively affects their ability to pay for municipal services. This negatively impacts the revenue generation and revenue collection rates of municipalities and consequently their ability to fund the planned programmes.

The municipality is projecting CPI at 5.4% for both 2018/19 and 2019/20 financial years and 5.5% for 2020/21.

Interest rates for borrowing and investment of funds

The MFMA specifies that borrowing can only be utilised to fund capital or refinancing of borrowing in certain conditions.

Borrowings will be R203 million in the 2018/19 budget year and will be at R60 million in both the outer years. For the 2018/19 Medium Term Budget interest on loans is projected to be 2.1%, 2.1% and 2.2% of total expenditure for the respective years.

Collection rate for revenue services

The rate of revenue collection is currently expressed as a percentage of annual billings. For the medium term, collection rates for the various services are assumed at 84%, 86% and 87% respectively over the medium term. This is the measure of cash receipts as a % of ratepayer and other revenue, whilst the debt impairment expense as a % of total billable revenue is estimated to be 16,5, 14% and 13% over the three years.

The growth is in line with the long term financial strategy of achieving strategic objectives and sustainability through revenue initiatives already adopted by Council in the financial recovery plan.

The application of cash and investments outcome leaves the municipality with a projected surplus of R6,6 million giving an indication that our budget is fully funded.

In order for the municipality to realize the projected surplus, it would require the commitment of administration and Council alike to collect all anticipated revenue.

Salary increases

Salary increases The SALGBC signed a multi- year collective agreement on salaries and wages that will come to an end as at 30th of June 2018.

In terms of the agreement, for 2018/19 financial year salary increase will be based on the average CPI plus one percent. The agreement further stipulates that in the event that the average CPI percentage for the period mentioned is less than five percent, the average CPI will be deemed to be five percent. A salary increases of 8% for 2018/19, 6.7% for 2019/20 and 5.5% for 2020/21 respectively has been budgeted for.

Bulk Purchases

Bulk purchases are directly informed by the purchase of electricity from Eskom, water from Rand Water, Magalies Water and bulk purchase of purified water from the Rustenburg Water Services Trust. Electricity bulk purchases from Eskom is assumed to increase by 7.32% and the cost of bulk purchases from Rand Water and Rustenburg Water Services Trust is expected to increase by 12 per cent for the 2018/19 financial year.

Magalies water tariff increases is at 11%.

Credit rating

The credit rating review by Moody of 28 November 2017 downgraded the municipality's long-term issuer rating to Ba2.

Ability to spend and deliver on the programme

It is estimated that a spending rate of at least 100% will be achieved on operating expenditure and 100% on the capital programme for the 2018/19 MTREF of which performance has been factored into the cash flow budget.

2.6 OVERVIEW OF BUDGET FUNDING

Table SA15: Investment particulars by type

[illegible]

Table SA21: Transfers and grants made by the municipality

NW373 Rustenburg - Supporting Table SA21 Transfers and grants made by the municipality

R thousand	Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework			
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
	Cash Transfers to other Organs of State											
	Bessie Mpelegeleng Ngwana	3	50		3 202	50	16 021	16 021	16 021	50	50	53
	Donation Spca		392			385				385	385	406
	Donation Rlm sports & Recreation Club		50			50				50	50	53
	Total Cash Transfers To Other Organs Of State:		492	-	3 202	485	16 021	16 021	16 021	485	485	512
	TOTAL CASH TRANSFERS AND GRANTS	6	492	-	3 202	485	16 021	16 021	16 021	485	485	512
	Groups of Individuals											
	Alternative Energy	5										
	Free Sanitation Services					4 106				3 589	3 797	4 006
	Free Water Services					3 389				1 555	1 646	1 736
	Free Property Rates Services					3 389				3 371	3 566	3 762
	Free Refuse Services					3 183				3 589	3 797	4 006
	Free Electricity Services					1 469				4 348	4 600	4 853
	Total Non-Cash Grants To Groups Of Individuals:		-	-	-	15 536	-	-	-	16 453	17 407	18 364
	TOTAL NON-CASH TRANSFERS AND GRANTS		-	-	-	15 536	-	-	-	16 453	17 407	18 364
	TOTAL TRANSFERS AND GRANTS	6	492	-	3 202	16 021	16 021	16 021	16 021	16 938	17 892	18 876

The following table details the capital spending which will occur during the 2018/19 MTREF, per funding source.

NW373 Rustenburg - Supporting Table SA36 Consolidated detailed capital budget

Municipal Vote/Capital project	Ref	Program/Project description	2018/19 Medium Term Revenue & Expenditure Framework			Project information	
			Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21	Ward location	New or renewal
R thousand	4						
Parent municipality: <i>List all capital projects grouped by Municipal Vote</i>							
MIG Funded Projects							
Office of the Municipal Manager		Phatsima Roads And Stormwater Drainage Phase 5	750	5 000	6 500	1	
Office of the Municipal Manager		Phatsima -AC Water pipe replacement	1 200	5 400	9 500	1	
Office of the Municipal Manager		Rasimone Internal Roads & Stormwater	2 728	2 000	5 000	2	
Office of the Municipal Manager		Robega Internal Roads & Stormwater	550	2 000	500	2	
Office of the Municipal Manager		Chaneng Internal Roads & Stormwater	2 550	2 000	7 071	2	
Office of the Municipal Manager		Macharora VIP Toilets	625			2	
Office of the Municipal Manager		Upgrading of Internal Roads(Description)	1 000	5 569	700	3	
Office of the Municipal Manager		Upgrading of Internal Roads (discription	1 000	5 000	550	4	
Office of the Municipal Manager		Installation of High Mast Lights	4 300	4 000	550	5	
Office of the Municipal Manager		Installation of High Mast Lights	4 200	4 000	500	6	
Office of the Municipal Manager		Replacement of Thabane AC Sewer Bulk Line	11 668	12 685	2 000	11	
Office of the Municipal Manager		Refurbishment of Bulk Line & Thabane Water AC replacement	14 841	3 005	2 000	11	
Office of the Municipal Manager		Meriting Roads & Stormwater Ward 18 Phase 4	4 100	10 000	800	12	
Office of the Municipal Manager		Upgrading of the Western Bulk Sewer Lines	8 014	7 000	21 263	14	
Office of the Municipal Manager		Construction of the Rustenburg Flea Market	11 803	-		14	
Office of the Municipal Manager		Upgrading of the Western Bulk Sewer Lines	8 014	3 500	8 024	15	
Office of the Municipal Manager		Upgrading of the Western Bulk Sewer Lines	8 014	3 500	8 000	16	
Office of the Municipal Manager		Paardekraal Upgrading of stormwater	3 000			19&40	
Office of the Municipal Manager		Boitekong Upgrading of Roads	1 000	8 500	750	20	
Office of the Municipal Manager		Boitekong Hawker Stalls	1 000	7 000	5 000	20	

Office of the Municipal Manager	Upgrading and Construction of Internal Access Roads in Kanana Phase 2	550	7 000	1 500	23
Office of the Municipal Manager	Construction of Bospoort Bulk Water Pipeline	7 000	22 000	34 000	23
Office of the Municipal Manager	Freedom Park Ward 24 Roads And Stormwater Drainage	1 000	2 000		24
Office of the Municipal Manager	Monnakato - A/C Water pipe replacement	1 200			25
Office of the Municipal Manager	Upgrading of the Monnakato Waste Water Treatment Works	5 400	4 200	6 000	25
Office of the Municipal Manager	Refurbishment of Bulk Line & Water AC replacement	5 000	4 200	6 000	25
Office of the Municipal Manager	Upgrading & Extension of the Bospoort water Treatment Plant	32 838	12 172	3 000	26
Office of the Municipal Manager	Tsitsing Roads And Stormwater Drainage	479	4 582	650	26
Office of the Municipal Manager	Tlaseng Roads And Stormwater Drainage System	550	7 000	720	26
Office of the Municipal Manager	Replacement of AC Sewer Bulk Line	10 000	5 000	12 000	27
Office of the Municipal Manager	Refurbishment of Bulk Line & Water AC replacement	5 000	8 400		27
Office of the Municipal Manager	Refurbishment of Bulk Line & Water AC replacement	5 000			28
Office of the Municipal Manager	Thlapa - Road	1 850	5 000	5 600	29
Office of the Municipal Manager	Bethanie/ Modikwe AC Water Replacements	1 200	8 400	18 000	30
Office of the Municipal Manager	Refurbishment of Bulk Line & Water AC replacement	10 000			30
Office of the Municipal Manager	Marikana and Surrounding Areas Water Supply	1 500	6 750	7 000	31
Office of the Municipal Manager	Replacement of AC Sewer Bulk Line	10 000	7 000	11 000	31
Office of the Municipal Manager	Marikana Waste Transfer Station Construction	3 047	-		32
Office of the Municipal Manager	VIP Toilets	3 558	4 237		33
Office of the Municipal Manager	Installation of High Mast Lights	3 200	-		35
Office of the Municipal Manager	Mathopestad Upgrading of Internal Roads	1 000	4 582	5 165	36
Office of the Municipal Manager	Sondela Upgrading of Internal Roads	3 100			37
Office of the Municipal Manager	Freedom park upgrading of sewer network	1 000			38
Office of the Municipal Manager	Ramochana Upgrading of Internal Roads	3 100			39
Office of the Municipal Manager	Development of Boitekong Cemetery	1 000	15 000	6 659	40
Office of the Municipal Manager	Meriting Upgrading water network X4	1 000	7 000	11 000	40
Office of the Municipal Manager	Seraleng Upgrading of Internal Roads	3 100	5 500	5 500	41
Office of the Municipal Manager	Replacement of AC Sewer Bulk Line	10 000	2 500	10 500	41
Office of the Municipal Manager	Boitekong Water Supply Project (Pressure management)	1 200	8 400		20/40/21
PTNG Funded Projects					
Directorate: Roads and Transport	SHREDDER	10	-	-	
Directorate: Roads and Transport	CONSTRUCTION OF NON-MOTORISED TRANSPORT WALKWAYS AND BUS STOPS, CONTRACT B	6 000	3 000	8 000	
Directorate: Roads and Transport	LAPTOPS	100	50		
Directorate: Roads and Transport	FURNITURE	450	100	-	
Directorate: Roads and Transport	UPGRADING AND REHABILITATION OF RRT OFFICE	3 000	100	100	

Directorate: Roads and Transport	CONSTRUCTION OF THE RRT STATIONS	75 000	63 000	52 000	
Directorate: Roads and Transport	CONSTRUCTION OF RRT BUS DEPOT	-	-	18 000	
Directorate: Roads and Transport	DESIGNING, BUILDING AND OPERATION OF INTELLIGENT TRANSPORT SYSTEMS	11 000	22 000	8 900	
Directorate: Roads and Transport	CONSTRUCTION OF THE RRT CBD NORTH, CONTRACT A	30 000	15 000	15 000	
Directorate: Roads and Transport	CONSTRUCTION OF THE RRT CBD NORTH, CONTRACT B	45 000	15 000	15 000	
Directorate: Roads and Transport	CONSTRUCTION OF THE RRT CBD NORTH, CONTRACT C	30 000	8 273	10 000	
Directorate: Roads and Transport	CONSTRUCTION OF NON-MOTORISED TRANSPORT WALKWAYS AND BUS STOPS, CONTRACT A	12 000	6 900	3 340	
WSIG Funded Projects					
Directorate: Technical and Infrastructure Services	REPLACEMENT OF AC SEWER PIPES - PROTEA PARK	9 500	18 348	10 000	16
Directorate: Technical and Infrastructure Services	REPLACEMENT OF AC SEWER PIPES - RUSTENBURG NOORD	10 500	6 802	16 000	13
Directorate: Technical and Infrastructure Services	UPGRADING MARIKANA OUTFALL SEWER and PUMPSTATION	10 000	3 750		31 & 32
Directorate: Technical and Infrastructure Services	WATER CONVERSATION and DEMAND MANAGEMENT	15 000	12 500	10 000	
Directorate: Technical and Infrastructure Services	REPLACEMENT OF AC PIPES - PROTEA PARK	7 500	8 600		16
Directorate: Technical and Infrastructure Services	REPLACEMENT OF AC PIPES - RUSTENBURG NOORD	7 500	8 000	34 000	13
Directorate: Technical and Infrastructure Services	CONSTRUCTION of SYFERBULT WATER SUPPLY	-	10 000	4 840	36
Directorate: Technical and Infrastructure Services	UPGRADING of TIERKLOOF RESERVOIR	-	20 000	18 000	15
INEP Funded Projects					
INTEGRATED NATIONAL ELECTRIFICATION PROGRAMME		10 038	19 200	32 000	
CATA Funded Projects/Assets					
Directorate: Community Development	BOITEKONG OFFICE DESKS	20	20		40
Directorate: Community Development	WASHING MACHINE: RUSTENBURG	13	9		
Directorate: Community Development	BOITEKONG LIBRARY EXTENSION	800	1 300	1 300	20
Directorate: Community Development	AIRCONDITIONING EAST END, PHATSIMA, MONNAKATO	100	150	50	18, 1 & 25
Directorate: Community Development	REFRIDGERATOR - LETHABONG	10	20	100	27
Directorate: Community Development	AIR BLOWERS (BOITEKONG, TLHABANE, PHOKENG, MARIKANA, RUSTENBUR)	14	311		4, 20, 31, 9
Directorate: Community Development	SIGNAGE - ALL LIBRARIES	100			
CRR Funded Projects					
BILLING	ELECTRONIC BILL PRESENTMENT	5 000	3 000	2 000	
BUDGET AND TREASURY	FURNITURE AND FITTINGS	1 000	3 500	3 689	
TECHNICAL AND INFRASTRUCTURE	FURNITURE AND FITTINGS	650	1 500	1 581	
COMMUNITY DEVELOPMENT	FURNITURE AND FITTINGS	1 000	3 170	3 341	

LOCAL ECONOMIC DEVELOPMENT PLANNING AND HUMAN SETTLEMENTS	FURNITURE AND FITTINGS	1 000	1 500	1 581	
CORPORATE SUPPORT SERVICES	FURNITURE AND FITTINGS	500	1 527	1 609	
PUBLIC SAFETY	FURNITURE AND FITTINGS	500	527	555	
ROADS AND STORMWATER	FURNITURE AND FITTINGS	500	1 500	1 581	
OFFICE OF THE EXECUTIVE MAYOR	FURNITURE AND FITTINGS	350	369	389	
OFFICE OF THE CHIEF WHIP	FURNITURE AND FITTINGS	650	1 685	1 776	
OFFICE OF THE SPEAKER	FURNITURE AND FITTINGS	650	1 685	1 776	
OFFICE OF THE MUNICIPAL MANAGER	FURNITURE AND FITTINGS	850	1 685	1 776	
CIVIL FACILITIES DEVELOPMENT AND MANAGEMENT	FURNITURE AND FITTINGS	650	750	791	
CIVIL FACILITIES DEVELOPMENT AND MANAGEMENT	REVAMP of MPHENI	5 000	8 500	15 500	
ELECTRICAL ENGINEERING SERVICES	REVAMP OF CIVIC CENTRE	-		10 409	
ELECTRICAL ENGINEERING SERVICES	UPGRADING OF ELECTRICITY NETWORK - Plot Areas	7 500	17 750	15 000	
PUBLIC SAFETY	SUPERVISORY CONTROL and DATA ACQUISITION (SCADA) SYSTEM	2 000	2 108	2 224	
HOUSING PROVISION	ROLE OF BIOMETRICS AT ALL MUNICIPAL FACILITIES	7 500	6 500	6 000	
LOCAL ECONOMIC DEVELOPMENT	REPLACEMENT OF STOVES & GYSERS	2 500	3 000	3 000	
CORPORATE SUPPORT SERVICES	AGRICULTURAL PROJECTS	5 000	10 000	15 000	
LOCAL ECONOMIC DEVELOPMENT	IT LAPTOPS - ALL DIRECTORATES	3 500	3 689	3 888	
LOCAL ECONOMIC DEVELOPMENT	DEVELOPMENT OF SMME FACTORY SHOPS	-	10 000	15 000	
PUBLIC SAFETY	REFURBISHMENT OF RUSTENBURG SHOWGROUNDS	200	211	222	
LOCAL ECONOMIC DEVELOPMENT	FENCING/CCTV CAMERAS - ALL RESERVOIRS AND MUNICIPAL SITES	8 500	8 500	6 500	
LOCAL ECONOMIC DEVELOPMENT	RENOVATION OF VISITORS INFORMATION CENTRE	2 500	1 500		
COMMUNITY DEVELOPMENT TECHNICAL AND INFRASTRUCTURE SERVICES	COMMISSIONING OF METERS - BODORP/ZINNIHAVILLE AND OTHER (SMEC)	13 700	34 300	-	
COMMUNITY DEVELOPMENT	WASTE DROP OFF SITES	5 000	5 270	5 560	
COMMUNITY DEVELOPMENT	ELECTRIFICATION OF INFORMAL SETTLEMENTS- ALTERNATIVE ENERGY SYSTEM (SOLAR ENERGY TECHNOLOGY)	5 000	10 500	18 500	22
COMMUNITY HALLS	CIVIC CENTRE-PA SYSTEM/ SOUND/LIGHTS	8 500	1 500	1 000	
PARKS AND OPEN AREAS	GENERATOR-CIVIC CENTRE	2 000	2 108	2 222	
PARKS AND OPEN AREAS	BRUSHCUTTERS (19) - PARKS	2 000	2 500	2 750	
PARKS AND OPEN AREAS	PURCHASE POLE PRUNERS	1 500	1 750	2 000	
PARKS AND OPEN AREAS	CHAIN SAWS	50	53	56	
PARKS AND OPEN AREAS	LAWNMOUWER	1 300	2 500	2 750	
PARKS AND OPEN AREAS	TREE PRUNERS	1 500	1 750	2 000	
PLANNING DEVELOPMENT	LAND ACQUISITION	4 800	7 504	8 650	
REGIONAL COMMUNITY CENTRES	FREEDOM PARK COMMUNITY CENTRE	5 000			

INFRASTRUCTURE AND TECHNICAL SERVICES	SMART CITY - PREPAID METER ROLLOUT (ALL WARDS)	1 000	1 735	1 972	
SPORT FACILITIES	RIDE ON LAWN MOWERS	40	42	44	
SPORT FACILITIES	CHAIN SAWS	300	316	333	
SPORT FACILITIES	BRUSH CUTTERS	30	32	33	
SPORT FACILITIES	ESTATE MASTER 660 ROBIN EC 17 LAWN MOWER MACHINE	40	42	44	
SPORT FACILITIES	FURNITURE	20	21	22	
SPORT FACILITIES	STRUCTURAL CERTIFICATE	20	21	22	
SPORT FACILITIES	COMPUTERS	20	21	22	
SPORT FACILITIES	LOCKERS	10	11	11	
SPORT FACILITIES	TRACTORS SLASHERS	100	105	111	
SWIMMING POOLS	WATER PUMP 3inch	120	126	132	
SWIMMING POOLS	BRUSH CUTTERS	57	21	22	
TRAFFIC	WEIGH BRIDGE	2 500	-	-	
WATER SERVICE	UPGRADING OF WATER INFRASTRUCTURE - TIERKLOOF	7 500	-	-	
LOAN Funded Projects					
ELECTRICAL ENGINEERING SERVICES	UPGRADING of SUBSTATIONS (INDUSTRIES and VOLTAIRE)	30 000	60 000	60 000	
MECHANICAL WORKSHOP	ACQUISITION OF FLEET	123 000	-	-	
WATER SERVICE	REPLACEMENT OF AC PIPES PROJECT	50 000	-	-	
Parent Capital expenditure		829 492	709 899	703 079	1

Cash Flow Management

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

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

- Clear separation of capital and operating receipts from government, which also enables cash from 'Ratepayers and other' to be provided for as cash inflow based on actual performance. In other words, the actual collection rate of billed revenue; and
- Separation of borrowing and loan repayments (no set-off), to assist with MIFMA compliance assessment regarding the use of long term borrowing (debt).

Table A7: Consolidated Budgeted Cash Flows

NW373 Rustenburg - Table A7 Consolidated Budgeted Cash Flows

NW 3/3 Kusteriburg - Table A7 Consolidated Budgeted Cash Flows														
Description	Ref	2014/15		2015/16		2016/17		Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome		Audited Outcome		Audited Outcome		Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand														
CASH FLOW FROM OPERATING ACTIVITIES														
Receipts														
Property rates		264 534		283 411		243 327		275 074	275 074	275 074	275 074	309 064	320 776	335 704
Service charges		2 101 191		2 256 436		2 658 527		2 978 373	2 978 373	2 978 373	2 978 373	2 680 554	2 945 200	3 183 591
Other revenue		66 620		75 750		88 149		67 697	134 278	134 278	134 278	317 771	323 398	343 415
Government - operating	1	344 378		412 018		458 809		651 265	651 265	651 265	651 265	703 274	770 012	867 114
Government - capital	1	657 411		724 560		530 606		512 218	519 475	519 475	519 475	506 885	470 684	498 769
Interest		172 876		184 516		235 663		16 114	16 114	16 114	16 114	269 847	281 828	297 329
Dividends		-		-		-		-	-	-	-	-	-	-
Payments														
Suppliers and employees		(2 742 985)		(3 022 483)		(3 722 423)		(3 432 128)	(3 570 434)	(3 570 434)	(3 570 434)	(3 669 148)	(3 925 003)	(4 198 719)
Finance charges		(69 244)		(76 613)		(70 655)		(61 565)	(68 001)	(68 001)	(68 001)	(100 026)	(106 212)	(115 261)
Transfers and Grants	1	(70 229)		(2 631)		(3 202)		(16 021)	(16 021)	(16 021)	(16 021)	(16 938)	(17 892)	(18 876)
NET CASH FROM/(USED) OPERATING ACTIVITIES		724 553		834 964		418 801		991 026	920 122	920 122	920 122	1 001 282	1 062 791	1 193 066
CASH FLOWS FROM INVESTING ACTIVITIES														
Receipts														
Proceeds on disposal of PPE		10 685		37 246		15 618		70 441	74 000	74 000	74 000	117 080	99 000	69 000
Decrease (Increase) in non-current debtors		-		-		-		-	-	-	-	-	-	-
Decrease (increase) other non-current receivables		-		-		-		-	-	-	-	-	-	-
Decrease (increase) in non-current investments		(18)		-		-		-	-	-	-	-	-	-
Payments														
Capital assets		(851 253)		(1 297 129)		(511 426)		(581 218)	(624 208)	(624 208)	(624 208)	(829 492)	(697 068)	(722 216)

NET CASH FROM/(USED) INVESTING ACTIVITIES	(840 586)	(1 259 883)	(495 808)	(510 778)	(550 208)	(550 208)	(550 208)	(712 412)	(598 068)	(653 216)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans	–	(125 721)	–	–	–	–	–	–	–	–
Borrowing long term/refinancing	258 000	136	7 040	–	–	–	–	80 000	60 000	60 000
Increase (decrease) in consumer deposits	–	–	–	2 161	2 161	2 161	2 161	2 275	2 398	2 530
Payments										
Repayment of borrowing	(116 659)	(301 273)	(116 382)	(52 721)	(52 721)	(52 721)	(52 721)	(85 515)	(88 513)	(91 731)
NET CASH FROM/(USED) FINANCING ACTIVITIES	141 341	(426 858)	(109 342)	(50 560)	(50 560)	(50 560)	(50 560)	(3 240)	(26 115)	(29 201)
NET INCREASE/ (DECREASE) IN CASH HELD	25 308	(851 777)	(186 349)	429 689	319 354	319 354	319 354	285 630	438 608	510 649
Cash/cash equivalents at the year begin:	527 095	601 374	344 363	158 014	57 614	57 614	57 614	376 968	662 598	1 101 207
Cash/cash equivalents at the year end:	552 403	(250 403)	158 014	587 703	376 968	376 968	376 968	662 598	1 101 207	1 611 856

Cash Flow Management

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

- Clear separation of receipts and payments within each cash flow category;
- Clear separation of capital and operating receipts from government, which also enables cash from ‘Ratepayers and other’ to be provide for as cash inflow based on actual performance. In other words the *actual collection rate* of billed revenue; and
- Separation of borrowing and loan repayments (no set-off), to assist with MFMA compliance assessment regarding the use of long term borrowing (debt).

Funding compliance and measurement

The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget. The table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the

cash and investments available and would be indicative of non-compliance with the MFMA requirements that the budget must be “funded”. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.

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

Table SA10: Funding compliance measurement

NW373 Rustenburg Supporting Table SA10 Funding measurement

Description	MFMA section	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Funding measures												
Cash/cash equivalents at the year end - R'000	18(1)b	1	552 403	(250 403)	158 014	587 703	376 968	376 968	376 968	662 598	1 101 207	1 611 856
Cash + investments at the yr end less applications - R'000	18(1)b	2	(302 481)	(892 563)	(258 235)	215 217	154 221	154 221	154 221	465 088	907 158	1 414 365
Cash year end/monthly employee/supplier payments	18(1)b	3	2.4	(1.1)	0.6	1.8	1.1	1.1	1.1	2.1	3.3	4.5
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	199 926	219 056	276 768	758 300	690 325	690 325	690 325	677 741	677 744	747 976
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	5	N.A.	3.1%	10.5%	21.2%	(6.0%)	(6.0%)	(6.0%)	(16.7%)	0.4%	0.5%
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	99.0%	97.2%	90.6%	82.0%	82.3%	82.3%	82.3%	84.0%	86.0%	87.0%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	17.1%	18.0%	15.5%	18.0%	18.0%	18.0%	18.0%	16.0%	14.0%	13.0%
Capital payments % of capital expenditure	18(1)c;19	8	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	9	133.1%	0.0%	5.8%	0.0%	0.0%	0.0%	0.0%	24.8%	26.5%	26.9%
Grants % of Govt. legislated/gazetted allocations	18(1)a	10								0.0%	0.0%	0.0%
Current consumer debtors % change - incr(decr)	18(1)a	11	N.A.	(0.8%)	23.4%	(14.9%)	41.0%	0.0%	0.0%	5.3%	5.4%	5.5%
Long term receivables % change - incr(decr)	18(1)a	12	N.A.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M % of Property Plant & Equipment	20(1)(vi)	13	1.7%	1.0%	1.1%	1.6%	1.7%	1.7%	1.6%	2.4%	2.6%	2.6%
Asset renewal % of capital budget	20(1)(vi)	14	11.8%	47.4%	0.0%	12.9%	12.0%	12.0%	0.0%	39.5%	44.6%	44.7%

Cash/cash equivalent position

A 'positive' cash position, for each year of the MTREF would generally be a minimum requirement, subject to the planned application of these funds such as cash-backing of reserves and working capital requirements.

If the municipality's forecasted cash position is negative, for any year of the medium-term budget, the budget is very unlikely to meet MFMA requirements or be sustainable and could indicate a risk of non-compliance with section 45 of the MFMA which deals with the repayment of short term debt at the end of the financial year. Cash and cash equivalents are forecasted at R662,6million at the end of 2018/19, and increasing to R1,6 billion in 2020/21.

Cash plus investments less application of funds

The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement. The detail reconciliation of the cash backed reserves/surpluses is contained in Table A8. The reconciliation is intended to be a relatively simple methodology for understanding the budgeted amount of cash and investments available with any planned or required applications to be made.

Surplus/deficit excluding depreciation offsets.

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

Cash receipts as a percentage of capital expenditure (excluding transfers, grants and contributions)

This factor is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyse the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget.

It can be seen that the outcome is at 84, 86 and 87 percent for each of the respective financial years. This measure and performance objective will have to be meticulously managed.

Borrowing as a percentage of capital expenditure (excluding transfers, grants and contributions)

The purpose of this measurement is to determine the proportion of a municipality's 'own-funded' capital expenditure budget that is being funded from borrowed funds to confirm MFMA compliance. Externally funded expenditure (by transfers/grants and contributions) has been excluded. The Municipality's liquidity has improved and therefore the Municipality has increased the spending from own funds.

Transfers/grants revenue as a percentage of Government transfers/grants available

The purpose of this measurement is mainly to ensure that all available transfers from national and provincial government have been budgeted for. A percentage less than 100 % could indicate that not all grants as contained in the Division of Revenue Act (DORA) have been budgeted for. The municipality has budgeted for all transfers.

Consumer debtors change (Current and Non-current)

The purpose of these measures is to ascertain whether budgeted reductions in outstanding debtors are realistic. There are two measures shown for this factor; the change in current debtors and the change in long term receivables, both from the Budgeted Financial Position.

Repairs and maintenance expenditure level

This measure must be considered important within the context of the funding measures criteria because a trend that indicates insufficient funds are being committed to asset repair could also indicate that the revenue budget is not being protected.

Asset renewal/rehabilitation expenditure level

This measure has a similar objective to aforementioned objective relating to repairs and maintenance. A requirement of the detailed capital budget (since MFMA Circular 28 which was issued in December 2005) is to categorise each capital project as a new asset or a renewal/rehabilitation project. The objective is to summarise and understand the proportion of budgets being provided for new assets and also asset sustainability. Further details in this regard are contained in Table SA34b

[illegible]

TOTAL EXPENDITURE OF TRANSFERS AND GRANTS	1 001 789	1 136 578	989 415	1 163 483	1 172 805	1 172 805	1 210 159	1 240 696	1 375 883
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2.8 MONTHLY TARGETS FOR REVENUE, EXPENDITURE AND CASH FLOW

Table SA25: Consolidated budgeted monthly revenue and expenditure

NW373 Rustenburg - Supporting Table SA25 Consolidated budgeted monthly revenue and expenditure

Description	Ref	Budget Year 2018/19												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<u>Revenue By Source</u>																
Property rates	-	28 572	28 430	29 088	29 662	28 580	29 307	27 111	27 672	28 883	26 565	26 672	29 532	340 075	362 089	382 004
Service charges - electricity revenue	178 847		174 497	161 144	150 981	159 799	159 297	158 697	155 305	156 806	156 923	176 935	187 667	1 976 897	2 105 406	2 246 488
Service charges - water revenue		48 344	49 656	49 451	49 849	59 471	50 301	57 127	48 552	49 432	39 471	39 582	40 709	581 946	619 817	661 424
Service charges - sanitation revenue		22 758	23 377	24 538	27 858	26 799	27 814	30 296	24 252	26 784	29 376	23 938	26 624	314 414	334 764	354 717
Service charges - refuse revenue		12 445	12 990	13 512	12 984	13 406	13 522	12 910	12 602	12 588	12 806	12 933	15 032	157 730	166 232	175 375
Service charges - other		17	17	18	20	17	18	18	18	17	18	19	56	254	269	284

Rental of facilities and equipment	1 370	1 366	1 378	1 376	1 457	1 370	1 389	1 380	1 382	1 385	1 346	1 384	16 581	17 515	18 478
Interest earned - external investments	1 632	1 625	1 681	1 629	1 630	1 741	1 600	1 591	1 631	1 641	1 627	1 543	19 569	20 774	21 916
Interest earned - outstanding debtors	20 757	20 997	20 875	20 957	20 907	20 557	20 887	20 867	20 857	20 968	20 767	20 887	250 278	261 054	275 412
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits	1 466	1 472	1 475	1 480	1 471	1 475	1 484	1 477	1 440	1 439	1 488	1 581	17 748	18 708	19 737
Licences and permits	789	799	805	808	806	805	804	786	797	809	821	821	9 653	10 213	10 775
Agency services	10 798	10 985	10 987	10 992	10 965	10 995	11 210	10 895	10 996	10 995	10 883	11 241	131 944	131 249	146 577
Transfers and subsidies	58 823	57 653	59 663	58 683	58 623	57 713	59 923	58 623	58 523	58 956	58 442	57 651	703 274	770 012	867 114
Other revenue	11 790	11 791	11 632	11 820	12 111	11 723	11 900	11 831	11 855	11 920	11 620	11 849	141 845	145 714	147 849
Gains on disposal of PPE				13 281	18 977	29 891		13 250		23 125		18 556	117 080	99 000	69 000
Total Revenue (excluding capital transfers and contributions)	398 408	395 654	386 247	392 379	415 018	416 529	395 356	389 101	381 991	396 397	387 073	425 134	4 779 287	5 062 815	5 397 151
Expenditure By Type															
Employee related costs	58 153	57 043	57 544	58 643	57 034	56 218	55 650	57 112	56 234	54 446	57 043	64 525	689 646	736 127	776 430
Remuneration of councillors	4 708	4 699	4 718	4 732	4 716	4 710	4 690	4 756	4 717	4 720	4 717	4 732	56 614	58 721	61 309
Debt impairment												539 436	539 436	500 638	495 770

Depreciation & asset impairment	35 500	34 565	38 664	36 567	38 000	39 801	37 703	37 000	32 486	36 395	36 565	43 735	446 984	478 974	501 794
Finance charges	24 133			24 537			25 369			25 987		–	100 026	106 212	115 261
Bulk purchases	165 500	164 565	158 664	156 567	168 000	189 801	167 703	167 000	172 486	156 395	166 565	175 587	2 008 835	2 141 320	2 312 784
Other materials	20 975	21 000	20 034	20 990	20 112	20 051	20 044	21 878	20 054	20 043	20 078	19 370	244 627	283 758	295 814
Contracted services	25 451	26 700	27 194	25 323	26 781	26 904	25 294	25 491	25 720	25 210	26 193	29 064	315 325	325 474	348 734
Transfers and subsidies	1 411	1 395	1 420	1 387	1 392	1 415	1 480	1 365	1 418	1 411	1 421	1 421	16 938	17 892	18 876
Other expenditure	29 352	27 552	26 211	29 800	31 001	30 457	30 307	30 359	30 352	30 214	30 367	28 131	354 102	379 603	403 647
Loss on disposal of PPE												–	–	–	–
Total Expenditure	365 183	337 520	334 449	358 548	347 036	369 355	368 240	344 960	343 465	354 823	342 950	906 002	4 772 532	5 028 718	5 330 419
Surplus/(Deficit)	33 225	58 134	51 798	33 831	67 982	47 174	27 116	44 141	38 526	41 574	44 122	(480 869)	6 755	34 097	66 732
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	–	36 000	32 300	108 000	32 000	41 309	24 000	79 415	37 150	21 591	56 400	38 720	506 885	470 684	498 769

[illegible]

Table SA26: Consolidated budgeted monthly revenue and expenditure (municipal vote)

NW373 Rustenburg - Supporting Table SA26 Consolidated budgeted monthly revenue and expenditure (municipal vote)

Description	Ref	Budget Year 2018/19												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand																
Revenue by Vote	-															
Vote 1 - EXECUTIVE MAYOR		20 109	21 549	21 563	20 987	25 660	16 551	20 123	22 345	21 346	23 123	23 988	22 514	259 859	271 191	286 107
Vote 2 - MUNICIPAL MANAGER		1 056	1 196	1 091	1 296	1 392	1 292	1 010	1 035	1 188	1 099	1 291	1 009	13 953	10 595	10 796
Vote 3 - CORPORATE SUPPORT SERVICES		35	33	38	39	36	38	36	39	39	36	30	38	438	463	487
Vote 4 - BUDGET AND TREASURY		29 612	29 012	29 912	30 365	29 512	29 631	32 001	30 876	32 765	33 099	32 877	32 830	372 493	397 762	421 335
Vote 5 - PUBLIC SAFETY		16 325	16 588	16 459	15 590	16 215	16 546	16 306	16 876	15 654	16 909	16 789	15 420	195 677	194 527	207 466
Vote 6 - PLANNING AND HUMAN SETTLEMENT		8 952	9 221	8 852	8 957	7 032	10 149	10 400	8 579	9 499	8 432	9 457	10 241	109 771	92 361	63 041
Vote 7 - LOCAL ECONOMIC DEVELOPMENT		71	70	75	76	73	72	73	75	73	77	75	74	884	933	985
Vote 8 - COMMUNITY DEVELOPMENT		29 912	22 012	29 812	26 512	25 312	27 612	26 167	25 679	26 543	24 568	25 909	23 971	011	816	986
Vote 9 - TECHNICAL AND INFRASTRUCTURE		296	295	295	300	322	299	322	336	299	315	308	323	3 724	3 923	4 212
		332	699	332	124	336 124	294 123	123	543	877	678	789	979	723	085	602
Vote 10 - ROADS AND TRANSPORT		7 213	7 469	7 412	7 145	7 456	7 146	7 090	7 123	7 098	7 099	7 655	5 915	85 821	85 667	100
Vote 11 - MUNICIPAL ENTITY		17 891	17 098	17 345	17 654	17 890	17 000	17 654	17 654	16 890	17 235	17 988	16 243	208	222	802
Vote 12 - [NAME OF VOTE 12]														542	097	234
Vote 13 - [NAME OF VOTE 13]														-	-	-
Vote 14 - [NAME OF VOTE 14]														-	-	-
Vote 15 - [NAME OF VOTE 15]														-	-	-
Total Revenue by Vote		427 509	419 947	427 892	428 746	466 704	420 161	452 985	466 824	430 971	447 354	444 846	452 234	5 286 172	5 533 499	5 895 919
Expenditure by Vote to be appropriated	-															
Vote 1 - EXECUTIVE MAYOR		9 123	10 063	10 987	10 413	10 456	10 632	10 191	11 099	9 065	10 346	10 234	9 679	122 288	128 540	135 052
Vote 2 - MUNICIPAL MANAGER		5 246	6 588	5 459	4 590	5 215	7 546	5 629	5 901	5 679	5 010	5 235	5 451	67 548	67 844	71 187
Vote 3 - CORPORATE SUPPORT SERVICES		6 856	6 521	6 000	6 123	7 456	7 051	7 894	7 891	7 912	7 890	7 987	7 114	86 697	94 117	98 607
Vote 4 - BUDGET AND TREASURY		15 123	16 321	16 321	15 654	15 032	15 456	16 614	18 235	17 876	17 099	17 345	17 305	198 381	193 402	198 763
Vote 5 - PUBLIC SAFETY		25 654	26 163	23 124	23 124	27 124	24 789	24 696	25 001	23 568	23 544	24 679	22 575	294 039	308 313	329 884

Vote 6 - PLANNING AND HUMAN SETTLEMENT	4 051	4 987	4 900	4 526	4 265	4 987	4 988	5 000	4 912	4 988	4 145	5 904	57 654	62 659	65 940
Vote 7 - LOCAL ECONOMIC DEVELOPMENT	2 010	2 904	2 310	2 985	2 089	3 092	3 179	3 246	3 368	3 654	3 765	3 306	35 910	38 589	40 216
Vote 8 - COMMUNITY DEVELOPMENT	39 857	38 852	38 897	38 954	38 695	37 124	37 566	38 789	39 124	39 432	39 801	41 217	468 308	491 699	509 983
Vote 9 - TECHNICAL AND INFRASTRUCTURE	253 980	285 825	264 250	233 020	243 250	226 895	233 477	228 765	256 789	246 781	240 877	245 295	2 959 204	3 137 185	3 341 818
Vote 10 - ROADS AND TRANSPORT	24 590	21 589	22 990	25 236	28 457	27 358	27 654	28 765	29 099	28 987	26 001	29 843	320 569	340 754	370 918
Vote 11 - MUNICIPAL ENTITY	12 025	13 020	14 981	13 250	13 020	13 016	13 245	12 679	13 457	13 679	14 988	14 574	161 935	165 616	168 051
Vote 12 - [NAME OF VOTE 12]												-	-	-	-
Vote 13 - [NAME OF VOTE 13]												-	-	-	-
Vote 14 - [NAME OF VOTE 14]												-	-	-	-
Vote 15 - [NAME OF VOTE 15]												-	-	-	-
Total Expenditure by Vote	398 516	432 834	410 218	377 876	395 060	377 947	385 133	385 371	410 849	401 409	395 056	402 263	4 772 532	5 028 718	5 330 419
Surplus/(Deficit) before assoc.															
Taxation	28 993	(12 887)	17 674	50 870	71 644	42 214	67 852	81 454	20 122	45 945	49 790	49 971	513 640	504 781	565 501
Attributable to minorities												-	-	-	-
Share of surplus/ (deficit) of associate												-	-	-	-
Surplus/(Deficit)	1	(12 887)	17 674	50 870	71 644	42 214	67 852	81 454	20 122	45 945	49 790	49 971	513 640	504 781	565 501

Table SA27: Consolidated budgeted monthly revenue and expenditure (standard classification)

NW373 Rustenburg - Supporting Table SA27 Consolidated budgeted monthly revenue and expenditure (functional classification)

Description	Ref	Budget Year 2018/19												Medium Term Revenue and Expenditure Framework		
														Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
		July	August	Sept.	October	November	December	January	February	March	April	May	June			
Revenue - Functional	-															
Governance and administration		49 471	52 931	55 250	51 632	53 847	54 543	55 827	54 258	57 166	55 344	55 854	57 226	653 350	691 086	730 788
Executive and council		19 278	20 193	21 329	20 193	19 209	22 616	21 928	22 132	23 187	22 524	23 419	23 904	259 912	271 244	286 159
Finance and administration		30 193	32 739	33 921	31 439	34 638	31 927	33 899	32 127	33 979	32 820	32 435	33 322	393 438	419 842	444 629
Internal audit																
Community and public safety		12 182	11 882	16 298	16 527	16 818	16 958	16 586	16 739	16 576	16 994	13 088	17 214	187 862	186 282	198 739
Community and social services						211	228					286	237	2 612	2 727	2 848

[illegible]

Total Expenditure - Functional	362 206	375 741	382 228	402 631	391 136	410 405	406 674	407 933	437 111	410 470	393 961	392 036	4 772 532	5 028 718	5 330 419
Surplus/(Deficit) before assoc.	135 047	21 567	28 418	(1 441)	187 508	(17 982)	(7 820)	(16 473)	166 977	(27 379)	18 310	26 908	513 640	504 781	565 501
Share of surplus/ (deficit) of associate												-	-	-	-
Surplus/(Deficit)	1	135 047	28 418	(1 441)	187 508	(17 982)	(7 820)	(16 473)	166 977	(27 379)	18 310	26 908	513 640	504 781	565 501

Table SA28: Consolidated budgeted monthly capital expenditure (municipal vote)

NW373 Rustenburg - Supporting Table SA28 Consolidated budgeted monthly capital expenditure (municipal vote)

Description	Ref	Budget Year 2018/19												Medium Term Revenue and Expenditure Framework		
		Jul y	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<u>Multi-year expenditure to be appropriated</u>	1															
Vote 1 - EXECUTIVE MAYOR				100				80					1 970	2 150	5 055	5 328
Vote 2 - MUNICIPAL MANAGER		2 500			500		1 000	500		250	200		700	5 650	750	791
Vote 3 - CORPORATE SUPPORT SERVICES				167	890		356	894	143				1 550	4 000	4 216	4 444
Vote 4 - BUDGET AND TREASURY			15		300		500	1 250		1 500	900	700	835	6 000	6 500	5 689
Vote 5 - PUBLIC SAFETY		2 890		1 300	1 100	2 000	1 500	1 300	1 200	1 600	1 150	1 200	3 760	19 000	16 500	14 081
Vote 6 - PLANNING AND HUMAN SETTLEMENT			928		2 415		2 457						2 000	7 800	12 031	13 259
Vote 7 - LOCAL ECONOMIC DEVELOPMENT			1 565	1 500	2 000	2 000	3 000	2 369	1 200	2 100	1 800	1 500	2 469	21 503	38 211	32 803

Vote 8 - COMMUNITY DEVELOPMENT			5 000	5 000	3 000	6 000	4 000	2 000	500	1 500	6 712	33 712	46 669	56 495
Vote 9 - TECHNICAL AND INFRASTRUCTURE	31 000	55 000	53 000	50 000	36 474	33 524	38 975	39 438	45 000	53 000	43 750	479 160	357 111	427 591
Vote 10 - ROADS AND TRANSPORT	22 100	31 500	32 000	27 000	18 000	20 000	25 000	15 000	20 000	20 000	19 918	250 518	210 025	161 735
Vote 11 - MUNICIPAL ENTITY											-	-	-	-
Vote 12 - [NAME OF VOTE 12]											-	-	-	-
Vote 13 - [NAME OF VOTE 13]											-	-	-	-
Vote 14 - [NAME OF VOTE 14]											-	-	-	-
Vote 15 - [NAME OF VOTE 15]											-	-	-	-
Capital multi-year expenditure sub- total	2	60 998	89 567	97 205	86 000	66 286	65 917	61 888	69 550	77 900	83 664	829 492	697 068	722 216

Table SA29: Consolidated budgeted monthly capital expenditure (standard classification)

NW373 Rustenburg - Supporting Table SA29 Consolidated budgeted monthly capital expenditure (functional classification)

TABLE 6: Consolidated Budgeted monthly capital expenditure (functional classification)																			
Description	Ref	Budget Year 2018/19			Medium Term Revenue and Expenditure Framework						January	Feb.	March	April	May	June	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
		July	August	Sept.	October	Nov.	Dec.												
R thousand																			
Capital Expenditure - Functional	1																		
Governance and administration		-	515	1 300	500	1 100	1 650	2 200	1 150	1 000	1 200	600	6 585	17 800	16 521	16 251			
Executive and council			500	1 000	200	100	150	1 700	500	300	400	2 800	7 800	5 805	6 118				

Provincial Government		300				300	80			90	150	137	1 057	1 810	1 450
District Municipality															
Other transfers and grants															
Transfers recognised - capital	-	36 000	32 300	108 000	32 000	41 309	24 000	79 415	37 150	21 591	56 400	38 720	506 885	470 684	498 769
Public contributions & donations															
Borrowing Internally generated funds			14 306	16 160	35 940	9 000	16 259	40 000	10 000	20 000	15 000	25 735	203 000	60 000	60 000
Total Capital Funding	-	37 407	46 606	134 160	137 738	61 211	49 259	129 415	47 150	41 591	71 400	73 555	829 492	697 068	722 216

Table SA30: Consolidated budgeted monthly cash flow

NW373 Rustenburg - Supporting Table SA30 Consolidated budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2018/19												Medium Term Revenue and Expenditure Framework		
	Budget Year 2018/19												Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
	July	August	Sept.	October	November	December	January	February	March	April	May	June			
Cash Receipts By Source													1		
Property rates	24 572	28 430	28 088	26 662	24 580	26 307	27 111	26 672	28 883	26 565	26 672	16 521	309 064	320 776	335 704
Service charges - electricity revenue	158 847	154 497	151 144	150 981	159 799	159 297	168 697	155 305	156 806	156 923	156 935	83 133	1 802 362	1 952 595	2 115 515
Service charges - water revenue	38 344	39 656	39 451	39 849	39 471	40 301	37 127	38 552	39 432	39 471	39 582	28 417	459 655	531 529	579 257
Service charges - sanitation revenue	23 938	23 938	23 938	23 858	23 938	23 938	23 938	23 938	23 938	23 938	23 938	5 018	268 252	300 549	322 509
Service charges - refuse revenue	12 445	12 490	12 512	11 984	12 406	12 522	12 510	12 602	12 588	12 506	12 533	12 973	150 070	160 298	166 069
Service charges - other	17	17	18	20	17	18	18	18	17	18	19	18	216	229	241
Rental of facilities and equipment	1 370	1 366	1 378	1 376	1 457	1 370	1 389	1 380	1 382	1 385	1 346	1 384	16 581	17 515	18 478
Interest earned - external investments	1 632	1 625	1 681	1 629	1 630	1 741	1 600	1 591	1 631	1 641	1 627	1 543	19 569	20 774	21 916

Interest earned - outstanding debtors	20 757	20 997	20 875	20 957	20 907	20 557	20 887	20 867	20 857	20 968	20 767	20 887	250 278	261 054	275 412
Dividends received	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Fines, penalties and forfeits	1 466	1 472	1 475	1 480	1 471	1 475	1 484	1 477	1 440	1 439	1 488	1 581	17 748	18 708	19 737
Licences and permits	789	799	805	808	806	805	804	786	797	809	821	821	9 653	10 213	10 775
Agency services	10 798	10 985	10 987	10 992	10 965	10 995	11 210	10 895	10 996	10 995	10 883	11 241	131 944	131 249	146 577
Transfer receipts - operational	58 823	57 653	59 663	58 683	58 623	57 713	59 923	58 623	58 523	58 956	58 442	57 651	703 274	770 012	867 114
Other revenue	11 790	11 791	11 632	11 820	12 111	11 723	11 900	11 831	11 855	11 920	11 620	11 849	141 845	145 714	147 849
Cash Receipts by Source	365 588	365 715	361 646	361 098	368 180	368 761	368 598	364 537	369 145	367 533	366 673	253 036	4 280 510	4 641 213	5 027 153
Other Cash Flows by Source															
Transfer receipts - capital	135 471	1 050		114 560		109 351		21 500	124 953			–	506 885	470 684	498 769
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) & Transfers and subsidies - capital (in-kind - all)												–	–	–	–
Proceeds on disposal of PPE					23 125	13 250		13 281	18 977	29 891		18 556	117 080	99 000	69 000
Short term loans												–	–	–	–
Borrowing long term/refinancing					80 000							–	80 000	60 000	60 000
Increase (decrease) in consumer deposits			224	197	240	187	213	178	114	188	183	185	2 275	2 398	2 530
Decrease (Increase) in non-current debtors	161	204										–	–	–	–
Decrease (Increase) other non-current receivables												–	–	–	–
Decrease (increase) in non-current investments												–	–	–	–
Total Cash Receipts by Source	501 219	366 969	361 870	475 855	471 546	491 549	368 811	399 496	513 189	397 613	366 856	271 777	4 986 750	5 273 296	5 657 451
Cash Payments by Type															
Employee related costs	58 153	57 043	57 544	58 643	57 034	56 218	55 650	57 112	56 234	54 446	57 043	64 525	689 646	736 127	776 430
Remuneration of councillors	4 708	4 699	4 718	4 732	4 716	4 710	4 690	4 756	4 717	4 720	4 717	4 732	56 614	58 721	61 309
Finance charges	7 503	7 405	7 645	7 521	7 492	7 310	7 654	7 508	7 502	7 505	7 507	17 474	100 026	106 212	115 261
Bulk purchases - Electricity	135 500	134 565	138 664	136 567	138 000	139 801	137 703	137 000	132 486	136 395	136 565	135 537	1 638 785	1 731 762	1 880 700
Bulk purchases - Water & Sewer	30 800	30 730	30 850	31 100	30 799	30 837	30 755	30 925	30 844	30 837	30 866	30 702	370 049	409 558	432 083

Other materials	19 975	20 000	20 034	19 990	20 112	20 051	20 044	20 878	20 054	20 043	21 078	22 370	244 627	283 758	295 814
Contracted services	24 451	26 700	25 194	26 323	26 781	26 904	27 294	25 491	26 720	27 210	26 193	26 064	315 325	325 474	348 734
Transfers and grants - other municipalities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and grants - other	1 411	1 395	1 420	1 387	1 392	1 415	1 480	1 365	1 418	1 411	1 421	1 421	16 938	17 892	18 876
Other expenditure	30 352	30 552	30 211	29 800	31 001	30 457	30 307	30 359	30 352	30 214	30 367	20 131	354 102	379 603	403 647
Cash Payments by Type	312 853	313 090	316 280	316 065	317 328	317 702	315 577	315 393	310 326	312 783	315 758	322 957	3 786 112	4 049 106	4 332 855
Other Cash Flows/Payments by Type															
Capital assets	25 232	23 103	67 033	69 078	65 202	78 082	75 189	86 044	88 401	80 638	79 556	91 936	829 492	697 068	722 216
Repayment of borrowing		11 345	13 304		12 782	11 890	11 541	9 626			7 589	7 438	85 515	88 513	91 731
Other Cash Flows/Payments												-			
Total Cash Payments by Type	338 085	347 538	396 616	385 143	395 312	407 674	402 307	411 063	398 727	393 421	402 903	422 331	4 701 120	4 834 687	5 146 802
NET INCREASE/(DECREASE) IN CASH HELD	163 135	19 431	(34 747)	90 713	76 234	83 875	(33 496)	(11 567)	114 461	4 192	(36 047)	(150 554)	285 630	438 608	510 649
Cash/cash equivalents at the month/year begin:	376 968	540 103	559 534	524 788	615 500	691 734	775 609	742 113	730 546	845 007	849 199	813 152	376 968	662 598	1 101 207
Cash/cash equivalents at the month/year end:	540 103	559 534	524 788	615 500	691 734	775 609	742 113	730 546	845 007	849 199	813 152	662 598	662 598	1 101 207	1 611 856

2.9 LEGISLATION COMPLIANCE STATUS

The promulgation of the Municipal Finance Management Act (The Act) in 2003 has brought in proficiency and control measures to local government in terms of budgeting, monitoring and accounting on public funds. The Act has had a profound effect on local government operations that required transformation in financial discipline and planning processes. The budget preparation for 2018/19- 2020/21 complies with most of these key requirements.

The Act has created clear reporting standards for local government that conforms to international standards. In addition to providing for improved reporting by local government, the Act stipulates that new accounting and financial standards must be complied with.

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

- In- year reporting

The Municipality's electronic reporting to National Treasury has been complied with and has also gradually improved over time. The monthly and quarterly returns to NT have been submitted though not timeously in all occasions. Significant challenges were however experienced with regards to compiling these reports due to the implementation of the mSCOA compliant financial system. The reports were manually compiled and submitted to National Treasury. In the 2018/19 financial year the Municipality will run 2 parallel systems, one will be the legacy system namely PROMIS as well as an mSCOA compliant financial system which should enable transacting in all 7 segments with seamless integrations of subsystems.

b) MFMA training

The Rustenburg Local Municipality, in its strides to comply with the Act, has in its plan of compliance provided that all directors as well as all finance officials have to meet the requirements of the minimum competency framework. Sufficient provision was made that this goal can be reached over the 2018/19 MTREF.

c) Accounting standards

The reform agenda set out through the Municipal Finance Management Act includes new accounting standards, which includes national standards such as Generally Recognised Accounting Practice (GRAP). The aforementioned accounting practices have been adhered to during the development of the budget.

The Municipality's consolidated financial statements were prepared in accordance with GRAP for all audited years covered in the 2018/19 MTREF (2014/15; 2015/16 and 2016/17). The municipal entity's financial statements were also prepared in accordance with GRAP.

d) Municipal Budget and Reporting Regulations

Budgeting in RLM is done in accordance with the MFMA: Municipal Budget and Reporting Regulations promulgated in 2009. Other directives from the National Treasury, for example in the form of budget circulars, are also taken into cognisance. (Circulars are attached per Annexure E).

e) Budget and Treasury Office

The Budget and Treasury Office has been established in accordance with the MFMA.

f) Audit Committee

An Audit Committee has been established and is fully functional.

g) Annual Report

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

h) SDBIP

The detailed SDBIP is directly aligned and informed by the budget and is approved 30 days after the approval of the budget.

i) Budget Steering Committee

A Budget Steering Committee has been established in accordance with MBRR and is fully functional.

j) Alignment of Budget with development priorities

There is clear linkage between the budget and the IDP. The Municipality is implementing programme budgeting to ensure that the development programmes identified in the IDP are appropriately funded.

k) Public participation

In accordance with the Act, the Municipality's draft budget is made public immediately after tabling in Council to allow for the public to comments on it. The budget has a strong political oversight.

2.10 OTHER SUPPORTING DOCUMENTS

Table SA1: Supporting detail to 'Budgeted Financial Performance

NW373 Rustenburg - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'

NW 3/3 Kustenburg - Supporting Table SA.1 Supporting detail to Budgeted financial performance											
Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand											
REVENUE ITEMS:											
Property rates	6										
Total Property Rates		262 776	283 411	306 996	358 763	358 763	358 763	358 763	381 725	406 155	428 493
less Revenue Foregone (exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA)					39 329	39 329	39 329	39 329	41 650	44 065	46 489
Net Property Rates		262 776	283 411	306 996	319 434	319 434	319 434	319 434	340 075	362 089	382 004
Service charges - electricity revenue	6										
Total Service charges - electricity revenue		1 510 500	1 701 792	2 032 113	2 472 924	2 472 924	2 472 924	2 472 924	1 978 447	2 107 047	2 248 219
less Revenue Foregone (in excess of 50 kwh per indigent household per month)											
less Cost of Free Basis Services (50 kwh per indigent household per month)		-	-	-	1 464	1 464	1 464		1 550	1 640	1 731
Net Service charges - electricity revenue		1 510 500	1 701 792	2 032 113	2 471 460	2 471 460	2 471 460	2 471 460	1 976 897	2 105 406	2 246 488
Service charges - water revenue	6										
Total Service charges - water revenue		392 878	354 300	393 354	552 280	552 280	552 280	552 280	588 221	626 455	668 428
less Revenue Foregone (in excess of 6 kilolitres per indigent household per month)											

MONITORING DATA SYSTEM RISK MANAGEMENT SOFTWARE SUPPORT SOFTWARE SCREENING/VETTING OF OFFICIALS TRAINING OF PERSONNEL LEGAL EXPENSES PROFESSIONAL FEES CARRIAGE OF CASHIERS TAKINGS STATEMENT - SELF SERVICE READING OF METERS VALUATION COSTS SOFTWARE SCOA IMPLEMENTATION FINES SETTLEMENT - COLLECTION AGREEMENT SECURITY SERVICES TRAFFIC CONTRAVENTION MANAGEMENT GIS SYSTEM SPECIALIST SUPPORT FOR INFRASTRUCTURE BUS OPERATING COMPANY NEGOTIATION SUPPORT & FACILITATION TECHNICAL ADVISORS FOR THE RRT MARKETING & STAKEHOLDER ENGAGEMENT PANEL OF MARKETING AND COMMS SERVICE PROVIDERS SOFTWARE OTHER CONTRACTED SERVICES	234 702	158 392	174 940	231 982	295 429	295 429	295 429	112	119	125
				-	5 723	5 723	5 723	315	333	351
				2 000	-	-	-	337	357	376
				-	-	-	-	112	119	125
				-	-	-	-	2 100	2 400	2 532
				4 000	8 000	8 000	8 000	8 472	8 963	9 456
				4 000	6 226	6 226	6 226	17 618	10 234	10 797
				-	-	-	-	3 097	3 853	4 065
				-	-	-	-	562	594	627
				-	-	-	-	2 100	2 213	2 335
				-	-	-	-	8 089	8 525	8 994
				-	-	-	-	6 443	6 055	6 388
				-	-	-	-	6 885	5 806	4 346
				-	2 078	2 078	2 078	3 124	1 189	1 254
				-	-	-	-	16 421	18 671	19 698
				-	-	-	-	1 000	1 054	1 112
				-	-	-	-	3 000	3 000	3 000
				-	-	-	-	5 000	5 250	5 513
				-	-	-	-	57 347	54 129	67 034
				-	-	-	-	3 000	300	315
				-	-	-	-	4 000	6 500	6 825
				-	-	-	-	1 000	1 050	1 103
				-	-	-	-	500	525	551
				-	-	-	-	10	11	11
				-	-	-	-	164 681	184 224	191 800
1	234 702	158 392	174 940	241 982	317 457	317 457	317 457	315 325	325 474	348 734
sub-total/										
Allocations to organs of state:										
Electricity										
Water										
Sanitation										
Other										
Total contracted services										
234 702										
158 392										
174 940										
241 982										
317 457										
317 457										
315 325										
325 474										
348 734										
-										
Other Expenditure By Type										
Collection costs										
Contributions to 'other' provisions										
Consultant fees										
Audit fees										
General expenses										
3	270 124	256 716	242 361	199 595	148 480	148 480	148 480	333 348	357 547	380 378

Total Expenditure	122 288	67 548	86 769	198 381	294 039	57 654	35 910	468 308	3 121 066	320 569	4 772 532
Surplus/(Deficit)	137 571	(53 594)	(86 332)	174 112	(98 362)	52 117	(35 026)	(154 297)	812 199	(234 748)	513 640
Surplus/(Deficit) after capital transfers & contributions	137 571	(53 594)	(86 332)	174 112	(98 362)	52 117	(35 026)	(154 297)	812 199	(234 748)	513 640

Table SA3: Supporting detail to 'Budgeted Financial Position

W373 Rustenburg - Supporting Table SA3 Supporting detail to 'Budgeted Financial Position'

2014/15					2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework			
Description	Ref	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21			
		thousand	thousand	thousand										
ASSETS														
all investment deposits														
Call deposits		356 354	(594 766)	(15 122)	386 271	175 537	175 537	175 537	450 491	877 645	1 375 999			
Other current investments														
total Call investment deposits	2	356 354	(594 766)	(15 122)	386 271	175 537	175 537	175 537	450 491	877 645	1 375 999			
consumer debtors														
Consumer debtors		2 629 874	3 037 152 (2 642 458)	3 580 517 (3 143 268)	3 558 894 (3 212 930)	3 558 894 (3 032 575)	3 558 894 (3 032 575)	3 558 894 (3 032 575)	3 747 515 (3 193 302)	3 949 881 (3 365 740)	4 167 124 (3 550 856)			
Less: Provision for debt impairment		(2 282 987)												
total Consumer debtors	2	346 887	394 694	437 249	345 964	526 318	526 318	526 318	554 213	584 141	616 269			
debt impairment provision														
Balance at the beginning of the year		1 143 961	2 075 811	2 433 626	—	—	—	—	—	—	—			
Contributions to the provision		157 140	357 815	493 223	3 032 575	3 032 575	3 032 575	3 032 575	3 193 302	3 365 740	3 550 856			
Bad debts written off		—	—	—	—	—	—	—	—	—	—			
balance at end of year		1 301 100	2 433 626	2 926 849	3 032 575	3 032 575	3 032 575	3 032 575	3 193 302	3 365 740	3 550 856			
property, plant and equipment (PPE)														
PPE at cost/valuation (excl. finance leases)		12 532 644	13 453 958	14 152 253	14 118 612	14 544 624	14 544 624	14 544 624	15 438 489	16 142 526	17 030 365			
Leases recognised as PPE		—	—	—	—	—	—	—	—	—	—			
Less: Accumulated depreciation		4 699 734	5 074 033	5 479 056	4 784 207	4 784 207	4 784 207	4 784 207	5 037 770	5 309 810	5 601 849			
total Property, plant and equipment (PPE)	2	7 832 910	8 379 925	8 673 197	9 334 405	9 760 417	9 760 417	9 760 417	10 400 719	10 832 716	11 428 516			
LIABILITIES														
current liabilities - Borrowing														
Short term loans (other than bank overdraft)		—	—	—	—	—	—	—	—	—	—			
Current portion of long-term liabilities		40 759	45 895	51 462	51 504	51 504	51 504	51 504	54 233	57 162	60 306			
total Current liabilities - Borrowing		40 759	45 895	51 462	51 504	51 504	51 504	51 504	54 233	57 162	60 306			

Trade and other payables																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																										
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Detail of Free Basic Services (FBS) provided	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Electricity									
Ref.									
Formal settlements - (50 kwh per indigent household per month Rands) Number of HH receiving this type of FBS	1 392	3 120	27 759	1 464 112	1 464 112	1 464 112	1 550 495	1 640 423	1 730 647
Informal settlements (Rands) Number of HH receiving this type of FBS			88 475 283	2 875	2 875	2 875	2 875	2 875	2 875
Informal settlements targeted for upgrading (Rands) Number of HH receiving this type of FBS			27 759	99 410 475	99 410 475	99 410 475	99 410 475	99 410 475	99 410 475
Living in informal backyard rental agreement (Rands) Number of HH receiving this type of FBS				29 736	29 736	29 736	29 736	29 736	29 736
Other (Rands) Number of HH receiving this type of FBS									
Water									
Ref.									
Formal settlements - (6 kilolitre per indigent household per month Rands) Number of HH receiving this type of FBS	4 988	5 267	27 759	5 924 933	5 924 933	5 924 933	6 274 504	6 638 425	7 003 538
Informal settlements (Rands) Number of HH receiving this type of FBS			51 305 294	2 875	2 875	2 875	2 875	2 875	2 875
Informal settlements targeted for upgrading (Rands)			27 759	61 635 591	61 635 591	61 635 591	61 635 591	61 635 591	61 635 591
				29 736	29 736	29 736	29 736	29 736	29 736

Table SA22: Summary councillor and staff benefits

W373 Rustenburg - Supporting Table SA22 Summary councillor and staff benefits

Summary of Employee and Councillor remuneration		2014/15		2015/16		2016/17		Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
Ref		Audited Outcome	Audited Outcome	Audited Outcome		Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21		
1	Councillors (Political Office Bearers plus other)	A	B	C	D	E	F	G	H	I			
	Basic Salaries and Wages	19 831	20 530	24 904	27 147	28 147	28 147	49 307	50 933	53 093			
	Pension and UIF Contributions	2 254	2 278	1 450	1 552	1 552	1 552	1 660	1 777	1 871			
	Medical Aid Contributions	646	689	690	739	739	739	790	846	892			
	Motor Vehicle Allowance	3 283	3 264	2 022	2 163	2 163	2 163	2 314	2 476	2 613			
	Cellphone Allowance	1 579	1 556	1 772	2 400	2 400	2 400	2 542	2 689	2 837			
	Housing Allowances												
	Other benefits and allowances												
4	Sub Total - Councillors	27 593	28 318	30 837	34 000	35 000	35 000	56 614	58 721	61 309			
	% increase		2.6%	8.9%	10.3%	2.9%	-	61.8%	3.7%	4.4%			
2	Senior Managers of the Municipality												
	Basic Salaries and Wages	10 863	11 565	13 512	15 851	15 851	15 851	16 961	17 894	18 860			
	Pension and UIF Contributions	917	970	1 585	1 906	1 906	1 906	2 040	2 152	2 268			
	Medical Aid Contributions	128	136	172	549	549	549	587	619	653			
	Overtime	-	-	-	-	-	-	-	-	-			
	Performance Bonus	-	-	-	-	-	-	-	-	-			
3	Motor Vehicle Allowance	962	1 018	1 354	1 518	1 518	1 518	1 625	1 714	1 807			
3	Cellphone Allowance	-	-	4	4	4	4	4	4	5			
3	Housing Allowances	36	38	89	-	-	-	-	-	-			
3	Other benefits and allowances	140	148	159	170	170	170	182	192	202			
	Payments in lieu of leave				-	-	-						
	Long service awards												
6	Post-retirement benefit obligations												
4	Sub Total - Senior Managers of Municipality	13 047	13 875	16 875	19 998	19 998	19 998	21 398	22 575	23 794			
	% increase		6.4%	21.6%	18.5%	-	-	7.0%	5.5%	5.4%			
	Other Municipal Staff												
	Basic Salaries and Wages	384 482	402 514	402 693	503 074	500 074	500 074	463 049	494 607	521 745			
	Pension and UIF Contributions	59 438	69 912	66 235	1 671	1 671	1 671	79 002	84 525	89 132			

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Disclosure of Salaries, Allowances & Benefits 1.	Ref	No.	Salary	Contributions	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum				1.				2.
Councillors	3							
Speaker	4				1 048 546			1 048 546
Chief Whip					987 714			987 714
Executive Mayor					1 298 317			1 298 317
Deputy Executive Mayor					-			-
Executive Committee					9 877 140			9 877 140
Total for all other councillors					43 402 345			43 402 345
Total Councillors	8	-	-	-	56 614 062			56 614 062
Senior Managers of the Municipality	5							
Municipal Manager (MM)			2 366 948					2 366 948
Chief Finance Officer			1 741 918					1 741 918
DIRECTOR: TECHNICAL & INFR			1 741 918					1 741 918
DIRECTOR: CORPORATE SUPPORT SERVICE			1 741 918					1 741 918
DIRECTOR: COMMUNITY DEVELOPM			1 741 918					1 741 918
DIRECTOR ROADS AND TRANSPORT			1 741 918					1 741 918
DIRECTOR: LED			1 741 918					1 741 918
DIRECTOR: PUBLIC SAFETY			1 741 918					1 741 918
DIRECTOR: PLANNING			1 741 174					1 741 174
DEPUTY CHIEF FINANCIAL OFFICER			1 274 112					1 274 112
MANAGER: OFFICE OF THE EM			1 274 112					1 274 112
MANAGER: OFFICE OF THE MM			1 274 112					1 274 112
MANAGER: OFFICE OF THE SPEAKER			1 274 112					1 274 112
List of each official with packages >= senior manager								-
								-
								-
								-
								-
								-
								-
								-
								-
Total Senior Managers of the Municipality	8,10	-	21 397 996	-	-	-	-	21 397 996
A Heading for Each Entity	6,7							
List each member of board by designation								-
								-
								-
								-
								-
								-
								-
								-
								-
								-
								-
								-
Total for municipal entities	8,10	-	-	-	-	-	-	-
TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION	10	-	21 397 996	-	56 614 062	-	-	78 012 058

1. Pension and medical aid
2. Total package must equal the total cost to the municipality
3. List each political office bearer by designation. Provide a total for all other councillors
4. Political office bearer is defined in MFMA s 1: speaker, executive mayor, deputy executive mayor, member of executive committee, mayor, deputy mayor, member of mayoral committee, the councillor designated to exercise powers and duties of mayor (MSA s 57)
5. Also list each senior manager reporting to MM by designation and each official with package >= senior manager by designation
6. List each entity where municipality has an interest and state percentage ownership and control
7. List each senior manager reporting to the CEO of an Entity by designation
8. Must reconcile to relevant section of Table SA24
9. Must reconcile to totals shown for the budget year of Table SA22
10. Correct as at 30 June

NW373 Rustenburg - Supporting Table SA24 Summary of personnel numbers

Summary of Personnel Numbers		Ref	2016/17			Current Year 2017/18			Budget Year 2018/19		
Number		1,2	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities											
Councillors (Political Office Bearers plus Other Councillors)			86	—	86	86		86	89		89
Board Members of municipal entities		4	—	—	—						
Municipal employees		5	—	—	—						
Municipal Manager and Senior Managers		3	35	1	34	35		35	38		38
Other Managers		7									
Professionals			1 778	1 606	172	1 785	1 626	159	1 811	1 744	67
Finance			155	138	17	186	137	49	133	123	10
Spatial/town planning			72	64	8	73	67	6	75	70	5
Information Technology			13	6	7	12	12	—	12	7	5
Roads			185	179	6	189	180	9	106	98	8
Electricity			133	116	17	122	118	4	140	131	9
Water			201	201		171	165	6	165	155	10
Sanitation			—	—	—	10	10	—	32	31	1
Refuse			173	173		176	169	7	178	169	9
Other			846	729	117	846	768	78	970	960	10
Technicians			—	—	—	—	—	—	—	—	—
Finance											
Spatial/town planning											
Information Technology											
Roads											
Electricity											
Water											
Sanitation											
Refuse											
Other											
Clerks (Clerical and administrative)											
Service and sales workers											
Skilled agricultural and fishery workers											
Craft and related trades											
Plant and Machine Operators											
Elementary Occupations											
TOTAL PERSONNEL NUMBERS		9	1 899	1 607	292	1 906	1 626	280	1 938	1 744	194
% increase						0.4%	1.2%	(4.1%)	1.7%	7.3%	(30.7%)
Total municipal employees headcount		6, 10									
Finance personnel headcount		8, 10									
Human Resources personnel headcount		8, 10									

References

1. Positions must be funded and aligned to the municipality's current organisational structure
2. Full Time Equivalent (FTE). E.g. One full time person = 1FTE. A person working half time (say 4 hours out of 8) = 0.5FTE.
3. s57 of the Systems Act
4. Include only in Consolidated Statements
5. Include municipal entity employees in Consolidated Statements
6. Include headcount (number of persons, Not FTE) of managers and staff only (exclude councillors)
7. Managers who provide the direction of a critical technical function
8. Total number of employees working on these functions

Table SA33: Contracts having future budgetary implications

NW373 Rustenburg - Supporting Table SA33 Contracts having future budgetary implications

Description	Ref	Preceding Years	Current Year 2017/18	2018/19 Medium Term Revenue & Expenditure Framework			Forecast 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25	Forecast 2025/26	Forecast 2026/27	Forecast 2027/28	Total Contract Value
				Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21								
R thousand	1,3	Total	Original Budget				Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate
Parent Municipality:														
Revenue Obligation By Contract	2													
Electricity Sales			1 838 485	1 803 828	1 921 077	2 049 958	2 247 460	2 359 833	2 477 825	2 601 716	2 731 802	2 868 392	3 034 759	25 935 135
Water Sales			298 375	456 412	486 078	518 646	364 749	382 986	402 136	422 242	443 355	465 522	492 523	4 733 023
Other			900	900	900	900	900	900	900	900	900	900	900	9 900
Total Operating Revenue Implication		-	2 137 760	2 261 140	2 408 055	2 569 504	2 613 109	2 743 719	2 880 860	3 024 858	3 176 056	3 334 814	3 528 181	30 678 058
Expenditure Obligation By Contract	2													
Eskom -			765 218	841 204	891 112	993 814	935 442	982 214	1 031 325	1 082 891	1 137 036	1 193 888	1 263 133	11 117 277
Magalies Water			24 531	31 451	36 124	38 111	29 987	31 487	33 061	34 714	36 450	38 272	40 492	374 682
Rand Water			251 741	313 588	344 411	363 354	307 741	323 128	339 285	356 249	374 061	392 764	415 545	3 781 868
Total Operating Expenditure Implication		-	1 041 489	1 186 244	1 271 647	1 395 279	1 273 171	1 336 829	1 403 671	1 473 854	1 547 547	1 624 924	1 719 170	15 273 826
Capital Expenditure Obligation By Contract	2													
Contract 1														-
Contract 2														-
Contract 3 etc														-
Total Capital Expenditure Implication		-	-	-	-	-	-	-	-	-	-	-	-	-
Total Parent Expenditure Implication		-	1 041 489	1 186 244	1 271 647	1 395 279	1 273 171	1 336 829	1 403 671	1 473 854	1 547 547	1 624 924	1 719 170	15 273 826

Table SA34a: Consolidated capital expenditure on new assets by asset class

NW373 Rustenburg - Supporting Table SA34a Consolidated capital expenditure on new assets by asset class		2018/19 Medium Term Revenue & Expenditure Framework									
Ref	Description	2014/15	2015/16	2016/17	Current Year 2017/18			Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget					
1	Capital expenditure on new assets by Asset Class/Sub-class										
	Infrastructure										
	Roads Infrastructure	747	661 495	489 901	486 848	521 322	521 322	521 322	309 313	264 608	250 582
	Roads	484	525 712	167 545	286 815	352 474	352 474	352 474	223 021	153 195	130 263
	Road Structures	484	525 712	167 545	40 000	105 659	105 659	105 659	14 021	20 022	23
	Road Furniture	424			246 815	246 815	246 815	246 815	209 000	133 173	130 240
	Capital Spares										
	Storm water Infrastructure	-	-	-	-	-	-	-	-	-	-
	Drainage Collection										
	Storm water Conveyance										
	Attenuation										
	Electrical Infrastructure	99	48 715	208 356	21 700	21 621	21 621	21 621	35 479	44 518	58 554
	Power Plants	209									
	HV Substations	99	48 715	182 125	21 700	21 621	21 621	21 621	22 077	31 889	45 386
	HV Switching Station	209									
	HV Transmission Conductors										
	MV Substations										
	MV Switching Stations										
	MV Networks			26 232							
	LV Networks										
	Capital Spares										
	Water Supply Infrastructure	62		66 503	97 718	61 827	61 827	61 827	45 000	66 894	61 764
	Dams and Weirs	067	60 069								

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[illegible]

[illegible]

W373 Rustenburg - Supporting Table SA34b Consolidated capital expenditure on the renewal of existing assets by asset class

[illegible]

Water Treatment Works Bulk Mains Distribution Distribution Points PRV Stations Capital Spares Sanitation Infrastructure Pump Station Reticulation Waste Water Treatment Works Outfall Sewers Toilet Facilities Capital Spares		62 703		73 268	73 268	73 268	117 234	72 254	117 004
	-	225 163	-	1 949	1 949	1 949	84 010	85 625	77 267
		89 078 136 085		1 949	1 949		84 010	85 625	77 267
	50 656	-	-	-	-	-	-	-	-
	50 656								
Rail Infrastructure Rail Lines Rail Structures Rail Furniture Drainage Collection Storm water Conveyance Attenuation MV Substations LV Networks Capital Spares Coastal Infrastructure Sand Pumps	-	-	-	-	-	-	-	-	-

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Total Depreciation	1	364 872	398 991	335 421	440 290	440 297	440 297	440 297	446 984	478 974
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Table SA35: Consolidated future financial implications of the capital budget

NW373 Rustenburg - Supporting Table SA35 Consolidated future financial implications of the capital budget

Vote Description	Ref	2018/19 Medium Term Revenue & Expenditure Framework				Forecasts			
		Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21		Forecast 2021/22	Forecast 2022/23	Forecast 2023/24	Present value
R thousand									
Capital expenditure	1								
Vote 1 - EXECUTIVE MAYOR		2 150	5 055	5 328		216	227	239	-
Vote 2 - MUNICIPAL MANAGER		5 650	750	791		-	-	-	-
Vote 3 - CORPORATE SUPPORT SERVICES		4 000	4 216	4 444		-	-	-	1 000
Vote 4 - BUDGET AND TREASURY		6 000	6 500	5 689		2 108	2 220	2 335	3 000
Vote 5 - PUBLIC SAFETY		19 000	16 500	14 081		-	-	-	-
Vote 6 - PLANNING AND HUMAN SETTLEMENT		7 800	12 031	13 259		-	-	-	-
Vote 7 - LOCAL ECONOMIC DEVELOPMENT		21 503	38 211	32 803		136 498	143 732	151 206	-
Vote 8 - COMMUNITY DEVELOPMENT		33 712	46 669	56 495		34 800	36 645	38 550	14 169
Vote 9 - TECHNICAL AND INFRASTRUCTURE		479 160	357 111	427 591		392 946	413 772	435 288	184 565
Vote 10 - ROADS AND TRANSPORT		250 518	210 025	161 735		199 337	209 901	220 816	352 474
Vote 11 - MUNICIPAL ENTITY		-	-	-		-	-	-	69 000
Vote 12 - [NAME OF VOTE 12]		-	-	-		-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-		-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-		-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-		-	-	-	-
<i>List entity summary if applicable</i>									
Total Capital Expenditure		829 492	697 068	722 216		765 904	806 497	848 435	624 208
Future operational costs by vote	2								
Vote 1 - EXECUTIVE MAYOR		122 288	128 540	135 052		142 345	149 889	157 683	93 081
Vote 2 - MUNICIPAL MANAGER		67 548	67 844	71 187		75 031	79 008	83 116	74 235
Vote 3 - CORPORATE SUPPORT SERVICES		86 617	93 039	97 523		102 789	108 237	113 866	81 633
Vote 4 - BUDGET AND TREASURY		211 363	210 382	218 137		229 916	242 102	254 691	207 053
Vote 5 - PUBLIC SAFETY		296 349	308 623	330 322		348 160	366 612	385 676	170 153
Vote 6 - PLANNING AND HUMAN SETTLEMENT		57 644	61 649	64 875		68 378	72 002	75 746	51 879

Vote 7 - LOCAL ECONOMIC DEVELOPMENT	42 910	44 589	46 381	48 886	51 477	54 153	16 064
Vote 8 - COMMUNITY DEVELOPMENT	450 794	478 189	499 335	526 299	554 192	583 010	427 611
Vote 9 - TECHNICAL AND INFRASTRUCTURE	2 801 704	3 008 897	3 256 734	3 432 597	3 614 525	3 802 480	3 204 424
Vote 10 - ROADS AND TRANSPORT	320 269	340 454	369 602	389 560	410 207	431 538	316 350
Vote 11 - MUNICIPAL ENTITY	161 935	165 616	168 051	177 126	186 513	196 212	137 160
Vote 12 - [NAME OF VOTE 12]							
Vote 13 - [NAME OF VOTE 13]							
Vote 14 - [NAME OF VOTE 14]							
Vote 15 - [NAME OF VOTE 15]							
List entity summary if applicable							
Total future operational costs	4 619 420	4 907 822	5 257 198	5 541 087	5 834 765	6 138 173	4 779 643
Future revenue by source							
Property rates	340 075	362 089	382 004	402 633	423 972	446 019	319 434
Service charges - electricity revenue	1 976 897	2 105 406	2 246 488	2 367 798	2 493 292	2 622 943	2 471 460
Service charges - water revenue	521 946	555 917	593 243	625 278	658 418	692 656	546 355
Service charges - sanitation revenue	314 414	334 764	354 717	373 872	393 687	414 159	300 693
Service charges - refuse revenue	157 730	166 232	175 375	184 845	194 642	204 764	135 076
Service charges - other	254	269	284	299	315	331	239
Rental of facilities and equipment	16 581	17 515	18 478	19 476	20 508	21 574	10 333
List other revenues sources if applicable	1 299 511	1 383 023	1 515 016	1 596 827	1 681 458	1 768 894	1 004 329
List entity summary if applicable							
Total future revenue	4 627 407	4 925 215	5 285 605	5 571 028	5 866 292	6 171 339	4 787 919
Net Financial Implications	821 506	679 675	693 809	735 963	774 969	815 268	615 932

NW373 Rustenburg Supporting Table SA37 Consolidated projects delayed from previous financial year/s													
	Ref.								Current Year 2017/18		2018/19 Medium Term Revenue & Expenditure Framework		
Municipal Vote/Capital project	1,2	Project name	Project number	Asset Class 3	Asset Sub-Class 3	GPS co-ordinates 4	Previous target year to complete		Original Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand							Year						
Parent municipality: List all capital projects grouped by Municipal Vote				Examples	Examples								
Rustenburg rapid transport Roads		New Infrastructure Assets: Depots					2017		34 000	34 000			
		Robega roads and stormwater					2017		5 000	5 000			
		UPGRADING AND EXTENSION OF BOSPOORT WATER TREATMENT WORKS					2017		24 543	24 543			
		TSITSING ROADS & STORMWATER DRAINAGE					2017		5 000	5 000			
		Freedom Park roads and stormwater					2017		5 000	5 000			
CEMETERIES		DEVELOPMENT OF BOITEKONG CEMETERY					2019		7 700	7 700	2 171	6 295	6 654
		RASIMONE ROADS & STORMWATER DRAINAGE					2019		5 000	5 000	2 591	-	
		MERTING - ROADS AND STORMWATER- WARD 18					2019		5 000	5 000	27 539	29 377	8 500
		FREEDOM PARK ROADS & STORMWATER					2019		5 000	5 000	7 286	7 701	8 140
		CONSTRUCTION OF					2019		20 150	20 150	6 000	3 000	8 000

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NW373 Rustenburg - Supporting Table SA38 Consolidated detailed operational projects

Municipal Vote/Operational project	Ref	2018/19 Medium Term Revenue & Expenditure Framework		
		Prior year outcomes	Budget Year 2018/19	Budget Year +1 2019/20
R thousand	4	Current Year 2017/18 Forecast		Budget Year +2 2020/21
Parent municipality: <i>List all operational projects grouped by Municipal Vote</i>				
Contracted Services		241 982	310 325	332 909
Depreciation		440 290	433 464	495 945
Employee related costs		633 813	689 646	776 430
Councillors remuneration		34 000	56 614	61 309
Repairs and maintenance		146 281	256 627	300 808
Interest expense - External loans		61 565	63 176	78 410
Bulk purchase		2 145 936	2 008 835	2 312 784
Other expenditure		246 135	259 475	297 172
Debt impairment		677 536	438 436	420 770
Parent operational expenditure	1		4 516 597	5 076 537
Entities: <i>List all operational projects grouped by Entity</i>				
Entity A Rustenburg Water Service Trust			161 935	168 051
Entity B Electricity project B			111 564	125 351

Entity Operational expenditure			-	273 499	284 432	293 402
Total Operational expenditure			4 627 538	4 790 097	5 066 746	5 369 938

2.11 MEDIUM TERM BUDGET FOR THE MUNICIPAL ENTITY (RWST)

Rustenburg Water Services Trust Multi year budget summary Draft Budget 2018 - 19



	Adj Budget 2016/17 Full	Approved Budget 2017/18 Full	ADJ Budget 2017/18 Full	Budget 2018/19 Full	MTEF Budget 2019/20 Full
Revenue:					
RLM - STC Income (CPI +)	50 522 804	53 806 788	53 806 788	53 173 305	56 629 570
RLM Off Take (CPI)	8 303 035	8 842 732	8 842 732	9 289 015	9 892 801
Boitekong - STC Income (CPI +)	15 780 406	16 806 132	16 806 132	16 383 223	17 448 133
Bospoort - Potable Water Revenue (Rnd)	29 111 597	31 003 851	31 003 851	33 283 874	35 426 026
Bospoort Pipeline Revenue (Rnd)	3 394 066	3 614 680	3 614 680	3 823 850	4 072 400
RLM - Lethabong & Monakato (CPI)	3 648 231	3 885 366	3 885 366	4 137 915	4 406 880
RLM - Kloof (Rnd)	2 912 389	3 101 694	3 101 694	2 798 588	2 980 475
RLM - Effluent (CPI)	1 132 137	1 205 726	1 205 726	1 055 030	1 123 807
RW Rebate - Water Pressures	10 800 000		0		
RLM - Bulk sewers	0	5 495 400		5 852 601	6 233 020
IMQS Bureau	4 933 333	7 987 500	2 536 000	8 506 688	9 069 622
IMQS - Maintenance Management module			7 500 000		
	130 537 989	135 748 868	132 302 968	138 284 089	147 272 534
			0		
Water Sales-Mines (CPI)	50 818 850	54 122 075	54 920 512	60 270 174	64 187 738
Other income					
Total Income	181 356 848	189 871 943	187 223 481	198 554 244	211 480 269

Contracted Services:

Contracted Services:																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																										</
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RATIOS					
Income	188 032 424	186 981 432	194 332 989	208 542 072	222 087 307
Expenses	-123 707 554	-122 980 045	-124 325 277	-111 564 436	-118 816 125
Earnings	64 324 870	74 001 387	70 007 692	96 977 636	103 281 182
Payments	41 146 403	41 146 403	41 146 403	41 146 403	41 146 403
Debt Service Co	1.56 excl reserves	1.80	1.70	2.36	2.51
	4.13 incl reserves	4.63	5.32	6.47	7.89

Assets							
Nett Plant Assets			269 380 774.05		251 980 774	232 540 774	215 130 314
WIP - Capital Projects							
MIG / RBIG WIP - Bospoort pipe	*		11 287 067		15 129 630	5 120 000	50 000 000
RLM WIP - Monakato Inlet	**		1 000 000		11 470 000	470 000	470 000
MIG WIP - Botlekong plant Ext	*		113 042 383		148 020 969	138 020 969	153 341 048
Kloof harvest			620 000		620 000	620 000	620 000
MIG WIP - Bospoort Plant Ext + other prioriti	*		14 902 227		77 192 882	77 192 882	102 368 421
Anglo DAF	*		51 977 535		51 977 535	51 977 535	51 977 535
Concrete Sludge Slab	****		12 867 000		12 867 000	12 867 000	12 867 000
Industrial Building	****		3 726 000		3 726 000	3 726 000	3 726 000
Sludge equipment	****		4 100 000		4 100 000	4 100 000	4 100 000
WCWDM project cost. AC's	-		-		-	0	-
						0	
MIG Bridge Fin Loan (debtor)						0	
Debtors - Operations			24 302 962		44 302 962	44 302 962	44 302 962
Debtors - MIG			35 500 000		15 000 000	0	3 500 000
Bank and cash			105 439 274		116 479 806	148 810 112	169 187 097
Accumulated Assets(additions)			648 145 242		752 858 028	719 748 333	876 874 696

	1 000	-	1 000	1 000	1 000	1 000	1 000	1 000	1 000
Statutory Funds									
Reserves - Revaluation	123 462 135	-	123 462 135	123 462 135	123 462 135	123 462 135	123 462 135	123 462 135	123 462 135
Retained income - prior years	199 350 082	-	228 733 945	228 733 945	228 733 945	228 733 945	228 733 945	228 733 945	228 733 945
Retained income - this year	27 383 863		39 866 049	18 462 355	18 462 355	48 607 378	58 481 184	58 481 184	58 481 184
MBSA: Long term Liabilities	137 931 265		113 460 189	113 460 189	113 460 189	85 863 594	54 666 729	54 666 729	54 666 729
Loan: WCNDM									
Creditors:	24 331 539		24 331 539	24 331 539	24 331 539	24 331 539	24 331 539	24 331 539	24 331 539
Equity:									
Equity: MIG contribution - Morakoto	800 000	200 000	9 178 000	118 416 775	118 416 775	118 416 775	118 416 775	118 416 775	118 416 775
Equity: MIG contribution - Botetong	90 433 908	22 608 477	118 416 775	118 416 775	118 416 775	118 416 775	118 416 775	118 416 775	118 416 775
Equity: MIG contribution - Beport pipe	9 029 670	2 257 417	12 069 000	4 036 000	4 036 000	4 036 000	4 036 000	4 036 000	4 036 000
Equity: MIG contribution - Beport plant	11 921 782	2 980 445	61 754 388	61 754 388	61 754 388	61 754 388	61 754 388	61 754 388	61 754 388
Equity: Anglo conditional contribution	23 500 000	28 477 535	23 500 000	23 500 000	23 500 000	23 500 000	23 500 000	23 500 000	23 500 000
		56 523 874		66 544 325	66 544 325	66 544 325	66 544 325	66 544 325	66 544 325
	648 145 242		752 858 028	712 248 333	712 248 333	811 590 377	878 874 896	878 874 896	878 874 896
		MIG Pipe + R	12 068 000	27 904 000	27 904 000	27 904 000	27 904 000	27 904 000	27 904 000
		Mig BSP Plant	61 754 388	20 140 351	20 140 351	20 140 351	20 140 351	20 140 351	20 140 351
Self assumptions	-0		-0	7 500 000	7 500 000	-0	-0	-0	-0

* 80% of project MIG funded - the rest from Rustenburg Water Service Trust reserves, ie reduces the cash balance.

†† MIG technical approval obtained.

Completed

1 Departure point was 8 onths TB, extrapolated for 12 months.

3. Outer years were escalated by 0.5% per annum
4. Uncertainty on CAPEX with certain VO's to follow


8 Self funded portions of MIG projects are estimated to be 20% of total cost of the project

MUNICIPAL MANAGER'S QUALITY CERTIFICATE

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

Nqobile Sithole
Municipal manager of RLM (NW373)

Signature



Date

: 07/06/2018